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Foreign Affairs Committee

The Role of the FCO in UK Government

Seventh Report of Session 2010–12

Volume I

Report, together with formal minutes, oral and written evidence

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The Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Foreign and Commonwealth Office and its associated agencies.

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Summary

The Foreign Secretary has stated his intention to reshape the role of the Foreign and Commonwealth Office (FCO), to put the department “back at the centre of Government” and ensure that it exerts foreign policy leadership across Whitehall. Recent years have seen a wave of public expressions of concern about the condition and position of the FCO, from former senior diplomats and ministers, as well as independent commentators. An active discussion is also underway among academics and researchers about the continued role and relevance of foreign ministries and the diplomacy they have traditionally practised, amidst changed international conditions. Against this background, we decided to conduct an inquiry into *The Role of the FCO in UK Government* as one of our first major inquiries in the 2010 Parliament. We are pleased to have heard from five former Foreign Secretaries as part of our evidence-gathering, as well as the current incumbent of that office. We completed our evidence-taking before the resignation of former President Mubarak in Egypt and the start of the uprising against the rule of Colonel Gaddafi in Libya.

We find that the FCO has a centrally important role to play for the Government. Its core role is the timely provision of world-class foreign policy information, analysis, judgement and execution. Achievement of the Foreign Secretary’s wish to see the FCO “at the centre of Government” will be neither possible nor desirable unless the department is able to provide the Government with foreign policy expertise and judgement to underpin and implement its decision-making. A central requirement for the FCO to be able to discharge its role is that it command deep geographic understanding of countries and regions, including knowledge of foreign languages. Changes to the global policy-making environment are not eliminating—and may be increasing—the premium on local knowledge, as increasing numbers of states and non-state actors become relevant to UK international policy-making.

The FCO largely discharges its role well, in extremely challenging circumstances. We were pleased to hear that the FCO is seen to remain among the world’s most accomplished diplomatic operations. However, we were concerned to receive a body of evidence claiming that the quality of the FCO’s core foreign policy work had declined in recent years. This was claimed particularly in respect of the FCO’s specialist geographical expertise, including knowledge of foreign languages.

Discontent about the increased ‘managerialism’ introduced at the FCO over the last 15–20 years was one of the strongest themes in our evidence. We received evidence that this was a factor behind the claimed decline in the quality of the FCO’s foreign policy work, as it led managerial skills to be emphasised rather than geographic knowledge, and time and attention to be diverted from core diplomatic functions.

Much of the critical evidence we received necessarily referred to the past. We commend the Foreign Secretary and the leadership of the FCO for already recognising many of the problems raised by our witnesses. In particular, in the context of the evidence we received, we welcome the Foreign Secretary’s recognition that management has been over-emphasised at the FCO at the expense of core diplomatic tasks and capabilities, and his wish now to re-emphasise policy and diplomatic skills, including by placing greater value

on specialist geographical expertise in the careers of FCO staff. We recommend that the promotion process to the most senior positions in the FCO should reflect the importance of traditional diplomatic skills, including knowledge of foreign languages, and should not over-emphasise the need for purely 'managerialist' expertise.

We conclude that its locally-engaged staff are one of the FCO's key strengths. However, we also conclude that, latterly, the transfer of further FCO overseas jobs to locally-engaged staff appears to be a speedy cost-cutting measure which may have damaging consequences for the UK's longer-term diplomatic capacity. The FCO must regard the overseas postings of junior UK-based staff as part of a succession strategy for the next generation of senior British diplomats.

Alongside specialist foreign policy expertise, we identify adequate resources as a key requirement for the FCO to be able to continue to discharge its functions effectively. The FCO's resources have been reduced in real terms over an extended period, even as the demands on the department have continued to rise. We are concerned about the potential impact of the 2010 Spending Review settlement on the FCO's operations. We regard a lack of resources as one of the major threats to the FCO's continued effectiveness. We conclude that reductions in spending on the FCO can prove to be a major false economy. We recommend that the Government must ensure that the resources allocated to the FCO are commensurate with the scale of its foreign policy ambitions. We recommend that the Government in deciding the funding of the FCO needs to take greater account of the magnitude of the public expenditure commitments that may be required if the under-funding of the FCO and its agencies leads to hostilities that might otherwise have been prevented.

We regard the FCO's network of overseas posts as integral to its ability to discharge its foreign policy functions for the Government, and to the ability of the UK Government as a whole effectively to pursue its policies internationally. While we recognise the constraints on the FCO's resources, and the need for overseas posts to have enough staff to be able to operate effectively and securely, we recommend that the FCO should seek to maintain a global UK presence through its overseas network.

Given the resource constraints which the FCO faces, we doubt whether the department can achieve the Government's ambitions for enhanced commercial work while maintaining its core foreign policy functions at the required standard. These functions must not suffer as a consequence of the Government's strengthened focus on pursuing UK economic and commercial interests as part of the UK's foreign relations. We conclude that the most valuable service that FCO diplomats can provide to UK business is intelligence on the political, economic, commercial and cultural situation in foreign states, and advice on dealing with their governments and peoples.

We welcome the Foreign Secretary's assurances that, notwithstanding the increased focus on the FCO's economic and commercial work, the promotion of human rights overseas remains a leading objective for the FCO.

We conclude that a wish for FCO "leadership" must not eclipse the need to develop more effective international policy-making by the Government as a whole. We welcome the creation of the National Security Council (NSC), and the way in which the FCO appears to

be working in the new NSC structures so far. We conclude that it remains to be seen whether the NSC will provide the Government with a more timely and more accurate basis for foreign and security policy decisions than hitherto. We also welcome the fact that there appears to be political will in the Government for the FCO and the Department for International Development to work more closely together. We recommend that the Government can best handle global issues, such as climate change or resource scarcity, through inter-departmental working, including through the NSC. The FCO should remain focused on analysing and influencing foreign states and peoples; as such, we conclude that the department has a key contribution to make to the Government's handling of global issues.

Conclusions and recommendations

Introduction

Context

1. We conclude that the Foreign and Commonwealth Office (FCO) is not alone among foreign ministries in facing significant challenges to the way in which it has traditionally worked. Such challenges arise from changes in the nature of international government business and the international diplomatic, technological and political environment which are affecting foreign ministries throughout the developed world. However, the FCO should not forget that many of these challenges will continue to require deep geographic and language expertise if they are to be tackled effectively. We are pleased to note that our witnesses largely felt that the FCO remained among the world's most accomplished diplomatic operations. We welcome the Foreign Secretary's openness to learning from the practices of other foreign ministries. We recommend that, in its response to this Report, the FCO indicate which features of which other foreign ministries—if any—might beneficially be adopted by the UK. (Paragraph 23)
2. We conclude that the FCO's resources have been reduced in real terms over an extended period, even as the demands on the department have continued to rise. While we welcome the Government's restoration of some exchange-rate protection to the FCO's budget in the 2010 Spending Review, we are concerned about the potential impact of the Spending Review settlement on the FCO's operations. We regard a lack of resources as one of the major threats to the FCO's continued effectiveness. We further conclude that reductions in spending on the FCO can prove to be a major false economy. We recommend that the Government in deciding the funding of the FCO needs to take greater account of the magnitude of the public expenditure commitments that may be required if the under-funding of the FCO and its agencies leads to hostilities that might otherwise have been prevented. (Paragraph 31)
3. We conclude that there is a potential tension between the demands on the FCO arising from the Government's ambitions for an active global UK foreign policy and the resources made available to the department. We recommend that the Government must ensure that the resources allocated to the FCO are commensurate with the scale of its foreign policy ambitions. (Paragraph 36)

FCO priorities

Official priorities

4. We have received evidence that, despite over a decade of formal priority- and objective-setting, the FCO's institutional purpose has become "confused" and "blurred". We note that, under the current Government, the three priorities which the Foreign Secretary has set out for the FCO do not map on to the five set out in the department's Business Plan, required by the Cabinet Office, nor the three areas of

lead responsibility allocated to the FCO under the 2010 Strategic Defence and Security Review. We have no quarrel with the content of any of these priority areas of work for the FCO. However, the existence of several sets of priorities which do not fully coincide appears confusing, and is a less streamlined arrangement than that which obtained for the department from 2008/09 under the previous Government. We recommend that in its response to this Report the FCO set out its priorities in a single statement, encompassing those set out by the Foreign Secretary, those contained in the department's 2011–15 Business Plan and those established in the 2010 Strategic Defence and Security Review. (Paragraph 47)

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

Commercial work

6. We conclude that the Government's strengthened focus on pursuing UK economic and commercial interests as part of the UK's foreign relations must not come about at the expense of the FCO's core foreign policy functions. Commercial work must not prevent FCO staff, primarily in overseas posts, from having sufficient time to provide high-class non-commercial reporting and judgement and to maintain a wide range of local contacts. Given the resource constraints which the FCO faces, we doubt whether the department can achieve the Government's ambitions for enhanced commercial work while maintaining its core foreign policy functions at the required standard. (Paragraph 59)
7. We conclude that the most valuable service that FCO diplomats can provide to UK business is intelligence on the political, economic, commercial and cultural situation in foreign states, and advice on dealing with their governments and peoples. We further conclude that, with appropriate training and a lead from the department's management and senior staff, FCO diplomats are capable of assisting UK business in this non-technical but invaluable way. We recommend that business work which requires more specialist knowledge or skills be carried out by staff of other departments or agencies (primarily UKTI), or FCO local staff, working in FCO overseas posts. (Paragraph 60)

Human rights and UK values

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

9. We welcome the Foreign Secretary's assurances that the promotion of human rights overseas remains a leading objective for the FCO. We conclude that the FCO has an additional, vital, contribution to make to UK Government, in ensuring that the Government is aware in its decision-making of international perceptions of its policies in the UK with respect to human rights and good governance. Perceived hypocrisy can be deeply undermining of FCO efforts to promote human rights and good governance overseas. We welcome the Foreign Secretary's stated recognition of this point. (Paragraph 66)
10. We recommend that, before the relevant FCO Minister gives evidence to our 2011 human rights inquiry, the FCO write to us setting out its understanding of the implications—if any—of the Bribery Act 2010 for FCO diplomats, other UK civil servants and local staff serving at FCO overseas posts, in the context of such officials' work supporting UK commercial interests overseas. We further recommend that the FCO should share with us any guidance that is being issued to staff at FCO overseas posts on this issue. (Paragraph 68)
11. We conclude that one of the FCO's most important contributions to UK Government is in advising and representing it on matters of international law, with the aim of promoting the upholding of international law and UK compliance with it. In this context, we further conclude that the relationship between the FCO and its Legal Advisers and the Attorney General, the Government's chief legal adviser, is of key importance. (Paragraph 71)

Overseas Territories

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

Foreign policy leadership

Conditions for FCO leadership

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

to be able to discharge its role for the Government is deep geographic understanding of countries and regions. (Paragraph 92)

Performance measurement

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

FCO co-operation with other departments

15. We conclude that a wish for FCO "leadership" must not eclipse the need to develop more effective international policy-making by the Government as a whole. (Paragraph 101)
16. We do not support the recommendation made by some of our witnesses, that the FCO should become the lead department for cross-Government work on all global issues (such as climate change, resource scarcity or global health). Given the existence of much relevant expertise around Whitehall, the need for Treasury engagement in particular, and the creation of the National Security Council (NSC) structures in the Cabinet Office, we conclude that—where the formal engagement is required of several departments at Secretary of State level—many global issues could best be addressed through the NSC. (Paragraph 118)
17. We recommend that the Government as a whole should give greater priority to cross-departmental work on global issues (such as demographic and environmental change, international economic stresses, energy and other resource scarcities, migration and international health risks) and especially the linkages between them. We consider that such work would fall under—and be warranted by—the strategic objective identified in the Government's National Security Strategy, of "shaping a stable world". We recommend that the NSC should receive a quarterly synthesis of the 'state of play' with respect to such issues, or that an NSC Sub-Committee be created to consider such matters. We further recommend that the Government should ensure that it has early warning, monitoring and synthesis work across global issues available to it, if necessary through the secondment of additional personnel from Whitehall departments into the Cabinet Office and/or the strengthening of

links between the National Security Secretariat and the European and Global Issues Secretariat. (Paragraph 119)

18. We conclude that the example of climate change shows how the FCO can play a key role in the Government's handling of a global issue, without its being the lead department—through the use of its overseas network and expertise, and through the creative use of individual appointments in London in the shape of special representative/envoy positions (which do not require major institutional change). We further conclude that the practice of seconding experienced personnel from departments and agencies such as DFID, the MOD and UKTI to certain FCO posts overseas could beneficially be extended to, for example, the Department for Energy and Climate Change. (Paragraph 120)
19. We recommend that the FCO should remain focused on analysing and influencing foreign states and peoples. In this light, we further conclude that the FCO has a key contribution to make to the Government's handling of global issues, by helping to provide early warning and intelligence from overseas posts on other countries' specific experiences of and approaches to global issues, by helping to identify potential UK action overseas and at international institutions, and by taking a lead on the implementation of such action. (Paragraph 121)
20. We welcome the creation of the National Security Council (NSC) and the way in which the FCO appears to be working in the new NSC structures so far. We conclude that the creation of the NSC offers an important opportunity for the FCO to shape the Government's international engagement and help to engender more coherent cross-Government action. We further conclude that it remains to be seen whether the NSC will provide the Government with a more timely and more accurate basis for foreign and security policy decisions than hitherto. (Paragraph 127)
21. We conclude that there appears to be political will in the Government for the FCO and DFID to work more effectively together. We welcome this, as an important factor for more effective UK international policy. We recommend that, in its response to this Report, the FCO set out how this approach will be put into practice. (Paragraph 132)
22. We recommend that the FCO should set its staff appraisal and promotion criteria so as to create incentives for cross-departmental working. (Paragraph 141)
23. Looking to the longer term, we recommend that the Government should actively explore ways in which it could develop more cross-departmental budgeting for areas of international policy, while retaining clear lines of accountability. In the meantime, we recommend that the Government should do all that it can to ensure that the current system of departmental budgeting does not impede the more 'joined-up' international policy which it is seeking to foster through the National Security Council. (Paragraph 142)
24. To encourage the further co-location of FCO and DFID posts overseas, we recommend that the two departments jointly publish an annual list of their overseas

posts, showing where they are co-located and where not, with an explanation where co-location is not taking place. (Paragraph 146)

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

FCO assets and capabilities

Time and focus: the impact of managerialism

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

People

27. We are concerned by the evidence we have received claiming that the FCO's specialist geographical expertise, including knowledge of foreign languages, has weakened. We regard the availability of top-class capacities in this respect as central to the FCO's ability to discharge its foreign policy functions. We therefore welcome the Foreign Secretary's wish to place renewed emphasis on specialist geographical expertise in the careers of FCO staff, including knowledge of foreign languages. We recommend that the promotion process to the most senior positions in the FCO reflect the importance of traditional diplomatic skills, including knowledge of foreign languages, and should not over-emphasise the need for purely 'managerialist' expertise. We further recommend that in its response to this Report, the FCO set out the increased support which it plans to give to the acquisition and retention of foreign language skills in the department. We further recommend that the FCO publish as part of its annual departmental reporting the number of bilateral Heads of Mission proficient in the language of their host country and the level of their proficiency. (Paragraph 164)
28. We welcome indications from the FCO that it may take a more strategic approach to managing the careers of its staff, in the interests of developing and maintaining specific bodies of corporate expertise. We recommend that in its response to this Report the FCO set out any plans for reforming the internal appointments system which it has developed so far. We further recommend that the FCO should set out how it would propose to balance any move back towards greater departmental direction of staff careers with the need to sustain staff satisfaction. (Paragraph 167)
29. We conclude that its locally-engaged staff are one of the FCO's key strengths. However, we conclude that, latterly, the transfer of further FCO overseas jobs to locally-engaged staff appears to be a speedy cost-cutting measure which may have

damaging consequences for the UK's longer-term diplomatic capacity. Given its core purpose of providing deep foreign policy understanding and expertise, we further conclude that the FCO must regard the overseas postings of junior UK-based staff as part of a succession strategy for the next generation of senior British diplomats. (Paragraph 175)

Corporate skills: doing foreign policy

30. With respect to the staffing of relevant overseas posts and FCO desks in London, we recommend that the FCO implement the "Lessons for the FCO" identified in the recently declassified internal departmental report from 1979 into British Policy on Iran 1974–78, namely that with respect to countries where important UK interests would be at risk in the event of political upheaval, the relevant FCO overseas post should have at least one officer working full-time on internal political affairs, knowing the local language, ideally with previous experience in the country, and with time to travel outside the capital; at least one of the team in London covering the country should have served there; and desk officers should be given "time to read and think about the country [...] rather than be concerned full time with day to day chores". (Paragraph 184)
31. We recommend that in its response to this Report, the FCO set out its plans for enhancing the foreign policy-making and diplomatic capabilities of its staff. In particular, the FCO should set out whether it uses or plans to use techniques such as case studies and systematic lesson-learning, scenario development and role playing. (Paragraph 185)
32. We recommend that the FCO update us on its plans to involve senior staff more heavily in the training of their more junior colleagues, and to develop an enhanced relationship with former FCO diplomats. We recognise that retired FCO diplomats may have a valuable contribution to make, but we also recommend that the FCO should not make use of retired staff at the expense of recruiting and developing more junior personnel. (Paragraph 186)
33. We conclude that the Government's significant contribution to achieving UN Security Council approval for a No-Fly Zone over Libya prevented major loss of life in Benghazi. (Paragraph 187)

Information and institutional memory

34. In light of concerns raised with us about the impact of the shift to electronic communications on the FCO's institutional memory, we recommend that in its response to this Report the FCO should set out its records management policy for electronically-generated, policy-relevant information. (Paragraph 189)
35. We recommend that in its response to this Report, the FCO set out the rationale for the reorganisation of the Research Analysts which was implemented in July 2010. (Paragraph 191)

Overseas posts

36. We conclude that the FCO's network of overseas posts is integral to its ability to discharge its foreign policy functions for the Government, and to the ability of the UK Government as a whole effectively to pursue its policies internationally. While we recognise the constraints that exist on the FCO's resources, and the need for overseas posts to be able to operate effectively and securely, we recommend that the FCO should seek to maintain a global UK presence through its overseas network. We look forward to the Foreign Secretary's expected decisions in this respect. (Paragraph 197)
37. We welcome indications from the Foreign Secretary that FCO overseas posts are to be given greater freedom to disburse programme funds locally. We recommend that in its response to this Report, the FCO provide further details on its plans in this respect. (Paragraph 199)
38. Much of the critical evidence we have cited in this Report necessarily referred to the past. We have discussed it and offered recommendations accordingly as a contribution to debate, and hope that our Report will be received in the constructively critical spirit in which it is intended. We commend the Foreign Secretary and the leadership of the FCO for already recognising many of the problems raised by our witnesses, and look forward to scrutinising closely the steps which the department takes to address them. (Paragraph 200)
39. We conclude that the FCO has a centrally important role to play for the Government. We further conclude that it largely discharges it well, in extremely challenging circumstances. We wish to place on record our appreciation for the work of the department. We regard it as vitally important that the FCO continue to have the human and financial resources required to discharge to a high standard its critically important security and foreign policy functions for Government. (Paragraph 201)

1 Introduction

1. The Government has announced its intention of reshaping the role of the Foreign and Commonwealth Office (FCO). In his first major speech as Foreign Secretary, in July 2010, Rt Hon William Hague MP said that the Government had a “new approach” to the FCO. He has said that he considers it “part of [his] responsibilities as Foreign Secretary to foster a Foreign Office that is a strong institution for the future”,¹ and that he is determined to “place the Foreign Office back at the centre of Government”.² In other words, the Foreign Secretary has made institutional change at his department one of his priorities in office.

2. Mr Hague’s statements of ambition for the FCO came after a number of years marked by public expressions of concern about the condition of the department, by senior former diplomats and ministers and independent observers. The Foreign Affairs Committee in the last Parliament considered such concerns on a number of occasions, in its series of inquiries into FCO annual departmental reports.³ In its last such Report, in March 2010, our predecessors concluded that there “continues to be a vital need for the FCO [...] to carry out its traditional functions”, but recommended that after the General Election the Government carry out “a comprehensive foreign policy-led review of the structures, functions and priorities of the FCO, MOD [Ministry of Defence] and DFID [Department for International Development]”.⁴

3. Discussion of the state of the FCO has been taking place against the background of an international debate among academics and practitioners about the continued role and relevance of foreign ministries and the diplomacy they have traditionally practised. There is a widespread view that changes to the international policy environment pose significant challenges to the way in which diplomats and foreign ministries in the developed world have traditionally worked.⁵

4. The Foreign Secretary’s plans for the FCO form part of a wider reform agenda for UK international policy-making set out by the Government. This agenda is centred on the creation of the National Security Council (NSC), under the chairmanship of the Prime Minister, which met for the first time on the Government’s first full day in office in May 2010 and has continued to meet weekly. One of the NSC’s first major tasks was the

1 William Hague, “Britain’s Foreign Policy in a Networked World”, FCO, London, 1 July 2010

2 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 1

3 For example, Foreign Affairs Committee, First Report of Session 2007–08, *Foreign and Commonwealth Office Annual Report 2006–07*, HC 50, paras 70–76; Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 328–338

4 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 337–338

5 See, for example: materials from the conference “Challenges for Foreign Ministries: Managing Diplomatic Networks and Optimising Value”, Geneva, 2006, at www.diplomacy.edu/conferences/mfa; Daryl Copeland, *Guerrilla Diplomacy: Rethinking International Relations* (Boulder/London, Lynne Rienner Publishers, 2009), especially ch. 9, “The Foreign Ministry: Relic or Renaissance?”; Carne Ross, “It’s time to scrap ambassadors and their embassies”, *Europe’s World*, Spring 2009; Director’s Note of Ditchley Foundation conference “The functions and purposes of modern diplomacy”, March 2010, at www.ditchley.co.uk/page/364/modern-diplomacy.htm; Sir Jeremy Greenstock, “Diplomacy: A lost art in an open world?”, in Andrew Duff, ed., *Making the Difference: Essays in Honour of Shirley Williams* (London, Biteback, 2010); Sir Leslie Fielding KCMG, “Is Diplomacy Dead?”, the VIII Adforton Lecture, 16 June 2010, via <http://lesliefielding.com/pages/diplomacy.html>.

elaboration of a new National Security Strategy (NSS) and the 2010 Strategic Defence and Security Review (SDSR). The creation of the NSC represents the further elevation of a 'national security' perspective in UK policy-making, which forms part of the challenge to traditional notions of 'foreign' as opposed to 'domestic' affairs.

Our inquiry

5. In July 2010, shortly after the Committee's membership was elected in the new Parliament, we decided to conduct an inquiry into *The Role of the FCO in UK Government*. We wished to scrutinise the steps taken by the Government with respect to the FCO as an institution, in the light of the concerns about the department raised in recent years. We decided that we could most sensibly conduct our inquiry after the Government had announced its new National Security Strategy (NSS), Strategic Defence and Security Review (SDSR) and medium-term Spending Review, in October 2010. In November 2010 we therefore announced the following terms of reference:

- What is the FCO's role in UK Government? Given the policy framework established by the new National Security Strategy, the creation of the National Security Council and the 2010 Strategic Defence and Security Review, what should the FCO's role now be, and how should the department relate to other parts of Government?
- How should the Foreign Secretary's claim to be putting the FCO "back where it belongs at the centre of Government" be assessed?
- Especially given the spending constraints set out in the 2010 Comprehensive Spending Review, how—if at all—could the FCO better organise and utilise its financial and human resources so as to fulfil its role?
- How does the FCO work across Whitehall? Are the FCO and its resources organised so as to facilitate cross-Government co-operation?
- What should be the role of the FCO's network of overseas posts?
- What is the FCO's role in explaining UK foreign policy to the British public?
- What should be the FCO's role in relation to non-governmental organisations?
- Given the new Government's emphasis on using the FCO to promote UK trade and economic recovery, how can the department best avoid potential conflicts between this task, support for human rights, and the pursuit of other Government objectives?

We added that we would "welcome submissions which address, in particular, the FCO's relationships with the Department for International Development, the Prime Minister's Office and the Cabinet Office (including the National Security Council); the role of the

security services in relation to the FCO; and the FCO's role in the management and implementation of EU business for the UK Government".⁶

6. Our inquiry focused on the FCO's policy role for the Government. We did not attempt to investigate in detail all areas of the department's work. We focused in particular on the ambitions expressed by the Foreign Secretary. The concerns about the FCO which had been voiced previously by commentators and former diplomats centred on the department's policy role, discussion of which also dominated the evidence we received. Areas of FCO work which we do not attempt to discuss in this Report, but which we may deal with in future inquiries, include consular services and immigration.

7. We also chose to exclude from the scope of our Report a number of subjects we have dealt with in other Reports published in 2011. In particular, the present inquiry was able to build on the work we carried out in the first of our planned yearly inquiries into the FCO's annually reported corporate performance (a series which will continue our predecessor Committee's inquiries into FCO annual departmental reports). In our Report on *FCO Performance and Finances*, published in February 2011, we considered not only the FCO's 2009/10 financial and staffing position but also its Spending Review settlement for 2011–15, as announced in October 2010.⁷ We considered issues relating to the British Council as part of that Report. In light of the cuts in services and staff at the BBC World Service which were announced at the end of January 2011, we carried out a short separate inquiry into the World Service, and published a Report on that subject in April 2011.⁸ Finally, in a short Report on *FCO Public Diplomacy: The Olympic and Paralympic Games 2012*, published in February 2011, we briefly discussed the FCO's public diplomacy policy.⁹ Given our comments in these three recent Reports, we did not tackle as part of the present Report the FCO's responsibilities for the British Council and World Service, or its wider public diplomacy role.

8. Our inquiry has thrown up a number of issues which may merit more detailed investigation; we may return to them, as well as to the areas of FCO work we did not cover in this inquiry, later in this Parliament.

9. We took oral evidence on *The Role of the FCO in UK Government* on five occasions. We heard from: the Foreign Secretary, Rt Hon William Hague MP, accompanied by the FCO's Permanent Under-Secretary since 2010, Simon Fraser CMG; Mr Hague's two most recent predecessors from the two major parties, Rt Hon David Miliband MP (Foreign Secretary in 2007–10) and Rt Hon Sir Malcolm Rifkind KCMG, QC, MP (1995–97); the National Security Adviser, Sir Peter Ricketts GCMG (who was FCO Permanent Under-Secretary during the period 2006–10); the FCO's Permanent Under-Secretary in 2002–06, Rt Hon the Lord Jay of Ewelme GCMG; the former senior diplomats Sir Jeremy Greenstock GCMG, former Ambassador to the UN, and Alastair Newton, former Director of UKTI

6 "Announcement of new inquiry: The Role of the FCO in UK Government", Foreign Affairs Committee press release, 4 November 2010

7 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572

8 Foreign Affairs Committee, Sixth Report of Session 2010–11, *The Implications of Cuts to the BBC World Service*, HC 849

9 Foreign Affairs Committee, Second Report of Session 2010–11, *FCO Public Diplomacy: The Olympic and Paralympic Games 2012*, HC 581

USA (the latter now with Nomura International, although giving evidence in a private capacity); Professor the Lord Hennessy of Nympsfield, Attlee Professor of Contemporary British History at Queen Mary, University of London; and, from the independent research and advisory sector, Alex Evans and David Steven of the Center on International Co-operation, New York University, who co-wrote a 2010 Chatham House report on UK international policy-making.¹⁰

10. We received written evidence from 34 individuals and organisations, including: Rt Hon Chris Huhne MP, Secretary of State for Energy and Climate Change; three further former Foreign Secretaries, Rt Hon the Lord Howe of Aberavon CH, QC, Rt Hon Lord Owen CH, and Rt Hon Jack Straw MP; a number of former senior diplomats, whose careers with the Foreign Office/FCO spanned the period from 1950 to 2007;¹¹ the City of London Corporation, the Confederation of British Industry (CBI) and the Public and Commercial Services (PCS) union; and a number of senior academics and think-tank researchers. We are pleased to have prompted such a collection of serious and wide-ranging contributions and to have been able to put them into the public domain. We would like to thank all our witnesses for giving us the benefit of their experience and views. We publish the written submissions received from witnesses who did not also give oral evidence in a ‘virtual’ second volume of our Report, available on the Committee’s website.¹²

11. We have also been able to draw on evidence received as part of our *FCO Performance and Finances* inquiry; and—although our focus here is on institutional matters rather than policy—our rolling inquiry into *Developments in UK Foreign Policy*, for which we have taken evidence from the Foreign Secretary twice to date, in September 2010 and March 2011. Aspects of our inquiry also overlapped with work undertaken recently by other parliamentary committees, most notably the Defence Committee’s inquiries into the Strategic Defence and Security Review,¹³ and the Public Administration Committee’s 2010 inquiry *Who does UK National Strategy?*¹⁴

12. We have been conscious that Sir John Chilcot is currently preparing his report on what is probably the most far-reaching UK foreign policy decision of recent times, that to take part in the US-led invasion of Iraq in 2003. The Iraq Inquiry Report, which is expected later in 2011, may well have much to say which is relevant to the subject of our current Report.

13. We finished taking evidence for our inquiry just before former President Mubarak resigned in Egypt on 11 February 2011 and the uprising broke out in Libya against the rule of Colonel Gaddafi. The wave of political instability and change in Arab states in the Middle East and North Africa has been widely seen as the new Government’s first foreign policy crisis, and the decision to participate in international military action to enforce UN

10 Alex Evans and David Steven, “Organizing for Influence: UK Foreign Policy in an Age of Uncertainty”, Chatham House, June 2010

11 The FCO was created in 1968, when the Commonwealth Office was merged into the Foreign Office.

12 www.parliament.uk/facom. In references, evidence which is published in the ‘virtual’, web-only volume is indicated by a ‘w’.

13 Defence Committee, First Report of Session 2010–11, *The Strategic Defence and Security Review*, HC 345; inquiry launched on 13 January 2011 into *The Strategic Defence and Security Review and the National Security Strategy*

14 Public Administration Select Committee, First Report of Session 2010–11, *Who does UK National Strategy?*, HC 435

Security Council Resolution 1973 its most important foreign policy decision to date. Many further lessons will no doubt be drawn from the FCO's handling of the UK's response to these events.

14. In the remainder of this Introduction, we outline the context for our consideration of the FCO's role. In Chapter 2, we consider the FCO's priorities as set out in formal Government statements and documents, including commercial work, human rights promotion, and the Overseas Territories. In Chapter 3, we assess the Foreign Secretary's aspirations for FCO foreign policy leadership, and identify in the process the department's core purpose for Government. We consider in that Chapter some implications of this purpose for the FCO's co-operation with other departments. In Chapter 4, we discuss the capabilities and assets that the FCO has available to carry out its role for the Government.

Context

Foreign ministries in a changed environment

15. It is unusual for a select committee to inquire into the basic purpose of the department it shadows. It may seem particularly unnecessary to query the purpose of the FCO, which is one of the 'great' departments of state and one of the most well-established elements in the Whitehall landscape. The then Foreign Office was established in 1782, along with the Home Office: among contemporary government departments only the Treasury is older. The FCO was formed in 1968 when the Commonwealth Office was merged with the former Foreign Office. Former Foreign Secretary Rt Hon Jack Straw MP told us that "stating 'the role of the FCO' [...] is very straightforward. [...] The FCO is there to represent the United Kingdom, its people, government, businesses and other institutions—and its values—in dealing with nations and peoples overseas".¹⁵

16. Despite their typically long histories and apparently self-evident purpose, foreign ministries throughout the developed world face significant questions about their continued role, and challenges to their traditional ways of working.¹⁶ The former Canadian diplomat Professor Daryl Copeland told us that "diplomacy, and its institutions and practices, have not adapted well to the challenges of globalisation", and "are going through a rough patch [al]most everywhere"; "foreign ministries", he said, "are underperforming and face a crisis of relevance and effectiveness".¹⁷ The consultant Caterina Tully, former Strategy Project Director at the FCO, said that "many foreign ministries are wrestling with the issues and questions" raised in our inquiry.¹⁸ She drew our attention—as did Alex Evans and David Steven—to the first United States Quadrennial Diplomacy and Development Review (QDDR), conducted under Secretary of State Hillary Clinton at the US State Department. This review, published in December 2010, represented a deliberate attempt to create in respect of the United States' civilian instruments of international policy a counterpart to the well-established US Quadrennial Defense Review.¹⁹ Ms Tully noted that both the

15 Ev w59

16 See the references cited in note 5.

17 Ev w14

18 Ev w57

19 Ev w57; Qq 115, 121–122, 126 [Alex Evan and David Steven]; for the QDDR, see www.state.gov/s/dmr/qddr.

French and German governments had also been engaged with the issue of foreign ministry reform, and that innovations in this field had been introduced by Australia, Canada and Singapore, among others.²⁰

17. Traditionally, foreign ministries have dealt primarily with foreign governments, in private, and they have been the primary—if not exclusive—interface between their home government and ‘abroad’. They have also focused on traditional national interests of sovereignty, territorial integrity and economic benefit.²¹ In the contemporary world this model is being challenged in many ways. Caterina Tully summarised for us as follows the pressures confronting the FCO and other Western foreign ministries:

(a) New sets of policy challenges, often uncertain, diffuse and interlinked: these include complex, nonlinear systems of global and regional public goods (*e.g.* water, labour, food, energy and carbon security), new security challenges (in particular around radicalisation, early intervention and conflict prevention), and the interlinkages between economic and national security.

(b) A growth in the impact of different actors and evolving means of engagement and influence: not just the growth of BRIC [Brazil, Russia, India and China] and other countries, but also regional and local actors (*e.g.* cities), high-net worth individuals, diaspora groups, state-owned and multinational businesses, civil society, *etc.*

(c) Changing and multiplying forms of governance within which to promote the UK’s national interest: including the different ‘G’ groupings, *ad hoc* alliances, UN, revitalised regional bodies and the European Union, counting the External Action Service.²²

18. At least some of the challenges facing foreign ministries have been developing over decades, if not centuries. In his submission, Sir Peter Marshall KCMG, former UK Permanent Representative to the UN in Geneva, took a longer historical perspective than other witnesses and identified a number of factors which transformed diplomatic conditions in the 20th Century, including: the increase in cross-border activity and thus in diplomatic business; the rise of ‘values’ as well as interests in diplomatic affairs, as ‘security’ came to be conceived as an individual as well as national phenomenon; the rise in the number of diplomatic actors, both state and non-state; increased public involvement in diplomatic business, made ever-easier by technological change; and “the vanishing distinction between internal and external affairs, and of the hitherto clearly accepted difference between the two, above all in sovereignty and jurisdictional terms”.²³

The FCO in comparative perspective

19. Caterina Tully summarised the FCO’s contemporary position as follows:

20 Ev w57

21 See Sir Ivor Roberts, ed., *Satow’s Diplomatic Practice*, Sixth Edition (Oxford University Press, 2009).

22 Ev w58

23 Ev w68–69

The purpose of the FCO has become less clear as its traditional role and key asset—as gatekeeper and conduit of international interactions—has disappeared. The increased complexity of the environment, the increase in the number of its partners, the participation of domestic departments in international networks, the different potential entry points or ways it can make a difference, combined with a sharp reduction in resources, has meant that the FCO has had many focal points and spread its skills thinly. As a result, and despite various attempts to strategically sharpen it, the FCO’s strategic purpose has become blurred and requires a gentle refocus.²⁴

20. The FCO has been acutely aware of the challenges to its purpose and operation in recent years. Sir Peter Marshall characterised the White Paper *UK International Priorities: A Strategy for the FCO*, published in December 2003 under Jack Straw as Foreign Secretary, as already encapsulating the scale of the “change of mindset required in the Diplomatic Service” in order to manage the changes in its external environment, after the end of the Cold War and the attacks of 11 September 2001.²⁵ David Miliband’s ‘strategy refresh’ process, leading to the announcement of his Strategic Framework for the department in January 2008, was a response to a perceived need to rethink the FCO’s role.²⁶ The most recent Cabinet Office Capability Review of the department, published in March 2009, said that the FCO “needs to continue to think radically about its place in a changing world”.²⁷ Internally, the FCO has been engaged in a process of change virtually uninterrupted for the last 20 years.²⁸

21. Witnesses felt that, when viewed comparatively, the FCO and the UK Government remained among the world’s most accomplished diplomatic operations. For example, working from his view that “all governments are incompetent in one way or another”, Sir Jeremy Greenstock told us that “in terms of diplomacy [...] [he was] still to be convinced that there is a Government less incompetent than the British one”.²⁹ Caterina Tully said that the UK Government and the FCO were “considered to be ahead of the curve by other governments in some areas, like public diplomacy and thought-leadership on new complex global challenges”.³⁰ David Miliband told us that other foreign ministers “generally say” that they would like their foreign ministries to be like the UK’s.³¹ However, some witnesses suggested that the performance of the FCO relative to its ‘competitors’ had been slipping in recent years. For example, Charles Crawford CMG, former Ambassador to Warsaw, told

24 Ev w58

25 Ev w78–79; FCO, *UK International Priorities: A Strategy for the FCO*, Cm 6052, December 2003

26 David Miliband, “New Diplomacy: Challenges for Foreign Policy”, Chatham House, 16 July 2007; HC Deb, 23 January 2008, col 52–53WS

27 Cabinet Office, *Foreign and Commonwealth Office: Progress and next steps*, Civil Service Capability Review, March 2009, p 7

28 See John Dickie, *The New Mandarins: How British Foreign Policy Works* (London, I.B.Tauris, 2004); David Allen, “The United Kingdom”, in Brian Hocking and David Spence, eds., *Foreign Ministries in the European Union* (Basingstoke, Palgrave Macmillan, revised edition 2005).

29 Q 167

30 Ev w57

31 Q 94

us that “The last decade or so has seen a startling loss of quality within the FCO, a phenomenon noted by many foreign diplomats”.³²

22. We asked the Foreign Secretary whether he was drawing on ‘best practice’ at other foreign ministries in his thinking about his department. He replied that the FCO was studying its French and German counterparts, although he noted that their different structures and cultures made it difficult to “cherry-pick” particular practices.³³

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

The state of the FCO: UK concerns

24. Recent years have been marked by a wave of expressions of concern about the condition and position of the FCO, from senior former diplomats and ministers, as well as independent commentators. In the historical survey of the FCO’s policy advisory role which he submitted to us, Sir Peter Marshall categorised what he called these “modern discontents” as:

- “sofa diplomacy”, *i.e.* the replacement of “orthodox diplomacy” conducted by the FCO by a variety conducted by “a small group of advisers in No 10”;
- “managerialism”, in the shape of “the adoption by the FCO, in indiscriminating common with other Government departments, of management tools and practices in conditions which can be so utterly different”; and
- the “hollowing-out” of the FCO, *i.e.* a decline in “the quality of advice offered” by the department.³⁴

25. All three of Sir Peter’s “discontents” have featured among the recent expressions of concern surrounding the FCO. For example:

- One of the most prominent attacks on the phenomena associated with “sofa diplomacy” was that made in 2006 by Sir Rodric Braithwaite, former Ambassador to Moscow and foreign policy adviser to Prime Minister John Major, who accused then-

32 Ev w30; we consider issues of FCO quality in Chapter 4.

33 Q 329

34 Ev w66–67

Prime Minister Tony Blair of having “reduced the Foreign Office to a demoralised cipher”.³⁵

- The best-known critique of recent “managerialism” at the FCO was the leaked valedictory telegram of Sir Ivor Roberts, completing his term as Ambassador to Rome in 2006, who charged that “in wading through the [...] excrescences of the management age, we have [...] forgotten what diplomacy is all about”.³⁶
- The charge of “hollowing-out” at the FCO was made by former Foreign Secretary Lord Hurd of Westwell in a widely-noted contribution in the House of Lords in February 2009. Lord Hurd contended that the FCO was “ceasing to be a storehouse of knowledge providing valued advice to ministers”.³⁷

In its last Report on an FCO annual departmental report, in March 2010, our predecessor Committee reviewed these and other public concerns about the FCO that had been voiced as of that date, including also by Sir Christopher Meyer, former Ambassador to Washington, and former FCO Minister Lord Malloch-Brown.³⁸ The Committee concluded that it was “incongruous that the position of the only government department with a global reach [was] threatened with erosion at a time when globalisation is acknowledged as the key phenomenon of our times”.³⁹ We consider each of Sir Peter’s three “discontents”—the relationship with No. 10, managerialism, and the quality of FCO foreign policy expertise—further in our present Report.

FCO budgetary position

26. The scale and quality of the FCO’s activities are determined, at least in part, by how much funding it receives. By the standards of departmental budgets, the FCO’s is small: an annual £2.35 billion in 2009–10, or roughly 0.65% of all departments’ combined spending.⁴⁰ David Miliband told us that a year’s FCO spending is spent on the NHS in roughly a day;⁴¹ William Hague noted that his department’s spending (including the British Council and BBC World Service) was less than that of Kent County Council.⁴²

35 Rodric Braithwaite, “Mr Blair, it is time to recognise your errors and just go”, *Financial Times*, 3 August 2006

36 Published in Matthew Parris and Andrew Bryson, *Parting Shots* (London, Viking, 2010), p 147

37 HL Deb, 26 February 2009, cols 336–339

38 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 328–338

39 *Ibid.*, para 337

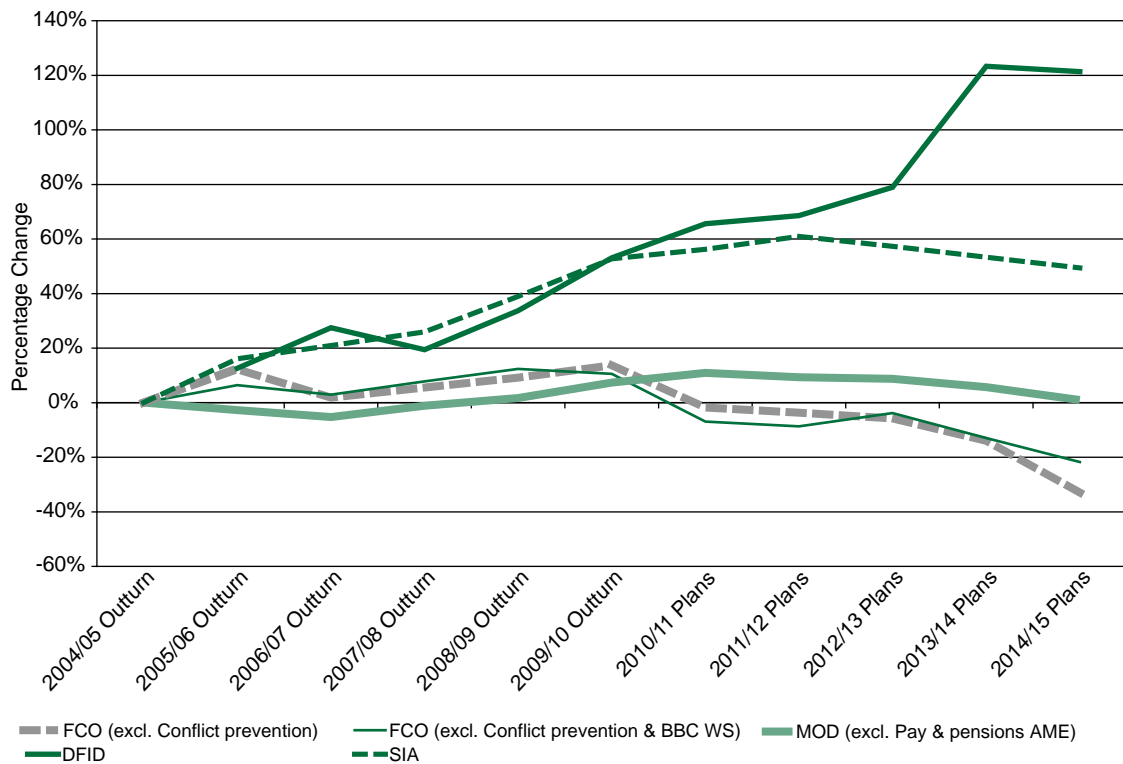
40 DEL resource budgets; Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, para 7

41 Q 99

42 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 15

Figure 1

Percentage change in Total Departmental Spending of FCO, MOD, DFID and the security and intelligence agencies, 2004/05 to 2014/15



Source: House of Commons Scrutiny Unit

Figure 2

Total Budgets of FCO and Selected Other Departments as a share of Government Total, 1998/99 to 2009/10



Source: House of Commons Scrutiny Unit

27. Over several spending rounds, the FCO's real-terms budget has increased by only relatively small amounts each year, or has been flat or falling. Meanwhile, the budgets of the security and intelligence agencies and the Department for International Development (DFID) have been rising steadily. The FCO's share of total government spending remained flat, at 0.4%, between 1998/99 and 2009/10. Figures 1 and 2 illustrate these trends. Moreover, in the period 2008–2011 the FCO's spending power was less than its budget, because the withdrawal of the Overseas Price Mechanism (OPM) in the 2007 Spending Review left the FCO's Sterling-denominated budget exposed to the effects of Sterling depreciation. (Previously, the Treasury, through the OPM, had provided protection for the local value of FCO spending against the effects of exchange-rate fluctuations and differential inflation rates. The FCO spends over half its budget in currencies other than Sterling.)⁴³ The FCO was engaged in cost-cutting programmes throughout the 2004 and 2007 Spending Review periods, and by 2009/10 it was taking steps described by the then Permanent Under-Secretary, Sir Peter Ricketts, as “pretty drastic” in order to reduce spending, primarily in order to compensate for the effects of Sterling weakness.⁴⁴ The FCO's in-year spending reductions in 2009/10 were the subject of a recent study by the National Audit Office, which largely commended the department for the way in which it identified and delivered the cuts.⁴⁵ However, having concluded at the time that the department's 2007 Spending Review settlement “risk[ed] jeopardising the FCO's important work”,⁴⁶ our predecessor Committee said in its final report on these matters in March 2010 that the cuts being made at the FCO were “unacceptably disrupting and curtailing” the department's work and represented a “threat to the FCO's effectiveness”.⁴⁷ The new Foreign Secretary told us in September 2010 that the FCO's discretionary spending had effectively been reduced by 17% in the two years before the change of Government.⁴⁸ In June 2010, following the change of Government, the FCO was obliged to find a further £55 million in additional spending cuts in 2010/11.

28. While facing downward pressures at home, the FCO's budget has been subject to increased demands, owing to factors including: rising dues to international organisations such as the UN; the need to increase the physical security of FCO posts overseas, following the fatal attack on the British Consulate in Istanbul in 2003; and the increase in the UK presence in dangerous—and thus expensive—locations such as Kabul. Over a longer horizon, as Sir Malcolm Rifkind in particular reminded us, increased demands have arisen simply from the increase in the number of UN Member States, which require UK representation there in some form.⁴⁹ The FCO hopes to open its newest Embassy later in

43 See Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 21–35.

44 *Ibid.*, para 51

45 NAO, *Spending reduction in the Foreign and Commonwealth Office*, HC 826, 29 March 2011

46 Foreign Affairs Committee, First Report of Session 2007–08, *Foreign and Commonwealth Office Annual Report 2006–07*, HC 50, para 21

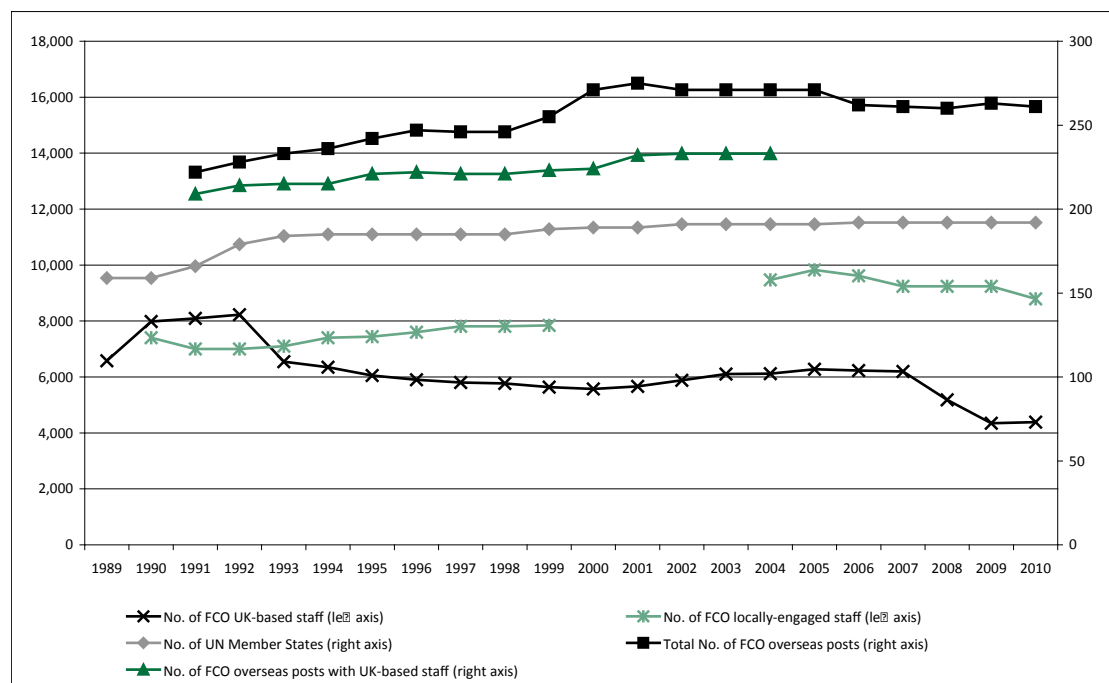
47 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, para 67

48 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 5

49 Q 90

2011, in South Sudan, following that country's independence.⁵⁰ Figure 3 plots the number of UN Member States against the number of FCO staff and overseas posts since 1989:

Figure 3



Sources: www.un.org; successive FCO annual departmental reports and resource accounts; FCO parliamentary answers and statements. Figure 3 should be regarded as indicating trends rather than precise figures, given that the data on which it is based were compiled from a variety of sources and may not always be exactly comparable and/or may have been subject to revisions.

29. The Foreign Secretary told us that in comparative terms the FCO represented “good value for money”. He noted that the French Foreign Ministry operates only 18 more overseas posts than the FCO (279 against 261), but has a budget almost twice as large.⁵¹

30. The 2010 Spending Review, covering the period 2011/12 to 2014/15, has restored Treasury protection for the local value of the FCO's budget against the effects of exchange-rate fluctuations. This will give the FCO much greater certainty about the resources available to it. The overall annual budget for the ‘FCO family’—that is, the department plus the BBC World Service and British Council—will fall by 24% by the end of the period. Excluding the greater reductions being made in the budgets of the World Service and British Council, and the removal of responsibility for funding the World Service from the FCO altogether from 2014/15, the FCO's departmental budget will fall by 6% in real terms by 2015. The FCO told us that, taking account of expected increases in ring-fenced international subscriptions, it expected its core budget to fall by around 10%.⁵² In our Report on *FCO Performance and Finances* in February 2011, and bearing in mind the

50 William Hague, speech to *The Times* CEO Summit Africa, London, 22 March 2011

51 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 15

52 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, para 22; Foreign Affairs Committee, Sixth Report of Session 2010–11, *The Implications of Cuts to the BBC World Service*, HC 849, para 5

reductions in FCO spending implemented during previous years, we concluded that the 10% cut “may have a very damaging effect on the department’s ability to promote UK interests overseas”. We also noted that the 2010 Spending Review settlement would “accentuate the regrettable long-term trend for the FCO to lose out relative to other departments and agencies in the allocation of government spending”.⁵³ In evidence to our current inquiry, in January 2011, Sir Jeremy Greenstock told us bluntly that he thought the FCO was “understaffed and under-resourced”.⁵⁴ The FCO was in the process of deciding how to implement its Spending Review settlement as we conducted our inquiry.

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

The FCO and Government foreign policy

32. David Miliband and Lord Hennessy both stressed that it was difficult to consider ‘the role of the FCO’ without also considering the nature of the foreign policy which the Government wished the department to pursue. Policy, in turn, rests in part on the Government’s analysis of the international environment confronting the UK.⁵⁵ Sir Peter Marshall supplied us with an historical analysis of the various reviews of the F(C)O which have been conducted in the 20th Century, which made clear the intimate connection between the UK’s place in the world, UK foreign policy (and the funds available for it) and the shape and purpose of the department.⁵⁶

33. The Government believes that changes in the global order are making it more difficult for the UK to exert international influence. The UK’s international economic weight is declining in relative terms, as is that of the most prominent geopolitical blocs to which the UK belongs; and international political influence is following the shifting economic balance eastwards and southwards. The financial and economic crisis since 2007 has accelerated the trend. Meanwhile, more countries are becoming important in international

53 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, para 25

54 Q 165

55 Qq 1, 16 [Lord Hennessy], 90 [David Miliband]

56 Ev w62–85. The main reviews discussed by Sir Peter were: *Proposals for the Reform of the Foreign Service*, Cmd 6420, January 1943; *Report of the Committee on Representational Services Overseas appointed by the Prime Minister under the Chairmanship of Lord Plowden* (‘Plowden Report’), Cmnd 2276, February 1964; *Report of the Review Committee on Overseas Representation, 1968–1969, Chairman: Sir Val Duncan* (‘Duncan Report’), Cmnd 4107, July 1969; *Review of Overseas Representation: Report by the Central Policy Review Staff* (‘Berrill Report’), HMSO, 1977. For discussion of UK foreign policy—and the institutions and instruments available for it—in the context of the 2010 General Election, see the Chatham House project “Rethinking the UK’s International Ambitions and Choices”, at www.chathamhouse.org.uk/research/europe/current_projects/uk_role; and LSE IDEAS, *The Future of UK Foreign Policy*, October 2010.

politics (including states with which the UK has not had recent close partnerships), as are a plethora of non-state actors (such as non-governmental organisations, philanthropic organisations and corporations); and all are arranged into complex alliances which may vary from issue to issue.⁵⁷

34. Nevertheless, the Government has stated explicitly that it “rejects the thesis of Britain’s decline in the world”.⁵⁸ In its October 2010 National Security Strategy, the Government declared that “Britain’s national interest requires us to reject any notion of the shrinkage of our influence”.⁵⁹ In the Government’s view, in order to retain—or even extend—its international influence despite the circumstances moving against it, “the UK should become even more active overseas”.⁶⁰ The Prime Minister said in his November 2010 Mansion House speech: “We are choosing ambition. Far from shrinking back, Britain is reaching out”.⁶¹ The Government is focusing in particular on expanding the UK’s bilateral relationships with states in the Gulf, Asia and Latin America. The Foreign Secretary has made clear that his plans for his department flow from the Government’s approach to foreign policy.⁶²

35. Former FCO diplomats Charles Crawford and Carne Ross both argued that the UK needed to ‘up its diplomatic game’ in the face of more difficult international conditions and a growing number of international diplomatic ‘competitors’.⁶³ Our witnesses also highlighted the most obvious potential difficulty facing the FCO in its current context, namely the tension between global ambitions and constrained resources. Lord Hennessy warned of the risk of overreach;⁶⁴ and David Miliband stated that “it’s very important that we don’t talk about a global role if we’re not willing to fund it”.⁶⁵

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

57 William Hague, “Britain’s Foreign Policy in a Networked World”, FCO, London, 1 July 2010

58 Ev 77 [FCO]

59 HM Government, *A Strong Britain in an Age of Uncertainty: The National Security Strategy*, Cm 7953, October 2010, p 10

60 Ev 77 [FCO]; FCO Business Plan 2011–2015, available at www.fco.gov.uk/en/publications-and-documents/publications1/annual-reports/business-plan.

61 David Cameron, speech to Lord Mayor’s Banquet, Mansion House, London, 15 November 2010

62 William Hague, “Britain’s Foreign Policy in a Networked World”, FCO, London, 1 July 2010

63 Ev w31–32, 33–34 [Charles Crawford], w96 [Carne Ross]

64 Q 16

65 Q 101

2 FCO priorities

Official priorities

37. Since 1997, the FCO has had publicly-stated priorities or objectives. These have been of two types: those required by and agreed with the Treasury or Cabinet Office, as part of a cross-Government exercise undertaken with all departments; and those set ‘voluntarily’ by successive Foreign Secretaries as his or her priorities for the department.

38. Under William Hague and the current Government, the FCO has two sets of priorities. The Foreign Secretary announced his three priorities for the department in July 2010. These were to:

pursue an active and activist foreign policy, working with other countries and strengthening the rules-based international system in support of British values to:

- safeguard Britain’s national security by countering terrorism and weapons proliferation, and working to reduce conflict;
- build Britain’s prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth; and
- support British nationals around the world through modern and efficient consular services.⁶⁶

39. A quite separate, centrally-driven, set of priorities for the FCO was announced in November 2010.⁶⁷ In common with those of other departments, these are known as Structural Reform Priorities, and derive from the Coalition’s Programme for Government. As for other departments, a departmental Structural Reform Plan sets out how the FCO is to pursue these priorities; the Plan sets out “milestones” to be achieved. The Structural Reform Priorities and Structural Reform Plan are included in an overall Business Plan for the department for 2011–15.⁶⁸ The FCO has five Structural Reform Priorities. These are to:

- protect and promote the UK’s national interest: shape a distinctive British foreign policy geared to the national interest, retain and build up Britain’s international influence in specific areas, and build stronger bilateral relations across the board with key selected countries to enhance our security and prosperity;
- contribute to the success of Britain’s effort in Afghanistan: support our military forces abroad, protect British national security from threats emanating from the region, create the conditions to shift to non-military

66 Ev 77 [FCO]

67 HC Deb, 8 November 2010, col 25–35WS

68 FCO Business Plan 2011–2015, available at www.fco.gov.uk/en/publications-and-documents/publications1/annual-reports/business-plan

strategy in Afghanistan and withdrawal of UK combat troops by 2015, and support the stability of Pakistan;

- reform the machinery of government in foreign policy: establish a National Security Council (NSC) as the centre of decision-making on all international and national security issues, and help to implement the foreign policy elements of the National Security Strategy and the Strategic Defence and Security Review;
- pursue an active and activist British policy in Europe: advance the British national interest through an effective EU policy in priority areas, engaging constructively while protecting our national sovereignty; and
- use ‘soft power’ to promote British values, advance development and prevent conflict: use ‘soft power’ as a tool of UK foreign policy; expand the UK Government’s contribution to conflict prevention; promote British values, including human rights; and contribute to the welfare of developing countries.⁶⁹

40. In addition to Mr Hague’s three priorities and the five set out in its Structural Reform Plan, the FCO is working to the framework established by the 2010 National Security Strategy (NSS) and Strategic Defence and Security Review (SDSR). Under the SDSR, the FCO is the lead department for three of the Government’s 10 national security priority areas: state threats and counter-proliferation; the security impacts of climate change and resource competition; and the foreign policy aspects of “building stability overseas”, an overall area in which lead responsibility is taken jointly by the FCO and DFID.⁷⁰

41. Our predecessor Committee commented favourably when, for the three-year spending review period starting in 2008/09 under the previous Government, the priorities for the FCO set out by the Foreign Secretary aligned fully for the first time with those agreed with the Treasury. Under David Miliband’s 2008 Strategic Framework for the FCO, the eight priorities which he announced were also the FCO’s centrally-agreed Departmental Strategic Objectives (DSOs). From 2008/09 the previous Government also operated a system of cross-Government Public Service Agreements (PSAs); the FCO was lead department for one PSA, which also mapped onto one of its DSOs.⁷¹

42. Current and former Foreign Secretaries and some of the former FCO officials who gave evidence broadly felt that there was a value to the FCO agreeing and publicly stating a set of priorities. David Miliband told us that “the process of having to explain what you’re for, what you exist for and what you’re trying to achieve over a three to five-year period is useful”.⁷² Lord Jay said that the exercise ensured that departmental structures and resources

69 Ev 77–78 [FCO]

70 HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948, October 2010, p 69

71 Foreign Affairs Committee, Second Report of Session 2008–09, *Foreign and Commonwealth Office Annual Report 2007–08*, HC 195, paras 9–40; Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 288–290

72 Q 102

followed priorities;⁷³ and William Hague said that the FCO's Business Plan helped "to bring into line the internal organisation and external presentation of our work".⁷⁴

43. Other witnesses were less convinced of the value of setting out formal priorities. A number of witnesses suggested that over a decade's worth of formal priority-setting had left the FCO less, not more, clear about its purpose—not least because of the frequency with which formal priorities had been changed. Charles Crawford, and a group of former FCO diplomats led by Peter W Marshall, both referred to "confusion" at the department;⁷⁵ we have already referred (in paragraph 19 in the Introduction) to Caterina Tully's assessment that the FCO's purpose had become "blurred".⁷⁶

44. As part of the centrally-driven priorities exercise since 1997, departments have been required to engage in formal performance measurement and reporting, including in quantitative terms. Such reporting has been a central element in the increased 'managerialism' at the FCO which Sir Peter Marshall identified as one of the "modern discontents" at the department (and which we discuss throughout our Report).⁷⁷ Apart from other possible effects of such reporting, several of our witnesses argued that the use of performance measurement had a distorting effect on the FCO's priorities, because, in the words of Sir Oliver Miles CMG, former Ambassador to Libya, "activities that can be measured come to be regarded as more important than those that cannot".⁷⁸ Outcomes in the economic and commercial sphere, and in consular services, are by their nature easier to quantify than their counterparts in the traditional diplomatic field. Sir Peter Marshall and former High Commissioner Sir Edward Clay, among other witnesses, noted with concern that the FCO's 'service' roles—*i.e.* the provision of services to UK business and to UK nationals abroad—appeared to have been receiving ever-greater weight in the department's work in recent years.⁷⁹ While economic work has been recognised as part of the FCO's role for much of the 20th Century, among post-1997 statements of FCO priorities consular work made its first appearance in 2000 and has since remained a fixture. Sir Edward told us that "successive governments have [...] increasingly behaved as if service delivery is the [FCO's] only or chief function at the cost of policy formation and implementation".⁸⁰ It is notable that William Hague's three priorities for the FCO—security, prosperity and consular services—are the fewest in any such set since 1997, and that by definition the two 'service' elements therefore have a relatively greater weight than in previous such lists.

45. Neither Mr Hague's three priorities for the FCO nor the department's Strategic Reform Priorities include a statement of the department's overarching role for the Government in formulating and delivering foreign policy, distinct from the priority awarded to particular policies or areas of work—what some might call an overall FCO 'mission statement'. The various sets of official FCO priorities over recent years have varied in this respect. Under

73 Q 50

74 Q 296

75 Ev w29 [Charles Crawford], w62 [Peter W Marshall and others]

76 Ev w58

77 Ev 66–67 [Sir Peter Marshall]; see paras 24, 93–97, 152–156.

78 Ev w47

79 Ev w27 [Sir Edward Clay], w62 [Sir Peter Marshall]

80 Ev w27

the 2000 Spending Review, it was an FCO objective to provide “authoritative, comprehensive information on foreign issues for UK decision-takers”, and to secure “pivotal influence worldwide over decisions and actions which affect UK interests”.⁸¹ Similar formulations appeared under the 2002 Spending Review; but statements of the FCO’s overarching policy role for the Government then disappeared from centrally-driven sets of departmental objectives until the 2007 Spending Review. The FCO’s overarching role for the Government did not feature among the eight formal priorities set out in Jack Straw’s December 2003 *UK International Priorities* White Paper, but the document contained the fullest recent official description of the FCO’s function, namely:

co-ordination and leadership of the UK’s international policies; expert foreign policy advice for Ministers and the Prime Minister, feeding into the wider policy process; pursuing UK interests in crisis areas around the world; negotiating for the UK with other countries and in international organisations; rapid gathering, analysis and targeting of information for the Government and others; promoting and explaining UK policies to public audiences around the world, to shape opinion on issues which matter to us; direct services abroad to UK citizens and business; and organising international contacts for members of the Royal Family, Parliamentarians, Ministers, business people and others.⁸²

The 2007 Spending Review and David Miliband’s post-2008 Strategic Framework reinstated a statement of the FCO’s role for the Government among the department’s formal objectives. Rather than the policy advisory function included under the 2000 and 2002 Spending Reviews, however, the post-2008 framework defined the FCO’s contribution as providing “a flexible global network serving the whole of the British Government”.⁸³

46. Mr Hague set out most fully his view of the FCO’s role for the Government in his first major speech as Foreign Secretary, in July 2010. He told the FCO that thenceforward its job would be

to provide the connections and ideas that allow the whole of the British state and British society to exercise maximum influence in the world and to give the lead that allows foreign policy to be supported actively by other government departments.⁸⁴

47. We have received evidence that, despite over a decade of formal priority- and objective-setting, the FCO’s institutional purpose has become “confused” and “blurred”. We note that, under the current Government, the three priorities which the Foreign Secretary has set out for the FCO do not map on to the five set out in the department’s Business Plan, required by the Cabinet Office, nor the three areas of lead responsibility allocated to the FCO under the 2010 Strategic Defence and Security Review. We have no quarrel with the content of any of these priority areas of work for the FCO. However, the existence of several sets of priorities which do not fully coincide

81 <http://archive.treasury.gov.uk/sr2000/psa/4808-09.html>

82 FCO, *UK International Priorities: A Strategy for the FCO*, Cm 6052, December 2003, p 9

83 HC Deb, 23 January 2008, col 52–53WS; Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 72, 288

84 William Hague, “Britain’s Foreign Policy in a Networked World”, FCO, London, 1 July 2010

appears confusing, and is a less streamlined arrangement than that which obtained for the department from 2008/09 under the previous Government. We recommend that in its response to this Report the FCO set out its priorities in a single statement, encompassing those set out by the Foreign Secretary, those contained in the department's 2011–15 Business Plan and those established in the 2010 Strategic Defence and Security Review.

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

Commercial work

49. The increased emphasis placed on trade and investment promotion and UK commercial interests has been probably the most widely-noted aspect of the Government's foreign policy, and of William Hague's plans for the FCO. The Prime Minister has said that the UK must "plac[e] our commercial interest at the heart of our foreign policy".⁸⁵ He has said that this would require "quite a big step change in our approach to foreign and diplomatic relations".⁸⁶ The FCO told us that "a key function of British foreign policy is to support the UK economic recovery";⁸⁷ the Foreign Secretary has described supporting British business as an "existential mission" for the FCO.⁸⁸ To implement this, Mr Hague told us in September that he "aim[ed] to establish a new commercial culture across the FCO and throughout our overseas posts".⁸⁹

50. In terms of foreign policy, the Government's rationale for pursuing UK commercial interests is that restored economic strength is the necessary foundation for UK influence internationally—as both the source of the resources required for a global military and diplomatic capability, and a key element in the UK's international reputation. The Foreign Secretary told the FCO in July 2010 that:

We must recognise the virtuous circle between foreign policy and prosperity. Our foreign policy helps create our prosperity and our prosperity underwrites our diplomacy, our security, our defence and our ability to give to others less fortunate than ourselves.⁹⁰

85 David Cameron, speech to Lord Mayor's Banquet, Mansion House, London, 15 November 2010

86 David Cameron, speech to UKTI business summit, 14 July 2010

87 Ev 84

88 "Man on an existential mission for British business", *Financial Times*, 14 July 2010

89 Letter to the Chair from the Foreign Secretary, 2 September 2010, printed with "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Ev 26

90 William Hague, "Britain's Foreign Policy in a Networked World", FCO, London, 1 July 2010

51. The FCO's Permanent Under-Secretary (PUS), Simon Fraser, is leading the effort to give the department a greater commercial focus. Mr Fraser's appointment as PUS in July 2010 was widely interpreted as a sign of the 'new commercialism' at the FCO: although the FCO was his original department, he had served two periods working for the European Trade Commissioner and been Permanent Secretary at the Department for Business, Innovation and Skills (BIS) before returning to the FCO. Among other steps taken in pursuit of the 'new commercialism' at the FCO:

- the Foreign Secretary has established a joint FCO/UKTI Commercial Task Force, to be overseen by the new Trade Minister (already a joint FCO/BIS position);
- the FCO teams in London working on trade and support for the UK economy have been strengthened;
- the training on offer to FCO staff in economic and commercial matters is to be enhanced; and
- Ministers from all departments are to be briefed to "press key commercial issues in every meeting and visit" with overseas interlocutors.⁹¹

The Foreign Secretary told us in September 2010 that he had "made clear that Ambassadors and High Commissioners will be expected to meet challenging targets for UK exports and inward investment to the UK".⁹²

52. Several of our witnesses greeted the 'new commercialism' at the FCO with a degree of scepticism. They pointed out both that trade and investment promotion was already an important part of the FCO's work; and that previous Governments—especially new ones—had launched commercial drives at the FCO before, which had sometimes petered out.⁹³

53. We heard divergent views about the wisdom and viability of prioritising trade within foreign policy. Lord Hennessy put forward the argument that trade can help international relations: "As you get more embedded into a trading relationship, the harder it is for aggression, lack of understanding, and indeed parodying of each other, to flourish". He also suggested that holding out trade or commercial prospects could be a useful foreign policy tool.⁹⁴ However, David Miliband warned against reducing foreign policy to what he called "low-grade mercantilism"; he contended that commercial ties were only likely to develop on the basis of longer-term and much broader relationships, and that major states would expect their relationship with the UK to encompass other areas of interest to them.⁹⁵ A number of witnesses agreed with the Government's basic proposition, that pursuing UK commercial interests—and the international economic environment that would allow

91 Letter to the Chair from the Foreign Secretary, 2 September 2010, printed with "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Ev 26–27

92 *Ibid.*, Ev 27

93 Qq 15 [Lord Hennessy], 108 [David Miliband]; Ev w27 [Sir Edward Clay]. The Plowden Report of 1964, as quoted by Sir Peter Marshall, concluded that "economic and commercial work must be regarded as a first charge on the resource of the overseas services"; Ev w72.

94 Qq 16–17

95 Q 108

them to flourish—was a legitimate foreign policy objective, especially in current economic circumstances.

54. We heard of two potential difficulties for the FCO in giving commercial work high priority.⁹⁶ One was the risk of diverting time, resources and focus away from core foreign policy and diplomatic tasks, primarily at overseas posts. Sir Jeremy Greenstock warned that the FCO's provision of services, such as to UK businesses, "must not take away the skills that are necessary for Government" in international policy-making, which "must be at the core of what an Embassy does".⁹⁷ Sir Malcolm Rifkind did not wish to see trade made the prime purpose of FCO posts or the prime reason for the appointment of particular Ambassadors, and said that "the public interest would greatly suffer" if diplomatic staff were required to spend "a substantial proportion of their time" on commercial work.⁹⁸ However, both the Foreign Secretary and Simon Fraser said that the 'new commercialism' at the FCO would not necessarily mean that other activity would be curtailed: they wished to change the FCO's "mindset" and to build the commercial priority into all aspects of the department's work.⁹⁹

55. The second potential difficulty was whether FCO staff had—or could acquire—the knowledge and outlook required to be able to promote UK commercial interests effectively. Lord Owen was doubtful on this point. He suggested that—rather than seeking to re-skill FCO staff—it would be better to give language skills to staff from other departments, and deploy them to FCO posts overseas.¹⁰⁰ The former FCO diplomat Alastair Newton—who now works for Nomura International (although he gave evidence in a private capacity)—was clear that FCO diplomats should not be negotiating on behalf of individual companies, or acquiring detailed technical knowledge of particular sectors or industries. However, on the basis of his own career, he felt that an FCO diplomat was capable of becoming sufficiently conversant in economic and commercial matters to be able to assist UK business. He said that it was "very much a question of attitude".¹⁰¹ Mr Newton supplied some low-cost concrete suggestions for further enhancing the FCO's familiarity with the City in particular, such as regular meetings between senior FCO staff and representatives of the financial sector.¹⁰²

56. Mr Newton argued against separating traditional foreign policy work from commercially-focused activity because, in his view, the former supported the latter.¹⁰³ There was a widespread consensus among our witnesses on what UK business wanted from the FCO and UK diplomats: in David Miliband's words, "real understanding of the political scene and who are the movers and shakers" in any given country.¹⁰⁴ Sir Jeremy

96 Apart from the potential tension with human rights promotion work, which we discuss in the next section.

97 Q 173

98 Qq 91, 108

99 "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 42

100 Ev w12

101 Q 238

102 Ev 141

103 Q 238

104 Q 108

Greenstock, Sir Oliver Miles and former Ambassador Sir John Graham GCMG all identified country knowledge as the factor that the FCO could usefully contribute for business.¹⁰⁵ The CBI stated that there was a “vital” role for the FCO and UKTI in supporting UK companies, “in particular the expertise and intelligence provided by overseas posts”, and it identified “political insights” and “contact networks” as the key contributions required from Heads of Mission.¹⁰⁶ The City of London Corporation stated that it would welcome greater access to the economic and trade reporting coming in from the FCO’s overseas network.¹⁰⁷ Sir Jeremy Greenstock also referred to the access that senior diplomats in-country could have to foreign governments, to lobby for UK economic and commercial interests.¹⁰⁸

57. The Foreign Secretary expressed support for the principle of appointing business figures to some Ambassadorial positions.¹⁰⁹ A number of witnesses, most notably former FCO Deputy Legal Adviser Anthony Aust, were opposed to this idea.¹¹⁰ They cautioned that non-diplomats were often unlikely to have the skills required to perform effectively as an Ambassador—even in supporting UK business, given the prime requirement identified for Ambassadors to supply country-specific political intelligence. On the basis of his own experience and other cases known to him, Alastair Newton also warned that the FCO was unlikely to be able to offer a remuneration package that would be attractive to senior City figures.¹¹¹

58. While broadly welcoming the FCO’s intensified engagement with commercial matters, the City of London Corporation warned it against overshadowing—or triggering unintended confusion or competition with—UKTI, BIS or the Treasury. The Corporation stated that the City looked for a ‘joined-up’ approach, ideally with UKTI as the lead direct contact for companies, and with the FCO, BIS and the Treasury providing strategic capacity.¹¹²

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

60. We conclude that the most valuable service that FCO diplomats can provide to UK business is intelligence on the political, economic, commercial and cultural situation in

105 Q 173 [Sir Jeremy Greenstock]; Ev w48 [Sir Oliver Miles], w52 [Sir John Graham]

106 Ev w85–86

107 Ev w41

108 Q 175

109 Q 298

110 Ev w45

111 Q 234

112 Ev w41

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

Human rights and UK values

61. The Government's stress on UK commercial interests has been interpreted by some as implying that human rights and other ethical or 'values' considerations are being given lesser priority in the work of the FCO. The Foreign Secretary denied that this was the case. He told us that "at no stage in our conduct of policy do we reduce the emphasis on human rights for any commercial reason". He argued that the 'new commercialism' would enhance the FCO's pursuit of other objectives: "a foreign policy that did not have that commercial emphasis [...] would be in a weaker position to bring about all our other goals".¹¹³ Mr Hague has placed the FCO's work on human rights and good governance overseas in the context of his view that "as a democratic country we must have a foreign policy based on values, as an extension of our identity as a society".¹¹⁴ Under Mr Hague, the FCO is continuing to publish an annual human rights report; the first such report under the current Government was published as a Command Paper on 31 March 2011.¹¹⁵ We are continuing our predecessor Committee's practice of conducting an annual inquiry into the FCO's human rights work, on the basis of the department's report; we expect to report to the House on this subject before the 2011 Summer Recess.¹¹⁶

62. In a speech in March 2011, made after the Government's decision to participate in the UN-mandated international military action to protect civilians in Libya, and as movements demanding political liberalisation were seen in many Arab states, the Foreign Secretary appeared to signal a more forward position from the Government on overseas human rights and democratisation. He said:

The desire for freedom is a universal aspiration, and governments that attempt to isolate their people from the spread of information and ideas around the globe will fight a losing battle over time.

Governments that use violence to stop democratic development will not earn themselves respite forever. They will pay an increasingly high price for actions which they can no longer hide from the world with ease, and will find themselves on the wrong side of history.

Governments that block the aspirations of their people, that steal or are corrupt, that oppress and torture or that deny freedom of expression and human rights should

113 Q 297

114 William Hague, "Britain's values in a networked world", Lincoln's Inn, London, 15 September 2010

115 FCO, *Human Rights and Democracy: The 2010 Foreign & Commonwealth Office Report*, Cm 8017, March 2011

116 "Announcement of new inquiry: The FCO's human rights work 2010–11", Foreign Affairs Committee press release, 31 March 2011

bear in mind that they will increasingly find it hard to escape the judgement of their own people, or where warranted, the reach of international law.¹¹⁷

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

64. Several witnesses cautioned against any assumption that upholding human rights and other ethical considerations must always or necessarily conflict with more narrowly-defined UK national interests. For example, Sir Malcolm Rifkind placed human rights in the wider context of the rule of law. He argued that pursuing commercial ties could be an effective way of leveraging a strengthening of the rule of law in some foreign states.¹¹⁸

65. Sir Edward Clay suggested that a particular difficulty for UK diplomats promoting human rights and good governance abroad arose when those values were contradicted by UK domestic measures. He told us that “among the worst things a British diplomat can expect is to take a high profile on human rights or governance issues, only to be undermined by her or his government breaching our own standards”.¹¹⁹ The Foreign Secretary has shown awareness of this risk: he told the FCO in July 2010 that the existence of “the networked world requires us to inspire other people with how we live up to our own values rather than try to impose them, because now they are able to see in more detail whether we meet our own standards and make up their own minds about that”.¹²⁰ The FCO highlighted the fact that it had published for the first time consolidated guidance given to intelligence and service personnel on the interviewing of detainees, which “makes public the longstanding policy that our personnel are never authorised to proceed with action where they know or believe that torture will occur”.¹²¹ The Government has also announced an inquiry into whether the UK was implicated in the improper treatment of detainees held by other countries in the ‘war on terror’ after the attacks of 11 September 2001.

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

67. Sir Edward Clay did not accept that promoting UK commercial interests and upholding good governance overseas were necessarily contradictory objectives. However, he argued that a conflict for UK diplomats might arise specifically with respect to their

117 William Hague, speech to *The Times* CEO Summit Africa, London, 22 March 2011

118 Q 108

119 Ev w29

120 William Hague, “Britain's Foreign Policy in a Networked World”, FCO, London, 1 July 2010

121 Ev 91–92

objective of combating corruption. He suggested that this might become especially acute in the context of the Bribery Act 2010, which is due to come into force on 1 July 2011 after the Ministry of Justice issued further guidance on the legislation at the end of March.¹²² Sir Edward suggested that UK diplomats abroad, while tasked with helping UK business, would be obliged under the Act to report UK companies or their representatives if they were aware of evidence that such companies had committed an offence under the Act.¹²³ In its March 2011 human rights report, the FCO said that “UK officials overseas are [...] required to report allegations of UK involvement in foreign bribery to the Serious Fraud Office [...] The Bribery Act is a clear signal of our commitment to ensure that the fight against bribery and corruption supports UK companies”.¹²⁴

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

69. The FCO’s former Legal Adviser, Sir Michael Wood KCMG, wrote to us setting out the FCO’s “key role [...] within Government in ensuring both that the UK Government itself conforms to international law, and that the UK Government promotes the rule of law internationally”.¹²⁵ Sir Michael set out the work of the FCO’s Legal Advisers, within the department and for the whole of Government. He said, for example, that FCO Legal Advisers act as the Government’s representative in most cases involving the Government before international courts and tribunals, whichever department is most directly implicated; that they are directly engaged when the UN or EU is adopting sanctions decisions and in the drafting of the relevant UK implementing legislation; and that they provide advice across Government on matters of public international law.¹²⁶ Sir Michael highlighted in particular the “key importance” of the relationship between the FCO and its Legal Advisers and the Attorney General, whose remit as the Government’s principal legal adviser extends to questions of public international law. Sir Michael noted that it has long been the practice for a senior FCO lawyer to be seconded to the Attorney General’s Office.¹²⁷

70. Dr Oliver Daddow of Loughborough University argued that “to be seen to be abiding by the tenets of international law can be one way in which the FCO leads on helping Britain once more be seen to be a ‘good international citizen’”.¹²⁸

122 “UK clamps down on corruption with new Bribery Act”, Ministry of Justice press release, 30 March 2011

123 Ev w28–29

124 FCO, *Human Rights and Democracy: The 2010 Foreign & Commonwealth Office Report*, Cm 8017, March 2011, pp 79–80

125 Ev w48–49

126 Ev w49–50

127 Ev w49

128 Ev w6

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

Overseas Territories

72. Among Government departments, the FCO has responsibility for the UK's 14 Overseas Territories (OTs). In respect of all other areas of its work, the FCO is responsible for pursuing the Government's policies vis-à-vis foreign states; whereas, in respect of the OTs, the FCO is ultimately responsible for their governance (as well as their external relations). Given that the OTs have their own governments, the FCO's responsibility for the OTs means that "a delicate balance has to be struck between respecting the autonomy of the territories and making sure that appropriate standards are observed"¹²⁹ and international obligations are upheld.

73. In David Miliband's 2008 Strategic Framework for the FCO, the reference to the OTs which had previously been included among the department's priorities disappeared. It has not been restored in the various sets of priorities set out for the FCO under the current Government. In its major Report on the *Overseas Territories* in 2008, our predecessor Committee identified particular challenges that its role in relation to the OTs poses for the FCO, as well as serious problems arising in connection with a number of Territories, above all the Turks and Caicos Islands (TCI). The Committee concluded that the FCO "must take its oversight responsibilities for the Overseas Territories more seriously".¹³⁰ In this context, the previous Committee welcomed the assurances which it received from the previous Government that the disappearance of any reference to the OTs from the FCO's official priorities did not imply any downgrading in the importance which the department attached to this area of its responsibilities.¹³¹ Nevertheless, at the end of the previous Parliament (in its last Report on an FCO departmental annual report, in March 2010), and in light of continuing problems in a number of OTs (most notably TCI), our predecessor Committee felt obliged to declare itself still "unconvinced that the department [was] exercising its responsibilities for them with sufficient diligence".¹³²

74. We received two submissions to our present inquiry stressing the importance of the FCO's role with respect to the OTs. The Royal Society for the Protection of Birds (RSPB) and the UK Overseas Territories Conservation Forum (UKOTCF) both emphasised the importance of: the FCO's role in representing the OTs to Government and officialdom in London, and ensuring that the UK public is aware of the Territories; its duty to ensure that other departments take the OTs elements of their responsibilities seriously; and its direct

129 Ev w42 [UK Overseas Territories Conservation Forum (UKOTCF)]

130 Foreign Affairs Committee, Seventh Report of Session 2007–08, *Overseas Territories*, HC 147, para 437

131 Foreign Affairs Committee, Second Report of Session 2008–09, *Foreign and Commonwealth Office Annual Report 2007–08*, HC 195, paras 38–40

132 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, para 326; see also Foreign Affairs Committee, Seventh Report of Session 2009–10, *Turks and Caicos Islands*, HC 469.

responsibilities for the OTs, particularly with respect to biodiversity and the environment, and including the quality of OTs Governors' work on these issues.¹³³

75. The Government intends to publish a White Paper on the OTs later in 2011. The Foreign Secretary told the House on 10 March that he planned to secure cross-departmental agreement through the National Security Council (NSC) to the strategy underpinning the White Paper. The Foreign Secretary also announced increased funding for some OTs projects and programmes.¹³⁴ Both the RSPB and the UKOTCF welcomed what they saw as early signs that under the current Government the FCO was devoting greater effort to OTs matters.¹³⁵ However, we have continued to be made aware of serious problems in TCI.

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

133 Ev w35–36 [RSPB], w42–43 [UKOTCF]

134 HC Deb, 10 March 2011, col 76–77WS

135 Ev w36–37 [RSPB], w42 [UKOTCF]

3 Foreign policy leadership

77. As part of his conception of the role of the FCO, Mr Hague has set out his belief that the department should play more of a leadership role in Government. In his first major speech as Foreign Secretary, in July 2010, he told the FCO that it had “not been encouraged to be ambitious enough in articulating and leading Britain’s efforts overseas and foreign policy thinking across Government”.¹³⁶ In its submission to our inquiry, the FCO said that “demonstrat[ing] FCO leadership” in the new National Security Council (NSC) had been one of the immediate tasks on which the department had been focusing since the change of Government in 2010. The FCO seemed keen to stress that, compared to the Foreign Secretary, “no other Minister holds the lead on more areas” of the 10 identified as priorities in the Strategic Defence and Security Review (SDSR).¹³⁷ Mr Hague told us in September 2010 that he was determined to “place the Foreign Office back at the centre of Government”.¹³⁸ He has suggested that this would represent a change from the situation he inherited on taking office: he does not regard the FCO as having always led UK foreign policy under the previous Government.

78. Our witnesses largely agreed with the Foreign Secretary that the FCO had become marginalised within Government. Daniel Korski of the European Council on Foreign Relations said that “the last 15 years [had] not been kind” to the department.¹³⁹ Lord Hennessy said that the FCO had been “somewhat eclipsed in the past few years”; his impression was that UK diplomats felt “quite battered”.¹⁴⁰ David Miliband admitted that during the war in Lebanon in 2006 the FCO’s “house view” [...] didn’t find expression in the policy of the Government”, and that this had been “quite tough” for the department; although he also noted areas where the FCO had shown “real energy and confidence”.¹⁴¹ LSE IDEAS, the Centre for Diplomacy and Strategy at the London School of Economics, told us that “the traditional view of the FCO as a global diplomatic network using its local assets and specialised expertise to drive British foreign policy from the heart of government has been undermined in recent years”.¹⁴²

Conditions for FCO leadership

79. The Foreign Secretary has suggested three ways in which the FCO can play a greater leadership role within Government: by restoring what he regards as a healthier relationship with the Prime Minister; by asserting its role more strongly in relation to other

¹³⁶ William Hague, “Britain’s Foreign Policy in a Networked World”, FCO, London, 1 July 2010

¹³⁷ Ev 78

¹³⁸ “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 1

¹³⁹ Ev w54

¹⁴⁰ Qq 1, 14

¹⁴¹ Q91

¹⁴² Ev w40

departments; and by developing and deploying the knowledge, experience and expertise of its diplomats.¹⁴³

The FCO and the Prime Minister

80. Mr Hague told us that “Prime Ministers have often got into the habit of not using the Foreign Office to the extent that it should be used”.¹⁴⁴ He did not want to see the FCO “shut out of foreign policy decisions”.¹⁴⁵ Under the present Government, Mr Hague argued that:

the planets are in alignment for the Foreign Office in political terms. [...] We have a Prime Minister well disposed to the Foreign Office being at the heart of government. We have a Foreign Secretary dedicated to that task and used to working closely with the Prime Minister to make sure that a wide range of foreign policy advice is listened to.¹⁴⁶

He told us that “it is a characteristic of this Government that the principal adviser to the Prime Minister on foreign policy is the Foreign Secretary”.¹⁴⁷

81. Our witnesses largely agreed with Mr Hague that the FCO’s role crucially depended on the attitude of the Prime Minister of the day towards the department, and the relationship between the Prime Minister and the Foreign Secretary. They also felt that the recent period had been one of prime ministerial dominance.¹⁴⁸ However, they noted that historically the personal and political dynamic between Prime Ministers and their Foreign Secretaries had been subject to significant fluctuations, and that it would be too simplistic to see the relationship as a one-way process in which power has only drained inexorably from the FCO to No. 10 Downing Street.¹⁴⁹ Sir Malcolm Rifkind listed Gladstone (1868–74, 1880–85, 1886, 1892–94), Chamberlain (1937–40), Eden (1955–57) and Blair (1997–2007) as peacetime premiers who had had a dominant foreign policy role, “sometimes at the expense of the authority of their Foreign Secretary”.¹⁵⁰ Lord Owen listed the events of 1921–22 (a range of post-Versailles Treaty negotiations), the late 1930s (appeasement) and 1956 (Suez) as instances which showed that “the Blair presidential style is not a totally new problem”.¹⁵¹

143 The views which Mr Hague has expressed as Foreign Secretary on these issues follow closely those developed in several speeches he made as Shadow Foreign Secretary: “The Future of British Foreign Policy with a Conservative Government”, International Institute for Strategic Studies (IISS), 21 July 2009; “The Foreign Policy Framework of a New Conservative Government”, Royal United Services Institute (RUSI), 10 March 2010.

144 Q 253

145 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 1

146 Q 252

147 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 35

148 Q 1 [Lord Hennessy]; Ev w6 [Dr Daddow], w9–10 [Lord Owen], w40 [LSE IDEAS], w66 [Sir Peter Marshall]

149 Q 9 [Lord Hennessy]

150 Q 93

151 Ev w9

82. Whilst noting the ups and downs of particular Prime Minister-Foreign Secretary pairings, Sir Malcolm Rifkind, among other witnesses, acknowledged that there had been a longer-term trend for Prime Ministers to play a more prominent international role. This was a consequence of the tendency for previously ‘domestic’ issues to be handled partly internationally, principally but by no means exclusively within the EU, and in particular through rising numbers of summit-level meetings.¹⁵² Sir Peter Marshall contended that “there is an inevitable element of the presidential about modern government”.¹⁵³ For example, rather than the previously typical three or four meetings a year, the European Council (of EU Heads of State or Government) met six times each in 2009 and 2010, and as of early March is scheduled to meet seven times in 2011. Meanwhile, the role of foreign ministers in the EU has been eroded: since the Lisbon Treaty came into force in December 2009, they no longer routinely attend European Council meetings.

83. Mr Hague told us that the FCO’s closeness to the Prime Minister matters, because

unless there is a strong Foreign Office in its relationship with the Prime Minister, it is possible for Governments—one might argue that we have seen this at times in the past—to make important international decisions without full use of the expertise that a Foreign Office is meant to muster.¹⁵⁴

Our witnesses agreed with Mr Hague that, when the FCO does not make its influence felt with No. 10, poorly-grounded foreign policy decisions can be the result. Lord Hennessy described Suez in 1956 and probably the Iraq war decision in 2003 as “aberrations” from collective decision-making.¹⁵⁵ Sir Oliver Miles said that “most of the foreign policy disasters of the last hundred years” had arisen because “the Prime Ministers of the day deliberately bypassed the Foreign Office”.¹⁵⁶

84. Lord Hennessy suggested that it can be of tangible diplomatic benefit to the FCO and the UK if the FCO is seen abroad to have “clout [...] within the Whitehall hierarchy”.¹⁵⁷ Sir Edward Clay wrote similarly that “if our foreign ministry and its servants want to be effective and taken seriously abroad, they and their ministers need to be taken seriously at home, and in Whitehall”.¹⁵⁸

FCO attitude

85. In September 2010, Mr Hague told us that on taking office he had been surprised to find that his ambitions for the FCO would require “something of a cultural change” in the department. Mr Hague said that:

152 Q 93 [Sir Malcolm Rifkind]; Ev w54 [Daniel Korski]

153 Ev w66

154 Q 251

155 Qq 11–12

156 Ev w47

157 Q 7

158 Ev w26

the habits of years, or even decades [...] have induced something of a sense of institutional timidity. [...] the Foreign Office has not been as used as I would like it to be to being prepared to lead on all occasions within Government and to say, 'Here are the ideas. This is the expertise. This is the knowledge that is necessary to frame foreign policy. Here we can confidently set out what it is going to be'.¹⁵⁹

Mr Hague told us that since taking office he had sent a lot of papers back to officials for further work to make them less timid and more assertive with respect to other departments.¹⁶⁰

Foreign policy expertise: the FCO's core role

86. The third theme which emerges from the Foreign Secretary's discussions of FCO leadership is the FCO's need to have and to deploy its own foreign policy expertise. This point was made even more strongly in the other evidence we received. Our witnesses stressed the overriding importance of the quality of the information, analysis and judgement generated in the FCO and provided to the Government—and argued that the kind of foreign policy leadership which Mr Hague seeks for the FCO would be neither possible nor desirable without it. David Miliband told us that “the Foreign Office as an institution succeeds or fails by the quality of the work that it is able to provide”.¹⁶¹ Sir Peter Marshall noted similarly that “as long as the members of the Diplomatic Service are masters of their business, they will not be left out in the cold”;¹⁶² and Sir Edward Clay also linked the strength of the influence the FCO could exercise in Government to the quality of its understanding and capacities.¹⁶³ Sir Oliver Miles told us that in “most of the international crises in which [he] was personally involved [...] the Foreign Office commanded confidence because of its professional understanding of the issues and knowledge of the personalities and history behind the events of the day”.¹⁶⁴

87. For a large number of our witnesses, providing foreign policy expertise was not simply the means for the FCO to secure a leadership position in Whitehall but was the department's central role for Government—and one which was vital be fulfilled to a high standard. In his account of the FCO, Sir Peter Marshall distinguished between the department's “advisory” and “executive” functions, the former being “what to do” and the latter “how to do it”,¹⁶⁵ and a number of witnesses stressed the importance of the advisory function in particular.¹⁶⁶ Lord Howe told us that it was “essential” for a Government foreign policy decision to be founded on advice from the FCO about the “objectives, nature and success or otherwise of that policy”.¹⁶⁷ Former Ambassador Sir John Graham told us

159 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 1; Mr Hague made a similar point when he gave evidence in February 2011: Q 252.

160 Q 252

161 Q 109

162 Ev w82

163 Ev w28

164 Ev w47

165 Ev w67

166 Ev w9 [Lord Owen], w40 [LSE IDEAS]

167 Ev w97

that: “The fundamental role of the FCO is to contribute to the development and implementation of policy, so that, where it may affect other countries, the likely reactions of and impact on those countries are taken into account”.¹⁶⁸ On the basis of his very recent experience, in this case of determining policy towards Russia, David Miliband told us similarly of the particular need that he had had for the FCO to be able to advise on the likely Russian response “if we do X”.¹⁶⁹

88. Lord Howe, and former Ambassadors Sir John Graham and Sir Oliver Miles, all said that, if the FCO was to fulfil its advisory function, diplomats needed to feel confident that, where they judged current policy to be mistaken, they could pass on their views to their superiors or to Ministers without fear of adverse consequences, and with a reasonable expectation that their views would be taken into consideration. Sir Oliver said that if diplomats felt that questioning current policy would be damaging or pointless, it carried “grave dangers for the national interest”.¹⁷⁰ In this context, a number of witnesses regretted the demise of the valedictory telegram, in which a number of departing Heads of Mission had in the past taken the opportunity to question policy.¹⁷¹ The Foreign Secretary told the Public Administration Select Committee in September 2010 that he had told Ambassadors that he would “read every e-gram they send” and that “if they want to send differing advice or differing opinion from what may emerge from Foreign Office or other governmental structures, they can do so and the Secretary of State will read it”.¹⁷²

89. Our witnesses stressed with striking unanimity that a key requirement for the FCO to be able to discharge both its “advisory” and its “executive” roles was specialist knowledge of foreign states and peoples. For many of our witnesses, this constituted the department’s core contribution to Government:

- Former FCO Deputy Legal Adviser Anthony Aust said: “The challenges facing the FCO and its diplomats remain [...] knowledge of the local language; the local ways of doing business; and the concerns of the foreign country”.¹⁷³
- Former High Commissioner Sir Edward Clay told us that “The FCO’s unique role and contribution within government is to assess the significance of developments beyond the UK to British interests”.¹⁷⁴
- The Canadian academic and former diplomat Professor Daryl Copeland said that “the FCO’s knowledge of and connection to people and place in the world represents its core value proposition as an instrument of international policy”.¹⁷⁵

168 Ev w51

169 Q 109

170 Ev w48

171 See Matthew Parris and Andrew Bryson, *Parting Shots* (London, Viking, 2010); Foreign Affairs Committee, First Report of Session 2007–08, *Foreign and Commonwealth Office Annual Report 2006–07*, HC 50, paras 207–208.

172 Public Administration Select Committee, First Report of Session 2010–11, *Who does UK National Strategy?*, HC 435, Q 80

173 Ev w46

174 Ev w27

175 Ev w15

- Former Ambassador Charles Crawford identified “understanding foreign governments and cultures” as one of two core tasks for the FCO.¹⁷⁶
- Former Ambassador Sir David Logan told us bluntly that “‘Abroad’ is the [Diplomatic Service’s] USP”.¹⁷⁷ He went on: “what distinguishes the [Diplomatic Service] both from its foreign peers and from other UK government departments is superior expertise in foreign countries and regions, and the resources to exploit this effectively on behalf of British interests”.¹⁷⁸
- David Miliband said: “The FCO’s “core mission [...] is to know and understand things that other people don’t”. He went on: “It has to have the long-term understanding of trends in societies and regions that enable it to make a distinctive contribution, both in analysing what’s going on and what’s going to happen”.¹⁷⁹

90. Several witnesses supported their view that the quality of FCO policy work mattered by referring to instances in which damaging or embarrassing UK foreign policy outcomes had resulted not from the FCO’s exclusion from influence, but from shortcomings in its reporting and judgement:

- Lord Owen and Sir Malcolm Rifkind both highlighted the recently declassified internal FCO report which David Owen commissioned as Foreign Secretary after the UK failed to foresee the 1979 Islamic revolution in Iran. The report identified “failings in the conduct of British policy”, arising from factors including: a lack of resources at the post in Tehran for political reporting, as opposed to commercial work; a decision to maintain contacts only with the regime, rather than the opposition too; a failure at the FCO in London to treat seriously some of the reporting from post in Tehran; and an insufficiently deep awareness of some aspects of Iranian history and culture.¹⁸⁰
- The Franks Review of the outbreak of the Falklands War in 1982 concluded that the view of the likely course of the sovereignty dispute which FCO Ministers and officials had held in early 1982 had proved to be a “misjudgement”, which had arisen from a failure to appreciate sufficiently the attitudes and possible behaviour of the Argentinian leadership. What proved to be inadequate capacity for intelligence gathering on Argentinian military movements by UK defence and intelligence staff had also played a role.¹⁸¹

176 Ev w29

177 Ev w51 (USP: Unique Selling Point)

178 Ev w51

179 Q 109

180 FCO, *British Policy on Iran 1974–78*, report by N.W. Browne, now published at <http://centralcontent.fco.gov.uk/resources/en/pdf/pdf1/iran-document-british-policy-on-iran>. The report was shown in advance to the late Sir Anthony Parsons, Ambassador to Tehran in 1974–79, and circulated with his comments as an Annex.

181 *Falkland Islands Review. Report of a Committee of Privy Counsellors. Chairman: The Rt Hon the Lord Franks, Cm 8787*, January 1983, paras 296, 302, 312–13

Sir Peter Marshall told us that such examples of “FCO vulnerability are less significant in themselves than as illustrations of the vital importance of discharging to the full the extensive advisory responsibilities of the Diplomatic Service”.¹⁸²

91. Witnesses who stressed the continued value of specialist geographical expertise tended to be of the view that the fundamental nature of the diplomatic art remained unaltered, notwithstanding the recent changes in the context within which diplomacy was conducted. Sir Edward Clay argued that recent changes in technology and practice might have “made the collection of information easier, but the interpretation of its reliability and significance more demanding”.¹⁸³ Sir Jeremy Greenstock suggested that the changing nature of the international policy-making environment was, if anything, increasing the premium on local knowledge. He said:

The world is fragmenting. [...] there is no supranational political decision making organisation. It is all about nation states, but nation states themselves are subject to forces that are fragmenting them. [...] The world is becoming more *à la carte*, complex and *ad hoc*, and on any issue you could have a different set of partners or opponents from the previous issue you were dealing with. Nowadays you must have an *ad hoc* response to such issues, which may need a small country here, a region there, or a collection of states across the globe that only your diplomats can bring together for you. That is going to increase, not decrease. We are not globalising in politics and identity, we are polarising. Diplomacy has to interpret that, and the Government need instruments to understand how to get the most out of the next meeting on a given issue from the most important Governments at the table, which could be almost anyone.¹⁸⁴

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

Performance measurement

93. As part of the increased ‘managerialism’ seen at the FCO over recent years, the department—like the rest of Whitehall—has been required to report to the Treasury or Cabinet Office on its performance, including in quantified terms. Given that the FCO’s prime role is in foreign policy-making and diplomacy, our predecessor Committee consistently questioned whether formal performance measurement of this type was

¹⁸² Ev w66

¹⁸³ Ev w27–28

¹⁸⁴ Q 173

appropriate for the department.¹⁸⁵ It did so partly because of the time taken up in fulfilling reporting requirements, an issue to which we return in the next Chapter (paragraphs 152–156). Our predecessors were also concerned that, at least as regards foreign policy as opposed to other areas of the FCO’s work, measuring the FCO’s performance was inherently difficult; and departmental performance might in any case be less closely related to actual outcomes than in the case of many other departments, because by definition other states are also involved.

94. Witnesses to our current inquiry shared these concerns strongly. David Miliband, Jack Straw and Lord Hennessy all discussed the difficulty of measuring what the FCO does;¹⁸⁶ and Charles Crawford told us that performance measurement in foreign policy “assumes a ‘cause and effect’ clarity in policy outcome which [...] is simply impossible overseas”. Mr Crawford characterised much diplomatic work as “insurance”, which by definition does not become evident unless and until it is needed.¹⁸⁷ David Miliband, Lord Hennessy and Sir Oliver Miles all pointed out the particular difficulty, under the kind of performance reporting regime used by the FCO, of capturing the most valuable potential result of diplomacy, *i.e.* the avoidance of a war.¹⁸⁸ For his part, Sir Jeremy Greenstock described himself and his colleagues as having “play[ed] along” with quantification, because “the objectives exercise had to be done well [...] to get resources from the Treasury”, despite the fact that he regarded quantification as “irrelevant to the role of diplomacy”.¹⁸⁹

95. Under the reporting regime established by the Government, it appears that the FCO will be reporting two sets of information:

- i. Monthly ‘update reports’ on activities set out for the relevant period in the department’s Structural Reform Plan. The monthly reports for the period from November 2010 to February 2011 had been published when we prepared this Report. In the case of some activities, the monthly reports note whether they were accomplished as planned. These activities tend to be one-off items, such as publication of a particular document, or a ministerial visit or participation in an international conference. For more substantive policy objectives, as the Foreign Secretary acknowledged to us, the monthly reports typically state simply “work ongoing”.¹⁹⁰ Compared to the reporting which took place against the FCO’s Departmental Strategic Objectives under the previous Government, the monthly reports required of the FCO under the present Government would appear to require less work, despite their greater frequency. However, they appear so far to contain little substantive information on the FCO’s progress towards its policy objectives.

185 For example, Foreign Affairs Committee, First Report of Session 2007–08, *Foreign and Commonwealth Office Annual Report 2006–07*, HC 50, paras 64–69; Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 291–298.

186 Qq 7 [Lord Hennessy], 103 [David Miliband]; Ev w59–60 [Jack Straw]

187 Ev w30, w32

188 Qq 7 [Lord Hennessy], 103 [David Miliband]; Ev w47 [Sir Oliver Miles]

189 Q 170

190 Q 295; see www.fco.gov.uk/en/publications-and-documents/publications1/annual-reports/business-plan.

ii. ‘Input’ and ‘impact’ indicators, to be published with varying frequencies. The FCO Business Plan states that the ‘impact’ indicators are:

- Trend of UK trade and investment successes (to be measured by level of high value inward investment secured/safeguarded and high value successes in key markets)
- Trend in global low carbon investment (as indicated by metric to be defined to align with internal implementation planning)
- Progress toward a stable and secure Afghanistan (as indicated by metric (to be defined) from monthly written updates to Parliament)
- More effective, joined-up international system to prevent conflict and build capacity in fragile states (as indicated by metric to be defined which will align with the post-SDSR Building Stability Overseas strategy)
- Smaller, better consular service (as indicated by trend in quality of service/customer satisfaction metric (under development))¹⁹¹

The Business Plan does not state a rationale for the selection of these indicators. Two of the FCO’s five Structural Reform Priorities do not appear to be captured by them at all (build up international influence/bilateral relationships; pursue an active and activist policy in Europe). Meanwhile, we are sceptical of the extent to which “progress toward a stable and secure Afghanistan” or a “more effective joined-up international system to prevent conflict and build capacity in fragile states” could be captured in a single measure in each case; or, if it could, whether it is the best use of the FCO’s time to be developing such an indicator, given the availability of considerable quantitative data from other sources. The fact that the introduction to the ‘Transparency’ section of the FCO Business Plan states that the ‘input’ and ‘impact’ information is being provided to “enable users of public services to choose between providers” strengthens our impression that the FCO’s reporting regime has not been tailored to the nature of the department’s work.

96. The Foreign Secretary recognised “an element of truth” in the suggestion that the FCO might require a different performance measurement regime from domestic departments. However, he adhered to the need to put outcomes into the public domain. He told us that “where outcomes are difficult for international reasons, or rather intangible, we have to trust people to be intelligent enough to judge things with that in mind”.¹⁹²

97. We welcome the fact that the departmental performance reporting requirements placed on the FCO by the Government appear likely to be less time-consuming than those of the previous Government. However, we conclude that formal performance reporting of the kind used across Government by successive administrations since 1997 often does not capture the nature of the FCO’s foreign policy work, and definitely does not do so when performance is defined in quantitative terms. We are therefore

¹⁹¹ FCO Business Plan 2011–2015, available at www.fco.gov.uk/en/publications-and-documents/publications1/annual-reports/business-plan

¹⁹² Q 296

disappointed that the Government appears to be requiring the FCO to participate in a performance reporting regime which is not tailored to the nature of the department's work, not least because it involves quantitative indicators for some foreign policy issues. The Foreign Secretary acknowledged to us that the use of the FCO's performance reporting regime involved "trust[ing] people to be intelligent". We urge the Foreign Secretary to follow this logic, and to be robust in resisting demands from the centre of Government for the reporting of foreign policy performance information which an intelligent observer would find redundant or not credible.

FCO co-operation with other departments

98. Lord Jay set out the background to the recent development of the FCO's role in relation to other government departments:

there was a time, 20 years ago or so, when the Foreign Office had an almost unique expertise in abroad, when other departments did not deal with abroad so much, except for one or two—the Foreign Office did. [...] The work of virtually every department now has a lot of 'foreign policy' in it, whether to deal with the European Union or with other international issues. It took the Foreign Office a bit of time to recognise that that meant that its role would have to evolve fundamentally in order to respond to changes in Whitehall that were reflecting the way in which the world was changing.¹⁹³

In this context, there has been a long-running underlying issue as to where the FCO falls on the spectrum between being, on the one hand, 'just another line ministry', and, on the other, being part of the 'centre of government' along with the Cabinet Office and the Treasury, with a role between or above other departments.

99. Lord Jay told us that, given the increasing international engagement of other parts of Whitehall, he had conceived the FCO's role as "servicing other government departments", or as a "support mechanism" for them.¹⁹⁴ It could be argued that this conception underlies the only reference to the FCO's role for the Government in David Miliband's 2008 Strategic Framework for the department, namely the provision of a "flexible global network serving the whole of the British Government".

100. In the context of the Foreign Secretary's ambitions for FCO "leadership" in Government, David Miliband and Dr Oliver Daddow warned against focusing exclusively on the departmental position of the FCO. They stressed that concern about FCO "leadership" should not eclipse consideration of the operation of the Government as a whole, which was more important than the position of any one department.¹⁹⁵

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

193 Q 36

194 Qq 36, 56

195 Q 90 [David Miliband]; Ev w7 [Dr Daddow]

The FCO and global issues

102. The clearest division about the FCO's policy role among witnesses to our inquiry concerned the Government's handling of 'new', global, issues, as distinct from traditional geographically-focused foreign policy matters. Such issues include climate change, resource security, international demography, global health and some aspects of the international economy. Caterina Tully said that "the extent to which the FCO takes the cross-Whitehall lead on [...] new international policy challenges" was the "key choice on the role of the FCO".¹⁹⁶

103. Among our witnesses:

- Some argued that the FCO should become the part of Government that leads cross-government policy on global issues. Professor Copeland and Caterina Tully both said that the FCO needed to take the cross-Whitehall lead on new international policy challenges if it were to be "at the centre of government" as the Foreign Secretary wishes.¹⁹⁷ Alex Evans and David Steven proposed radical Whitehall reorganisation, with relevant internationally-oriented parts of DECC, BIS and perhaps the Treasury being moved into the FCO, or at least significant numbers of their staff on secondment. In this conception, the FCO would take on for relevant international issues the kind of coordinating function performed for other issues by the Cabinet Office.¹⁹⁸ David Steven has urged the FCO to shift its self-conception from "lead department for foreign policy" to "platform for global issues management".¹⁹⁹ Daryl Copeland envisaged the department as the Government's "central agency for the analysis, coordination and management of all aspects of globalization".²⁰⁰ Witnesses who urged that the FCO should take on an overarching "global issues" role argued that this function was not being carried out anywhere else in Whitehall, and needed to be.
- Others rejected this conception for the future of the FCO, and argued that the department should focus on its traditional geographical expertise and network. Sir David Logan argued that the FCO needed only to be an "informed interlocutor" on generic issues and that—"particularly in current economic circumstances"—the FCO should have a "relentless focus on [its] core tasks".²⁰¹

It was noticeable that witnesses in the first group were in the international academic/consultancy sector and had not been career FCO staff, whereas those in the second group were typically former senior FCO diplomats.

104. Witnesses who advocated the "global issues" model for the FCO stressed that the department's geographical expertise would remain important, and that the "global issues"

196 Ev w57

197 Ev w15 [Professor Copeland], w57 [Caterina Tully]

198 Qq 133, 156; Alex Evans and David Steven, "Organizing for Influence: UK Foreign Policy in an Age of Uncertainty", Chatham House, June 2010

199 David Steven, "Foreign and Commonwealth Office", in Colin Talbot and Matt Baker, eds., *Alternative Comprehensive Spending Review 2007* (Manchester University Press, 2007)

200 Ev w15

201 Ev w53

role should be additional, not alternative. Daryl Copeland said that the FCO needed both to give greater emphasis to the analysis and co-ordination of cross-cutting issues and to rebuild its geographic expertise.²⁰² As we noted in paragraph 91, Sir Jeremy Greenstock suggested that the need to tackle global issues was, if anything, increasing the value of local knowledge; and Daniel Korski argued similarly that geographic and “global issues” knowledge were mutually reinforcing. However, Mr Korski told us that the FCO had “agonised in recent years over whether to invest in functional or geographical skills. [...] it has often flitted between the two and, in the end, probably undermined investment in both”.²⁰³

105. Our witnesses broadly agreed that there was a need for enhanced cross-government work on global issues to be carried out in some format.²⁰⁴ The organisational issues were then:

- whether there needs to be a single institutional ‘home’ for all such issues;
- the extent to which any such ‘home’ would need to have significant policy capacities of its own, rather than draw together work from other departments; and
- where in Whitehall any such ‘home’ might sit.

106. The Government has made clear that the new National Security Council (NSC) structures would be the overall framework in which it would handle global issues.²⁰⁵ The SDSR identified two “global issues” as “priority areas”, to be taken forward through the NSC framework: energy security, and the security impacts of climate change and resource competition.²⁰⁶ The NSC held its first discussion of the latter in November 2010.²⁰⁷

107. The NSC is a new Cabinet Committee established by the present Government. It builds on the previous National Security, International Relations and Development (NSID) Cabinet Committee established in 2007 under former Prime Minister Gordon Brown. It represents the further elevation of the ‘national security’ perspective in UK policy-making which was signalled most prominently by the publication of the first UK National Security Strategy in March 2008, also under Mr Brown.²⁰⁸ The NSC’s members are the Prime Minister, in the chair; the Deputy Prime Minister; the Chancellor; the Foreign, Defence, Home, International Development and Energy and Climate Change Secretaries; the Security Minister (Home Office); the Chief Secretary to the Treasury; and the Cabinet Office Minister. The intelligence and armed forces chiefs are regular participants. The NSC meets weekly. It is supported by a National Security Secretariat in the Cabinet Office, led by

202 Ev w15; see also Ev w59 [Caterina Tully].

203 Ev w54

204 For example, Sir Jeremy Greenstock, Q 182.

205 Qq 193 [Sir Peter Ricketts], 286 [William Hague]

206 HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948, October 2010, p 69

207 A discussion for which DECC provided the papers, despite the fact that this issue is an FCO lead under the SDSR: Ev 88 [FCO], 140 [office of Sir Peter Ricketts].

208 Cabinet Office, *The National Security Strategy of the United Kingdom*, Cm 7291, March 2008

a National Security Adviser.²⁰⁹ The National Security Adviser, a new position, is also secretary to the NSC, chair of the PUS-level body which prepares its work, and national security and foreign policy adviser to the Prime Minister. Compared to COBR, the NSC is conceived as a political and strategic decision-making body, whereas COBR is a day-to-day operational body to coordinate the central Government response to an emergency and is activated only once an emergency has started.²¹⁰

108. The Government has made clear that the NSC bureaucracy will operate primarily by drawing together the work of different departments, rather than by becoming a policy department in its own right.²¹¹ This model is aimed largely at avoiding the kind of rivalry between the NSC and the FCO that is sometimes seen between their equivalents in the United States.²¹² Under the SDSR, lead responsibility for various “global issues” is to remain dispersed around Whitehall: for example, at the FCO for the security impacts of climate change and resource competition, and at DECC for energy security and international climate change negotiations. The Treasury retains responsibility for international economic and financial issues. Where issues are identified as priority ones under the SDSR, the relevant lead ministers and departments are to work with other departments as necessary, and report to a Cabinet Office-chaired SDSR Implementation Board, and ultimately to the NSC itself.

109. Alex Evans and David Steven wanted to see “global issues” handled in the FCO rather than the NSC partly because they feared that the “national security” agenda would be dominated by short-term matters which would inevitably crowd out issues with a longer-term horizon. The NSS and SDSR do not identify as priority areas of work several of the “global issues” which were of concern to Evans and Steven and like-minded witnesses. However, our impression is that the NSC framework is defined ultimately in terms of the make-up and methods of the Council, rather than any rigid or exclusive concept of ‘national security’. For example, through an NSC Emerging Powers Sub-Committee, the FCO is using the NSC framework to address the UK’s bilateral relationships with key states in fields well beyond security.²¹³ The Foreign Secretary also intends to use the NSC to secure cross-Government agreement on the FCO’s planned White Paper on the Overseas Territories, the scope of which can again be expected to extend beyond ‘national security’ matters.²¹⁴ Sir Peter Ricketts, the National Security Adviser, told us that the NSS provided “a good guide to the risks which [the Government] would regard as falling within the scope of the NSC”, but that it would be “important to retain the flexibility to consider other issues

209 HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948, October 2010, p 70

210 Cabinet Office, *UK Central Government Arrangements for Responding to an Emergency*, March 2010, <http://interim.cabinetoffice.gov.uk/media/349123/conops-2010-overview.pdf>

211 Qq 194, 221 [Sir Peter Ricketts]; “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 38 [William Hague]

212 Q 228 [Sir Peter Ricketts]

213 Qq 219 [Sir Peter Ricketts], 260, 297 [William Hague]; Ev 78 [FCO]

214 HC Deb, 10 March 2011, col 76WS

if necessary”.²¹⁵ The main constraint on the NSC would appear to be time: its weekly meeting lasts for only an hour.²¹⁶

110. Evans and Steven recommended that the FCO become the Government’s lead department for “global issues” largely through the transfer into it of parts of, or at least substantial numbers of personnel from, other departments. This recommendation would appear to be founded on the assumption that the FCO lacks the requisite knowledge, but that such expertise exists elsewhere in Whitehall. It might therefore also be argued that personnel dealing with “global issues” could be seconded from around Whitehall into the Cabinet Office, rather than the FCO. This would address a prime reason given by Evans and Steven for not giving the “global issues” lead to the Cabinet Office, namely its lack of capacity. (Following completion of the SDSR, the staff of the National Security Secretariat is being reduced by 25% to around 150.)²¹⁷ The Cabinet Office includes the European and Global Issues Secretariat, which—among other functions—supports the Prime Minister in the G8, G20 and European Council, which are among the key forums for the international management of “global issues”. Sir Peter Ricketts told us that he and the head of the European and Global Issues Secretariat “talk all the time”, but that their areas of work were “reasonably distinct”.²¹⁸ Sir Peter also told us that he was to oversee a new “strategic thinking network” based in the Cabinet Office.²¹⁹

111. Daniel Korski told us that other departments did not have sufficient confidence in the FCO as a credible cross-departmental broker easily to take a cross-government lead from it. He said that other departments often tended to see the FCO as defending its own interests, rather than taking a wider Government view.²²⁰ The effective handling of “global issues” must involve the Treasury, as the department responsible for international economic and financial matters; but it is not clear to what extent the Treasury, in particular, would work well under an explicit FCO lead. The FCO told us that it works closely with the Treasury on global economic issues under current arrangements;²²¹ but former Foreign Secretary Jack Straw noted that “there has been a long-standing suspicion of the FCO in the Treasury”, pre-dating the last Labour Government.²²² David Steven told us bluntly that the “relationship between the Treasury and the Foreign Office [...] is not right at the moment. [...] It seems to be very difficult for those departments to work together effectively”.²²³ The Treasury remains, of course, the FCO’s paymaster.

112. The Foreign Secretary, together with Lords Hennessy and Jay, cautioned against any major Whitehall restructuring to accommodate the management of “global issues”.²²⁴ Sir

215 Ev 138

216 Q 191 [Sir Peter Ricketts]

217 Ev 137 [Sir Peter Ricketts]. Sir Peter’s office supplied an organisational chart of the National Security Secretariat in the Cabinet Office, as of January 2011, which we publish at Ev w107.

218 Q 229

219 Ev 140

220 Ev w55

221 Ev 86

222 Ev w59

223 Q 156

224 Qq 30 [Lord Hennessy], 52 [Lord Jay], 268 [William Hague]

Jeremy Greenstock told us similarly that “we need to focus on not where the furniture is placed, but the quality of the furniture itself”.²²⁵

Case study: The FCO and climate change

113. Climate change is a global issue where the UK is widely seen as having played a leading international role, even under pre-NSC arrangements. David Steven told us that it was “an issue where the Foreign Office has gone furthest in looking at new approaches” and had “pioneered quite a different way of thinking about diplomacy”.²²⁶

114. Tackling climate change became an official FCO priority in 2006, when Rt Hon Margaret Beckett MP moved from the Department of the Environment to become Foreign Secretary. She appointed John Ashton as her Special Representative for the issue. Mr Ashton was originally an FCO official, who was granted leave of absence from the department in 2002 to found the environmental NGO E3G, and was then seconded back into the FCO to take up the Special Representative role. Mr Ashton has been retained in post by both of Mrs Beckett’s successors as Foreign Secretary, David Miliband and—following the 2010 change of Government—William Hague. Mr Ashton has the personal title of Ambassador, and has direct access to the Foreign Secretary and is able to speak for him with interlocutors across Whitehall and overseas. We understand that the Government has also retained in post Rear Admiral Neil Morisetti, who was appointed jointly by the FCO and MOD in November 2009 as the UK’s Climate and Energy Security Envoy, with a brief to engage the military and security community in the UK and overseas on the implications for it of climate change.²²⁷ Meanwhile, since its creation in 2008, the Department for Energy and Climate Change (DECC) has been leading for the Government in the international negotiations aimed at reaching a new binding emissions control agreement. Given the way in which these arrangements have been retained through the change of Government, our impression is that they are now relatively firmly established.

115. In its Report on the FCO’s 2008–09 departmental annual report, our predecessor Committee commented on the FCO’s increasing use of special representatives and envoys such as Mr Ashton and Rear Admiral Morisetti. It concluded that such figures “can make a useful contribution to achieving the objectives of the FCO and the Government especially in new areas of work where mechanisms of co-operation across Whitehall or with foreign partners may not be well established”.²²⁸

116. The Rt Hon Chris Huhne MP, Secretary of State for Energy and Climate Change, wrote to us about what he called the “very helpful role that the FCO plays in international climate diplomacy”. He told us that the FCO complemented DECC’s focus on the international negotiations by

deploying foreign policy assets to create the political conditions within nations that will be necessary for an effective response to climate change. This is crucial to

225 Q 168

226 Q 120

227 See Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, para 252.

228 *Ibid.*, para 255

underpinning the continuing effort to reach a legally binding agreement, and thus create the policy confidence required to drive a low carbon transition [...] [The Foreign Secretary's Special Representative] has played a critical role [...] in creating the international political conditions necessary for action to prevent dangerous climate change [and] [...] has ensured that there is consistent engagement from FCO Ministers and officials in climate diplomacy.²²⁹

117. The Foreign Secretary told us that Mr Ashton

has access to the expertise of Government across the board. He works very closely with the Department of Energy and Climate Change, so the Foreign Office can draw on the full expertise of that Department and outside expertise [...] We don't have to have our own parallel expertise. What the Foreign Office really brings to the table are the connections in other countries and the analysis of decision making in other countries about climate change—that's where the Foreign Office comes in.²³⁰

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

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

120. **We conclude that the example of climate change shows how the FCO can play a key role in the Government's handling of a global issue, without its being the lead department—through the use of its overseas network and expertise, and through the creative use of individual appointments in London in the shape of special representative/envoy positions (which do not require major institutional change). We further conclude that the practice of seconding experienced personnel from**

229 Ev w93

230 Q 287

departments and agencies such as DFID, the MOD and UKTI to certain FCO posts overseas could beneficially be extended to, for example, the Department for Energy and Climate Change.

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

The FCO in the National Security Council

122. The Foreign Secretary's statements suggest that he sees the NSC as the vehicle through which the FCO may achieve the cross-Government foreign policy leadership he seeks for the department. In the Foreign Secretary's view, the NSC enables FCO leadership partly by binding the Prime Minister into a collective decision-making forum. Mr Hague told us that prior to the creation of the NSC, the FCO could be marginalised because of the way in which the Prime Minister and his staff could make foreign policy independently. The FCO told us that the way in which it was now participating in the NSC meant that the Council's decisions were "anchored in a clear understanding of the foreign policy imperatives and their implications".²³¹ The Foreign Secretary has also indicated that he sees the NSC framework as enabling FCO leadership by securing 'buy-in' from other departments for FCO-led policies, and for pushing foreign policy out through the rest of Whitehall. In the NSC's Emerging Powers Sub-Committee, which Mr Hague chairs, his task is to secure cross-Government agreement to strategies for the UK's bilateral relationships with a number of key states outside the G8 and EU.²³²

123. Among our witnesses, only Sir Edward Clay expressed negative views about the creation of the NSC. He saw the new structure as potentially creating duplication and rivalry with the FCO, and as an "intrusion of prime ministerial power into foreign policy".²³³

124. Other witnesses, although they emphasised that the NSC remained in its infancy, generally regarded the new Council as likely to enhance the coherence of UK international policy-making.²³⁴ Sir Malcolm Rifkind, for example, cited Bosnia in the mid-1990s as a case when the NSC would have been valuable;²³⁵ and David Miliband speculated that the existence of the NSC might have facilitated more effective cross-Government focus on Afghanistan between 2002 and 2005.²³⁶

231 Ev 79; see also Qq 252–253, 257–258; "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 38.

232 Qq 219 [Sir Peter Ricketts], 260, 297 [William Hague]; Ev 78 [FCO], 138 [Sir Peter Ricketts]

233 Ev w27

234 Qq 8, 18 [Lord Hennessy], 53 [Lord Jay], 95–97 [David Miliband], 95, 109 [Sir Malcolm Rifkind]

235 Q 111

236 Q 111

125. Our witnesses also saw the NSC as likely to be helpful to the FCO. For example, Lord Owen said that the operation of the Council “should ensure that [the FCO and the Foreign Secretary] cannot be sidelined by the Prime Minister”.²³⁷ Sir Jeremy Greenstock suggested that the fact that the NSC was not proposing to develop a substantial policy machinery of its own might lessen any temptation for a Prime Minister “to use it as a replacement Foreign Office”.²³⁸ The Foreign Secretary told us that he was having a weekly meeting with the National Security Adviser, with the FCO PUS also participating, to co-ordinate FCO and NSC work.²³⁹ The FCO’s input to the NSC is being led by the department’s newly revamped Policy Unit (see paragraph 190).²⁴⁰ As of November 2010, the FCO told us that it had written around half of the papers that had gone to the NSC.²⁴¹ The National Security Adviser, Sir Peter Ricketts, told us that the FCO was “at the centre of the work of the NSC”. He suggested that the NSC could act as an “amplifier” for the FCO, “in ensuring that all the departments that are represented round that table are thinking about and taking into account the international dimension”.²⁴²

126. During our recent inquiry into *The UK’s foreign policy approach to Afghanistan and Pakistan*, we established that the Government’s decision to announce a 2015 deadline for the withdrawal of UK combat forces from Afghanistan was not taken within the National Security Council.²⁴³ We recommended that in its response to that Report, the FCO should explain why this key decision on a matter of great importance to national security was not taken in the NSC. We look forward to receiving the Government’s comments on this matter.

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

The FCO and DFID

128. We gathered evidence in particular about the FCO’s role in relation to DFID because 2010 marked the first time since the creation of the Overseas Development Agency that the Conservative Party returning to office did not re-merge this function back into the FCO (as it had done in 1970 and 1979), but left in place the separate development ministry created

²³⁷ Ev w11

²³⁸ Q 182

²³⁹ Q 260

²⁴⁰ Q 285 [Simon Fraser]; Ev 138 [Sir Peter Ricketts]

²⁴¹ Ev 78

²⁴² Q 189

²⁴³ Foreign Affairs Committee, Fourth Report of Session 2010–11, *The UK’s foreign policy approach to Afghanistan and Pakistan*, HC 514, para 156

by the preceding Labour Government. Sir Edward Clay called the establishment of DFID “a huge innovation in the UK’s international policy framework”.²⁴⁴

129. Some of our witnesses appeared not fully reconciled to DFID’s separate existence,²⁴⁵ but the Foreign Secretary—and his predecessor—argued that DFID brought value to the UK.²⁴⁶ However, Mr Hague said that the relationship between the FCO and DFID had “not always been great”.²⁴⁷ Other witnesses agreed with him. Sir Edward Clay said that DFID had “sometimes behaved as an alternative overseas representative of HMG”,²⁴⁸ and Lord Jay referred to “times when it has got too divorced [from the FCO]”.²⁴⁹

130. The Government wishes to align DFID’s work more closely with what it sees as the UK’s national interests, and with the work of the rest of Government. Under the SDSR, development assistance is to be focused to a greater extent on fragile and conflict-affected countries which are deemed to represent the greatest national security risk to the UK. The Foreign Secretary told us that he had “drilled it into [FCO] officials that DFID are our best friends and [Secretary of State for International Development] Andrew Mitchell has the same message for his officials in DFID”.²⁵⁰ Under the SDSR, the FCO and DFID have joint lead responsibility for “building stability overseas”, and are due to publish a joint strategy to this end later in spring 2011.

131. Particular difficulties in the FCO’s relationship with DFID have arisen because of the latter’s larger budget, and the way in which it has been ring-fenced under the 2010 Spending Review. Given the disparity between the resources available to the two departments, witnesses including Sir Malcolm Rifkind, Sir Edward Clay and Charles Crawford proposed that funds allocated to DFID could be used for items previously funded by the FCO.²⁵¹ Lord Jay suggested that the distinction between development assistance and foreign policy funding could be drawn less starkly than at present: he said that “there are areas in between the two in which it is possible for a certain amount of DFID money to be used for things that are certainly in accordance with DFID’s priorities, but also reflect our foreign policy”.²⁵² The FCO is already increasing its own contribution to the UK’s Official Development Assistance (ODA), partly by raising its spending on ODA-countable activities, and partly by reclassifying as ODA some eligible work which was not previously counted as such. However, under the 2002 International Development Act, the International Development Secretary is only able to authorise development assistance where he or she is satisfied that its provision is likely to contribute to a reduction in poverty.²⁵³

244 Ev w27

245 For example, Lord Owen: see Ev w11.

246 Qq 112 [David Miliband], 268 [William Hague]

247 Q 268

248 Ev w27

249 Q 76

250 Q 268

251 Q 99 [Sir Malcolm Rifkind]; Ev w27 [Sir Edward Clay], w32 [Charles Crawford]

252 Q 77

253 See Foreign Affairs Committee, Sixth Report of Session 2010–11, *The Implications of Cuts to the BBC World Service*, HC 849, paras 51–62.

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

The handling of EU business

133. The FCO's institutional position in the Government's handling of EU business is ambiguous. On the one hand, the FCO is officially the lead Government department on the EU. The Europe Minister has always been an FCO Minister, and the FCO has traditionally played a cross-Whitehall oversight and coordinating role as regards other departments' work on EU matters. The UK's Permanent Representative to the EU has always been an FCO diplomat. On the other hand, the Cabinet Office also plays an inter-departmental role; and, among areas of EU business, the FCO leads on only some.²⁵⁴ The FCO's role in the Government's handling of EU business is thus another area which raises the issue of whether the department is 'just another line ministry' or part of the centre of Government.

134. We received three submissions on the FCO's role in the Government's handling of EU business from academic specialists, who all said that the FCO's role had diminished in recent years compared to the Cabinet Office. Our witnesses said that this was due, among other factors, to the increasing importance of the Prime Minister and the European Council in EU business; to the growing technicality of much EU business; to a reduction in FCO capacity on European matters in Whitehall; and to the increasing ability of many Whitehall departments to operate 'on their own' in EU business, rather than requiring FCO guidance. Our witnesses suggested that, at least until the change of Government in 2010, the FCO had largely acquiesced in the strengthening of the Cabinet Office's EU role in Whitehall. They said that the FCO's most important locus in the Government's handling of EU business was increasingly the UK Permanent Representation to the EU, which works increasingly as an 'all of Government' operation and deals direct with the Head of the European and Global Issues Secretariat in the Cabinet Office, who is also the Prime Minister's adviser on EU affairs.²⁵⁵

135. The Foreign Secretary told us that, under the present Government, the FCO "is coming back into its proper role in the determination of European policy".²⁵⁶ A Cabinet Committee on European Affairs has been re-launched, with the Foreign Secretary in the chair (and with the Secretary of State for Energy and Climate Change as deputy chair).²⁵⁷ The Foreign Secretary told us that written clearance of other departments' EU policy now comes to him for signature. There is also a lower-level Ministerial Committee for more day-to-day EU matters which is chaired by the Europe Minister. The FCO told us that its "central role in these Committees places it at the heart of formulation of Government

254 These are: the EU institutions, including the EU Treaties which govern them, and therefore also Treaty amendment; EU enlargement overall, although relevant departments lead the negotiation of individual chapters of any Accession Treaty; and EU external policy, including the Common Foreign and Security Policy, which includes the Common Defence and Security Policy; see Ev 86–87 [FCO].

255 Ev w1 [Dr Scott James], w89 [Professor Hussein Kassim], w92 [Professor Dr Sonja Puntischer Riekmann]

256 Q 294

257 HC Deb, 3 June 2010, col 601

policy on the EU”.²⁵⁸ Overall, the Foreign Secretary said that “the Foreign Office [was] in a more central role in the determination of European policy, and arguably [had] a more central role than at any time since we joined the European Union”.²⁵⁹

136. Some witnesses were sceptical that the FCO could again play a cross-Government coordinating role on EU business, partly because of other departments’ reluctance to see it as an ‘honest broker’ as opposed to a line ministry with its own interests. The Foreign Secretary told us that the FCO and the Cabinet Office were now working jointly, thereby removing duplication. He said that the Prime Minister’s Adviser on EU affairs now copies to him, the Foreign Secretary, the advice that he sends to the Prime Minister.²⁶⁰

Improving cross-departmental working

137. A number of our witnesses suggested that there was scope to improve cross-departmental co-operation involving the FCO.

In Whitehall

138. The Foreign Secretary and David Miliband both argued that cross-departmental co-operation could and should be led ‘from the top’, through meetings between Ministers and senior officials which were signalled throughout the relevant departments.²⁶¹ Other witnesses proposed that the criteria for staff performance assessment and promotion in relevant Whitehall departments should be set so as to reward cross-departmental working.²⁶²

139. We were told that a major obstacle to effective cross-departmental working was department-based budgeting. Lord Jay said that this was something that the Government “certainly had not got right”.²⁶³ His experience of Government had been that “quite often [...] we have had the policies and each department [...] then had to fight separately with the Treasury to get the money”.²⁶⁴ Lord Jay hoped that the NSC could take on the role of ensuring that the cross-departmental budgetary implications of international policy were fully factored in, at the decision-taking stage: “joined-up money”, in his words.²⁶⁵

140. The Foreign Secretary saw “a good deal of scope” for the further development of cross-departmental budgetary arrangements, although he warned of the need to retain clear lines of accountability.²⁶⁶ Sir Peter Ricketts noted that cross-departmental discussion of the SDSR in the NSC had probably enabled Ministers to find £650 million for cross-Government cyber-security work, “which wouldn’t otherwise have fitted into any single

258 Ev 86

259 Q 294

260 Q 294

261 Qq 112 [David Miliband], 268 [William Hague]

262 Q 136 [Alex Evans]

263 Q 41; see also Qq 54, 61, 64–67.

264 Q 49

265 Q 61

266 Q 288

budget”. However, he thought that the “great majority” of Government security spending would continue to be done through departments.²⁶⁷

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

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

Overseas

143. Whilst it may sometimes be difficult for other departments to work under FCO direction in Whitehall, the department’s leadership role overseas, in its global network of posts, is clearer. The SDSR stated that “the UK’s global overseas network should be FCO-led”.²⁶⁸ FCO overseas posts are increasingly conceived as ‘all of Government’ operations, with the Head of Mission co-ordinating the work of staff from a variety of departments. Lord Jay said that:

A large or even medium-sized embassy is now a mini-Whitehall. You have a dozen departments, all reporting directly back to their department in London [...] the role of the Foreign Office in an embassy is to make certain that the Ambassador or High Commissioner—who will normally be from the Foreign Office, but does not have to be—has overall control over the whole operation, whether or not that involves reporting back to the Foreign Office.²⁶⁹

David Miliband, Lord Jay and David Steven all told us that cross-departmental co-operation works better overseas than in Whitehall, owing in some cases to physical proximity in a single post, and often to the urgency of the tasks at hand.²⁷⁰

144. The FCO told us that the SDSR “provides a mandate to improve co-ordination of all UK work overseas under the leadership of the Ambassador or High Commissioner representing UK government as a whole”.²⁷¹ The FCO detailed a number of steps it was taking to improve the coherence of the Government’s work overseas, under FCO leadership:

- It is agreeing a “set of common principles” that will “clarify the responsibilities of the representatives of different departments in countries and make it clear that they are co-

267 Q 210

268 HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948, October 2010, p 11

269 Q 37

270 Qq 37 [Lord Jay], 112 [David Miliband], 138 [David Steven]

271 Ev 90

ordinated under the overall leadership of the Foreign Office representative in that country, who is there representing not only the FCO, but HMG as a whole”.²⁷²

- It is working with other departments to ensure equivalence in the terms and conditions that they offer to staff overseas.
- The Country Business Plans which are being drawn up by Heads of Mission for the 2011–15 period will “encompass all of HMG’s activity in-country”.²⁷³
- When departments other than the FCO site staff or functions in FCO posts overseas, the FCO recovers the relevant costs from them in a process which our predecessors in the last Parliament concluded was “cumbersome and inefficient”.²⁷⁴ Mr Fraser told us that the FCO was working with other departments to agree a new charging model, which it was hoped would involve reduced bureaucracy.²⁷⁵

145. Our predecessor Committee consistently encouraged the co-location of FCO posts and DFID offices in places where both existed. In his evidence to our current inquiry, Lord Jay backed this position, saying that “We need to think about a British Government office and a British Government presence”.²⁷⁶ Currently, 34 FCO posts are co-located with DFID offices.²⁷⁷

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

147. Since the 1977 Report of the Central Policy Review Staff by Sir Kenneth Berrill, which first canvassed the possibility, the option has been raised periodically of abolishing the distinction between the Home Civil Service and the Diplomatic Service and creating instead a cross-Whitehall cadre of officials willing to serve overseas.²⁷⁸ Daniel Korski supported this option in his submission to our present inquiry.²⁷⁹ However, this proposal did not receive wide support from our witnesses. Simon Fraser argued that the step would be redundant, given that senior FCO jobs—including overseas—are advertised across Whitehall in any case, and that so many Whitehall departments and agencies already post staff to FCO overseas missions.²⁸⁰

272 Q 270

273 Ev 90

274 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, para 84

275 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, Ev 60

276 Q 80

277 Letter to the Chair from the Foreign Secretary, 2 September 2010, printed with “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Ev 29–40

278 For example, Lord Wallace, “Does the Foreign Office have a future?”, Chatham House, 7 December 2007

279 Ev w56

280 Q 307

Diplomacy and Development Review?

148. A number of witnesses drew our attention to the first Quadrennial Diplomacy and Development Review (QDDR) conducted in the US under Secretary of State Hillary Clinton and published in December 2010.²⁸¹ Alex Evans said that as a result of the QDDR the US had put itself in a “leadership position” in the debate on the future of foreign ministries,²⁸² and the Foreign Secretary told us that the UK could learn from the process.²⁸³ Under its Business Plan, the FCO is committed by the end of 2011 to assessing the merits of conducting a similar review for the UK.

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

²⁸¹ See para 16.

²⁸² Q 126

²⁸³ Q 126

4 FCO assets and capabilities

150. In the first part of the previous chapter (paragraphs 86-92) we concluded that the FCO's central role for Government was the provision of foreign policy expertise. Several witnesses told us that the quality of the FCO's core foreign policy work had declined in recent years. We cited in the Introduction (paragraph 21) former Ambassador Charles Crawford's view that "The last decade or so has seen a startling loss of quality within the FCO".²⁸⁴ Referring to Lord Hurd's charge of "hollowing-out" at the department, Sir Peter Marshall told us that there was "a good deal of anecdotal evidence" to support this view.²⁸⁵ The former FCO diplomat Carne Ross told us that he was "not alone in noticing that the quality of UK foreign policy *thinking* seems to have declined" (emphasis in original). Mr Ross said that, compared to the culture which had prevailed when he joined the FCO in 1989, the department now was more reactive and less likely to be working from an assumption that its task was to design and pursue strategy. He saw the FCO as having fallen into a "vicious circle", in which officials took their cue from a political leadership—of both major parties—marked by "little political imagination or willingness for risk", and as a result prioritised caution and conformism over creativity.²⁸⁶

151. The Foreign Secretary has said that he recognises the importance of the FCO's foreign policy expertise and skills. He told us that it was "important to make sure that the diplomatic edge—the cutting-edge abilities of the Foreign Office—in negotiation, analysis and in-depth knowledge of countries and regions and the ability to produce policy ideas are accentuated. [...] We need to make sure that the Foreign Office is a centre for diplomatic excellence".²⁸⁷

Time and focus: the impact of managerialism

152. The examples of the FCO's handling of Iran before 1979 and Argentina before 1982, to which we referred in paragraph 90, show that the FCO's foreign policy performance was capable of falling below the required standard well before the wave of reforms implemented at the department since the 1990s. Nevertheless, any current discussion of the FCO's performance and capabilities must take place against the background of the 'managerialism' which has become increasingly prominent at the department over the last 15–20 years, and which Sir Peter Marshall counted as one of the "modern discontents" within it.²⁸⁸

153. Discontent about 'managerialism' was one of the strongest themes in our evidence.²⁸⁹ Specifically, among other claimed effects of increased managerialism, a number of witnesses said that time and attention was being diverted into managerial activities at the expense of the FCO's core foreign policy functions and capacities:

284 Ev w30

285 Ev w67

286 Ev w95–96

287 Q 308

288 Ev w66

289 See also paras 37–48, 93–97.

- Lord Hennessy described much FCO management work as “huge displacement activity”.²⁹⁰
- Sir Malcolm Rifkind told us that he shared “to some significant degree” the view that there has been “been too much emphasis on management in the Foreign Office at the expense of traditional diplomacy”.²⁹¹
- Sir Oliver Miles told us that what he felt had been the FCO’s failure to mobilise adequate expertise during the breakup of Yugoslavia had been the result of “concentration on process and management at the cost of our fundamental role”. He advocated a “radical reconsideration of objectives”, involving “less emphasis on presentation, image, process, diversity, management, more on the core strength of the FCO and the Diplomatic Service”.²⁹²
- Sir Jeremy Greenstock told us bluntly that “The Treasury’s and the home civil service’s interest in getting the Foreign Office to conform to objective-setting and explanation of its work, against criteria that weren’t fully fitting for diplomacy and overseas work, damaged the capacity of the Foreign Office to focus on diplomacy”.²⁹³ He went on: “Ambassadors have to have the skills and the time to produce the briefing and the interpretation for the next big event. That is not being taken into account in the evolution of the Foreign Office”.²⁹⁴

154. Many of the managerial reforms at issue were introduced during Lord Jay’s tenure as FCO Permanent Under-Secretary (PUS) in 2002–06. Lord Jay emphasised to us the need for the FCO to be properly managed, and said that when he took over as PUS the relationship between organisational matters and effective delivery had not been fully recognised.²⁹⁵ He denied that there was necessarily a trade-off between the use of more professional management methods and the FCO’s traditional foreign policy work. However, he recognised that there was a risk of concentrating too much on management and not enough on policy, and that “getting the balance right [...] is never going to be straightforward”.²⁹⁶ The Foreign Secretary told us that “in the drive to improve management”, the FCO’s diplomatic capability had “sometimes received less emphasis than it should have”.²⁹⁷

155. In December 2010, the FCO launched the Diplomatic Excellence Initiative. This is to be the department’s overall programme for internal reform until 2015. PUS Simon Fraser told us that the programme

290 Q 23

291 Q 91

292 Ev w48

293 Q 165

294 Q 173; see also Q 166.

295 Q 38

296 Q 39

297 Q 318

will build on the gains we've made over the last few years on leadership, management, diversity in the broadest sense, and the modernisation of our corporate functions, but place a strong, renewed emphasis on driving forward excellent policy making and diplomatic skills across the FCO in London and abroad.²⁹⁸

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

People

Geographical expertise and languages

157. In the previous chapter, we identified deep knowledge of foreign countries and regions as a core requirement for the FCO to be able to discharge its foreign policy functions (see paragraphs 89-92). Lord Hennessy told us that "the first-order requirement is skilled people with the hard languages who know countries".²⁹⁹ However, a number of witnesses told us that the FCO's geographical expertise had weakened in recent years. For example, LSE IDEAS referred to a "loss of regional expertise";³⁰⁰ Professor Daryl Copeland said that the FCO's geographic expertise had become "eroded and undervalued";³⁰¹ and Sir Oliver Miles said that by the time he retired from the Diplomatic Service in 2006 the UK had "compromised our traditional position of strength by allowing deep understanding of the world outside Britain to be sacrificed in favour of peripheral objectives".³⁰²

158. A large number of our witnesses, including Lord Howe, stressed the particular benefit which the UK has derived from traditionally having large numbers of its diplomatic staff able to work in foreign languages, including 'hard' ones.³⁰³ For example, Anthony Aust told us that "to be truly influential with members of a foreign government and their officials (and to report back accurately), one must be able to speak and understand their language well".³⁰⁴ However, some witnesses supplied anecdotal evidence that the FCO's foreign language performance was declining. For example, Sir David Logan, Ambassador to Turkey in 1997–2001, noted that his successors in that post have not been Turkish speakers, unlike their predecessors.³⁰⁵ Sir Oliver Miles told us that as regards the Arab

298 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, Ev 60

299 Q 24

300 Ev w40

301 Ev w15

302 Ev w47

303 Ev w97

304 Ev w46

305 Ev w53

world, “too many key [FCO] positions at home and abroad are now occupied by non-Arabic speakers”.³⁰⁶ In our recent Report on *The UK's foreign policy approach to Afghanistan and Pakistan*, we raised concerns about the relatively low numbers of FCO staff working on Afghanistan, in-country and in London, with Pashto or other relevant language capabilities.³⁰⁷ We expressed our concern that “the impact that FCO staff are having in Afghanistan is severely constrained by a relative lack of language training and skills”.³⁰⁸ Our concerns about the FCO's Afghan language capabilities formed part of a broader worry about the lack of in-depth knowledge of Afghanistan at the department, which arose partly from the short length of postings spent in the country and the difficulty of attracting senior staff to serve there.³⁰⁹

159. We asked the FCO to provide us with information on the language capabilities of its bilateral Heads of Mission. The FCO told us that, of the 142 bilateral Heads of Mission positions, 96 were currently identified as having a language requirement. Of the 96 post-holders (as of the end of March 2011), the FCO said that 82 spoke the local language to a “good level of proficiency”, six had “some command” of the local language but had not yet taken FCO language exams, six did not speak the local language (of whom four spoke another relevant language), and two positions were vacant. The FCO explained the shortfall in the number of post-holders fulfilling the language requirement by saying that “on occasion it may be the case that the person best qualified for the job in relation to other important skills does not speak the language and for operational reasons does not have time to learn the language to a high level before starting”.³¹⁰

160. Professor Copeland and LSE IDEAS both attributed what they saw as the decline in FCO regional expertise partly to the reorganisation of the department in recent years along functional rather than geographic lines.³¹¹ As part of the drive to strengthen management at the department, the FCO also changed its promotion and appointment procedures. At our request, the FCO supplied us with information on the ‘core competences’ against which staff in the department are now assessed for appointment and promotion. The core competences comprise generic management skills, and do not include language capabilities.³¹²

161. The Foreign Secretary told the FCO in July 2010 that, “as well as management and leadership ability”, he wished to place “greater emphasis on geographical expertise [and] experience of working in difficult countries overseas”.³¹³ In September, he told us that he aimed

306 Ev w47

307 Foreign Affairs Committee, Fourth Report of Session 2010–22, *The UK's foreign policy approach to Afghanistan and Pakistan*, HC 514, paras 230–231

308 Foreign Affairs Committee, Fourth Report of Session 2010–22, *The UK's foreign policy approach to Afghanistan and Pakistan*, HC 514, para 234

309 *Ibid.*, paras 232–233

310 Ev 137

311 Ev w15 [Professor Copeland], w40 [LSE IDEAS]. The FCO supplied us with an organisational chart of the department, current as of January 2011, which we publish at Ev w108.

312 Ev 95–109

313 William Hague, “Britain's Foreign Policy in a Networked World”, FCO, London, 1 July 2010

to tilt things in that direction—to accentuate in a diplomat’s career the value of serving in a difficult place, or knowing a region of the world with great intimacy and of the language expertise that comes from that. Those things have to be re-accentuated, so that the people who get to the top of the organisation 20 to 30 years from now have come through that background.³¹⁴

162. Notwithstanding the apparent shift of emphasis at the department, Simon Fraser told us that he was not proposing to change the FCO ‘core competencies’. However, both he and the Foreign Secretary implied that there might be some flexibility in the way in which the core competences were employed, in particular to recognise and retain specialist geographic expertise in the department.³¹⁵ The Foreign Secretary also suggested that the system might need to be changed if it did not deliver the kind of personnel he wanted into the FCO’s senior ranks.³¹⁶

163. We received two submissions from witnesses in the modern languages sector in higher education, arguing that there was a disjuncture between the Foreign Secretary’s stress on the need for language skills among UK diplomats, and the Government’s decisions to cut government support for the teaching of modern languages in UK universities. Our witnesses suggested that the situation was especially incongruous given the Foreign Secretary’s stated wish to see more UK nationals employed in the EU institutions, where Britons’ lack of language skills in comparison with many of their continental European counterparts is a major obstacle to their employment.³¹⁷

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

Career management

165. For the last decade or so, FCO staff have been encouraged to ‘manage their own careers’, under an appointments system in which they ‘bid’ for jobs at the appropriate

314 “Developments in UK Foreign Policy”, oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 16; see also Q 319.

315 Qq 321, 326

316 Q 325

317 Ev w39, w45

grade, which are then filled competitively.³¹⁸ The system was introduced in response to widespread internal discontent at the lack of choice and staff involvement which existed under the previous arrangements, when staff were deployed to jobs at the discretion of management. However, Daniel Korski suggested that the FCO's "*laissez-faire*" system had become one of the factors behind the department's loss of geographic knowledge.³¹⁹ Sir David Logan also expressed concerns about the system.³²⁰

166. Simon Fraser accepted that the FCO may have moved too far towards allowing staff to 'manage their own careers', and that the department needed to refocus on a need to "maintain [...] particular cadres of expertise".³²¹ The Foreign Secretary also told us that he would like to see a greater readiness among FCO staff to apply for hardship postings.³²²

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

Localisation

168. The FCO's staff is made up of UK-based and locally-engaged (LE) staff. LE staff are not career FCO employees, or members of the Diplomatic Service, but are employed in-country by a specific overseas post. As such, they are cheaper to employ than UK-based staff, whose posting overseas from London involves the payment of travel and other allowances, in addition to a higher basic cost. LE staff are usually, although not always, foreign nationals. The number of LE staff and their share in the FCO total have been rising steadily, and the number of UK-based diplomats falling, as a result of a deliberate FCO policy under which increasing numbers of overseas jobs are 'localised' *i.e.* designated for an LE rather than UK-based member of staff. The FCO's LE staff now number around 9,000, or around two-thirds of the total. The number of FCO UK-based staff is expected to fall from 6,275 in 2004/05 to 4,345 by the end of 2010/11, and to be reduced by around a further 2.5% a year over the 2010 Spending Review period to 2015.³²³ The Foreign Secretary told us that the FCO's extensive use of LE staff was "one reason why we get more network for our money than France or other countries".³²⁴

318 Ev 111–129 [FCO]; for the reforms to the FCO's appointments and promotions system since the 1990s, see John Dickie, *The New Mandarins: How British Foreign Policy Works* (London, I.B.Tauris, 2004), ch. 4.

319 Ev w54

320 Ev w55

321 Q 303

322 "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 16

323 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, paras 37–39; FCO, 2009–10 Resource Accounts, Table 6; see also Figure 3 in the Introduction to this Report.

324 "Developments in UK Foreign Policy", oral evidence taken before the Foreign Affairs Committee on 8 September 2010, HC (2010–11) 438-i, Q 16

169. On 23 February 2011, the FCO announced that over the following four years it planned to end almost all overseas postings for its most junior UK-based staff (bands A and B). Of the roughly 450 A- and B-band overseas jobs currently in existence, Simon Fraser told us that around 50 would be left by April 2015, with the rest localised, reconfigured, upgraded or replaced. Mr Fraser told us that the move was aimed primarily at making savings, which he estimated at £30 million a year.³²⁵

170. A number of our witnesses stressed the added value that the FCO derived from its use of LE staff.³²⁶ However, the PCS union has consistently drawn attention to what it considers to be the risks of increased localisation. These include the possibilities that foreign nationals might not be as easily deployable as their British counterparts into another location in a crisis; and that LE staff are unable to operate on an entirely equivalent basis to UK-based staff, resulting in extra tasks falling on the latter.³²⁷ For example, the PCS said that LE staff are employed to work local office hours, whereas members of the Diplomatic Service are under an obligation to work 24 hours if necessary; the PCS suggested that recent overseas crises showed the value of this obligation. The PCS said that the February localisation decision would have a negative impact on morale, diversity and *esprit de corps* in the FCO, and that overall it would “seriously damage FCO operations overseas and UK diplomatic capability”. The union suggested that the FCO’s long-term plan was to end entry to the Diplomatic Service via A- and B-grades and limit entry to the C grade, which is made up primarily of civil service fast streamers; the PCS suggested that this risked “turning the Diplomatic Service back into an elitist organisation with entrants drawn from a narrow social background”. The PCS also charged that the February decision had been made without adequate consultation, preparation or information.³²⁸

171. Our predecessor Committee considered a further difficulty raised by the FCO’s employment of foreign nationals as LE staff, namely the fact that such staff cannot enjoy full diplomatic immunity. Under the Vienna Convention on Diplomatic Relations, nationals of a receiving state who are working for a foreign diplomatic mission can receive diplomatic status only with the consent of the receiving state, a consent which may be withdrawn at any time. Even if the receiving state allows its nationals to be designated as diplomats of another country, they cannot under the Convention receive full diplomatic immunity of the kind enjoyed by nationals of the sending state.³²⁹ Simon Fraser reiterated the position taken by his predecessor on this issue, namely that there are limitations to the protection that the Vienna Convention can offer LE staff, and that the FCO often therefore needs to use political action to ensure that its LE staff are treated appropriately.³³⁰

172. The increasing localisation of overseas jobs in the FCO is affecting the opportunities for UK-based staff to serve abroad. In November 2010, before the FCO’s February

325 Ev 135

326 Qq 92 [David Miliband, 145 [David Steven], 177 [Sir Jeremy Greenstock], 240 [Alistair Newton]

327 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 194–203

328 Ev w105–106

329 Foreign Affairs Committee, Fifth Report of Session 2009–10, *Foreign and Commonwealth Office Annual Report 2008–09*, HC 145, paras 209–214

330 Ev 136

announcement of its further localisation plans, the department's Chief Operating Officer, James Bevan, told us that junior FCO staff could expect to have one posting abroad for each one in London, whereas the ratio had previously tended to be two-to-one.³³¹

173. At Head of Mission level, we heard that there could be risks if UK-based personnel spent too much time abroad, and lost touch with the UK.³³² At more junior levels, however, the PCS union, as well as former diplomats including Sir Edward Clay and Sir David Logan, stressed that overseas postings played a vital 'training' role for UK-based diplomats who could be expected to head FCO posts and take leading policy positions at later stages in their careers.³³³ In our February 2011 Report on *FCO Performance and Finances*, we concluded that "a further reduction in the opportunities for more junior UK-based staff to serve in overseas posts, and a consequent diminishing of experience and morale among FCO employees, will over time have a damaging effect on the quality of British diplomacy and the effectiveness of the FCO".³³⁴

174. In our *FCO Performance and Finances* Report, published before the FCO's announcement of its latest localisation initiative in February 2011, we said that we did "not believe that [the policy] is capable of indefinite extension".³³⁵ When he gave evidence to our current inquiry in early February, we asked the Foreign Secretary whether there was a limit to the localisation process. He told us: "there is a limit, but we should not be dogmatic about it and say that we have necessarily reached that limit if we can continue to become more cost-effective in some areas".³³⁶ The Foreign Secretary also suggested that UK-based staff with overseas expertise might be required to spend more time in London, as part of the effort to strengthen policy expertise at the centre.³³⁷

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

The Diplomatic Service and outside personnel

176. Witnesses who advocated more radical reform of the FCO wished to see its staff cadre made more permeable, in London in particular, in order to enhance the department's policy capabilities.³³⁸ There are a number of routes by which personnel from outside the FCO may be brought into the department, and FCO staff work outside it, namely:

331 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, Q 202

332 Q 85 [Lord Jay]

333 Ev w27 [Sir Edward Clay], w52 [Sir David Logan], w104–6 [PCS]

334 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, para 46

335 Foreign Affairs Committee, Third Report of Session 2010–11, *FCO Performance and Finances*, HC 572, para 46

336 Q 299

337 Q 302

338 Ev w56 [Daniel Korski], w59 [Caterina Tully]

- i. Appointment of staff from other Whitehall departments to FCO positions, and of FCO staff to other Whitehall departments. This process is known as interchange. All senior FCO jobs, including Heads of Mission, are advertised Whitehall-wide. More junior positions are also occasionally opened to staff from other departments. The FCO told us that 315 of its positions were currently filled by staff from other departments, while 157 members of FCO staff were in civil service positions outside the FCO.³³⁹
- ii. Temporary secondments of personnel from/to outside the civil service. The FCO told us that it had four members of staff currently seconded from outside the civil service, and around 20 FCO personnel seconded out to the private sector.³⁴⁰
- iii. External appointments to the FCO. Few FCO jobs are opened to external competition, although they tend to be high-profile ones: in recent years, the FCO has recruited its former Finance Director and current Estates Director from the Metropolitan Police. In February, the FCO told us that no Ambassador had been recruited externally in the previous two years. As we completed our inquiry, the position of Consul General in New York/Director General Trade and Investment US had been externally advertised.³⁴¹

177. We heard divergent views on the merits of appointing non-FCO personnel to FCO positions:

- At least as regards overseas work and dealings with other countries, Sir Jeremy Greenstock argued that trained diplomats had necessary skills which were not shared by colleagues from other departments or from outside government, and that diplomats should therefore not be replaced by such personnel. He advocated a “team approach” at overseas posts, with staff from different backgrounds carrying out appropriate roles.³⁴² The prospect of appointments from outside the department might also have a negative impact on the career security and morale of FCO staff, and on the FCO’s ability to plan the development and deployment of its officers.
- Other witnesses argued that interchange and external appointments brought fresh ideas and knowledge into the FCO, and maintained standards through competition for jobs. Alastair Newton, who spent two years on secondment from the FCO to the City before becoming Director for UKTI in the US, told us that his secondment brought him useful knowledge and credibility with the financial sector.³⁴³ Daniel Korski, and Alex Evans and David Steven, argued in favour of bringing up-to-date external expertise into the department, comparing the UK unfavourably with the US as regards the accessibility of policy jobs to academics and researchers.³⁴⁴ The Foreign Secretary was positive about

339 Ev 132

340 Ev 132

341 Q 234 [Alastair Newton]; Ev 133 [FCO], 141 [Alastair Newton]

342 Qq 172–173

343 Q 243

344 Q 146 [Alex Evans]; Ev w56 [Daniel Korski]; Alex Evans and David Steven, “Organizing for Influence: UK Foreign Policy in an Age of Uncertainty”, Chatham House, June 2010

interchange between the FCO and other departments and agencies, and about external appointments.³⁴⁵

Corporate skills: doing foreign policy

178. A number of witnesses, most notably former Ambassador Charles Crawford, argued that the FCO needed to improve its skills in what he called “basic diplomatic technique”. To use Sir Peter Marshall’s distinction, Mr Crawford’s critique encompassed both the FCO’s “advisory” role (which he called its “consultancy” function) and its executive role, where Mr Crawford said that the department had “no clear methodology of how to make a difference overseas”.³⁴⁶ Mr Crawford saw as especially worrisome what he perceived as the downgrading of FCO standards in drafting and judgement, and urged that far greater attention in the training of FCO diplomats be given to “core technique”, especially personal communication. Mr Crawford contended that “without looking hard at first principles of diplomatic technique the FCO is not going to do the job which No. 10 and Whitehall need doing: understanding and influencing foreigners”.³⁴⁷

179. A number of other witnesses also suggested that the FCO might be paying insufficient attention to developing its capacities to carry out its core foreign policy function:

- Sir Jeremy Greenstock told us that, as Ambassador to the UN, he had received instructions from London to help his staff develop their management skills, but had received no equivalent instructions on developing their diplomatic skills.³⁴⁸
- Sir Oliver Miles expressed surprise that Heads of Mission—himself included, after having to break off UK relations with Libya in 1984 following the murder of WPC Yvonne Fletcher—did not seem to be held as strictly to account for the political information and advice they provided as they were for the financial management of their posts. Sir Oliver told us that he did “not recall being asked difficult questions: did I foresee it? If not, why not? [...] What lessons could be learned?”³⁴⁹

180. Discussion of the FCO’s foreign policy capabilities and capacity for lesson-learning was thrown into relief during our inquiry by the publication in December 2010 of the previously classified internal FCO report commissioned by David Owen as Foreign Secretary into the FCO’s failure to foresee the 1979 Islamic revolution in Iran. The overlap between the report’s recommendations and the thrust of much of the evidence we received, over 30 years later, was striking. The report’s final chapter—entitled “Lessons for the FCO”—stated that, with respect to countries where important UK interests would be at risk in the event of political upheaval, the relevant FCO overseas post should have at least one officer working full-time on internal political affairs, knowing the local language, ideally with previous experience in the country, and with time to travel outside the capital; differences of opinion between the post and London should be aired and explored; at least

345 Q 304

346 Ev w31

347 Ev w34

348 Q 166

349 Ev w48

one of the team in London covering the country should have served there; and desk officers should be given “time to read and think about the country [...] rather than be concerned full time with day to day chores”. The report further stressed the importance of the FCO’s research staff (see paragraph 190 below) and contacts with outside experts, and recommended the use of scenario development and testing.³⁵⁰ The FCO held a seminar on the report in December 2010, chaired by the department’s Director General Political (and former Ambassador to Tehran), Sir Geoffrey Adams KCMG. The Foreign Secretary told us that he regarded the study of history and the use of case studies as an important part of the effort to enhance the FCO’s foreign policy skills.³⁵¹

181. The FCO told us of a number of steps it was taking or considering to enhance its foreign policy skills and capabilities:

- Simon Fraser told us that, as part of its effort to “raise its game” to meet the requirements of the NSC, the FCO had established a strategic policy group, involving fortnightly meetings of officials at Director General level.³⁵²
- The new Policy Unit (which was until July 2010 the Strategy Unit) is to “strengthen the FCO’s policy work by supporting and sometimes challenging other directorates”, improving policy skills, and engaging with external experts. The Policy Unit’s full staffing complement will be 18 officers.³⁵³
- The Foreign Secretary said that the department would make more use of senior staff in training more junior personnel.³⁵⁴
- Mr Hague also told us that he had requested the development of a “better approach to how we use the *alumni* of the Foreign Office” *i.e.* former diplomats.³⁵⁵

182. The FCO also supplied us with an outline of the 5-day course International Policy Skills for Policy Officers, which is mandatory for new entrants at junior grades. The FCO told us that it aimed to provide “increased resources for [...] core diplomatic skills”.³⁵⁶

183. As we completed preparation of our Report in March 2011, the UN Security Council approved Resolution 1973 mandating international action under Chapter 7 of the UN Charter to protect civilians in Libya, on the basis of a draft tabled by the UK, France and Lebanon. Beforehand, there was widespread doubt among commentators and politicians that the UK would secure approval of such a Resolution, owing to the objections of the veto-wielding states Russia and China to such proposed Resolutions on previous occasions, as well as the apparent reluctance of the US to see international military action in Libya. Passage of UNSCR 1973 provided a firm international legal basis for international action to protect civilians in Libya, and represented a major diplomatic success for the UK.

350 Q 330

351 Q 285

352 Ev 94

353 Q 327

354 Q 330

355 Q 331

356 Ev 81, 131

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

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

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

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

Information and institutional memory

188. Charles Crawford drew our attention to what he regarded as a further “little-understood cause of quality decline in the FCO”, in the shape of the shift from hard copy to email and other electronic forms of communication and data storage. In Mr Crawford’s view, this meant that there was no longer ‘a file’ containing a complete documentary record of the development of Government policy on a country or issue, which could be handed to a member of staff newly arriving at a desk or overseas post. Instead, there is information which is available only electronically and not easily searchable. As a result, in Mr Crawford’s view, the FCO’s “collective memory and collective knowledge has plummeted”, and staff can only react in an improvised and thus “banal” way to events as they happen. He recommended that “urgent changes in FCO data management are needed [...] to devise new ways to make saving and searching information a proper professional discipline”.³⁵⁷

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

190. A number of witnesses, including Sir Jeremy Greenstock, Sir David Logan and Lord Hennessy, highlighted the value of the FCO's Research Analysts, as the FCO's institutional memory and a key source of policy-relevant information.³⁵⁸ However, these witnesses said that the Research Analysts had been weakened and downgraded in recent years, in a way that "threatens the FCO's expertise on foreign policy issues".³⁵⁹ Before July 2010, the Research Analysts formed part of the Directorate of Strategy, Policy Planning and Analysis. In July 2010, they were disbanded as a single unit, and individual analysts were incorporated into the Directorate covering their respective area(s) of specialism.³⁶⁰ LSE IDEAS criticised this move, saying that it would "depriv[e] [the Analysts] of central coordination and the ability to engage comprehensively with the expertise of academia and think tanks".³⁶¹ Sir David Logan said that "maintenance of the FCO's capabilities [...] requires that its Research Analysts continue to operate as an effective but distinctive contributor to the FCO's product, and are not reduced to becoming simply assistants to mainstream policy-makers".³⁶² There are currently 46 Research Analysts, a number which is under review.³⁶³

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

Overseas posts

192. There was an overwhelming view among our witnesses that the FCO's network of overseas posts was one of the department's key assets in carrying out its foreign policy purpose. For example, Lord Hennessy told us that "high-class political reporting from specialists who are trained in hard languages and how to live in hard places [...] gives us a competitive advantage".³⁶⁴ Daryl Copeland described the FCO's overseas posts as "crucial".³⁶⁵ The role of the FCO's overseas network was reaffirmed in the SDSR, which declared that "a genuine understanding of what is happening overseas requires people on the ground. And effective influencing—of government, countries and organisations—requires face to face contact".³⁶⁶ The FCO told us that its posts "play a key role in informing the cross-Whitehall policy-making process".³⁶⁷ Lord Jay drew attention to the way in which the Prime Minister was increasingly contacting posts directly for advice, rather than going through the FCO in London.³⁶⁸

358 Qq 14 [Lord Hennessy], 186 [Sir Jeremy Greenstock]; Ev w52 [Sir David Logan]

359 Ev w53 [Sir David Logan]; see also Qq 185–186 [Sir Jeremy Greenstock].

360 Ev 94 [FCO]

361 Ev w40

362 Ev w52

363 Ev 94 [FCO]

364 Q 6

365 Ev w15

366 HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948, October 2010, p 67

367 Ev 90

368 Qq 68–69

193. As of autumn 2010, the FCO's overseas network comprised 261 posts.³⁶⁹ Posts are either sovereign ones (that is, Embassies, High Commissions [to Commonwealth countries] and Missions, Delegations and Permanent Representations to international organisations), or subordinate ones (consulates and trade and other representative offices). The FCO may open and close a few subordinate posts each year. As of autumn 2010, it operated 140 sovereign posts. It last closed sovereign posts in 2004–06, following Jack Straw's *International Priorities* White Paper and the 2004 Spending Review. As of autumn 2010, there were 52 UN Member States where the UK had no resident sovereign representation, with sovereign representation being provided through the accreditation of an Ambassador or High Commissioner based elsewhere.³⁷⁰

194. During the period of our inquiry, the Foreign Secretary was considering the future shape of the overseas network, in the light of the FCO's 2010 Spending Review settlement. We heard two different views about maintaining overseas posts in the face of budgetary pressures:

- Some witnesses warned against maintaining the geographic spread of the network, if this had to be at the cost of depth in individual posts, especially in places of key UK interest. Sir David Logan said: "Forced to choose, it is better to have effective posts in places of importance to HMG than to keep the flag flying everywhere".³⁷¹ David Steven said similarly that the FCO "should be prepared to prune" some posts if this allowed the strengthening of others in more important locations.³⁷² Sir Jeremy Greenstock warned that in very thinly-staffed posts, the work of the Head of Mission was likely to become "spasmodic and ephemeral".³⁷³
- Other witnesses argued for the importance of maintaining global UK representation. Lord Owen and Sir Edward Clay both linked what they saw as the UK's need for worldwide representation to the country's UN Security Council membership.³⁷⁴ Sir Malcolm Rifkind argued against post closures on the grounds that they sent a message of loss of interest throughout the relevant region, and thus carried "quite a heavy [...] price". Sir Malcolm said that if savings had to be made, it would be preferable temporarily to scale down operations at some of the UK's larger overseas posts.³⁷⁵

195. The Foreign Secretary has made clear that he wishes to maintain a global network, and that he will not "overall, be reducing" its size.³⁷⁶ However, when he gave evidence in early February, he told us that the UK would "need to adjust [its] diplomatic weight" in line with changing patterns of international power. Mr Hague set out five principles which he said would govern the adjustment of the UK's overseas network:

369 Ev 90 [FCO]

370 Ev 90 [FCO]

371 Ev w52

372 Ev w52

373 Q 175

374 Ev w11 [Lord Owen], w28 [Sir Edward Clay]

375 Q 99

376 HC Deb, 1 February 2011, col 721W

First, we are sticking to the principle of no strategic shrinkage; secondly, we will be deploying sufficient resources to seize the opportunities for prosperity that the emerging powers provide, as well as protecting our security; thirdly, we will enhance our ability to promote our values and our influence; fourthly, we will strike a careful balance between deepening the resources in emerging giants such as India and China and other emerging powers in Latin America and Asia, and widening resource so that we have enhanced bilateral relations with some smaller countries that we have neglected for too long; and fifthly, we will maintain close historic bilateral relations, which we have with many countries across the world and which remain essential for promoting our interests in a networked world.³⁷⁷

Mr Hague indicated that he expected shortly to make an announcement on specific post openings and closures, perhaps in early April, but our understanding is that this has been delayed, not least by the need to deal with the wave of instability in the Middle East and North Africa.

196. A further factor in the international context for the FCO's overseas network is the advent of EU Delegations overseas. Under the Lisbon Treaty, the European Commission's overseas Delegations are being converted into EU Delegations, which are able to represent the EU Common Foreign and Security Policy as well as the Commission's areas of external relations responsibility. The EU Delegations form part of the new European External Action Service (EEAS). There are around 130 EU Delegations around the world. The Foreign Secretary told us that he did not envisage scaling down any UK posts because of the advent of the EEAS.³⁷⁸

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

198. Charles Crawford and Caterina Tully, among other witnesses, recommended that the FCO's overseas posts should be given greater autonomy, in particular over the spending of their small amounts of programme funds. Several witnesses said that the disbursement of such funds by posts was currently overly bureaucratic, given the often small amounts of money involved. Mr Crawford contended that "a simple devolution of funds to all Embassies/Missions [...] would transform the impact of British diplomacy".³⁷⁹ On 1 February 2011, the Foreign Secretary announced that the FCO was to "give British Ambassadors greater responsibility for deciding how best to spend their local budgets to support UK foreign policy objectives and strengthen bilateral relationships".³⁸⁰

377 Q 310

378 Q 312

379 Ev w32

380 HC Deb, 1 February 2011, col 42–44WS

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

200. Much of the critical evidence we have cited in this Report necessarily referred to the past. We have discussed it and offered recommendations accordingly as a contribution to debate, and hope that our Report will be received in the constructively critical spirit in which it is intended. We commend the Foreign Secretary and the leadership of the FCO for already recognising many of the problems raised by our witnesses, and look forward to scrutinising closely the steps which the department takes to address them.

201. We conclude that the FCO has a centrally important role to play for the Government. We further conclude that it largely discharges it well, in extremely challenging circumstances. We wish to place on record our appreciation for the work of the department. We regard it as vitally important that the FCO continue to have the human and financial resources required to discharge to a high standard its critically important security and foreign policy functions for Government.

Formal Minutes

Wednesday 27 April 2011

Members present:

Richard Ottaway, in the Chair

Mr Bob Ainsworth
Mr John Baron
Sir Menzies Campbell
Ann Clwyd
Mike Gapes

Andrew Rosindell
Mr Frank Roy
Sir John Stanley
Rory Stewart
Mr Dave Watts

Draft Report (*The Role of the FCO in UK Government*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Paragraph 31 read, amended and agreed to.

Paragraphs 32 to 58 read and agreed to.

Paragraph 59 read, amended and agreed to.

Paragraphs 60 to 91 read and agreed to.

Paragraph 92 read, amended and agreed to.

Paragraphs 93 to 119 read and agreed to.

Paragraph 120 read, amended and agreed to.

Paragraphs 121 to 126 read and agreed to.

Paragraph 127 read, amended and agreed to.

Paragraphs 128 to 148 read and agreed to.

Paragraph 149 read, as follows:

We welcome the fact that the FCO is examining the possible value for the UK of a US-style diplomacy and development review. We recommend that, rather than a major quadrennial exercise on the US model, the National Security Council should once a year review for the Government the effectiveness of the UK's instruments for international policy, with papers from independent external specialists as well as from across Whitehall; and report on this exercise to Parliament.

Amendment proposed, in line 2, after “**review.**” to leave out till the end of the paragraph. —(*Sir John Stanley.*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 7

Mr Bob Ainsworth
Mike Gapes
Andrew Rosindell
Mr Frank Roy
Sir John Stanley
Rory Stewart
Mr Dave Watts

Noes, 3

Mr John Baron
Sir Menzies Campbell
Ann Clwyd

Paragraph, as amended, agreed to.

Paragraphs 150 to 163 read and agreed to.

Paragraph 164 read, amended and agreed to.

Paragraphs 165 to 182 read and agreed to.

Paragraph 183 read.

Question put, That the paragraph be agreed to.

The Committee divided.

Ayes, 7

Mr Bob Ainsworth
Sir Menzies Campbell
Ann Clwyd
Mike Gapes
Mr Frank Roy
Rory Stewart
Mr Dave Watts

Noes, 3

Mr John Baron
Andrew Rosindell
Sir John Stanley

A paragraph—(*Rory Stewart*) —brought up, read the first and second time, and inserted (now paragraph 184).

Paragraphs 184 and 185 (now paragraphs 185 and 186) read and agreed to.

Paragraph 186 (now paragraph 187) read, as follows:

We conclude that passage of UN Security Council Resolution 1973 in March 2011, on the basis of a UK/French/Lebanese draft, represented an important diplomatic success for the UK and demonstrated that the FCO continues to command effective foreign policy and diplomatic capacities. We congratulate all those involved in passage of the Resolution.

Amendment proposed, in line 1, after “that”, to leave out till the end of the paragraph, and add “**the Government’s significant contribution to achieving UN Security Council approval for a No-Fly Zone over Libya prevented major loss of life in Benghazi.**” —(*Sir John Stanley*.)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 7

Mr Bob Ainsworth
Sir Menzies Campbell
Ann Clwyd

Noes, 2

Mr John Baron
Mike Gapes

Mr Frank Roy
Sir John Stanley
Rory Stewart
Mr Dave Watts

Paragraph, as amended, agreed to.

Paragraphs 187 to 200 (now paragraphs 188 to 201) read and agreed to.

Summary amended and agreed to.

Resolved, That the Report, as amended, be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 24 November, 8 and 15 December, 12 and 19 January, 2 and 9 February, 9 March and 27 April.

[Adjourned till Wednesday 4 May at 2 pm.]

Witnesses

Wednesday 8 December 2010

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Rt Hon The Lord Jay of Ewelme GCMG, former Permanent Under-Secretary, Foreign and Commonwealth Office (2002–2006) Ev 10

Wednesday 15 December 2010

Rt Hon David Miliband MP, former Foreign Secretary (2007–10), and **Rt Hon Sir Malcolm Rifkind MP**, former Foreign Secretary (1995–97); Chair, Intelligence and Security Committee Ev 19

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Alex Evans and **David Steven**, Senior Fellows, Center on International Cooperation, University of New York Ev 30

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Sir Jeremy Greenstock GCMG, Chairman, UN Association-UK; former UK Ambassador to the UN Ev 41

Sir Peter Ricketts GCMG, National Security Adviser Ev 48

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Monday 7 February 2011

Rt Hon William Hague MP, First Secretary of State and Secretary of State for Foreign and Commonwealth Affairs; **Simon Fraser CMG**, Permanent Under-Secretary of State, and **Alex Ellis**, Director, Strategy, Foreign and Commonwealth Office Ev 60

List of printed written evidence

1	Foreign and Commonwealth Office	Ev 77; 94; 137
2	Simon Fraser CMG	Ev 135
3	Rt Hon William Hague MP	Ev 135
4	Sir Peter Ricketts GCMG	Ev 137; 140
5	Alastair Newton	Ev 141

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/facom)

1	Dr Scott James	Ev w1
2	Dr Oliver Daddow	Ev w5
3	The Rt Hon Lord Owen CH	Ev w9
4	Professor Daryl Copeland	Ev w13
5	Dr Graeme Davies and Dr Robert Johns	Ev w17
6	Sir Edward Clay KCMG	Ev w26
7	Charles Crawford CMG	Ev w29
8	The Royal Society for the Protection of Birds (RSPB)	Ev w35
9	Professor Tony Chafer	Ev w38
10	Professor Ritchie Robertson, Professor Sarah Colvin and Dr Peter Thompson	Ev w39
11	LSE IDEAS	Ev w40
12	City of London Corporation	Ev w40
13	UK Overseas Territories Conservation Forum (UKOTCF)	Ev w42
14	Society for Italian Studies	Ev w45
15	Anthony Aust	Ev w45
16	Oliver Miles CMG	Ev w47
17	Sir Michael Wood KCMG	Ev w48
18	Sir John Graham GCMG	Ev w51
19	Sir David Logan KCMG	Ev w51
20	Daniel Korski	Ev w54
21	Caterina Tully	Ev w57
22	Rt Hon Jack Straw MP	Ev w59
23	Peter W Marshall and other former members of the FCO	Ev w60
24	Sir Peter Marshall KCMG CVO	Ev w62
25	Confederation of British Industry (CBI)	Ev w85
26	Professor Hussein Kassim	Ev w89
27	Professor Dr Sonja Puntischer Riekmann	Ev w92
28	The Rt Hon Chris Huhne MP	Ev w93
29	Public and Commercial Services Union (PCS)	Ev w93; w104
30	Carne Ross	Ev w95
31	Lord Howe of Aberavon CH	Ev w96

Oral evidence

Taken before the Foreign Affairs Committee

on Wednesday 8 December 2010

Members present:

Richard Ottaway (Chair)

Mr Bob Ainsworth
Mr John Baron
Sir Menzies Campbell
Ann Clwyd
Mike Gapes

Andrew Rosindell
Sir John Stanley
Rory Stewart
Mr Dave Watts

Examination of Witness

Witness: **Professor The Lord Hennessy of Nympsfield, FBA**, Atlee Professor of Contemporary British History, Queen Mary, University of London, gave evidence.

Q1 Chair: I welcome members of the public to this sitting of the Foreign Affairs Committee. It is the first evidence session of our inquiry into the role of the FCO in UK Government. I welcome our first witness, who was deliberately chosen to try to get us addressing the right issues. Our witness is Professor The Lord Hennessy of Nympsfield, Atlee Professor of Contemporary British History at Queen Mary, University of London. Professor, a warm welcome from the Committee. It might be helpful if you'd like to make a few opening remarks, and then we'll get into questions.

Lord Hennessy: Thank you, Chairman. I have just a few opening thoughts. I am pleased and honoured to be asked, and I hope that I can help. Your inquiry is very timely, because some very interesting things are happening, some with more than a dash of novelty—the National Security Council in particular—and others of a more remedial kind; for example, William Hague's attempt to restore the Foreign and Commonwealth Office to what I think is its rightful place in the Whitehall sun. It has been somewhat eclipsed in the past few years.

But there is a first-order question, if I may respectfully suggest, before we as a country can help determine what kind of Foreign and Commonwealth Office we need as the chief, but not the sole, instrument of UK foreign policy in relationships with overseas countries and international institutions. We now, quite rightly, conceive of national security in the round, and the new NSC is intended to reflect that. My own judgment and instinct is that given our past, and the strength and capabilities we still possess today as a country, we should not—almost cannot—seek to be a thoroughly modest, happily shrivelled, once-great power, shorn of global reach and aspiration. I don't think it's within us to settle for that. The Plowden report in 1964 looked at this, and Lord Plowden quoted Churchill saying, unsurprisingly, that most Brits do not wish to see their country—not that those were his exact words, he wouldn't have used the word “Brits”—“relegated to a tame and minor role in the world.”

I am not, however, a wider still and wider man. That risks overreach and overstretch of resources, even greater than we have experienced of late. It also risks

making ourselves look faintly ridiculous to the rest of the world—what Stryker McGwire, the recently retired “Newsweek” man in London, used to call our impulse to be “a pocket super-power”, which needs careful watching and, on occasion, curbing.

To use a phrase that Sir Percy Cradock liked to use in his days in the diplomatic service, the hand that history has dealt us, however, leaves us represented, I think, still on more international organisations than any country: a permanent member of the UN Security Council; a nuclear weapons power and one of only three—perhaps now four—countries with truly global intelligence reach, thanks to our longstanding, quite extraordinary and, once very secret, intelligence alliance with the United States. The other global intelligence power would be Russia, while the possible fourth one would now be China.

My own view is that we should neither undersell nor oversell ourselves. The FCO is normally very good at treading that line, but it has suffered a period in the doldrums and should be—perhaps now is—in the process of restoring itself to its justified position, as I said in my opening remarks. Finally, Chairman, you sit now at the front end of a long line of inquirers: the so-called Eden-Bevin reforms of the 1940s that were very significant and changed the service, the Plowden inquiry of 1964, which I have already mentioned, the Duncan inquiry of 1968 and the Central Policy Review Staff of Overseas Representation in 1977—and I wish you well.

Q2 Chair: Thank you very much. We have had a lot of written evidence already from a lot of witnesses saying that the role of the Foreign Office has been weakened and marginalised in recent years. Do you agree with that, and does it matter?

Lord Hennessy: I do agree with it, and it does matter, but the one cheering thought is that the Foreign Office has had more comebacks than Judy Garland. It is a natural recoverer, for institutional reasons as well as prevailing good sense. I do not want to be unkind, but the problem tends to arise when there is a Prime Minister—we have had a few since 1938–39; Neville Chamberlain was a classic example—who thinks they have a special insight into the world and its problems,

and when it's allied with a sense of personal destiny, you are in real trouble. It means that the pros who live with the problems years in, years out and use careful language, not primary colours language, can be either marginalised or vilified. When that happens, it is quite hard to recover from it, but the Foreign Office is a natural recoverer Department.

I am quite traditionalist about Whitehall. It has to be a federation of Departments. The Prime Minister, of course, has the great co-ordinating role and has to lead, but things don't go well when the lead Department is marginalised beyond a certain point. To some extent it has been, and I was very pleased that both in opposition and when he became Foreign Secretary William Hague made it explicit that that wasn't going to happen. His vision statement is shot through with all that.

Can I declare a malign interest? I can't bear the word "vision". It is an age thing. I rather relish the days when the British diplomatic service didn't know what vision was. You know the story—I think it is true—of Sir Oliver Franks going to Washington in the Cold War, being rung up by a Washington radio news station and asked what he wanted for Christmas. Out went the broadcast on Christmas day—it was great power ambassadors. The French ambassador: "I want liberty, equality, fraternity for the whole world." The Russian ambassador: "Freedom for all victims of imperialism." Sir Oliver Franks: "How very kind. Perhaps a box of candied fruits would do." I much prefer that.

I am not attuned to the business plan. It is a good idea. There is some good stuff in there but when it comes to vision, even though it is very well written, because the Foreign Secretary, as you know, has a very fluent pen, I rather recoil from it. I don't think it is the way the Brits should do it. It should be implicit rather than explicit. It is flaunting, and it's asking for trouble.

Q3 Chair: To a degree, Foreign Secretaries come and go, but Prime Ministers stay on. Look at Tony Blair, he had three or four Foreign Secretaries. Gradually, after a while he will be more knowledgeable in the broader spectrum of things. Do you think that could explain why earlier in the premiership the Foreign Secretary has more power than perhaps later in the premiership?

Lord Hennessy: That's an interesting thought. It's allied to another argument I used to hear in Whitehall. When a Prime Minister has been around a long time, and there is resistance in his or her own party, and the press is deeply non-understanding—to put it mildly—it used to be called the temptation of "the VC10 syndrome". To get on the Royal Air Force plane, with those beautiful stewards and the wonderful linen, and to be lauded and magnified when you get off the plane, becomes a temptation. It's understandable. It's very human.

The accumulation of knowledge on the part of some Prime Ministers is very profound, and of course if you've been Foreign Secretary yourself, as Mr Macmillan had been, there is a tremendous temptation to want to be your own Foreign Secretary as well. Selwyn Lloyd had many, many virtues, but he was always in the shadow of Mr Macmillan, who had been

Foreign Secretary and was steeped in the great game. He also had the word power to do it. He loved summits, unlike Alec Home, who used to be quite funny about Harold's weakness at summits. He loved summits as a great performance. The scope for amateur dramatics was always a temptation for Mr Macmillan. Long premierships can bring their own problems as well as increasing wisdom and knowledge.

Q4 Mike Gapes: You said that the FCO had been somewhat eclipsed in recent years, and you alluded to the longevity of Tony Blair and, by implication, Margaret Thatcher. Is that the only real reason for this trend that's taking place, or are there other factors, such as globalisation and ease of communications, that also have led to this?

Lord Hennessy: Yes, certainly. The diplomatic service recoiled from the early telegraphs, because it thought the man on the spot would lose—they were all men then—his autonomy. So every technical change seems to have threatened them to some degree. The electronic era that we are now in means that the man on the spot—the old imperial phrase—doesn't count any more. The other factor is temperament, even if it's a short-lived premiership like Mr Brown's. Mr Brown put a lot of effort into DFID, commendably in many ways. It meant, however, that the balance of the budget for our overseas representation was skewed. I think the Foreign Office was skimmed and DFID had as much as it needed.

Being a historian, I don't go in for theories—social scientists do that—but I do have a theory, which you may think is completely absurd, Chairman, and you'll tell me if you do. Male British Prime Ministers, whether they know it or not, are the products of British imperial history. Mr Blair, to be unkind, was Lord Curzon—you biffed Johnny Foreigner into line for his own good, whether he asked you to or not. Gordon was the Church of Scotland Missionary Society. You give them a Bible, a tract, a plan of how to dig a well and a bit of money through DFID. Which bit of the empire they come out of is quite revealing of premierships. I say this as somebody who would have preferred, if it had been still there, to be a district officer. But thanks to Sir Anthony Eden, there was nothing left for me to district-officer by the time I was of an age. I sympathise with all that. You may think it's an absurd theory, but I have tried it out on you, anyway.

Q5 Mike Gapes: You said male Prime Ministers. Where does Mrs Thatcher fit in?

Lord Hennessy: She was a one-off and a phenomenon. I am still somewhat bedazzled. Of all the Prime Ministers that I try and write about, it's very hard for me to capture Mrs Thatcher. She was the most remarkable force in the world, even at a time when she was first Prime Minister, when our Exchequer was very thinly lined. She put a lot of money into defence, admittedly. Sir John Stanley is the one I defer to on this, because he knew her so well, but she still bedazzles.

There are two weather-makers among the post-war Prime Ministers I have studied and written about. One

8 December 2010 Professor The Lord Hennessy of Nympsfield, FBA

was the exact reverse: Mr Attlee, who had all the charisma and presence of a gerbil, but was a great and lasting influence. Mrs Thatcher, who was the reverse of a gerbil, was a remarkable woman. She changed the terms of trade in the way our country behaved abroad, and certainly Prime Ministers. It was a complete break. Some would say it was part of the tragedy in the nature of her demise that she was tone deaf on some of the requirements you need to be a world leader. But it's not for me to judge that. I find her extremely difficult to write about, partly because of this phenomenon—this bedazzling phenomenon. Nobody was neutral about her, which in diplomatic terms is very interesting. Nobody who dealt with her was in any way casual or neutral about her, as far as I can see. My one regret is that she and Chancellor Kohl didn't get on. I think it was a great pity for Europe and for ourselves that that relation was so antipathetic. But my heavens, it produced some rip-roaring pieces of gossip and stories.

Q6 Mike Gapes: I don't want to talk about cakes. Let's move back to the issue of technology and globalisation. We have heard some evidence from Professor Daryl Copeland, for example, who talked about the impact on diplomacy of globalisation, not just for the UK, but for all foreign ministries throughout the world. How do you think we have fared compared with other countries in this transition?

Lord Hennessy: I like to think that we have not lost our nerve in terms of retaining a respect for the indispensability of high-class political reporting from specialists who are trained in hard languages and how to live in hard places. Whatever the technological shifts, we must never lose sight of that. It gives us a competitive advantage if we stick to that through thick and thin—even though the nature of communication is what it is and the information explosion is what it is. This has been looked at by all the previous inquiries, because there has been a technical element—certainly in Duncan, Plowden and Berrill. If I remember, the review of overseas representation implied—I don't think it quite said—that you can get, from *The Economist* and the *FT* foreign correspondents and so on, pretty much what you need. I have never thought that; I think we really do need specialists. The investment, even though it's costly, in hard language training and acculturating people who represent us abroad—not just in the Foreign Office, but generally—in the societies to which they are going to be accredited is critical. That will remain so, even if the whizz-bang technology has another great exponential leap. I am a traditionalist, as I admitted, Mr Gapes.

Q7 Sir Menzies Campbell: I did not know that you had this frustration about wearing a pith helmet, being lord of all you surveyed in an obscure part of the globe—I don't quite see you as Sanders of the River. It seems, from some of your earlier analysis, that you are pointing to the significance of the personality of the Prime Minister and the Foreign Secretary as having a direct impact on the salience of the Foreign Office. I wonder whether that is typical of the United Kingdom and not of other places.

On the Quai d'Orsay there is a pretty strong view about foreign policy. I am not sure of the extent to which the influence, or otherwise, of the equivalent of the Foreign Minister is affected by that under the French system. In the United States, the State Department has enormous presence and influence, and again I am not clear about the extent to which that may or may not be affected by whether it is Hillary Clinton or someone else.

To take a domestic example, because you mentioned Attlee, Ernest Bevin was about as formidable as they come. Yet Attlee, by your own description, was, in a different way, formidable in the pantheon of Prime Ministers. Does it work best when the personalities fit together, or when the Foreign Office asserts itself?

Lord Hennessy: A very interesting question. Attlee, in retirement, reviewing Alan Bullock's book about the life of Ernie Bevin, alluded to the fact that he left a great deal of foreign policy—and, indeed, defence policy—to Ernie, to be a kind of overlord, although he wasn't called that. He said about Ernest Bevin, "If you've got a good dog, you don't need to bark yourself."

They had a remarkable relationship. Early on, Bevin came to dislike—not being a politician, he was initially a trade unionist—a lot of Labour politicians, because he could not trust them. He said, "Clem's the only one I can trust." Every time there was an attempted coup against Clem, such as Stafford Cripps's one in 1947, he would pick up the phone and say, "Stafford, I gather you want me to replace Clem. Well, I'm sticking with little Clem." So he was his great protector as well. The relationship, on the human level, was very special.

Bevin was a genius in the Foreign Office. Not in terms of the use of diplomatic language—he hated Molotov and he never completed a sentence, but everybody knew what he meant. He was remarkable.

The personalities matter in any system, but particularly in ours. I remember when Jim Callaghan became Foreign Secretary in 1974. Ted Heath had not been wildly keen on the special relationship, although the essentials—the nuclear and the intelligence—were not in any way threatened. Jim said to me once that the first job of a British Foreign Secretary is to get on well with the Secretary of State in Washington. Jim was very good at that and his mere arrival restored the relationship to a high degree—he got on famously with Kissinger.

If you want the Foreign Office to be in its rightful place, as I do, it is a great advantage to have, in William Hague, one of the big three on the Conservative side in the coalition. I really do think that matters, so that the Foreign Secretary of the day is not just brought in on Foreign Office or overseas matters, but is a big player in deciding the overall strategy. That is a great advantage for any Department, but I think it's particularly good for the Foreign Office, because the rest of the world knows that. The diplomatic reporting back, I suspect, from other embassies, reflects that—the clout of the British Foreign Secretary in relative terms within the Whitehall hierarchy. I think that's crucial.

I remember someone saying, on a much lesser level, about Lord Carrington—a man I always greatly

admired, who was a natural at it—as Foreign Secretary: “Abroad loves it.” Because Abroad rather expects British Foreign Secretaries to look and sound and speak, and to have a light touch, as Lord Carrington did. He, in another tough period, brought something to it, because of his experience and his style, which was a great advantage.

None of this can be measured. In the metrics that the Foreign Office has given you, in their very interesting submission, none of this is measurable. In many ways, everything we are dealing with is intangible. I don’t know if you want to come to resources a bit later, but it seems to me that when you’re battling with the Treasury, if you’re the Foreign Office Chief Clerk—I don’t think they are called that any more, but have a fancy name—it is very hard to make the case for impact. Yet one serious military engagement averted every generation would pay for the Foreign Office many times over—but you cannot demonstrate that the Foreign Office was instrumental, because you never do it on your own. But those are the real measurements, not the ones you have been given—we have been given the things that you can measure, but they are Tom Tiddlers compared to the real impact. The Foreign Office always suffers from this.

I remember when the World Service was going through a cuts period—nothing to compare with what they are facing now—when John Tusa was running it. They invented a new performance indicator—they tried it on the Treasury—but it is an example of how difficult it is to measure the things that matter. It was called the relative truth index. What they argued was that, in any tyranny that had the technical means of jamming, there were two radio sets that were unjammed, so that they could get the BBC World Service: those of the tyrant himself and the tyrant’s secret police chief. They had to know what the truth was before they could distort it for the rest of the population.

Indeed, I remember talking to a former KGB officer who told me that the KGB would fight to get their dacha in the woods in the Moscow region in those parts where the jammers against the BBC were least effective, for the same reason. Literally, there was rivalry among second-homing on the basis of where you could pick up the BBC. I thought that was the greatest tribute to the BBC overseas service. But none of this is measurable, and the Treasury would just laugh, wouldn’t they?

Q8 Mr Watts: I think you have already answered my question, but I will just press you so that I am absolutely clear about your response. There has been a discussion recently, and people have commented that there has been a centralisation of decision making away from the Foreign Office to No. 10. Is it your view that that is just about the recent occupants of No. 10, Tony Blair and Gordon Brown, or does it happen from time to time so it is not a new phenomenon?

Lord Hennessy: It always happens when there’s a big crisis on, when you have a war cabinet in being—whether or not it’s called that—for obvious reasons. But I think that the National Security Council, which no doubt we will come on to in a minute, is one of the emblems of the restoration of a much more alive

form of collective Cabinet Government. It’s hard to know but, even if there had not been a coalition, that would probably have been true, because I think that that was the intention—I would like to think that it would have been true.

The National Security Council has got its own—I am collapsing into jargon now—battle rhythm, which is very impressive, but perhaps we can come back to that. As far as I can see, it is properly collective and it is serviced in the old collective way, with proper briefings from the Departments—the Joint Intelligence Committee has had a bit of a revival because of it, because it puts in a paper on most items, or an update. The Joint Intelligence Committee’s forward planning now is very much determined by the National Security Council.

Today’s the day when it happens. As you know, the National Security Council meets after Cabinet on a Tuesday, with the Prime Minister always in the Chair if he is in London, which is crucial. On Wednesday mornings, the official National Security Council—the permanent secretaries’ group—look ahead and, on Wednesday afternoon, about now, the Joint Intelligence Committee meets. So, the rhythms have been adapted to it, and as far as I can see, it really is quite genuinely collegial—proper agendas, proper minutes, proper discussions. I defer to Mr Ainsworth, who knows all about the NSID—Gordon Brown’s equivalent—and how that operated, but I do think, when my PhD students in 10, 15 or 20 years’ time come to look at this, they will see a change. I think that, so far, it’s a beneficial change. I think that mitigates against excessive prime ministerialism.

Q9 Mr Watts: You have touched on two potential models. You said the Attlee model was, “If you have a dog, why bark yourself?” and to leave the Foreign Secretary to run the Foreign Office. Then you said that the relationship between the present Prime Minister and the Foreign Secretary is close, and that that works as well. How important is the personal dynamic between the Foreign Secretary and the Prime Minister in getting it right and making the right policy decisions?

Lord Hennessy: I think it’s very important. It is a test of any ministerial relationship, isn’t it? If the private office says, “Minister X wants to come to see you” and there is a sort of sigh, it’s trouble, isn’t it? That is on the low-grade stuff. On the big-grade stuff, of course, you’ve got to see people, but if it’s a protracted whinge or it’s all too difficult, you wouldn’t want the delay. The funny thing about the Foreign Office is that it has always been seen as one of the great Departments of state, and of course it always is intrinsically, but it can go wrong.

I am a great admirer of Mr Macmillan; he was the first Prime Minister I ever studied. Another theory I have is that you expect the premiership—what it is and isn’t for—to be, roughly speaking, the way it was conducted by the first person you watched doing the job as an outsider; I have always been an outsider. But Mr Macmillan was not that good until he had Alec Home, and then it changed. Then he had Alec Home, a man who he got on with, who was an immensely gifted Foreign Secretary. In July 1960 it changed—

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same Prime Minister, different Foreign Secretary. I don't want to be unkind to the memory of Selwyn Lloyd, but he didn't throb for England—or Britain, I should say—as Foreign Secretary, did he? He certainly didn't. But the Home-Macmillan combination—same Prime Minister, different Foreign Secretary—was completely different. I think Macmillan said of Alec, “He's steel painted as wood,” which was a great tribute from him.

Q10 Mr Watts: Which model would you prefer? The model of the Prime Minister and the Foreign Secretary working collectively together, or the Attlee model of, “Just go and get on with it”?

Lord Hennessy: Collectively—although Attlee, on some occasions, would take on Ernie Bevin. Ernie Bevin didn't want to get out of India in '47, and Mr Attlee had been on one of the commissions in the '30s, and he knew that the time had come. Bevin wrote these impassioned minutes to him, and when he had to assert himself, he did—no question. Also, Attlee was very good at chairing what we would now call war cabinets, the ad hoc Cabinet committee that ran the British end of the Berlin airlift, and also the Korean one. He was Major Attlee after all; he'd been in Mesopotamia and the western front, and he was a man of modesty but self-confidence—because the combination is possible; hard to believe that sometimes, but it is.

Q11 Mr Baron: Lord Hennessy, you have kindly brought to the Committee a sort of historical perspective, as one would expect. Can you shed any light on how we compare in the relationship between the Foreign Office and the Prime Minister and the whole issue of centralisation and international decision making when it comes to other countries? Is there anything to learn from other countries? How do they do it differently?

Lord Hennessy: I am not a great expert on that many other countries. Again it's the hand that history's dealt us. We are a collective Executive or we are nothing. That is the way it developed in the 18th century, and through thick and thin we have stuck to that, with occasional aberrations. We were genuinely a collective Executive in the two total wars of the 20th century, when there was an immense temptation, no doubt—indeed, you could probably have got away with not being fastidious about that sort of thing. In the Cold War, we were very collective.

The aberrations, I would say, are Suez, and although I wasn't privy to all the Cabinet discussions, and I await, to say the least, Chilcot, as we all do, I don't think Cabinet government shone in the first months of 2003. But we are a collective Executive; it goes with the grain of the way we do it, it goes with the grain of the British constitution. One of our great advantages is that we have never had a Primus—with a capital “P”—inter pares, or when we have had the appearance of it, it doesn't go well. This sounds that the way that Brits deal with the rest of the world is not a model because we are so different. It is both hubristic and daft to say that, but it's interesting, isn't it, how what we used to call the dominions have that model, give or take, and the rest of the world is very often quite

admiring of our model, particularly if you add in the notion of the non-partisan career Crown service that carries on across the piece, particularly in the intelligence world.

The rest of the world spends a lot of time telling me that we anguish too much about our system. In fact, if the Chairman will allow, I have an e-mail about this from a man I greatly admire, Philip Bobbitt, who used to work in the United States Administration. I asked him what our overall attempts to be a considerable power in the world look like to an American, from the outside. Perhaps you want me to mention that later, but the rest of the world has always been admiring. When I used to go to Washington more often than I do now, people in its intelligence world, for example, would often take me on one side and say how much they admired the Joint Intelligence Committee system and the all-source assessment stuff, in particular.

Q12 Mr Baron: Do you think that the collective model that we saw in the world wars and in the Cold War was weakened by the Iraq war and perhaps even by the intervention in Afghanistan?

Lord Hennessy: I am not sure about Afghanistan. Again, I defer to Mr Ainsworth on that. I don't want to be unkind, but in the end Cabinet is the final sprinkler system to hose down a potentially over-mighty Prime Minister, and only the Cabinet can do that. If you are in the run-up to a war, you really have to test out every bit of it, including the legal opinion—you have to ask for a full legal opinion, not a little shrivelled bit of one—at all the stages. From the evidence of memoirs and what people have said and the evidence to Chilcot, I am not sure those conditions were fulfilled. I think the Downing Street 22—the other 22 in the Cabinet room—are the indispensable element of that. At times of anxiety, tiredness, conflicting pressures and the onrush of events, I have immense sympathy for people who have to take decisions under duress, particularly on peace and war, but I am not sure, to use a phrase beloved of the late Roy Jenkins, that they “rose to the level of events.” I await Chilcot, which will give us the wherewithal to make those judgments, because an outsider like me does not have enough to go on, but that is my instinct.

Chair: We all await Chilcot with interest.

Q13 Sir John Stanley: Lord Hennessy, I will, with some difficulty, resist the temptation to tell you what really happened at the first meeting between Mrs Thatcher and Mr Kohl.

Lord Hennessy: Do, do. Please, please.

Q14 Sir John Stanley: We must stay within the Committee's terms of inquiry. To return to the present, from what you have seen of Prime Minister David Cameron so far, what do you consider are the differences between what he expects from the Foreign Office and what Gordon Brown or Tony Blair expected from the Foreign Office?

Lord Hennessy: It seems to me a much easier relationship. I had great respect for David Miliband, and still do, but it seems a much easier relationship. Do you remember Mrs Thatcher once said about Keith Joseph that the great thing about Keith and herself

was that they had no toes and they didn't knock each other? I don't think it is like that, but it seems to me that there is a much greater ease and self-confidence in the relationship, which again is much more collegial. Institutionally, the NSC, as far as I can see, is helping that. That is certainly the impression I get.

If you talk to diplomats themselves, they are faintly cheered by that so far. I said to one of them the other evening that I was coming to see you today, and that I was going to say that Mr Hague's purpose seems to be to get the Foreign Office to its place in the sun. He said, "Well, we're warming up slightly. It's not the sun, but we're warming up." I get the impression that they are quite battered. When I was young and watching Whitehall, I never thought that I would have to worry about the British Foreign Office; I thought it was like Canada—it was just there and took care of itself.

I became worried, however, and I will tell you when I became worried, if you will allow me, Sir John. It was long before the foreign exchange agreement with the Treasury caused such havoc, and I am very glad that that has been restored, so that resources are foreseeable. It was friends of mine in the Secret Intelligence Service who said to me, "You should look at the Foreign Office." I asked why, and they said, "Well, they're cutting back on their research analysts quite a bit, and this is affecting our work quite profoundly." I asked what he meant, and he said, "Well, when we get our special stuff, the first people we take it to, to see whether it fits or if it's different, are the analysts in the Foreign Office, and they are being thinned out. You should look at the Foreign Office." It was not just that, but it seemed to be becoming less than the sum of its parts—that the very gifted people that it has always managed to recruit, certainly since the generation that I grew up with went in and right through, were not being used to maximum effect. With a bit of luck, that will be put right.

Q15 Sir John Stanley: But could I ask you again, do you see Prime Minister David Cameron trying to expect the Foreign Office to deliver any different role than its role under his two predecessors as Prime Minister?

Lord Hennessy: Yes, I think so. Every Prime Minister wants the Foreign Office to be more commercially minded and trade-minded and so on. The long story of the reviews from Eden and Bevin, which put the consular service within the system, rather than having it semi-detached, right through Plowden, Duncan and the review by Berrill in 1977, is that they have wanted a greater emphasis on trade and economic benefits to the UK. But seen from the outside, the impetus that Prime Minister Cameron has given to this, and the detailed changes that seem to be under way, make this review particularly powerful. It is an old threnody, but it is being sung fortissimo at the moment, and with a bit of luck, it will work.

I remember that after Duncan, in 1968, the Foreign Office rightly put some of the people that it foresaw as going right to the top—indeed, they did go right to the top—into consular jobs, particularly in the United States, for a while. That was a sustained effort, but each generation comes back to this. It may be—it is

too early to tell, and I am on the outside—qualitatively different, but the priority given to it by the Prime Minister, reflected in the business plan and in what the Foreign Office has told you, is very impressive.

Q16 Sir John Stanley: Do you think that there is any danger that the greater emphasis on commercial objectives will be at the expense of the degree of priority given to human rights?

Lord Hennessy: I hope not. I hope that it is grown as an extra capacity, rather than it diminishing something else. It should not be a zero-sum game, because you need these fistfuls of gifts if you are going to have a Foreign Office that—if you want to be a substantial player in the world—it's a big question for some people, but it isn't for me—you need all these fistfuls to work, including the soft power, including the British Council and the BBC Overseas Service.

It is interesting to look at the language used by the Government on all of this. In the National Security Strategy it says: "The National Security Council has reached a clear conclusion that Britain's national interest requires us to reject any notion of the shrinkage of our influence." Indeed, William Hague has said that our foreign policy "should extend our global reach and influence". They are wanting us to do better and more, which I can understand, but you have to be careful; overreach is a real problem. Every generation has said that. I remember Mr Macmillan's first broadcast as Prime Minister in January 1957 in the ashes of Suez. He said, "People say we have ceased to be a great power. What nonsense." Harold Wilson said in 1965: "Our frontier is on the Himalayas." Every successive premiership has wanted all of that. There is no appetite for a shrinkage of influence, but there is probably a consensus about not sweating the assets that we have in our overseas representation and reach and the rest of it, but making maximum use of them.

We don't have these prior debates about where our aspirations should lie, hence my opening remarks. I know that that is not your remit, but it's lurking behind your inquiry, because it always lurks behind the inquiries, every one of them, if you look back. Again, I feel a particular need for humility, because if you read Duncan, the area of concentration in '68 was western Europe and North America and the outer area included places such as India, China and Saudi Arabia; so each generation, although it has the same impulse to be more than the sum of our parts and not just any medium-sized power tucked up in a regional organisation called Europe, has delusions, and I probably have as many delusions as any other man.

Chair: Lord Hennessy, we still have a number of areas that we want to touch on, and time is running out. Will colleagues keep focused on the point?

Q17 Ann Clwyd: May I follow what Sir John Stanley said? He asked you whether you thought the emphasis on trade was compatible with the aspirations for human rights. You said that you hoped so. Well, the Prime Minister has just been to China, and obviously it is an embarrassing thing to mention in front of hosts like the Chinese, who are incredibly

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sensitive on the issue of human rights. Is it really compatible? Can you increase trade and also press the important issues on human rights?

Lord Hennessy: I think that you can, but it is a delicate line and I would not be very good at treading it, because I am not very good at wrapping things up. You have great experience in that, but I do not. I am a great believer in the John Bright view—mid-19th century though it is—that the benefits of increasing trade mean that there is a much greater chance of avoiding serious conflict.

As you get more embedded into a trading relationship, the harder it is for aggression, lack of understanding, and indeed parodying of each other, to flourish. I remember that when Schuman created the Coal and Steel Community with Monnet, he said that the whole idea—with the war-making industries of steel and coal—was to lock Germany and France in an embrace so tight that they would never be able to raise a fist against each other again.

That's a sort of romantic John Bright view, but I'm a great believer in trade being, as time goes by, a healer and an enabler. But it's very difficult. Even if the Chinese, who are very sophisticated about everything, are going to expect a private conversation on human rights with some degree of directness, it's not easy. But there again, the reason why we keep top-class diplomats and why we hope we have a succession of very good Foreign Secretaries is that they are good at treading that line. But I do think that the John Bright argument, particularly in the case of China, holds—I certainly hope it does.

Q18 Ann Clwyd: May I take you back to the National Security Council? You have already made it clear that you are in favour of it, and you think it will enhance the Foreign Office. We've had conflicting written submissions, one from Lord Owen who agrees with your point of view and the other from Edward Clay, the former diplomat, who suggests that "it undermines the post and potential contribution of the Foreign and Commonwealth Secretary. We should not...need two (or more) Whitehall departments running foreign policy."

Lord Hennessy: I think it's about the way it's constructed. There was the concept of national security that Gordon Brown had when he created the NSID Cabinet Committee, the big Cabinet Committee, which—again I defer to Mr Ainsworth—didn't really meet until the last year of that Government. In an age when we quite rightly see national security as a seamless garment, from 'C's agents in the field and their agent runners at the first line of defence, through politico-military, diplomacy, trade aid and soft power to the Trident submarine out in the North Atlantic now, if you're going to see it in the round with counter-terrorism, counter-proliferation and all the rest of it, as well as the pacemaker items such as Yemen, Iran, Pakistan and Afghanistan at every meeting, you need an institution like this. I think it goes with the grain.

I said to another Select Committee of this House that it struck me as like the Committee of Imperial Defence 1902 but with rather better IT. One couldn't call it the Committee of Imperial Defence these days.

When Arthur Balfour set up that Committee, it was the prototype National Security Council, to try to treat imperial defence in the round, and that included economic factors as well as military ones. It produced the first war book in 1911—a tradition that's been sustained since. The NSC goes with the grain of past British practice. It's different from the old Cabinet Overseas and Defence Committee that existed from the '60s for a very long time, but I think the times require it. I don't see in any way why it should be seen as a threat to the Foreign Office, particularly as William Hague has said—I think, in his evidence to you—that the Foreign Office feels that it's very much one of the lead Departments, and that foreign affairs run through the veins of every bit of Government. I rather like that phrase.

It is a matter of self-confidence really, but I do think it's the best way to do it, and the reorganisation of the Cabinet Secretariat beneath it is wholly beneficial, as is that knock-on effect, that boost for the Joint Intelligence Committee. It seems to me that with a bit of luck, it's raising everyone's game, but it's early days, and it's quite hard to be sure from the outside, as you know.

Q19 Ann Clwyd: Is there any significance in the fact that Peter Ricketts has come from the Foreign Office to the role of national security adviser?

Lord Hennessy: I think he was a very good man for the job, and he just happened to be in that Department, but maybe there is an extra significance. Given the formation of his career, he covered pretty well all the points, so it's probably *ad hominem*—if that's the phrase—rather than institutionally that way. It will be interesting to see who the second national security adviser is. But I do think it's very promising. Of course, a nerd like me can overdo the significance of institutional change, because that's what I write about, but I really do think that I've detected a quickening of the pace and a greater concentration, and that it's a good deed in a rather shaky world.

Q20 Ann Clwyd: What is your view of Lord Owen's idea that the council should be put on a statutory footing? Is it too early to come to that conclusion?

Lord Hennessy: Harry Truman did that with the National Security Council in '47, which meant that it's run right through and is one of the great fixtures in Washington. It did them great service, certainly in the Cold War. It is an interesting idea, but, again, constitutionally one wonders whether it is right for a current Administration to bind its successors through a statute about how they construct the machinery of government. I am not sure that it is. He may have had that in mind. I was very interested in that. Probably he did have the National Security Act 1947 in mind. But, if it works well, as it seems to be doing, it would be very wise of future Prime Ministers to carry it on. Having said that, there is always a danger, isn't there, that Prime Ministers want to be anyone but their predecessor? Indeed, the Cabinet Office itself was nearly wiped away when Lloyd George fell, because Bonar Law thought it was part of LG's over-aggrandised style of government. So, the Cabinet Office, which we now of course all regard as

indispensable, nearly disappeared. The Treasury made a pitch to take it over, as it often does.

There may be something in David Owen's idea; I don't know, but it's interesting. Very few Government institutions are based on statute. The Departments are all royal prerogative, apart from the Ministry of Defence, which has the Ministry of Defence Act 1946, so you can't just get rid of the Ministry of Defence using the royal prerogative and Order in Council—because it's statutory. Maybe it is a good idea. I was interested in that.

Q21 Mr Baron: Is there a danger, though, that there may not be an intentional threat to the Foreign Office from the NSS¹ and the SDSR,² but that there could be an unintentional one, in the sense that the dynamics of our foreign policy making could be influenced by the political and bureaucratic drivers, courtesy of these strategies? That could present an unintentional threat. Combined with the CSR,³ you could paint a scenario in which the FCO finds itself boxed in—not intentionally, but because we live in an increasingly bureaucratic environment.

Lord Hennessy: That's an interesting thought, but if you've got self-confident Ministers of high calibre, they should see that coming—they really should. Ministers can and do prevail when they have to and want to, there is no question about that. Indeed, the machinery of government—which goes back to my answer just now—is very much a prime ministerial thing. It's interesting, but bureaucratic takeover shouldn't happen. Also, when you look at the plethora of inputs into the National Security Council, there are quite a lot of competing baronies there. It is going to be very difficult if someone is trying to pull a bit of a flanker, not to be—

Q22 Mr Baron: So you don't think that the NSS or the CSR will affect the FCO in policy or institutional terms at all.

Lord Hennessy: I like to think that it will help it, because I think it is a more realistic appraisal and picture of the world that we are confronting. Indeed, I think the plan is to have two a Parliament, but I would still have one a year, actually, as was happening under the previous Administration.

The first one had terrible streaks of "Blue Peter" in it—you know, solve world poverty, then we'll do that—this awful "Blue Peter" stuff interlarded with serious pol-mil, grown-up stuff. This one is rather freer of all that, and rather freer of the language of management consulting, which is a great relief for traditionalists like me. That is my only complaint about it. It's a little test for all of us: is there one single phrase in the National Security Strategy that sticks to the velcro of our memory? I think not. It would be nice if there were.

Q23 Rory Stewart: Professor, one of the big changes in the Foreign Office over the past 15 or 20 years has been to emphasise management and administrative skills, as opposed to hard languages and political

knowledge. You can see that in the promotions over the past 10 years.

You have a rather friendly, optimistic view, but actually what you are hearing out of the Foreign Office embassies is people who are specialists in particular languages and countries feeling that they are being marginalised in favour of rather slick purveyors of management jargon, who rise effortlessly up to the top. Such people are not really in a position to challenge policy on Iraq and Afghanistan, because they simply do not have that depth of knowledge.

Lord Hennessy: I was very taken by Mr Crawford's evidence to you, and sympathise with some of it, again as an outsider. I will come back to your big point in a second, but a related point is that if you lack precision of language—which he is arguing that they do, because it is not seen to matter any more—that is a huge own goal. Every recruit to the Foreign Office should be given George Orwell's classic 1946 essay, *Politics and the English Language*, about the contamination of language and the price you pay. So, I was very interested in what Mr Crawford said.

Also, I am an Ivor Roberts man—that valedictory dispatch that ended them all. His one from Rome caused them to be stopped as a great tradition, which I was really quite cross about. I am with him when he talks about the mania for the management consulting virus and the mania for acronymia and bullshit bingo. Every fibre in me agreed with Ivor Roberts. I think that's a huge displacement activity. It was a friend of mine, again from the secret world, who said to me once, "It's the price we pay for the collapse of the Soviet Union." I said, "I beg your pardon?" He said, "When the Sovs existed, they used language in a routinely deceitful way and as an instrument of deception. They kept us relatively clean. Once they were gone, there was nothing to save us from the management consultants."

Q24 Rory Stewart: These are very charming anecdotes, but there are serious structural changes in the Foreign Office that make this happen. It is not simply that some cultural thing has shifted, where we are promoting and demoting different people.

Lord Hennessy: I sympathise with your argument. The first-order requirement is skilled people with the hard languages who know countries. It is not incompatible with good management at all; I just simply don't think it is. It is just that the whole language in which intra-Whitehall relationships are conducted, not just reporting within the Foreign Office, is wholly affected.

I know I am spoilt, because I spend a lot of time in the archives, in the old days, and these beautifully written submissions had a point. The precision of language and the quality of analysis was not just a form of out-relief for the gilded youth from the ancient universities, but was of high utility to the state. I don't know how we get it back. You have had experience on the inside.

Q25 Rory Stewart: What structural or institutional reforms could we introduce to change that?

Lord Hennessy: I would just like the Foreign Secretary to say, "Anybody who sends me acronymic

¹ National Security Strategy

² Strategic Defence and Security Review

³ Comprehensive Spending Review

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management consultant language will have their submissions sent back.” The whole tone and pitch would change. The Foreign Secretary is a highly literate person. He doesn’t go in for bullshit bingo—I certainly hope he doesn’t. He should send the stuff back in the way a university professor would. Word would soon get around, if you had all that management stuff coming and he said, “I’m not reading that. Translate it please.” Mrs Thatcher did that, didn’t she? “Translate please. I don’t speak the language.” That would set the tone.

Your old service has tremendous gossipers; the rapid circulation of gossip is second to none at the Foreign Office. All it would need is one bit of scrawl from the Foreign Secretary saying, “I don’t understand this. Translate please”, and bottles would be opened. There would be the hosannas of a grateful diplomatic service. I am serious. You may not think so, but I am. That is what I would do if I was the Secretary of State.

Q26 Andrew Rosindell: We would be fascinated to hear your views on the role of the Foreign Office in terms of our post-colonial responsibilities. This is an area that is often neglected or even ignored, and I think it is something that I would love to hear your views on today. The Foreign Office is still responsible for 16 overseas territories. Do you think we are getting our relationship and our responsibilities to them right at the moment?

Lord Hennessy: I certainly hope so. I really should know much more about this than I do, but we all know, to state the obvious, the high price that can be paid when we neglect this, the Falklands being the classic example—and, in some cases, as the irritant that Spain sees it, Gibraltar.

Also I think there is a duty of care. It is an old-fashioned way of putting it, but the residual empire—except it isn’t that anymore—and its legacy are a primary duty of care for this country. Rightly or wrongly—I think probably rightly—we take the view, certainly in my age group, that with the way we disposed of empire, nothing became us like the leaving of it, and that with a few terrible exceptions such as Zimbabwe, it was well done. It was very perilously done too.

I am writing a history of the 1960s at the moment, and the immense skill of Iain Macleod as Colonial Secretary with Macmillan was breathtaking. It was like playing simultaneous chess on about 10 boards, two of which could have set on fire any minute. I think the residual duties are very considerable, but I wish I knew more about that.

Q27 Andrew Rosindell: In 1997, Hong Kong was the last colony to leave the control of the UK to become a part of another country or independent. Since then, none has done so, and none intends to do so. Do you feel that it is appropriate that as we approach 2011, those 16 territories, despite being neither foreign nor Commonwealth, should be under the control of the Foreign and Commonwealth Office?

Lord Hennessy: I think so, as long as they are happy with it.

Q28 Andrew Rosindell: Do you prefer what the French do, or the Dutch where they give them more independence?

Lord Hennessy: More independence.

Q29 Andrew Rosindell: But treat them as equal citizens rather than as old colonies where there is no time or finances to deal with their issues.

Lord Hennessy: It is an interesting thought, but I would treat it in the way I think the Foreign Office does—as a kind of bespoke arrangement. It is what the territories want. If there were any desire to change on their part, their wishes would have to be respected and I am sure they would be.

The imperial legacy is very different in each of the imperial powers. Ours has a particular flavour, and I think that we should carry on as we are unless those territories concerned wish it to be otherwise, and then their wishes should prevail if, indeed, that is possible. It’s a pretty straightforward principle, isn’t it?

Q30 Mr Ainsworth: You have mentioned your friends in the secret world a couple of times. The current construct is where the agencies are responsible to the Home Office and the Foreign Office. Is that the right shape in the age of a National Security Council and a Joint Intelligence Committee?

Lord Hennessy: If we were starting again, we wouldn’t do it that way. When the Committee of Imperial Defence wrote the paper in 1909 out of which they came, it was a very different world. It fitted reasonably well the configurations then and, indeed, SIGNIT wasn’t that big a player until the Great War, as you know. The importance of that has remained central ever since. But again, it seems that the price of upheaval if you merged two of the three, or all three, would be very considerable and, in those services, there doesn’t seem to be any appetite for it. The co-ordinating mechanisms in the Cabinet Office, which are of long standing now—the first co-ordinator of security and intelligence was appointed in 1968—seem to me, as an outsider, most of the time to do it really well. I have always been very impressed by the Assessments Staff process.

We find compatibility between those ancient regiments of the line, each with their different traditions. They are very proud in their different ways, and understandably so. We compensate very well for that through the central intelligence machinery, but again I have not been a customer, as you have, of the product, so it is hard for me to judge it unless I go backwards 30 years to the Joint Intelligence Committee assessments that the students and I work on.

I am being very conservative today, but I would take a lot of persuading that it would be worth while and valuable to tackle a big first-order question like that, unless there was really good reason to do so—in fact, an overriding reason—and that the main customers of the product thought that there were distortions built in or inadequacies because of the structures. I can’t see from the outside any evidence of that. Our tradition of adapting perhaps a bit of institutional creativity through the Joint Terrorism Analysis Centre has worked very well, as far as I can see from the outside.

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The rest of the world seems to think so, because there is a steady stream of people coming from abroad to adapt the JTAC model to their requirements. That is the best way of doing it, as is the incremental approach, which is the way that it has been done. Crises, of course, cause rethinks. The Joint Intelligence Committee didn't really come into its own until the second world war, with Winston Churchill as its customer. It had existed since 1936, but it was a pretty feeble thing until about 1940–41. The most important thing to me, and the pearl beyond price, is the British intelligence tradition that came out of the second world war that you keep separate the producers of the picture, who give you reality and spare you nothing, and those who decide what to do on the basis of it. If ever those lines become fuzzy, we are in real trouble. There have been aberrations, but they have always been put right and, for me, that is much more important than the structures—that bit of the tradition.

Q31 Mr Ainsworth: The Chairman is itching because we are a little beyond time, but I am totally intrigued by some of the things you said about overweening Prime Ministers and the need for balance. You put that in the context of the Foreign Office, but your evidence almost seems to suggest that it relies on personalities. Looking back, do you detect a difference of approach between Governments of different parties?

Lord Hennessy: It's funny that you should say that. The late Alan Watkins, who I admired greatly, used to say that the Labour party has one great virtue. When it meets, it meets to the sound of breaking glass. People are extremely direct with each other, even if they are fond of each other. But that didn't seem to happen after 1997; the clash of breaking glass seemed to disappear. In fact, on one occasion, when I was cross about something, I described Mr Blair's Cabinet as the most supine since the war—since Neville Chamberlain's. I still think that. Poor Alan Watkins turned out to be wrong.

Q32 Mr Ainsworth: But you don't think it's structural between people of different political persuasions?

Lord Hennessy: I think if the Prime Minister wants proper discussion, people will flourish. I criticised Mrs Thatcher for a while, too, for being over-dominant in the chair. She used to open Cabinet meetings by declaring what she wanted the outcome to be and defying everybody else to defy her. But she wasn't happy unless she had a bloody good argument on the way to the conclusion. I rather respected that. The remarkable lack of argument in the Blair Cabinet is what struck me. Indeed, it didn't seem to take casework on anything. I had been studying the war books—just to cheer myself up—for the transition to world war three; and the full Cabinet—the full Cabinet—had to take 80 decisions in the last hours of peace, which is ridiculous. I don't think the full Blair Cabinet took 80 decisions in a whole year. Not that that's analogous to the end of the world. That worried me in the Blair years. I thought that was a genuine deficiency, and I don't think it did him any good in the end. It always ends in tears, doesn't it?

Q33 Chair: Lord Hennessy, thank you very much. I'm sure I speak for the whole Committee by saying I could sit here for another hour listening to your views. It was also very remiss of me not to congratulate you on your appointment to the House of Lords. You will be a very useful addition there. I gather you made your maiden speech on House of Lords reform the other day.

Lord Hennessy: Very perceptive of you!

Q34 Chair: In 10 seconds, are you for the status quo or not?

Lord Hennessy: A better version of the status quo. My friend Ralf Dahrendorf used to say most Brits will settle for a better version of yesterday. I said to them it would have been impertinent to apply to join the Cross Benches if I had wanted a wholly elected House. But I would say that, wouldn't I? The great Lord Desai, an old friend of mine, took me on one side afterwards and said, "You've been in a matter of hours and you've shed all your radicalism entirely."

Chair: You're an establishment character already. Thank you very much indeed. What you've said is much appreciated, and has given us plenty of food for thought.

Examination of Witness

Witness: Rt Hon The Lord Jay of Ewelme GCMG, former Permanent Under-Secretary, Foreign and Commonwealth Office (2002–2006), gave evidence.

Q35 Chair: Lord Jay, welcome to the Committee. This is the first evidence session of our inquiry into the role of the FCO. We thought it thoroughly appropriate that someone of your experience and stature should be invited to give evidence to us. Would you like to make an opening statement, as it were, and then we'll go into questions?

Lord Jay: Thank you very much. I'm delighted to be back with the Committee. Thank you for the invitation. The only thing I would say is that it's five years since I left the job of Permanent Under-Secretary, and I look back on my career perhaps

slightly differently from when I was appearing before this Committee as Permanent Secretary. That has included the first 10 years or so with what was then the Ministry of Overseas Development. I then worked for the World Bank. I also worked in the Cabinet Office. So I have seen the Foreign Office from both inside and outside, which, with hindsight, gives one a bit of perspective.

Chair: And that is why you are of great help to us.

Lord Jay: The only other thing that I would say, in case you are going to ask any questions about the relationship with DFID, is that I chair a medical aid

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charity called Merlin, which receives money from DFID. I should declare that as an interest straight away.

Q36 Chair: We are going to ask you questions about DFID later on.

I read a report that someone said that the Foreign Office “has probably changed more during Michael Jay’s five years as Permanent Under-Secretary than in the previous 30 years.” That is quite something to have said about you. Looking at the Foreign Office now and when you left it, and remembering when you joined it, how has the situation changed? How has it changed since you retired in 2006?

Lord Jay: I am less able to talk about how it has changed since I retired. There is a continuum, as there often is. There was a time, 20 years ago or so, when the Foreign Office had an almost unique expertise in abroad, when other Departments did not deal with abroad so much, except for one or two—the Foreign Office did. The Foreign Office represented them, in a sense.

The work of virtually every Department now has a lot of “foreign policy” in it, whether to deal with the European Union or with other international issues. It took the Foreign Office a bit of time to recognise that that meant that its role would have to evolve fundamentally in order to respond to changes in Whitehall that were reflecting the way in which the world was changing.

When I was Permanent Under-Secretary, I tried to get the Foreign Office to change to reflect those changes. That essentially meant getting our embassies abroad to see themselves as servicing Whitehall and not the Foreign Office. It also meant getting the Foreign Office to see itself as having a role in helping the rest of Whitehall to deal with a lot of issues in which the Foreign Office had some expertise, such as languages, dealing with abroad and understanding cultures. We made some progress on that; you never make enough, and we got some things wrong, but that was what I was trying to do.

Q37 Rory Stewart: Lord Jay, what are the big factors that will drive the relevance of the Foreign Office? What things are going to determine, over the next 10 or 20 years, whether it will be able to be a big Department of State or a minor player?

Lord Jay: When you are talking about the Foreign Office, you need to distinguish whether you are talking about the people who are in London at the time, or embassies and high commissions abroad as well. If you are talking about embassies and high commissions abroad, there is always going to be a need for Britain to have representation in the key countries that affect our interests. We need people there who understand those countries, who understand British interests and who are capable of interpreting one to the other.

Those people will no longer be, for the large part, all Foreign Office, as they were, say, 20 years ago. A large or even medium-sized embassy is now a mini-Whitehall. You have a dozen departments, all reporting directly back to their Department in London—that’s the way the world is. The role of the

Foreign Office in an embassy is to make certain that the ambassador or high commissioner—who will normally be from the Foreign Office, but does not have to be—has overall control over the whole operation, whether or not that involves reporting back to the Foreign Office.

In a well run embassy or high commission abroad now, you often have a far more joined-up approach to Government policy than you do in London. You have eight or 10 departments working very closely together, seeing each other all the time and talking to each other under the control of an ambassador or a high commissioner. So there is no question at all but that embassies and high commissions will have a crucial role for as far as we can see.

The interesting question is, “What is the role of the Foreign Office in London?” There are some issues in which the Foreign Office will always have a prime interest: it will always be the leading Department on aspects of foreign policy; it will work with the Ministry of Defence on aspects of defence policy; and it will have an understanding of the countries that other Departments need to deal with, which gives it a role to play in explaining to them how to do business and working with other Departments. There is a clear role for embassies, and there is an important role—but not the traditional role—for the Foreign Office in London.

Q38 Rory Stewart: There has been a very dramatic and quite brave push over the past 10 years to take the Foreign Office in a more managerial, administrative, professional direction. There are many good things about that, which you discussed, but are there any areas, looking back, where we went a little bit too far? Are there any ways in which one could swing the pendulum back? Are there any ways in which that revolution may be dangerous?

Lord Jay: I am now on the board of various companies, and I work with non-governmental organisations. The idea that you can distinguish between administration and policy, or management and policy, seems to me to be quite wrong. To be able to deliver a particular objective, you need to have an organisation that is designed to do that. What I found, when I took over at the Foreign Office, was that that was not fully recognised.

Q39 Rory Stewart: Just to interrupt for a second. I fully understand that you did an amazing job, but what might be the downsides of what you did?

Lord Jay: The downside is that if you concentrate too much on that, you are not concentrating enough on the big policy issues. Getting the balance right between the two is never going to be straightforward.

Q40 Rory Stewart: Are there structural things that we could do which would ensure that we mitigated those downsides? Are there structural changes that the Foreign Office could introduce to make sure that it did not go too far in that direction?

Lord Jay: I am not sure they are structural changes. It is making certain that the individuals concerned are fully aware of those. There are structural changes in the sense that the Foreign Office needs to—I am not

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sure that they are structural changes—be working closely with other Departments, to ensure that there is a proper joined-up approach. That can be done partly through bilateral talks.

We had regular talks between the top echelons of the Foreign Office and the chiefs of staff, with the Home Office, DFID, the Treasury and other Departments, to make certain that there were constant discussions. I am sure that they still go on. That is one way in which you can focus on the big policy issues and not focus too much on the management.

The idea that there is a management and that there is a policy and that the two are somehow separate is misguided. It is as misguided in Government as it is in business or anywhere else. The two have to go together, and sometimes they get out of kilter.

Q41 Mike Gapes: May I ask you about the impact of the establishment of the National Security Council? It was established after your time, and it builds on developments that came in from 2007 under the previous Government. What are the implications for the FCO of having a National Security Council?

Lord Jay: I think that it is a positive thing to do, with one proviso. First, it has to have an effective head, as it has at the moment. That head has to report to the Prime Minister, and be seen to report to the Prime Minister. It will only work if the rest of Whitehall sees this as an organisation that is driven by the Prime Minister, and that somebody who has the Prime Minister's confidence is running it. That will give it authority with the rest of Whitehall. That is a precondition for it working.

As far as the Foreign Office is concerned, it makes certain that foreign policy issues are at the centre of the work of the NSC. One other thing, which I think is terribly important and which we certainly had not got right when I was in the Foreign Office, is that there was always a temptation to see policy on the one hand and money on the other. You would agree on a policy which might well involve the Foreign Office as an essential supporter of the policy in Afghanistan, but you did not get the money for it.

The MOD would get the money, and the Foreign Office would not get the money, and you had to close posts in some parts of the world to support the effort in Afghanistan. One thing that the NSC could do is to make certain that when it is focusing on what foreign or defence policy issues are, you have proper joined-up money and joined-up management, as well as having an agreed policy. That would be an advance for the Foreign Office, I would have thought.

Q42 Mike Gapes: If there had been an NSC in your period, you would have been very positive about it?

Lord Jay: Yes, I would have been positive about it, particularly if it had been led by someone from the Foreign Office.

Q43 Mike Gapes: Would you have been positive about it if your predecessor had had the job? I am thinking in terms of the structure and relationship.

Lord Jay: Is that an ad hominem question, or is it a general question?

Q44 Mike Gapes: No, it is an organisational question. Clearly, Peter Ricketts has experience of the FCO, but is it helpful to the Foreign and Commonwealth Office because the previous Permanent Secretary is then in this leading role within the National Security Council?

Lord Jay: I think it is an extra advantage if it is somebody from the Foreign Office who is there. But the idea that, when you are in a job as important as that, you only look after the interests of your own Department is false. A good civil servant is going to see his or her role in working for the Prime Minister as successful or not in so far as the whole of Whitehall is behind him.

Q45 Mike Gapes: But is it not true that the Foreign and Commonwealth Office's influence is improved and increased in the Government as a whole, collectively, because of the fact that, as you said, the person who is doing the job is of a particular quality?

Lord Jay: Yes, I think it certainly helps the Foreign Office that that is the case, but I do not think it is a precondition. I worked for Tony Blair as his personal representative—his sherpa—for the G8. It helped the Foreign Office that I was doing that, but the importance of the job was not because I was in the Foreign Office, but because I was working for the Prime Minister and was seen to have the Prime Minister's confidence. Other Departments recognised that and responded accordingly. The key factor is that the person who is doing the job has the Prime Minister's confidence and is seen to be working for him. That seems to me to be the chain of command that is important, as other Departments will see that this is an organisation that they have to take seriously. If he becomes another senior official in the Cabinet Office without the Prime Minister's confidence, other Departments are going to say, "Well, we'll do our own stuff."

Q46 Mike Gapes: It has been suggested by Lord Owen that the NSC should be placed on a permanent, statutory basis, so that it becomes, in effect, like in the United States; Lord Hennessy gave us evidence on that just now. Do you think that there is an argument for that or is it too early to make that judgment?

Lord Jay: I think that there is an argument for it; I am not sure that I would share it. It is certainly too early to advance it, because we need to see how it works.

Q47 Mr Baron: Lord Jay, there is a view that we can express optimism about the NSC, strategy and so on. However, there is a concern that the dynamics of our foreign policy could be influenced more by the bureaucracy and the political drivers spawned by the NSS and SDSR, if you like, than by a cool assessment of our foreign policy requirements by the Foreign Office. Do you think there is any validity in those concerns?

Lord Jay: I wouldn't have thought so. I would have thought that the NSC is going to depend very heavily on advice from the Foreign Office about what the foreign policy implications of a particular course of

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action are. I hope that the Foreign Office would provide good, well-argued advice, drawn from the experience of its embassies abroad, and the people who had worked on whatever issue was being discussed.

Q48 Mr Baron: You don't see anything in that?

Lord Jay: I don't see that.

Q49 Mr Baron: Do you think that there could be any financial mismatch, in the sense that you have these structures in place now, which will have financial implications? Do you see any sort of imbalance between our foreign policy objectives and the finances attributed to those?

Lord Jay: No; as I said just now to Mr Gapes, I would hope very much that one advantage of having a National Security Council is that it is going to ensure that finances are considered as part of the foreign policy—that the policy that it recommends, advocates and encourages others to adopt carries with it the necessary financial support. One of the things that has quite often gone wrong in the past is that we have had the policies and each Department has then had to fight separately with the Treasury to get the money. That has meant that there have been divided efforts, which has been quite harmful.

Q50 Mr Baron: As the Permanent Secretary who oversaw the development of the FCO's first formal set of strategic priorities, what benefit do you think they have brought to the Department?

Lord Jay: I think they have shown the Department that there are certain strategic priorities which are key ones. What they have ensured is that the Foreign Office structures begin to follow the priorities, and that you are putting your resources where your priorities are. There was huge resistance to having a set of priorities. Of course, those who were the priorities rather liked it; those who were not the priorities thought that it was extremely unhelpful. In a sense, to them it was unhelpful, because it meant that certain parts of the Foreign Office's operations were less important than others. Any organisation has to be fairly clear about what its priorities are. In retrospect, we had too many priorities in the first strategy that we produced. I think that they have been reduced since, and I think that that was right. I do not think that we could have had fewer than we had to start with, because even having them at all is quite a struggle. But I do think that they're necessary.

Q51 Mr Ainsworth: In your time, in cross-departmental working, what were the difficulties that you encountered?

Lord Jay: The difficulties were partly genuine policy differences between Departments on some issues. There were some issues with the Home Office—differences over migration policy, for example. Sometimes the difficulties were to do with personalities, although there were probably far fewer problems with personalities than there had been in the past, simply because people worked together more often. Oddly enough, when I look back on it I don't

think of the difficulties, I think of the advantages of working together.

Q52 Mr Ainsworth: I am not so sure that those cross-departmental areas of work get the priority that the core departmental areas get. Don't you think that that's a problem with our system? To some extent we work in Government in silos.

Lord Jay: There's a genuine difficulty here. A Government has to work in silos; you have to have different sorts of operations. I don't know whether we'll come on to this, but apart from the NSC, which I think is quite small and well organised, I'm very much against tinkering around with the structure of Government to reflect a particular interest, because that tends to be time-consuming, and it tends to take people's attention away from other issues, and it doesn't tend to last.

Yes, there are silos, but it has to be understood that there is a common objective, which, say, the MOD and the FCO are both advancing. That wasn't always straightforward; there were differences at times. But it was much better because we had regular meetings with the chiefs of staff, I would see the Permanent Secretary regularly, and Ministers would meet.

Q53 Mr Ainsworth: So there are no real recommendations for change there from you.

Lord Jay: I think that the NSC is a real help there. There certainly is a need for some kind of comparatively light mechanism, but strongly supported by the Prime Minister, which can focus on potential difficulties between Departments and try to resolve them before they become really serious. I think that this mechanism is really worth a try. I don't know whether it's going to work. I think it's got a good chance of working and I think it is better than Departments having just bilateral contacts with each other.

Q54 Mr Ainsworth: I thought that there were real problems in areas such as conflict prevention, or where you've got DFID with a big budget—or a relatively big budget—and the MOD with a big budget, and the FCO with a fairly small budget but trying to bend the other Departments to their will and probably struggling to do so.

Lord Jay: Yes, I think there were difficulties there; you're right. That is one area that was never satisfactorily resolved while I was there. This comes back to what we were saying earlier, that the NSC can have a role in areas such as that, and in ensuring that the budget follows the policy. What we were tending to do was to decide the policy and then have the arguments about the money. That does not seem to me to be a sensible way to go about Government business.

Q55 Mr Ainsworth: The Foreign Secretary said something about the FCO's job of getting everyone working together on Britain's vital interests and everything else, and yet there seems to be this tension, with people repeatedly saying, "Well, the NSC will do that, effectively." So, what's left for the Foreign Office

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to do if the NSC is going to be the glue between the Departments?

Lord Jay: Well, the NSC is concerned with making certain that security policy is better co-ordinated. The Foreign Office does a huge amount more than that, with its work on trade, on promoting Britain's commercial and industrial interests, and on issues such as climate change. Those sorts of things are at the heart of what many embassies do. They are the areas in which the Foreign Office and the Foreign Secretary above it have an important role, both in leading the Foreign Office and in co-ordinating the rest of Whitehall. Security issues have been quite important recently, and it is good to have a National Security Council doing that.

Q56 Mr Ainsworth: What is the unique thing that the FCO brings to Government that they want? What does the FCO do for the Government that no one else can do or get done?

Lord Jay: It is thinking all the time about its focus and *raison d'être*, which is what is happening abroad, and how to promote British interests there—what's going on and where our interests are—and advancing them in those areas where it has unique authority, but I also see it as much more obviously servicing other Government Departments and helping them.

When I was at the Foreign Office, people would ring up and say that they had a really difficult issue with something in Latin America, and ask us how to go about it. We might say that we knew a bit about Bolivia, Peru and Chile because we had people there who speak the language and understand the Governments. It acts as a support mechanism for other Government Departments. I don't want to belittle that, because it is rather important, but it means that you help to get a more combined and coherent overall Government approach to issues than if each Department acts alone. I think there is a real role there.

Q57 Sir Menzies Campbell: To pick up on that, from your previous analysis, you would not want the role to be confined to facilitating, but you'd expect it to combine both leadership and facilitating.

Lord Jay: Yes. I think the embassy leads, and the Foreign Office can help to facilitate, so you need to do both. When I was in Paris earlier on as a financial counsellor, there were some quite difficult issues dealing with Treasury matters, and the future of economic and monetary union and so on. The Foreign Office didn't have, and couldn't be expected to have real expertise, but it could say, "These are the people you really need to talk to in Paris. Don't go and talk to your opposite number in the Treasury because he won't be the person who makes the decisions on EMU. This person sitting in the Elysée, whom we know quite well, will actually make the decisions. He's the person you need to see." It's providing that understanding of how a foreign Government works, and then being able to draw the conclusions of that for the advancement of our own policy. That, I think, is a real role that an embassy can have, and only people who are living in the country, who speak the

language, and who are talking day by day to the key people can really do that.

Q58 Sir Menzies Campbell: Without abusing the language too much, it's a form of intelligence gathering, with the ability to make that intelligence available to any other Department of Government that finds itself engaged with a particular country.

Lord Jay: Yes it is. That is exactly right, and that is why there was still—perhaps there isn't any longer—a little way to go in getting the Foreign Office to recognise that that is its crucial role. It shouldn't worry about the fact that someone else might be having the conversation. If the conversation goes well because of the advice the Foreign Office has given as to how it should take place, that is a great success for the Foreign Office, and we have all benefited.

Q59 Sir Menzies Campbell: Could I take you back to the question of the split between policy and funding? You were perhaps discreet, but you said that it created some difficulties with the Treasury. The impression an outsider got on certain occasions, particularly on issues such as defence, was that in recent years the Treasury's function became almost not policy-creating, but policy-limiting in the sense that there were divisions in the units in the Treasury who seemed to think they knew as much about defence as the Ministry of Defence itself. If that impression of mine and of others was true, it must inevitably have made for conflict, mustn't it?

Lord Jay: In a sense, because that is partly the nature of the relationship; the Treasury's role in Government is, on the whole, to constrain expenditure or to make sure that only really necessary expenditure is made. Other Government Departments will inevitably want to spend more money than is available. But it seems to me that you need some mechanism to ensure that those differences are worked out and resolved before the policy is decided, because if they are worked out after the policy is decided, you'll get a policy that has been stated and announced, without the money then to make it work. Then you have the worst of all worlds. That is where I think the NSC may have a role—in getting those discussions about money and funding and policy together at an earlier stage than has been the case in the past when, clearly, it has sometimes been wrong.

Q60 Sir Menzies Campbell: In your period as head of the Foreign Office, can you think of any occasion that illustrates that?

Lord Jay: Early on in Afghanistan, when I was involved there, there was a large military operation and a requirement for the Foreign Office to send political advisers down to Kandahar and elsewhere, in order to support the military operation. We didn't have the money for that, so we ended up having to cut posts elsewhere in the world—in Africa and so on—in order to support what was going on in Afghanistan. It was right to support what was going on in Afghanistan, but there should have been a discussion at the time the policy was being advanced as to how it was going to be funded. If there were going to be implications of that funding, that should have been clearer in

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advance, and not the consequence of something forced on us afterwards.

Q61 Sir Menzies Campbell: Just to sum up, you see the role of the National Security Council in financial matters as being absolutely crucial to its success.

Lord Jay: I do, yes. My own experience of Government is that it is easier to ensure that you have a joined-up policy than it is to ensure that you have the funds to support that.

Sir Menzies Campbell: Joined-up money.

Lord Jay: Joined-up money. That is a very difficult task, but if the National Security Council can do that, it will have made a real advance.

Q62 Rory Stewart: I want to follow on from Sir Ming's distinction between a sort of technocratic facilitation and leadership. Surely there is another role of the Foreign Office that you haven't been talking about, which may be apparent in Iraq or Afghanistan, where the role of the Foreign Office is not just that of intelligent facilitator but rather to challenge Government policy and say, "We know more, we understand the situation. It's not going to work; don't go in there." Have the reforms of the last five years given the Foreign Office the knowledge, power, will and legitimacy to challenge the Government when they do things that are unwise?

Lord Jay: I think it does do that. I think two things have happened. First, technology has changed hugely. When I was there, the Prime Minister or the Foreign Secretary—often the Prime Minister—would be on the phone to our ambassadors in Iraq or Afghanistan or elsewhere.

Rory Stewart: This is about before you invade, not after you've invaded—questioning the overall decision to invade.

Lord Jay: I am sorry; I am not talking just about invasions. Yes, I think it should do that.

Q63 Rory Stewart: How did it fail to do that?

Lord Jay: Well, if you are talking about Iraq, I've given evidence to the Iraq inquiry about all those issues. It got its advice on Iraq from embassies in the region and from the Foreign Office in London. The decisions on Iraq were made at No. 10 by the Prime Minister. Leaving that aside, the Foreign Office has a crucial role in making certain that all the considerations are taken into account before there is a major change in foreign policy.

Q64 Mr Ainsworth: May I ask you to think about the response that you gave to Ming about making sure the money fits? When there is a war on, people have to respond, don't they? It isn't good enough for a Department of State, whether the Foreign Office or parts of the MOD, to say, "Well, we ought to be allowed to just get on with our job, despite the fact that there is a great emergency." Surely we have to expect that we will stop doing things and close things down in order to respond to the needs of the hour.

Lord Jay: Yes.

Q65 Mr Ainsworth: What came through a little bit in your response was that that ought to be thought

about. We ought to be allowed to carry on doing the things we have done before despite the fact that—

Lord Jay: No; that is not what I was trying to say at all. Of course there will be implications, particularly if funds are scarce as they are now. If there is a new foreign policy priority or defence priority, that will take funds from elsewhere, but it seems to me that it needs to be part of a decision on a new foreign policy initiative, whether or not it is a military initiative. You can say, "Look, we are going to do this and there are very good reasons, but it will have consequences", rather than let those consequences just emerge later on without having been thought through. That is the point I was trying to make. It is very important for those bits of the Government machine—say the Foreign Office—which will be cut as a result, to know that has been taken into account and that is a consequence of it. Then it is easier to implement.

Q66 Mr Ainsworth: Do you think you always can?

Lord Jay: Not always, but you can have a go.

Q67 Mr Ainsworth: The needs of the hour say that people have to respond, don't they?

Lord Jay: Yes they do; of course they do, but I really do think that, as any business does, when you are deciding to do something new for extremely good reasons, and it is expensive, you have to say to yourself, "Have we got that money? If we haven't got that money, what are we going to cut to enable this to happen?" That needs to be part of the decision you make, not left to be swept up afterwards without its having been considered first. That is a good question to ask the NSC, but I would hope that it is the sort of question that the NSC would follow.

Q68 Mike Gapes: Can I take you back to when you began an answer to Rory? What you said about the Prime Minister being on the phone to the ambassador to Iraq was interesting. In your time in the Foreign and Commonwealth Office, was there a marked increase in the number of occasions when the Prime Minister would directly communicate with ambassadors, rather than going through the Foreign Secretary and the FCO?

Lord Jay: I think it grew as I was there. Yes, it was increasing.

Q69 Mike Gapes: Do you think that has always been the case? Is it something that has been developing over 20 years or 10 years, or it is a phenomenon of the last 10 years?

Lord Jay: I don't think it's a phenomenon linked to any one particular Prime Minister. It is a consequence of technological change, the speed at which decisions have to be taken and the way in which people operate now. They get on the telephone and talk; they are not waiting for the telegram to come in or be submitted. They are doing it on the spot.

Q70 Mike Gapes: So it is not related to the fact that if the Prime Minister has a powerful majority and decides to have a foreign policy adviser with real status, there is a trend away from the Foreign and

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Commonwealth Office being central and No. 10 becomes the dominant driver of foreign policy.

Lord Jay: I think No. 10 tends to become the driver of foreign policy when there is conflict. If you look back at the second world war or Suez—which was clearly a mistake—or the Falklands or Iraq, where there is conflict, the Prime Minister tends to take control. I don't think that is a particularly Afghanistan or Iraq-related function. I was in the Foreign Office at the time of Falklands war and I have never known a time when No. 10 had such clear authority over aspects of foreign policy as then.

Q71 Mr Baron: Can I take you back, Lord Jay, to when you were in the Foreign Office? I am asking these questions because there are perhaps lessons to be learned going forward. When it came to the lead-up to the Iraq war, from the evidence I have seen, the Foreign Office advised caution, but we had a Prime Minister who was determined to lead us to war. Do you now regret the role of special advisers within the Foreign Office, particularly a unit called the CIS, which was there trying to make the case for war?

Lord Jay: I'm afraid that I don't remember the CIS.

Q72 Mr Baron: That came out by way of an FOI request, which was then redacted. Apparently, there was this operation within the Foreign Office, led by a chap called Williams, who apparently wrote the first draft of the dossier—not the dodgy one, the one that we were called back in September to debate—which was signed off by John Scarlett. The impression was created that we had special advisers almost at a tangent to what the Foreign Office was advising, promoting the case for war at the time. Do you think that is an accurate description?

Lord Jay: No; it's not my recollection of how things were. There was a very powerful drive from No. 10. The Foreign Office was giving its advice. John Williams was head of the news department—he was not a special adviser; he was an outside appointment.

Q73 Mr Baron: My understanding is that he was part of the press make-up of the FCO.

Lord Jay: He was head of the Foreign Office news department.

Q74 Mr Ainsworth: He was a civil servant?

Lord Jay: He was a civil servant, but he was brought in from outside at the beginning, I think—certainly before I joined.

Q75 Mr Baron: But do you regret the role that, perhaps, certain individuals—whether special advisers or civil servants, perhaps acting within the FCO but certainly not reflecting its views—had in the run-up to the war?

Chair: I think that this question should be phrased in the terms of the inquiry—address it in general terms.

Mr Baron: I am thinking of lessons going forward. Unless we believe that there will be no wars going forward, lessons could be learnt from looking back at this episode.

Lord Jay: That is why we are having the Iraq inquiry. Of course there are lessons to be learnt. I have

certainly been in favour of having an inquiry into Iraq. I think if ever you have anything as serious as the war in Iraq, you need to have a proper look at what the lessons are. I have no doubt about that.

Chair: Let's turn to DFID.

Q76 Ann Clwyd: I don't know whether I should admit this before I hear the answer to the question, but in opposition I made the case for the split between the FCO and DFID. I wondered whether, in retrospect, you thought that the separation has been to the benefit of the FCO's international policy or not?

Lord Jay: It's a very well phrased question. The answer is that I'm not sure it has always been to the benefit, but I would not want to go back to having a joined-up Ministry. I worked in what was the Ministry for Overseas Development—when it was separate and when it was part of the Foreign Office—and I worked in the Foreign Office when it had a separate DFID.

DFID and the Foreign Office do different things. They have different time horizons; they have different skill sets, and I do not think that DFID should be part of the Foreign Office. I think that it should be a separate operation and, over the past 10 years, it has done a fantastically good job.

I think that DFID needs to work more closely with the Foreign Office from time to time. There have been times when it has got too divorced and seen itself, almost, as a kind of non-governmental organisation that needn't respond in the way in which Departments expect it to, or should expect it to. It should remain separate, but it should have a much more coherent relationship with the Foreign Office and the Cabinet Office than it has had sometimes in the past. But I think it would be a mistake to merge it back into the Foreign Office.

Q77 Ann Clwyd: There is a lot of frustration—I know it from Iraq—among the FCO people working there that DFID has got all the money. That is very frustrating if they would like to have some money to do something different from what DFID has been doing. I have to say that I have also seen waste of money—in publication of literature, for example, in the run-up to the first election, because not enough advice was taken from people who lived in the country and knew what was appropriate literature for people voting for the first time. I know that there is a lot of frustration among FCO people about what they saw as waste.

Lord Jay: I don't know whether there is now. At times there was a great deal of frustration, about the huge size of the DFID budget compared with the Foreign Office budget, and about the tendency for DFID to operate, as I say, on its own.

I used to discuss this with Clare Short. I said, "Look, this is not the right way to go about it." We disagreed on that—she had her own view of how DFID should be operating. It is right that there should be a separate DFID, and it is right that it should have a substantial budget. That gives the UK a lot of clout in other areas, because we are seen to have a highly effective aid agency with a large budget. But I think it needs to work much more closely than was sometimes the case

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in the past with other Departments, and I hope that will happen now.

I also think that in the past we drew too-clear boundaries between what was aid money and what was foreign policy money. There are areas in between the two in which it is possible for a certain amount of DFID money to be used for things that are certainly in accordance with DFID's priorities, but also reflect our foreign policy. It's possible to do that more than was the case sometimes in the past. But I am not in favour of merging DFID back into the Foreign Office.

Q78 Chair: Following on from that, is there a case for DFID actually taking over some of the Foreign Office's responsibilities? I have in mind some of the fragile states, where there is little by way of diplomatic effort but a major DFID initiative where it is the lead Department, or virtually. In an effort to avoid duplication and save money, could it take the lead in some areas?

Lord Jay: I don't think it could easily. It's very difficult to think of a country in which our interests are solely aid and not foreign policy. If you try to look at some of them now—

Chair: "Predominantly" is the word I would use.

Lord Jay: I recently visited South Sudan. Huge aid is required there; it is essentially an aid effort. The prospect of a referendum in the South on autonomy from the North is something about which it seems to me there needs to be advice from Foreign Office people—on what the implications are and what our response should be.

In Liberia, to take another example, we have a tiny embassy. With the Ivory Coast now in some turmoil, again you need to have people there who are giving advice on the foreign policy implications, not just the aid. That doesn't mean to say that you couldn't have a DFID person who was running an embassy there, who was largely doing aid administration, but he or she would also need to be thinking quite hard about what the foreign policy implications were of what was going on in that country and reporting back to the Foreign Office on it. I don't think you are ever going to get a complete division between the two.

Q79 Andrew Rosindell: Following on from that, Lord Jay, we have the British Council, DFID and the Foreign Office. In many places we have three different institutions operating separately, with residences, offices and infrastructure. Do you not feel that in terms of both cost-effectiveness and operational effectiveness, while they should remain independent as separate organisations, there should be much more integration—working together and sharing facilities—rather than the expensive situation we have at the moment?

Lord Jay: Yes, absolutely. I completely agree with that. When you go to Nepal and have an embassy in one part of town and a large DFID operation in another part of town, it is quite difficult for one to get to the other.

Q80 Andrew Rosindell: And the British Council, too.

Lord Jay: And the British Council, too. I don't think that makes any sense at all. We need to think about a British Government office and a British Government presence. In terms of security, it makes much more sense to have it in one place. I completely agree with that.

Q81 Mike Gapes: Taking up your point about DFID's role, certainly in the previous Committee, we sometimes felt that two foreign policies were operating. In Africa and sub-Saharan Africa, in particular, the footprint of the FCO was rather limited. There were other countries where DFID was, but the FCO was not.

There were other examples of countries like Kyrgyzstan where we did not have an embassy, but DFID had a limited role at some point. You said, interestingly, that you could envisage a situation when an embassy could have a DFID person; in effect, you would have an ambassador-level person who was actually DFID rather than being a traditional FCO diplomat.

Lord Jay: I think that you could have that. If you had a country in which, say, 80% of the work was managing an aid programme, but there was a need for 20% of the embassy's work to be reporting back on political developments there and whether the country was stable, I do not see why you should not have a DFID person as ambassador with a deputy who came from the Foreign Office, who was doing foreign policy things. I cannot see why that could not happen.

Q82 Mike Gapes: Can I take you a step further? Isn't there a case then to revisit the ideas of the Berrill report from the 1970s, about potentially having people from other Government Departments and a cross-fertilisation, whether they come from the Home Office or from business? After all, the Permanent Secretary now is a man who has never been an ambassador and has come from a trade background.

Lord Jay: Well, he spent most of his career in foreign policy or in Brussels, it's true.

Q83 Mike Gapes: Isn't there an argument that we should have more?

Lord Jay: There is certainly an argument. You need the best person for the job and the best person need not always be from the Foreign Office. There have been examples. Alex Allan was in Australia. He came to the Treasury, No. 10 and then went to be High Commissioner in Australia. There are examples and I cannot see any reason why that should not happen more often.

Q84 Mike Gapes: Would that involve a complete rethink of the way in which our diplomatic service is constituted?

Lord Jay: No, I don't think so. I think you would be appointing as ambassador somebody who had come from another part of Whitehall. It would almost certainly be somebody who had, I would think, worked abroad before, because you want someone—if they are going to be ambassador somewhere—who has had experience of working abroad, ideally in the

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country concerned. If you had somebody from the Department—what is it called?

Mike Gapes: BIS.

Lord Jay: Who worked as a trade representative in Brazil, was then very keen to go back as ambassador and applied, I can't see any reason why he or she shouldn't be chosen. But I don't think that would change the person and the profile of the person. I don't think it would change the nature of the job.

Q85 Mr Watts: Given the time, Lord Jay, I will put two questions to you if I can. The first one relates to the Government's proposals to put more emphasis on the idea of people who work for the FCO being stationed out abroad rather than in London, and whether you think that that's the right emphasis, or whether there needs to be a balance and what that balance is. The second is about the Cabinet role in setting policy for the EU and whether you feel that that is a positive thing or a negative thing, or whether you think it actually means any change of goal for the Foreign and Commonwealth Office.

Lord Jay: On the first point, I don't have strong views on that. You need people who have had experience abroad and you need people who have experience in London. The risk of having people who spend too much time abroad is that they then lose contact with the political developments and the scene in London. That is a risk and I have to say that when I was head of the Foreign Office there were some ambassadors who I felt could have done with a rather swift reappraisal of some of the realities of life as seen from London.

Sir Menzies Campbell: Name names.

Lord Jay: No; not in this room, anyway.

Q86 Mike Gapes: You mean they'd gone native?

Lord Jay: Yes. But on the other hand, it is hugely important to have people who have real experience. When you have somebody who is ambassador, say, in Beijing or Saudi Arabia who is there for the third time—who really understands the way in which the country has evolved, who knows the people, can talk to them in their own language with a knowledge of where they have come from and what they have done earlier on in their life—that makes it much easier to get under the skin of a country to get to know the key people and to report that back. Then you are in a very good position to advise the person from the Department of Trade, the Treasury or whoever it is on how to go about it. I think that is necessary. Whether you need more than you've got now, I'm honestly not sure. But I may be a bit out of date on that.

On the question about the EU—I worked on it for a time in the European secretariat in the Cabinet Office—there has for quite a long time been a well organised secretariat in the Cabinet Office which draws together EU policy. That is necessary because the Prime Minister goes to European Councils and represents Britain there and needs to have constant support on EU issues. The key relationship, however,

is always and should be with the Foreign Office. It is the Foreign Secretary who goes to the Foreign Affairs Council, which is the second most important Council. They have to work closely together. If they don't work closely together, as sometimes happens, that secretariat has a crucially important role. I think there will always need to be—in a sense—a sort of an equivalent of NSC in the Cabinet Office pulling together European policy. Earlier on, it had the extra advantage that there were some Government Departments—the Home Office was one some time ago—that hadn't really had experience of much EU business. There was almost an educational function in saying, "This is how it works; these are the sorts of considerations you need to bear in mind." That is the case much less now, because everybody does it.

Q87 Mr Watts: You said that the Cabinet Office has developed that over the years. Has the structure of the Commonwealth Office developed with that? Is there a structural—

Lord Jay: It is an interesting question. There was a time when the Foreign Office tried to duplicate everything that the rest of Whitehall did; it can't do that any longer. It has to focus on the EU issues that are central to the Foreign Office: foreign policy issues and, in particular and increasingly, defence issues—the ones where there is a clear foreign policy issue. It seems to me that the Foreign Office cannot any longer attempt to second-guess what DEFRA is doing on the common agricultural policy. It has to allow that to be done by the DEFRA people and by that Council, but it is very important that there is a unit in the Cabinet Office pulling all of it together and seeing what the implications are.

Q88 Chair: Would you have been able to run the Foreign Office in your day with the resources that are made available now?

Lord Jay: Yes, you can—

Q89 Chair: Do you think it's going to have an impact on the effectiveness of the Foreign Office?

Lord Jay: I think it's bound to have an impact on the effectiveness. If I understand the scale of the cuts that are proposed, they are not going to be painless. There will need to be, I suspect, more than just tinkering around the edges; there will have to be decisions on what doesn't get done anymore and decisions on doing things in different ways. I am quite confident myself that, even with the cuts envisaged, you can have a really efficient Foreign Office working very closely with the rest of Whitehall and—this is the crucial thing—have embassies abroad, which are representatives of the Government as a whole. I think that is possible within the cuts envisaged, but I don't think it is going to be easy.

Chair: On that note, we end. Thank you very much indeed. We've had the benefit of a lifetime of experience in the past hour, if I may say so. It is really appreciated.

Wednesday 15 December 2010

Members present:

Richard Ottaway (Chair)

Mr Bob Ainsworth
Mr John Baron
Sir Menzies Campbell
Ann Clwyd
Mike Gapes

Andrew Rosindell
Mr Frank Roy
Sir John Stanley
Rory Stewart
Mr Dave Watts

Examination of Witnesses

Witnesses: **Rt Hon David Miliband MP**, former Foreign Secretary (2007–10); and **Sir Malcolm Rifkind KCMG, QC, MP**, former Foreign Secretary (1995–97), Chair, Intelligence and Security Committee, gave evidence.

Q90 Chair: I welcome members of the public to the second evidence session of the Committee's inquiry into the role of the Foreign Office in UK Government. Today, we have two very important witnesses: the two most recent Foreign Secretaries of the Labour party and the Conservative party, the Rt Hon David Miliband and the Rt Hon Sir Malcolm Rifkind.

Thank you both very much indeed for coming. Is there anything you want to say by way of an opening statement, or are you happy to go straight into questions?

Sir Malcolm Rifkind: May I take one minute, Chairman?

Chair: Of course.

Sir Malcolm Rifkind: Thank you very much, and I thank the Committee for this unusual and fascinating initiative that you're taking. I just want to say briefly, because it may not come up later, that I very much welcome William Hague's statement about not wishing to see shrinkage in the United Kingdom's global role and that that's how he's going to manage the Foreign Office. That's very important, because a crucial question, to put it very briefly, is whether the United Kingdom wants to continue to have a foreign policy comparable to that of France, or whether Spain or Italy is going to be a more appropriate model, given our difficult circumstances. I just have two caveats about what the Government are seeking to do. I hope they succeed and I very much support what they're trying to do, but I have two caveats.

First, the Government are trying to do that at a time when for a good number of years, there has been shrinkage in the diplomatic personnel we have at the same time as there has been a massive increase in the number of countries that have to have British representation. The Soviet Union had one embassy; we now have 15 countries where we had one embassy in Moscow. Yugoslavia now has seven separate embassies, whereas before we had one. So although the total number of diplomatic personnel remains roughly similar, the pressures are very, very acute.

The second, equally brief, point I want to make flows from the same consideration—that I hope very much the Government will bear in mind that if you wish to have a global foreign policy, you cannot divorce foreign policy from your defence capability, your military capability. The two are linked together if it's a global foreign policy you wish to pursue. There's a

very well known remark of Frederick the Great: "Diplomacy without arms is like music without instruments." Just this week, we've had all the tributes to Richard Holbrooke—deserved tributes, but do remember that as an American negotiator, he carried weight because behind his diplomacy was US military might, which could be used if required.

We're not in that sort of league; we don't expect ever to be in that sort of league, but proportionately it's still relevant that without a recognised military capability, your diplomacy is seriously constrained and restricted. That may be the right thing to do, but any Government must bear in mind the consequences of it.

David Miliband: Chairman, I also thank you for inviting me. Other than saying that we should surely do better than France, I want to make three points—three reflections, really—on some of the evidence that you've had so far.

The first is that a lot of the evidence has focused—perhaps naturally, given the title of your inquiry—on the internal workings of Whitehall, and very little has been said about the relationship between Britain and the outside world. It seems to me that thinking about the future influence of the Foreign Office without thinking about the world in which the Foreign Office is operating is a real category error. Diplomacy is about power, and power has shifted not just to the east and not just to the international level, but also, as we've seen in the most extreme form with the WikiLeaks misadventure, from organisations to people. The successes of British foreign policy over the last few years—I think of the return of democracy to Pakistan, the independence of Kosovo, the Gaza peace resolution and the Chinese and South Korean embrace of low-carbon thinking on the environment—speak to the Foreign Office adapting to those shifts in power.

The second thing is that we mustn't forget it's the interests of Britain that count more than the interests of the Foreign Office. Quite a lot of the commentary on DFID's appearance that I've seen since the Committee is all about what DFID and its arrival mean for the Foreign Office. Surely the important question is, what does the arrival of DFID mean for Britain? I think it's important that we don't fall into the fallacy of believing that whatever is good for the

Foreign Office is necessarily good for Britain. We have to look at it in the round.

Thirdly and finally, I've been a bit surprised that relatively few of your correspondents have mentioned the increasing importance of multilateral institutions. After all, the United Nations Security Council is a remarkable advantage that Britain, with its permanent status, has over all but four other countries in the world. There has been relatively little discussion of Brussels, whether in EU or NATO contexts. It seems to me that in the multipolar world, our multilateral engagement and the multilateral engagement of our diplomats is even more important. I hope that your inquiry can reflect on that.

Q91 Chair: You're both right on the button. You will have an opportunity to build on both lines. Let's start the questions.

We have had a lot of comment that the Foreign Office isn't what it used to be, and one thing that has been blamed for this is the extensive management requirements of the past. In his parting shot, Sir Ivor Robert said that the Foreign Office is "wading through the...excrescences of the management age", and has "forgotten what diplomacy is all about". Lord Hennessy described it as a "huge displacement activity". Others have said that there has been a "loss of regional expertise due in part to budget cuts", which means that the Foreign office has lost its focus—and so on. Do you think that the Foreign Office is weakened as a force in the making of UK foreign policy?

David Miliband: I think that every Department has a neurotic relationship, or tends to a neurotic relationship, with No. 10. Its permanent staff are always measuring its relationship with No. 10. The truth is that, for every Department, it waxes and wanes, not least because, given the demands of a 24-hour news cycle and the focus on the leadership of the Prime Minister, there's obviously a growth of focus on the Prime Minister.

My own view is that the Lebanon war was a difficult time for the Foreign Office. It was a period when the "house view", if you like, didn't find expression in the policy of the Government, and that was quite tough for the Foreign Office. It is important, however, not to fall into a golden age-itis, where everything was better in the past. The truth is that in areas that have been a relative priority—for example, in respect of Iran, where we put a lot of effort in, and it's very tough for our diplomats there; in South Asia, Afghanistan and Pakistan; in Brussels and in the EU; in Turkey and its relations—we have seen real energy and confidence in the Foreign Office.

Sir Malcolm Rifkind: Your question, Chairman, is essentially about whether there has been too much emphasis on management in the Foreign Office at the expense of traditional diplomacy. I make one pre-comment before making a substantive reply. Yes, of course any Government Department, including the Foreign Office, must find benefit from modern management concepts, getting better value for money, better methods of decision-making and so forth. There is nothing wrong with modern management, but I share to some significant degree the quotation you

gave from Ivor Roberts. I think there is a validity there.

The Foreign Office has been under great pressure for a good number of years to depart from concentrating purely on diplomacy and becoming more modern and more progressive in some rather vaguely defined way. Part of that pressure, for example, has been to suggest that the Foreign Office should be far more involved than in the past on business and trade issues. There's nothing wrong with that—that's always been part of the work of the Foreign Office—but if we are being told, for example, that in a number of missions around the world that's the primary reason why we are there, and that's why we should appoint a particular ambassador rather than someone else, I think that is making a very serious mistake.

I also am not impressed by the suggestion that has come from various quarters that we should encourage businessmen, for example, to become ambassadors. That would be as inappropriate as expecting ambassadors to be good businessmen. I don't see why the one is required to do the other's job. I go beyond that: there can be very serious loss of the public interest if you have the wrong kind of person with the wrong skills in a delicate ambassadorial post. I give two examples, one for and one against.

During the Falklands, in the first few weeks, there was no certainty that the United States was going to come down in favour of the United Kingdom, because the State Department was trying to press a much more neutral position on the Reagan Administration. One of the reasons why the State Department lost that debate, and we benefited, was that Nico Henderson, the British Ambassador in Washington, was on almost every channel on US television and radio day after day, selling the United Kingdom view, and gradually winning the public argument.

I contrast that with what happened during the Iraq war in the United Kingdom with the United States embassy. I make no comment at the moment about the pros and cons of the Iraq war. The only point I am making is that the person who was US ambassador at that time, although a very fine man and a very able man, had not been appointed for his diplomatic experience. He was not particularly proficient on television—didn't like appearing on radio or television. The embassy would constantly offer the No. 2 and the channels don't want the No. 2; they want the ambassador. The United States lost a very important opportunity to influence public opinion in the United Kingdom on US policy. Those are just two examples, but I think they illustrate the risks if you have the wrong sort of person given a senior ambassadorial post.

Q92 Ann Clwyd: You both headed other Departments before becoming Foreign Secretary. What would you say the difference is between the Foreign Secretary's position and being Secretary of State in another Department?

Sir Malcolm Rifkind: Chevening. [Laughter.] But not just. I'm sorry, that just came out spontaneously.

There are very big differences. First, never forget the very small size of the Foreign Office. It's a relatively small Department with a minute budget. You are not

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involved in actual legislation, except very much at the margins. You don't take many executive decisions in terms of actually initiating a policy, seeing it through, implementing it and then moving on. Virtually every area of policy you are interested in, by definition, nowadays at any rate, is with allies—colleagues. You see more of your fellow Foreign Ministers than you do, sometimes, of your Cabinet colleagues, because of the nature of the job.

It's a very grand position. I think it was Stanley Baldwin who said, "I have 16 members in my Cabinet: 15 who think they should be Foreign Secretary and only one who wants to be Minister of Labour." It's a job that people enjoy being asked to do, but it also takes you out of the domestic political debate, to a considerable extent, and that can also be a problem for all Governments and Foreign Secretaries.

David Miliband: That's obviously correct. I'd just add a couple of points—one, that you're not legislating, in the main, and that means that finding ways to spend time in Parliament and engage Parliament is important. I rather welcome the suggestion or, I think, decision of the current Government that they're going to have, I think, quarterly statements; I'd actually welcome a quarterly debate on Afghanistan. I think that's quite a good thing and I think Parliament's role would be well served by foreign policy debates that would air the big issues. We're not going to do that through legislation.

One other point, which I think is relevant to broader questions: the Foreign Office is unique in that two thirds of its staff are foreigners: 10,000 Foreign Office staff are locally engaged around the world, in increasingly senior positions in political staffs. The political staff in Iran were all arrested—economic staff as well—and forced to resign by the authorities there. That means that the team is a different kind of team. It's got a lot of very good local knowledge, but from around the world rather than here in the UK, and I think that means that some of the management issues that Malcolm referred to earlier arise for a particular purpose, because of the nature of the team that exists.

Q93 Ann Clwyd: What is more helpful to a Foreign Secretary and the FCO? Is it a Prime Minister with a strong personal interest in foreign affairs, and an engagement with foreign affairs, or a Prime Minister who has got an interest because of his own job, but stands away a bit more?

David Miliband: It depends whether he agrees with you or not. *[Laughter.]* It's either a blessing or a curse, depending on whether he agrees with you.

One point that Malcolm was making to me outside is that, unlike the French President, the British Prime Minister has an enormous range of parliamentary and other responsibilities that means he or she cannot dedicate the sort of time the French President might to foreign affairs. But the truth is that any differences that exist between the Foreign Office and No. 10 are exploited in a dangerous way, and that's why it's very important that you stay very closely together.

My experience with Gordon Brown was that the biggest challenges that he faced were around the global economic crisis, and also a big set of domestic economic and social issues; but on the foreign policy

questions we worked very hard to make sure there wasn't a cigarette paper between us. So he knew that he had to find the time for that, and it happened. The Gaza ceasefire resolution is an example, in January 2009. Prime Ministers know that when they're needed to give the extra push, they're there. They don't always have the time for the routine stuff, but they're there for the extra push.

Sir Malcolm Rifkind: I think, if you look at the role of Prime Ministers, they come in all shapes and sizes. We've had Gladstone, Neville Chamberlain and Tony Blair, who are the three who had such a dominant role in foreign policy, sometimes at the expense of the authority of their Foreign Secretary.

David Miliband: Churchill?

Sir Malcolm Rifkind: Churchill was in wartime, so that's a unique situation. I'm thinking of peacetime circumstances.

Is that good? Is it healthy? It depends what the issues are that have to be addressed at that moment in time. If there is a global problem, if there is a question of peace or war, it has to be the Prime Minister, and the Foreign Secretary must take second place. I should have added Anthony Eden because he, too, so dominated foreign policy that his Foreign Secretary, Selwyn Lloyd, was very much in the shadows. So, if it's peace or war, these issues are relevant.

I make one additional point. In the last 20 or 30 years, it has been not only inevitable but wise that the Prime Minister has had a much greater part in foreign policy than would have been necessary before. You cannot have a European Council and hope to have impact as a country without your Prime Minister's personal contribution; likewise at Commonwealth Heads of Government, G20 and the other great international gatherings of Heads of Government. It's only in the last 30 or 40 years that Heads of Government have met so regularly. We are part of that process, and our Prime Minister has to make a major contribution.

That having been said, the best kind of Prime Minister is the Prime Minister who identifies what is crucial to his or her overall strategy and in every other area leaves the Foreign Secretary to get on with it. I had the privilege of working under John Major, and that was exactly the approach he took. He was hands on on things that he believed were crucial, but he was not constantly breathing down my neck on a whole range of other issues—he wanted to know about them, but he was not trying to control them in a hands-on way.

Q94 Ann Clwyd: As we all know, because we have been, or are, elected politicians, foreign policy issues are less important to the electorate than domestic ones, except in the case of controversial issues, such as Iraq. Do you think this is helpful to the Foreign Office at the moment, as it tries to make a stand about its diminishing influence because of cutbacks in funding?

David Miliband: First, don't buy into that; be careful of the diminishing influence school. The truth is that other countries have hearings like this, and when they ask their Foreign Ministers, "What would you like your Foreign Office to be like?" those Ministers generally say that they would like it to be like what we do, so be careful of the idea of diminishing

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influence. There are certainly diminishing resources, which is a real problem. The squeeze is real and it has practical effects—there is no doubt about that—but that is slightly different from the issue of diminishing influence.

The engagement of the British public on foreign policy issues is a real question. One of the things that I was very keen to do as Foreign Secretary was, to some extent, to bring foreign policy home, not least because there are communities in Britain that follow different issues, whether in the Middle East or elsewhere, extremely closely, and the Foreign Office can't afford to be a distant and forbidding institution for them; it actually needs to engage much more proactively with them.

In my view, for the sake of the economic and social health of this country, it can't afford to neglect its internationalism. It would be a terrible irony if, at a time when the countries of the world are more and more interdependent, not just on security issues but on a whole range of economic, social and ecological questions, Britain was the country that drew the wrong lesson, which is that now is the time to rein in everything, except for trade and business. I think that would be a disastrous and perverse outcome. The engagement with the British people is a vital part of that.

Sir Malcolm Rifkind: I don't disagree with that, but I do add a caveat, because we are living in a very different world from the one we would have had 40 or 50 years ago, and that has both pluses and minuses. What do I mean by that? Up until about 20 or 30 years ago, what was happening in the outside world took time to filter into the United Kingdom. Our media were not getting instant news—it wasn't appearing on a television screen and there wasn't 24-hour coverage—so it didn't require an instant response. Even if the public were deeply concerned about an issue, by the time they heard about it, the Foreign Ministries of the world had already had time to analyse what was going on and to decide what their response should be. The risk we have now is that, such is the pressure of media reportage—and that's something we will have to live with; it won't go away—Governments are expected to give immediate responses, usually on the day, to reports that the public have heard about, our constituents are worried about and the news media are fascinated by. The danger for Foreign Ministers and for Prime Ministers is that they see the political imperative of giving a response, but they haven't properly thought it through, and that is extremely risky.

Harold Macmillan was Foreign Secretary for a short time. He made a marvellous speech when he said that Foreign Ministers are always in a cruel dilemma: their speeches hover between the cliché and the indiscretion; they are either dull or dangerous. I think that it is becoming more of a risk that a Foreign Minister or a Prime Minister, on these issues that have just suddenly been reported, give a view and then spend the next few weeks wishing they hadn't. That could have happened in the past, but it's much more likely to happen now.

Chair: Feel free to be dangerous. Frank?

Q95 Mr Roy: Can I move on to the relationship between the Foreign Secretary and the intelligence agencies? Under the 2010 SDSR, the intelligence priorities will be set by the National Security Council. Is that a good idea? Bearing in mind that you have both been responsible, at some point, for MI6 and GCHQ, to what extent did you, as Foreign Secretaries, give direction to the intelligence agencies that could not now be given under the new gateways?

David Miliband: I think that, in respect of the overall priorities of the intelligence agencies, they were, in my time, put together through an interdepartmental process—quite a laborious process—involving risk registers, various other rankings that were given to different problems, and arguments about which parts of the world should be in which column. That does have practical implications for the sort of resource that is devoted to them. If that is now being done through a newly named Cabinet Committee, perhaps meeting on a more systematic basis, that seems to me to be fine.

Obviously, if you are the Foreign Secretary or the Home Secretary, you have quite extensive engagement with the intelligence agencies—in our case with MI6 and GCHQ. I haven't seen anything to suggest that there is a fettering of that role or an inability to engage. Obviously, Foreign Secretaries have to sign off individual warrants and take quite an active role in individual intelligence cases, as well as using the intelligence that is provided. There is a huge amount of expertise and experience in the intelligence agencies—not just real-time new information, but real experience and expertise—that I was very pleased to have round my table when I was trying to decipher what other countries and their leaders meant by things that they were doing.

Sir Malcolm Rifkind: I think we're living through a very crucial period, in answer to your question. In my capacity as Chairman of the Intelligence and Security Committee, on which Ming Campbell serves, we have been looking with particular interest at the significance of the new National Security Council. My own view—I am expressing a personal view—is that the National Security Council offers an important opportunity for the first time to get a strategic oversight and proper control of the interrelationship of the Foreign Office, Defence and the intelligence agencies, as well as other aspects of national security. Although a lot of good work has been done by Governments over the years, it has never had the opportunity to be co-ordinated in the same way.

When I was Foreign Secretary, I had regular contact with the chiefs of SIS or GCHQ, but it was on a fairly ad hoc basis. It was because either they had a particular problem they wanted to discuss with me or I had some particular information that I wanted to hear from them, or something of that kind. As I understand it, what is happening now is that every week the National Security Council meets. The chiefs of the intelligence agencies are present; they are not members, but they are there as observers, so they are present regularly, as are the Chiefs of Staff, the Defence Secretary, the Foreign Secretary and the Prime Minister. They know each other far better; they are constantly seeing each other, quite apart from the

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bilateral meetings that might be held. If that works well—I can't say whether it is working well, and it's too early to do so, anyway—for the first time the intelligence input, instead of going as raw material through the Joint Intelligence Committee to be analysed, and then being sent out to a whole group of Ministers, at least now has the opportunity to be channelled and utilised in a much more focused way in order for the Government as a whole to get the benefit, and for a better strategic oversight of what is happening. The opportunity is there, but it is too early to say whether it would work.

Q96 Mr Roy: If we're in a time of change, may I move on slightly to legislating for the Foreign Secretary's role? Is it a good or a bad idea to set down in legislation at least some aspects—

Sir Malcolm Rifkind: That's David Owen's suggestion, isn't it?

Mr Roy: Yes.

Sir Malcolm Rifkind: I think it's a rotten idea. I generally have a lot of time for David Owen; I think he comes up with some splendid suggestions, but I don't agree with this particular one, really for the reason that it goes to the wider issues of the British constitution. The strength of our constitution is that we allow it to evolve. The more you have legislation, the more difficult you make it for evolution to happen and the more you prevent any change that might be appropriate until you have the time for formal legislation to achieve it. I don't see anything specific about the Foreign Secretary that makes it necessary to have his office set up in a legislative form. We don't expect it of the Prime Minister, or of any other Minister of whom I am aware, and I don't see any advantage of having it for the Foreign Secretary. The Prime Minister wasn't even mentioned in statute until about 60 or 70 years ago, I think.

David Miliband: I don't actually see what problem it's trying to solve. If the problem is not clear, then it's very hard to imagine that it's a very good solution.

Mr Roy: That's clear enough.

Chair: Staying with Frank's question on the intelligence agencies, four colleagues have caught my eye. John.

Q97 Mr Baron: At key points in relatively recent history—one goes back to start with the Falklands, perhaps, but one can also think about the lead-up to the Iraq war, and we have heard evidence as a Committee that even in Afghanistan we underestimated the task and have been playing catch-up ever since—you have tended to be undecided with regards to intelligence on the ground. What lessons do you think there are from those periods, and from any others you want to bring up, when it comes to the gathering of intelligence and the processing of that intelligence for the decision-makers in due time?

Sir Malcolm Rifkind: I think that the whole problem that emerged during the Iraq controversy must always be borne in mind. If a big mistake was made then—I am purely talking about the intelligence aspects—it was to assume that raw material could be used as a basis for trying to prove a particular point of view. That has never been the proper use of raw material.

Raw intelligence is just one of many sources of information. To a very considerable extent, open sources are just as important—the BBC, for example, has a Monitoring Service picking up vast amounts of information, from the radio stations or newspapers of countries around the world, that we would not otherwise be aware of, and from that you can very easily understand what's happening in a country in a way that you might not otherwise.

We have to look at intelligence, whether in Afghanistan or elsewhere, not just in terms of the covert role of intelligence agencies, but in terms of the whole business of understanding what is happening in a particular country. If I can relate that to the role of the Foreign Office, I would commend—for those who have not yet had a chance to see it—an article in today's *Financial Times* on Iran, reporting under the 30-year rule, on a report that David Owen commissioned after the fall of the Shah as to why the intelligence had not told the British Government of the day, as well as other governments, what was about to happen. One of the main points concluded by the report was that the embassy was too busy just talking to the Government and the people in Tehran, and they were not trying to find out what was going on elsewhere in the country. Now, that didn't have to be done by secret means, but it was still intelligence that was needed, which might have given a far better understanding of what was about to happen.

David Miliband: There's a couple of things I would add which seem very sensible. One is obviously that there is a big shift in where intelligence resource is being put at the moment—that's been going on for the past four or five years—which means that in the Afghan context we are in a stronger position than we were a few years ago. However, no country the size of Britain is going to be able to mount the necessary intelligence effort on its own. The second important point relates to the partnerships we have with other countries around the world in the intelligence field, notably with the US. It has an enormous amount of raw material to which we have privileged access; that is obviously very important. A final point: there is so much raw material that it needs to be very well synthesised and used. I think the systems for synthesis, engagement and collective memory are very important.

On what Malcolm said earlier, I had a rather more systematic engagement with SIS—certainly not ad hoc meetings—both with the chiefs and more junior officers, because they represented a remarkable set of perspectives and experience. It is worth drawing on them, even respecting the fact that they are there to provide information and evidence, not to make policy. It is worth having their perspective when you are trying to decipher what is going on.

Q98 Sir John Stanley: My question follows on from John Baron's. Ultimately, the most important responsibility of the Foreign Office is to arrive at the correct assessments and judgments on those who might have aggressive designs against our own country and our dependent territories. From time to time, the judgments and assessments made by the Foreign Office have been grievously faulty—in the

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run-up to World War Two and to the Falklands, which has already been mentioned. David Miliband, you referred to the fact that there has been a serious reduction in Foreign Office resources, which will clearly continue. The question I would like to put to you both is whether you have concerns that, in these financially difficult times, the present Government will ensure that they have the right intelligence assets in place, in the right locations and in the right strength, to be able to identify threats to our country and dependent territories. *[Interruption.]*

Chair: I'm afraid we have to adjourn for 15 minutes. May we start again at 16.26? Will you both be able to stay for injury time after that?

Sir Malcolm Rifkind: I'm okay.

David Miliband: Could we start at twenty past?

Chair: We'll try.

Sitting suspended for a Division in the House.

On resuming—

Q99 Chair: The position is that the witnesses were answering Sir John Stanley's question. Do you feel that you have finished answering?

Sir Malcolm Rifkind: We haven't started yet. We can move on to the next question if you like.

David Miliband: Briefly, on the intelligence agencies side, they have had very substantial budget increases in the last five years. I have seen no evidence that their work has been compromised, and I don't think any Government would do that.

Obviously, on the Foreign Office side it's a much tighter situation. The issue there is partly about people on the ground in difficult places. Perhaps 10 years ago, people would have said, "Why should we have an embassy in Yemen?" When I was Foreign Secretary, when we did our strategy refresher, the founding principle was that the first job was to attain a global network. You have to have a global network because you don't know where trouble's going to come. So it's partly about people on the ground, but it's also about the ability to synthesise, digest, analyse and then make judgments.

Governments have a very clear choice. Do they give preferential treatment to smaller departments—a day's NHS spending is worth practically a year's Foreign Office spending—or do they have an across-the-board approach? Foreign Office finances are pretty unusual, not least because problems with the overseas price mechanism led to the bonus payment that was given to the Foreign Office last year. I am not sure if that's being continued. It would be worth probing the real effect of the various changes that will happen to the Foreign Office budget.

Sir Malcolm Rifkind: I hope that the Committee will forgive me if I don't comment on the intelligence agencies' budget, because that is something that the Intelligence and Security Committee has already begun looking at. It would not be appropriate for me to make any comment at this stage, because we are right in the middle of the process.

As for the wider question of the Foreign Office's own resources, if you simply look at the figures and the number of missions at which we are represented, it doesn't look too bad compared with even 15 years ago, with roughly the same number of missions and

so forth, but the point I was making at the very beginning of my evidence was that not only has the number of countries in the world increased dramatically, but when you go below the surface you find—it may seem a small example, but it is quite an important one—that the High Commissioner for Fiji is also responsible for five other countries. In theory, we have missions in six countries, but in five of them, the High Commissioner or the Ambassador is not even present for 95% of the time. We're getting pretty close to stretching this particular core as far as it will go without significant difficulty.

I also believe very strongly that it is a serious mistake to close a mission in an individual country, even if it is a relatively small island or micro-state, and not just because it would be very upset, and we would be deprived of information from that particular country—that's serious, but not necessarily conclusive. In my experience, what happens if you close a country mission in Latin America, the Caribbean or the Pacific is that the whole region feels you are losing interest in its concerns and responsibilities. British influence doesn't just diminish in the country that you have withdrawn from; it is seen as a signal of reduced intent throughout the whole of, for example, Central America, the Caribbean or the Pacific. The price is quite a heavy one.

If we have what I hope is a temporary problem with regard to public expenditure in such areas—I say this quite seriously—I would rather see the sums required to be saved taken from our embassy in Washington or Paris, or a comparably large embassy, which I believe could absorb that, particularly if it was known that it was for a relatively short period; the government of that country would understand that it was a temporary reduction, but we would still have a major embassy there. That would be preferable to achieving similar savings, as we have often done in the past, by protecting the very large embassies and closing some of the very small ones. That is the wrong way round. I make one additional point, and I make it seriously. When I was Defence Secretary, Douglas Hurd, who was Foreign Secretary, approached me one day for a private conversation. I know that he won't mind me revealing it. He asked whether it would not be sensible, given that the Foreign Office has a tiny fraction of the Ministry of Defence's budget, if we agreed to a permanent reallocation of a tiny proportion of the MOD budget, which would transform the Foreign Office because of its much smaller starting point. As Defence Secretary, I was profoundly unimpressed with this argument. When I became Foreign Secretary, I began to see the advantages of it. I make the point with some seriousness that if the Government have problems, they can't just find new money. I'm not going to make unrealistic suggestions; I know that the Ministry of Defence, of all Departments, is under very serious constraint. But in our three external affairs Departments—the Foreign Office, DFID and the Ministry of Defence—a slight reallocation could make a very significant difference to the Foreign Office, which has by far the least resources of the three.

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Q100 Mr Ainsworth: It's an idea that hasn't gone away. I think that David and I had the same problem.

Sir Malcolm Rifkind: And you gave the same response, I suspect.

Q101 Mr Ainsworth: I worry sometimes that we are deluding ourselves about what we can and can't do. People say "No strategic shrinkage," but the budgets are going down and our embassies are being expected to do more and different things—they are told "Emphasise trade and sell things. The country's in difficulty. Do that rather than core diplomacy." The defence budget is going down. Delusion is not a plan. It's all right saying, "We should punch above our weight," but there are a lot of people who are not impressed by that. I don't know how we square off, "There will be no strategic shrinkage," with the circumstances in which we find ourselves. I don't want to see Britain anything other than great, but I don't want to see us deluded either.

Sir Malcolm Rifkind: I would conclude that we do want to remain, in the famous phrase, "Punching above our weight," and I say that not for reasons of nostalgia for the past or delusions of imperial grandeur, or anything of that kind. I say it for two reasons. I think that the United Kingdom has certain unique qualities to offer. There are very few countries in the world that have a combination of genuine respect for and generations of experience of the rule of law, observance of human rights and democratic principles, as well as high diplomatic expertise and military capability that enables us to deploy in a military way, albeit in a modest way, around the world. The United States is light years ahead of us, France is at the same sort of level as us, and Germany is similar obviously in diplomatic strength but not in military potential. I think that the world would be a poorer place and the United Nations would have fewer assets at its disposal in the resolution of international problems, if the United Kingdom was not there.

Where you are right, Bob, is on the cost. There is a price tag that goes with it, and I suppose that the political question is, "Are the public—never mind the politicians—willing to pay the additional cost?" I think that, so far, the evidence is yes, they are. I don't see any serious argument that because, even after these cuts, our defence expenditure is considerably higher than that of almost any country in Europe, apart from France and Greece—and Greece is a special case—or any real public pressure for it to go further in a profound way. I don't see any public pressure to see our Foreign Office or DFID expenditure seriously reduced, given the consequences that would flow from that. That might change, but it is not there at the moment, even though we have such controversial wider issues of public expenditure and the implications of cuts elsewhere.

David Miliband: I think that it's very important that we don't talk about a global role if we're not willing to fund it. I haven't gone as far as Malcolm has in saying, "Never close posts," because sometimes strategy requires that you remain big players in the big places. But I think that if you can get to the bottom of what the current round of cuts actually means in cash terms, and put that against the demands, that's

going to be very revealing. By my time, the Foreign Office had been having, I think, a 1% a year cash increases for 10 years, which is a real-terms cut. The list of things that we were then looking at, in the face of significant budgetary pressure, was pretty tough medicine. That's where talk about strategy and the reality of what you're able to spend come into dangerous conflict.

Q102 Mike Gapes: Can I just press you on that issue of the relationship with the Treasury? Over the last 12 years, since 1998, these public service agreements have been brought in, with tick boxes for every Department, including the Foreign and Commonwealth Office. In several reports in the previous Parliament, we were very critical, and said "This Treasury obsession is not very appropriate for a Department that has to deal with global issues and unexpected events in other countries." Can I ask you, David, to give us an insight into how you felt these public objectives made any difference to the way in which the Foreign and Commonwealth Office worked?

David Miliband: I think that the process of having to explain what you're for, what you exist for and what you're trying to achieve over a three to five-year period is useful. I don't think it's useful if it becomes a tick-box exercise. Frankly, it is very low down on the public list of understanding when set against stories of great waltzing canapé evenings at the French Embassy, and I'm afraid the PR damage of the Foreign Office estate far outweighs the number of reports you can publish about how many boxes you are ticking.

As it happens, having places that people want to come to, rather than places that people don't want to come to, is an important part of diplomacy, and in a lot of the places, we are renting for peppercorn rates etcetera. But I think that the PR handling is a problem, because while people do want to give money to defence, and they can see reasons for giving money to development, money for diplomats is the not the easiest thing to argue for.

Q103 Mike Gapes: Did this system of performance reporting and measurement that you also brought in help the way that you or the Department were able to work?

David Miliband: I think that in Departments where there were more obvious and short-term delivery measures, they would have been more useful than in a Department where influence, effort and delivery are harder to measure. How do you rank avoiding a war in the Balkans? How do you rank avoiding a civil war in Macedonia? Those things are not easy to measure and probably shouldn't be measured, but they are worth doing. I think that that is important.

Sir Malcolm Rifkind: I am not quite sure how one reconciles saying, "You shouldn't measure them, but they are worth doing." Frankly, I'm not sure that they are worth doing.

David Miliband: Avoiding civil war in Macedonia?

Sir Malcolm Rifkind: No, no, I am talking about the performance standards that the Treasury insists on. I have no problem with a Government Department

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being expected to justify how it spends its money and to show that there is value for money. It seems manifestly clear that the kind of criteria that the Foreign Office would have to apply would be dramatically different, for the reasons that David rightly refers to, to a spending Department or a Department with other purposes. The Foreign Office may be able, in an ingenious way, to actually offer some other tests that should be applied to judge whether it is meeting good value-for-money criteria, but unless somebody can think of what these are—I don't choose even to try and volunteer them—I think it's a pretty foolish waste of everyone's time.

David Miliband: Chairman, could I just make one other point that has occurred to me on the drive to cut down the “bureaucratic costs”—bureaucracy costs and back office? Essentially that's people.

Sir Malcolm Rifkind: That's fine.

David Miliband: No, I don't think it is fine in diplomacy, because that is what you spend the money on. Actually, you can make a similar case—I think people argue this—that, given the rise in the DFID budget, cuts in people numbers can create problems, because you're spending increasing amounts of money with less accountability for it. On the Foreign Office side, I'd be wary of arguments that say that back office equals bureaucracy. It doesn't necessarily. It could be policy analysts and all sorts of other people who are absolutely essential to making a people Department work.

Q104 Mike Gapes: So clearly this Treasury-driven model, which applied to all Government Departments, was not an appropriate one for a Department like the Foreign and Commonwealth Office, which is very much people-centred?

David Miliband: Cutting civil service numbers by 5%—I can't remember what it was—doesn't make much sense, unless you specify what you want. For us, in the Foreign Office, the front line can be the people sitting in London receiving cables and analysing issues.

Sir Malcolm Rifkind: I was once told that a model was a small imitation of the real thing, and I think that the Treasury, if it has this model—I haven't studied this in detail, so I have to be cautious—

Q105 Mike Gapes: It didn't apply.

Sir Malcolm Rifkind: It didn't apply in our case.

Q106 Mike Gapes: You didn't have anything comparable.

Sir Malcolm Rifkind: Well, we may have done equally foolish things, but this wasn't one of them. If the way in which this is operated—I am not an expert here—has been in a fairly uniform way, I think it is ludicrous to try to apply similar criteria to the Foreign Office, because of the nature of how you judge success or failure in any particular area.

Q107 Mike Gapes: Can I just take you back one point? You mentioned in passing the overseas price mechanism. Clearly, that was a big issue of disagreement with the Treasury, which changed the basis on which the FCO was compensated. In

retrospect, is there anything you can say now about how you feel that worked?

David Miliband: It was a disagreement that was never resolved, because the mechanism was unilaterally imposed, but never finally agreed. There were continuing “hostilities” around the overseas price mechanism. I think £75 million was put in to plug the gap in the Foreign Office budget about a year ago.

Mike Gapes: At the end of the financial year.

David Miliband: That's right—the end of the last financial year. Under our Government, the fundamental issue was put into the next spending review for resolution, but clearly it's no way to run your budgets to be dependent on what your exchange rate is.

Q108 Sir John Stanley: I want to come to the role of the Foreign Office as seen by the present Government. The Prime Minister and the Foreign Secretary have made it quite clear that they want a big new role in terms of trade promotion being carried out by the Foreign Office. Do you agree or not that that must inevitably be, to a degree, at the expense of taking a firm and strong line on human rights in countries such as China and Russia? I know the Foreign Office loves to think you can somehow combine the two and go happily through the motions on human rights while turning a blind eye and helping the sales side, but for real, if you're going to take a really strong, robust and particularly public line on human rights against those sorts of countries, that is possibly going to be, in real terms, detrimental to your trade interests. How do you see those two things being reconciled, with a greater emphasis on trade?

Sir Malcolm Rifkind: I would make two responses to that. First, there's no problem at all, I believe, in an embassy having embedded in it people from those Government Departments whose primary responsibility is trade, business or investment. That's their expertise and if they wish to be provided with facilities in our embassies, I am strongly in favour of that; but if the question relates to the role of the Ambassador and the diplomatic staff, their function and expertise are quite different, and I think the public interest would greatly suffer if they were required to spend a substantial proportion of their time on those matters.

The question of the link between business and trade and human rights goes back, in a sense, to the whole question of a so-called ethical foreign policy. This country, under successive Governments, has always accepted the need for a balanced approach to these matters. We have standards involving human rights; we have a legitimate interest in expanding trade. You have to make a judgment in each individual case as to whether it is immoral or unacceptable on ethical grounds to encourage or to support trade of a particular kind.

There is a particular point I would make in addition to that, however. I think that the link between the two is not so much in human rights in the absolute sense, but in so far as the rule of law is part of our public policy, I believe that those countries that do not have proper respect for the rule of law and an independent judiciary will increasingly suffer with regard to

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investment in their country from other parts of the world. The most obvious example at this time is Russia. We have the Khodorkovsky issue at this very moment. Russia is, sadly, demonstrating an increasing contempt under the present Government for a genuine independent judiciary. That is affecting the private sector in Russia, but it's also affecting foreign companies. Increasingly, as I understand it, foreign companies not just from Britain but from other parts of the world are reluctant to consider investment in Russia until they can be satisfied that remedies will be available that will not depend on political interference if they have problems not just with other companies, but with the Government of the country that they are dealing with.

If I may be allowed just one example, when I was Foreign Secretary, I had to negotiate with the Chinese Foreign Minister about the handover of Hong Kong. It was the very final stage of that negotiation, and on one occasion I had a session with Qian Qichen, the then Foreign Minister. I said to him, "Look. What the people of Hong Kong are concerned about is not just having a number of political parties to vote for. It's also that they will continue to enjoy the rule of law." I knew what I meant. He then said to me, "Don't worry, Mr Rifkind. We in China also believe in the rule of law—the people must obey the law." I had to point out to him that our understanding of that phrase was not just the people obeying the law, but the Government obeying the law as well. He not only didn't agree; he couldn't understand. The very concept of the Government not being able to change a law they disapproved of at their own whim was foreign to his thinking. I think that is very relevant to the question of the balance between investment opportunities and human rights as expressed by rule-of-law concepts.

David Miliband: Can I just go back to something that Malcolm Rifkind said at the beginning of his introductory remarks? I think there is quite a lot that is specious about successive Governments who come in and say that they are going to have, to quote Sir John Stanley, "a big new role" on trade. Anyone who has been to any embassy in the world knows that it is an important part of the work of a diplomatic mission to promote trade—including the role of the ambassador. That is important. What companies want from an ambassador is real understanding of the political scene and who are the movers and shakers. They don't actually care whether the ambassador is a business man or not. The worst thing would be to have third-rate businessmen replacing first-rate diplomats as our ambassadors.

Let me make another point, though, about the human rights and trade issue. I believe that countries like China expect to have a relationship with Britain that is about more than trade. They expect us to be partners of theirs in the United Nations Security Council. They expect us to have a world view. They expect us to have a position on the big issues of the day, and they expect us to have resources—diplomatic, intelligence, military, soft-power, cultural resources—that address the big questions. We kid ourselves if we think we're going to do well at trade by retreating to become simply a group of tradesmen and women. In my view,

we will diminish our trading possibilities with China, as well as elsewhere, if we think that just going on and on about trade will increase it. It won't. The way you have influence is through long-term relationships on big issues that matter to other countries. China cares about its own stability and about regional stability. It also cares about its place in the UN, and we have to be players on those scenes. If we are not, we will become not like France, but sort of sub-France. Low-grade mercantilism is not a foreign policy.

Q109 Sir Menzies Campbell: I was going to ask questions about the National Security Council, but I think that you indicated, Sir Malcolm, that you feel it's perhaps a little early to say. Perhaps I can address some of those questions to Mr Miliband. I then have a general question that I would like to ask you both. Have you given any thought to the impact that the establishment of the National Security Council may have on the Foreign Office?

David Miliband: Well, some. I don't think it's a giant leap for mankind to have a Cabinet Committee that deals with foreign policy. The National Security and International Development Committee that Bob Ainsworth and I sat on looks pretty like the National Security Council. However, I think we should say to the Government that it is good if indeed it is meeting weekly and if indeed it is systematic in the way that is advertised. That is a good thing. I say to anyone who thinks that Cabinet Committees are the answers to every problem that they are necessary but not sufficient to get the right answer. I think it is the substance of what we are trying to achieve that is important alongside the processology, and I think there has been a bit too much processology in some of the evidence that has come to you. As we have just been discussing in respect of trade and other issues, you need to have a position, not just a committee.

I think that the Foreign Office as an institution succeeds or fails by the quality of the work that it is able to provide. Malcolm referred earlier in passing to *The Economist* and the *Financial Times* and global media. If the Foreign Office is simply producing what any intelligent person can find on the web, it is not justifying its existence. It has to have the long-term understanding of trends in societies and regions that enable it to make a distinctive contribution, both in analysing what's going on and what's going to happen.

Critically, from my point of view, what will different countries do if we do different things? Malcolm just mentioned Russia. On three or four occasions in my three years as Foreign Secretary—first of all with the Litvinenko affair, then with Georgia and the British Council closing—a big question for us was, "If we do x, what will be the Russian response?" You need people who've followed Russia for a very long time. I think that the question of whether the Foreign Office will thrive or not in the National Security Council or not depends on the extent to which it is able to deliver on its core mission, which is to know and understand things that other people don't.

Sir Malcolm Rifkind: Can I just make one point on that? I think that the National Security Council is

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wider than just Foreign Affairs, Defence and DFID. It also includes the Home Office, internal security and counter-terrorism issues. That is crucial.

David Miliband: So did ours, actually.

Sir Malcolm Rifkind: Point taken—but what is important is that you have a body that meets with the breadth and the regularity of the National Security Council, incorporating the intelligence agencies, the Chiefs of Staff and so forth, so that you get a single corporate view evolving. That is how it should work. I think it's working like that, from what I can gather, but that will have to be reflected on in the months to come.

David Miliband: I almost guarantee that within three years it will be meeting fortnightly or monthly, because it is important to have a strategic view if it's the National Security Council. Day-to-day operational issues are not going to be dealt with in that committee—let's be honest—and day-to-day tactics in Helmand province are not going to be decided in that committee. I hope that it becomes a systematic strategic body of real weight, and due credit to the Government for trying to achieve that.

Q110 Sir Menzies Campbell: I suspect that neither of you would demur if I said that you are really saying that the quality of its decision-making will depend on the quality of the information that is supplied to it.

David Miliband: And the judgments of the people sitting on it.

Q111 Sir Menzies Campbell: Let me ask you this slightly more personal question—were there any occasions in your respective times in the Foreign Office when, with the benefit of hindsight, you think you might have benefited from the existence of a National Security Council to give the wider strategic context that you have described?

Sir Malcolm Rifkind: If I can comment, I think that, for example, during the whole period when Bosnia was one of the dominant issues that was being addressed by the Government in the mid-1990s, we did not at that time have the ongoing, systematic and direct involvement of the chiefs of the intelligence agencies and the Chiefs of Staff sitting with the Prime Minister, as well as the Foreign Secretary and the Defence Secretary, and I think that there would have been value in that. Of course, we saw all the people I have mentioned in bilateral meetings and on different occasions, but, in the sense of getting a coherent Government position that could continue with maximum exposure to the expertise that was available, the current arrangements are an improvement and an advantage.

David Miliband: I'm a believer in systematic, structured engagement between colleagues. It would be a brave person who says that the committee structure could not have been improved to make it more systematic and more able to look round the corners at what was coming next. One example is that between 2002 to 2005, whatever you think about Iraq, what was happening in Afghanistan did not get the international attention that it deserved in that period. Would a British National Security Council on its own have made the difference? It's impossible to tell, but

that is the sort of issue where it is very important to have systematic, structured engagement.

From my point of view, there is a very delicate judgment to be made about our national security interest and the defence of the country and the priority we give to Afghanistan-Pakistan relative to other areas where al-Qaeda is organising. The National Security Council will have to weigh carefully the Yemens and Somalias of this world, against the Afghanistans and the Pakistans of this world—not necessarily for military engagement, because no one is talking about military engagement in Somalia or in Yemen. But I think—as a British citizen I would hope—that the National Security Council can weigh those issues in a very serious way.

Chair: You have both been very generous with your time. I still have two groups of questions that we are wanting to ask. Are you able to stay here until 5 o'clock? So, if we speed it up a bit, we should be able to get through all our questions.

Q112 Andrew Rosindell: As Foreign Secretaries, you have obviously had to work with other Departments. First, could you reflect on how effective that is in to having to deal with other Departments to implement policies that the Foreign Office is responsible for? Can I particularly ask for your views on DFID? It was said by Sir Edward Clay that, "DFID has sometimes behaved as an alternative overseas representative of HMG." If we are going to be effective in terms of cost and influence, do we have the right structure in having DFID, the Foreign Office and other Departments doing different things?

Sir Malcolm Rifkind: On the first point that you raised, I remember being struck, when I used to go to European Union Council of Ministers meetings, by being told by quite a number of my European colleagues that what they found unusual, if not unique, about the United Kingdom was that it did not matter which Minister they spoke to and which Department he represented in the British Government; they would get the same line as to what the Government's policy was. There was a Government policy, and it was sufficiently well co-ordinated that they always got the same response. That was not true for most other countries, not because they were better or worse than us, but because they had a different tradition and—I hesitate to make my next point—partly because most of them were coalition Governments, which inevitably had consequences.

Sir Menzies Campbell: Between us, we're overcoming it now.

Sir Malcolm Rifkind: We may be overcoming that. It was also partly a tradition in a lot of other countries that Departments kept information to themselves and did not share it, unless they had to, with other Departments. In the British Government, if I sent a message to the Prime Minister, it was automatically copied, unless I especially asked for it not to be, to every other Minister—in Defence or the Home Office or wherever—who might have an interest in that. So the whole Government knew, or was supposed to know, what was going on. That simply doesn't exist in the same way in most other European Union

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countries; certainly not to the same degree. I think that that is an advantage in terms of the British Government pursuing, through diplomatic means, their objectives. It has the full weight of Government behind whichever Minister who happens to be taking the lead.

David Miliband: Briefly, in response to Andrew's question, a lot depends on politics. When the politicians co-operate, it sends a very important message. Bob Ainsworth, myself and Douglas Alexander made it a point that we met, discussed and minuted out meetings of just the three of us, and that's a very important signal.

Secondly, the soggy centre in any organisation will always want to defend its turf. That can happen in the Foreign Office, DFID or any Department. Part of the job of leadership is to root out the soggy centre and make sure that it has the right kind of culture.

Thirdly, my experience on the ground in the toughest places is that the interdepartmental co-operation is remarkable. In Afghanistan and in tough places around the world, it's clear that people haven't got time for turf wars. The ambassador or high commissioner leads the British diplomatic effort. The head of DFID actually has a delivery job to do and has to focus on that job, and shouldn't be trying to substitute for what the ambassador or high commissioner is doing.

My own view is that the creation of DFID has been of huge benefit to the UK and can be a benefit to the Foreign Office. There is plenty for a Foreign Secretary and his minions to be concerned with around the world, and given that the aid budget is now up to 0.5% of GDP—it is a massively increased budget—you need dedicated focus to spend that properly.

Q113 Andrew Rosindell: I have one quick question in a specific area to ask you both. Do you think how the Foreign Office, DFID and other Departments such as DEFRA work is effective in our Overseas Territories? Are they the forgotten end of the Foreign Office, or are they treated in a way that they should be treated, as British territories in a modern world?

Sir Malcolm Rifkind: I think there is a danger of "out of sight, out of mind". When I was Foreign Secretary, DFID—then the ODA—came under the Foreign Office, but Lynda Chalker, who was in charge of the ODA, was effectively a Minister who ran her own

affairs. She had the same relationship with me as I had with the Prime Minister: in other words, she kept me informed, occasionally we worked together, but she was left to get on and do her job. That way, there was the right linkage between the diplomatic and developmental aspects. So I am not as much of an enthusiast for the independent Ministry of DFID as David is, because I am not entirely convinced it was necessary.

David Miliband: On the Overseas Territories, per head of population, they get more attention than other parts of the world, but that's right, because they are British citizens. It is important that we take their security and prosperity needs seriously. Not least because of some of the international drive for financial transparency, there is a healthy growth of accountability and audit and of concern about what is happening in the Overseas Territories. I think that that is going to be a long-term benefit. Given the Falklands experience, no one is going to allow out of sight to become out of mind, because the dangers are obvious.

Q114 Mr Watts: David, I hear your answer that you think that the creation of DFID was the right thing to do and Britain has benefited from that change. Not everyone agrees with that. One of the witnesses that we've had suggested that, for example, the aid budget was one of the tools that the diplomats used to use, or could use, to push people in the right direction. Do you accept that that loss of influence has been affected by the creation of DFID and the separation?

David Miliband: I don't, actually. If you think about Pakistan, which I think has the second largest aid budget in all of DFID's spending, I know that the British high commissioner and the head of DFID in that country are working hand in glove together. But there is someone with development expertise and real experience, and a team that is dug in on the ground, to make sure that money is well spent. That is simply not my experience, and I don't agree.

Chair: Time has caught up with us. We've still got one or two questions that we want to ask you. If you don't mind, we will drop a line to ask you to briefly address our concerns. Rory is desperate to go.

Rory Stewart: I have a radio interview at 5 past 5.

David Miliband: There is the tyranny of the modern 24-hour news cycle.

Chair: Thank you very much indeed.

Wednesday 12 January 2011

Members present:

Richard Ottaway (Chair)

Mr John Baron
Sir Menzies Campbell
Mike Gapes
Andrew Rosindell

Mr Frank Roy
Sir John Stanley
Rory Stewart

Examination of Witnesses

Witnesses: **Alex Evans** and **David Steven**, Senior Fellows, Center on International Cooperation, New York University, gave evidence.

Q115 Chair: May I welcome everybody to the Committee's third evidence session on the role of the FCO in Government, which will allow the Committee to question two of the authors of the latest Chatham House paper on international policy making? Alex Evans and David Steven are both senior fellows at the Center on International Cooperation at New York University, and are the co-authors of *Organizing for Influence: UK Foreign Policy in an Age of Uncertainty*, which, I can assure you, some of the Committee have read. If you would both like to make an opening statement, that would be great.

Alex Evans: Thanks very much. We won't make long opening statements, but perhaps it would be helpful at the outset if we just put our two central contentions on the table.

First, we think that the context for British foreign policy has changed utterly as a result of what David and I have called the "long crisis" of globalisation. We have just finished a decade that was book-ended by shocks—9/11 at the beginning of the decade and, at the end, the financial crisis and the combined food and fuel spike.

The new decade, 12 days in, shows every sign of being even more volatile than its predecessor, if the past two weeks are anything to go by—a food spike higher than 2008, the latest round in the financial crisis in the eurozone, extreme weather events in Australia and so on. We observe, in our Chatham House report, that this situation is in some ways comparable to the early 20th century, in which globalisation appeared, as Keynes put it at the time, "normal, certain, and permanent, except in the direction of further improvement". In fact, of course, the first globalisation crashed amid the first world war—and it may do so again, we think, if the mounting stresses facing globalisation are not addressed.

So our first contention today is that the worst metaphor we could possibly embrace for British foreign policy is Salisbury's idea of floating lazily downstream and occasionally putting out a diplomatic boat hook to avoid collisions. Our preferred choice of boating metaphor would be shooting the rapids; it's the river, not the paddler, that dictates the pace of events. Steering becomes harder in rough water, and, above all, the central requirement for shooting rapids successfully is for all the occupants of the boat to paddle together. So we think it's collective action that is the core challenge for British foreign policy now,

and that, we argue, must be the key goal of the Foreign Office's work.

David Steven: Our second contention is that the way British foreign policy is made and implemented must be fundamentally reconfigured in order to deal with the challenges that Alex has just spoken about. The Prime Minister has yet to be tested by his first global crisis, but when it comes he will find that he has few levers that effectively manage risk to the UK's prosperity and security. That is not a criticism of the UK system. It is just a fact that governments are finding it increasingly difficult to respond to the complex challenges that globalisation is bringing.

We think that the coalition Government have taken many steps in the right direction since the election. The National Security Council has improved the UK's ability to respond to immediate risks, and the Department for International Development has been directing its attention towards fragile states, where it clearly has the most important role.

The Foreign Office, too, has been restored to its rightful role at the heart of British foreign policy, something that wasn't true for some time in the past, and it has a Foreign Secretary who has the stature to provide co-ordinated leadership across Government. But we think it is at the Foreign Office that most is still left to be done. We believe it would be a grave mistake to constrain the focus of the Foreign Office—to turn it back into some kind of department for geography, although clearly geographical expertise is an important part of its role.

We think it's somewhat ironic that the UK seems to be focusing back on trying to manage a broad set of bilateral relationships just as the United States is moving in exactly the opposite direction. In its recently published *Quadrennial Diplomacy and Development Review*, the State Department has set out its intention to focus its energy on working regionally and globally rather than bilaterally, and on building the coalitions that address global, political, economic and security problems that cannot be solved by the US alone.

The State Department is rethinking from the bottom up how it achieves influence in an increasingly complex world. It's staffing up its foreign service rather than running it down, and it's challenging all diplomats to work in fundamentally different ways. So our second contention is that the British Government urgently need to follow this example and ask our

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Foreign Office to do the same. We look forward to your questions.

Q116 Chair: Thank you. Reading your paper—if I am starting with a blank sheet of paper, I can see how you would do this—if all your ideas were to be adopted, there would be a massive transition. These are very radical proposals that you are putting forward, which I imagine met with gasps up the road. If your ideas of rejigging the whole thing—cross-cutting and focusing on certain areas—were done, how would you cope with a teenager caught drug smuggling in Thailand?

David Steven: Consular is core business for the FCO, and I think it's something that it does rather well. What we are trying to focus on is what we see as the new frontiers, which are global issues. DFID gets steered towards fragile states—absolutely right. The NSC¹ brings us this immediate focus on the risks facing the UK, but the Foreign Office, at the core of its policy making function, is looking ahead to how it manages globalisation more effectively.

Q117 Chair: Okay, but how would you make representations on human rights in Thailand?

Alex Evans: As David said, we regard the FCO's regional network as one of the jewels in the crown of the Government. Nothing that we have written or said today should be taken to mean that we think that that should be pulled back or in any way deprioritised. It is more that we think that something is missing in British foreign policy and that the FCO is the natural home for it—this kind of synthesis or pulling together of what the Government do into a coherent overall whole.

The NSC is a welcome step forward towards coherence, but it will necessarily be focused on the urgent foreign policy challenges facing the Government. In terms of the longer-term synthesis, it is still unclear where that resides. In some ways, what we have done with the NSC is to import half of the American model.

We have the NSC, but we don't have the National Intelligence Council function that there is in the US. Part of its function is delivered by the Assessments Staff, but we don't have here an equivalent to the NIC's role in red-teaming, which provides a kind of challenge function in the policy process, and nor do we have the NIC's function of pulling together a long-term view, which is a kind of horizon-scanning aspect. Those are two functions that we think are critical to an overall foreign policy strategy that the FCO could discharge, but which aren't currently performed in our existing configuration.

Q118 Chair: And that—what you have just said—is the missing bit.

Alex Evans: That is one of them, yes.

Q119 Chair: And that summarises the problem. Would you say that you have just summarised the problem, as well as highlighting what the missing bit is?

Alex Evans: I think I summarised the problem in terms of the strategy part of the piece. The other half of the equation, as we see it, is the influence part of the piece. Influencing on the global issues agenda involves the FCO working in a different way here in London, internationally and in posts.

Q120 Chair: Just taking the example that I plucked out of the air—that of human rights in Thailand—do you think that the restructuring to do with influence could still cover diplomacy at a national level?

David Steven: I think it certainly could cover that at a national level. It is when that really has international implications that we see a need for change. That can be in countries. If you take the example of Pakistan, where I have been spending quite a lot of time recently, it is not really a matter of our bilateral relationship with Pakistan; it is a matter of how the whole international community can come together and finally have a long-term political strategy for the future of that country. That's where we need to be exerting influence.

Alex Evans: If it is useful to provide an illustration of the kind of issues-based influencing we are talking about, a very good one is the case of the Stern review in the climate change context. That was an incredibly successful exercise in reframing the climate change debate—not just here, but internationally—and in putting the UK in the role of a thought leader.

Of course, that exercise was not driven from the Foreign Office; it came out of the Treasury. It was arguably our biggest public diplomacy success of the past 10 years, but in some ways it happened by accident—a role was needed for Nick Stern; he was the right candidate to do it; and then it turned into an absolutely runaway success. One question we are interested in is how we could systematise that success and repeat that success in other contexts.

David Steven: If I may, climate change is an issue where the Foreign Office has gone furthest in looking at new approaches. Going back a number of years, it has had teams looking at issues across the board. They have looked at the long-term issue of how you turn a high-carbon economy into a low-carbon economy, and what that will mean to countries of all states of development across the world.

The teams have reached beyond Governments to work with all sorts of non-state actors within both the business sector and the NGO sector. They have pioneered quite a different way of thinking about diplomacy. But it is not enough to have that just on climate change; we need it on food, resource-scarcity and a whole host of other cross-cutting issues that are dominant at the moment.

Chair: We are actually going to have a meeting with Mr Ashton on just that point.

Q121 Mr Baron: On the question of resources, I wonder whether our foreign policies around the globe are beefing up resources. We know what's happening here. That must have an impact to a certain extent, but how does it affect your thinking? In a sense, having the ideas and the vision is one thing, but having the resources to carry them out is another—it becomes

¹ National Security Council

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just a wish list—and the two are related, at the end of the day.

David Steven: Obviously, we have to understand the constraints on resources at the current time. But in the longer term, the international agenda is becoming more and more important and dominant. The game changers, if you are a British citizen, come from beyond our borders—Alex mentioned 9/11, the food and energy price spike, and the financial crisis having occurred in just 10 years. In the long term, we have to take this agenda more seriously and to put the resources into that.

We also—I think that this is something that the Americans have missed out in the *Quadrennial Diplomacy and Development Review*—have to try to influence other countries to start working in a compatible way on these key issues. We need all the G20 countries to take this agenda more seriously. We need them to be working in intra-operable ways and resourcing up.

Alex Evans: It is worth remembering that the reason we face such a tight spending environment now is because of a failure to manage global risks. It is harder to imagine a clearer spend-to-save case than scaling up the money that we expend internationally to prevent and mitigate global risks, rather than having to clean up after them.

Q122 Sir Menzies Campbell: I wonder whether I could just explore your reference to the United States, because the nature of its political system is such that there are—“lurch” is perhaps too strong a word—significant differences, potentially, once every four years. The Bush Administration pursued a quite different foreign policy from that of the Obama Administration, yet you say that the State Department is emphasising multilateral more than bilateral. A risk is that if there is a change in the presidency, that could be reversed.

When we compare that with the United Kingdom, we see that there are differences in the political approaches, but none the less, there is a rather greater degree of consensus. I wonder how far we can draw lessons from the United States and apply them to the United Kingdom, when you consider what I might describe as the more volatile nature of the political direction that the State Department receives.

Alex Evans: It is interesting that in her foreword to the QDDR, Secretary Clinton sets out that she sees this as the latest step in an evolutionary process, under way before the Obama Administration took office, when Condoleezza Rice developed this agenda of what she called “transformational diplomacy”, which in some ways was asking some of the questions that the QDDR picks up. In a sense, foreign policy practitioners in the US have realised over a period of years that they are facing a different context and that they have to change the way they work. It is more evolutionary than it might look.

Q123 Sir Menzies Campbell: Condoleezza Rice didn’t have a great deal of influence towards the end of her time—we know that.

David Steven: I think that that is absolutely true. The intensely partisan nature of the United States at the

moment is clearly making it hard for the US to be an effective international actor. Our much greater cross-party consensus on many of the key issues is enormously important. It is important to think about how we maintain that through difficult times. Is the leadership of this country going to be able to explain to the electorate what is happening out there in the world and why we are taking these steps, so that we continue to have that consensus that enables us to be a more consistent actor?

Q124 Sir Menzies Campbell: Do you reject the notion of forming close alliances with countries with which we have a particular affinity? One particular illustration recently was the defence arrangements between the United Kingdom and France, which have been, or will be, formalised in a treaty, relating not only to conventional but to nuclear elements. Do you see that as being contrary to the interests of the United Kingdom in the long term?

David Steven: Absolutely not. On every issue we need to see what the like-minded coalition is that we can build to tackle it. If the United States is saying, on all the important foreign policy issues, “We cannot get a positive solution on our own”, that is even more true for a country that is so much smaller and so much more connected to the world.

Q125 Sir Menzies Campbell: So, it is the notion of coalition, rather than multilateral as compared with bilateral.

David Steven: Yes, absolutely. It is important to emphasise that when we say “international multilateral”, we do not necessarily mean the formal multilateral international system, but the alliances that form.

Q126 Chair: How do you feel that the UK is doing, compared with the other countries, going down the road that you’re recommending?

Alex Evans: It is starting to ask some of the right questions. With the QDDR, the Americans have clearly put themselves in a leadership position on this debate. Some of the other European governments are also undertaking the review aspects of this. For example, the Germans are looking at how they configure their Foreign Office. The US is in the lead in shifting from thought to delivery.

Q127 Mike Gapes: Can I take you back to something that you said about Pakistan that I disagree with? I put it to you that we cannot deal with Pakistan just in the context of the international community. We have more than a million British citizens of Pakistani origin. We have national interests in Pakistan and if the Americans decide to up and away, we will still have those national interests in Pakistan. How do you react to that?

David Steven: It is absolutely clear that we have very powerful national interests, but I think it is also clear that we are not going to protect those national interests if we operate on our own. Whether we can influence our partners to develop policies that are compatible with our interests is one of the big challenges.

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Take a practical example. I am not sure whether the spending has been announced yet, but through DFID we are planning to spend a really considerable sum of money on the education system in Pakistan. The Government have made it clear that they regard the education emergency in Pakistan as one of their main priorities. The figures vary, but 35 million or so kids are out of school; that is half the population of the UK. Just spending that money, however much it is—and it is a lot of money—is not going to achieve the results that we want. We need other countries to be doing the same thing and we need a political strategy. We need to work to try and change the way that the elite in that country thinks about its challenges in the social sector.

Q128 Mike Gapes: You're missing my point. My point was that you said that basically our priorities should be international co-operation to deal with problems in Pakistan. I think we need the international co-operation, but what I'm arguing is that we have national interests, even if there isn't that international co-operation, which are overriding. What you are putting forward as a model seems to be based on a view that somehow we can only work at this global level, when in fact we will have national interests—and Pakistan is an example.

Can I take that to the National Security Strategy, which is the essence of this? Your report warns against what you called the “stretching” of the definition of national security to encompass all aspects of foreign policy. Clearly, the National Security Council has only recently been established. How do you assess the priorities and the way in which that has been set up by the Government?

Alex Evans: Can I come back to your first question before we turn to that? I agree with you about the national interest. All we are saying is that international co-operation is not some alternative objective that we might choose to pursue instead of the national interest. I think we are stressing that it is increasingly going to be the pre-eminent means for all countries to pursue their national interest because, faced with the kind of cross-cutting challenges we're talking about, countries' national interests will increasingly depend on working together to manage these shared risks. So international co-operation here is a means, not an end.

Q129 Mike Gapes: And on the National Security Council?

David Steven: I feel a little bit out of date on that because I have been overseas a lot. We ran a seminar with Peter Ricketts and his team in the early days. I think that they had a sense that they needed to focus on the short-term and urgent issues. That is absolutely the right decision, otherwise we are going to find that some risk comes over the horizon very, very suddenly and people will be going, “Why was the National Security Council thinking 10, 15, 20 years ahead when something was coming up tomorrow?”

What we are asking, though, is where does the long term sit if it doesn't sit in the NSC? We think that's what the Foreign Office in London should be very much about. Foreign policy making is getting very complicated because domestic departments have so many stakes in the different issues. Where is the

platform for the long-term strategic synthesis on those issues? That has to be the Foreign Office—it just has to be.

Q130 Mike Gapes: Is there not a danger, though, that if you want something addressed you just basically say: climate change, terrorism, people trafficking, drugs. You just bring it into the national security ambit and then somebody takes notice of it, whereas otherwise it is sort of off and a secondary issue?

Alex Evans: I think there is, yes.

Q131 Mike Gapes: So would you say that the National Security Council is taking in too many areas and not focusing sufficiently on the real threats, or would you say that it's doing the job in the right way at this stage?

Alex Evans: I think it's getting the balance broadly right. It has taken a fairly broad conception of a fairly tightly defined security agenda. For instance, it looked at climate change, but at the security aspects of climate change. The NSC is not attempting to be the co-ordinating body across Whitehall for what we want from the next UNFCCC² climate summit. What it is doing is taking a broad idea of what security is and looking at different aspects of that. I think that's a useful step forward. It builds on what NSID³ did under the last Government; it is, in some ways, a more frequent version of NSID, I think. But as David said, what it isn't at this stage is the long-term engine for synthesis across global issues.

Q132 Mike Gapes: Can the National Security Council be that, or do we need another body?

Alex Evans: I think this is where it comes to the Foreign Office, because I think doing that kind of synthesis requires you to have enough people. The national security staff only have 45 people working on foreign policy, and as we understand it, it is likely to see that head count reduced. That is not enough people to drive synthesis across Whitehall. That's where we think the Foreign Office can have an incredibly valuable role to play. That is why we think, to play that role, the FCO in London, as opposed to embassies, needs to be staffed 50% by secondees from other Whitehall departments, so that it becomes the place where the cross-governmental conversation happens about joining up the dots on global policy.

Q133 Rory Stewart: Let's follow on from that. The Foreign Office, over the last 15 years, has gone closer and closer to your kind of model, starting with Michael Jay. This was the whole idea—more and more global issues pushing through. You want it to go even further—50% of people in Whitehall working for the Foreign Office, but not to be from the Foreign Office. You see failed states as being driven by DFID's agenda.

Now obviously you want to say, “This is not going to be at the expense of country expertise, and it's not either/or”. But it will be either/or; you have to make choices, and you're pushing towards the global. I

² United Nations Framework Convention on Climate Change

³ National Security, International Relations and Development Committee

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would have thought that the exact risks you're trying to mitigate are not going to be mitigated by doing that. In fact, all that we've learnt from the Balkans, Iraq and Afghanistan suggests that the way to mitigate the risks is deeper country expertise, more linguistic knowledge and more focus on specific geographical areas, and that it is exactly these kinds of generic global skills that got us in this mess in the first place.

Alex Evans: You raise two points there. The first is how we do UK engagement in fragile states, and the other is how we do strategy on the global issues. Maybe it is helpful to separate them out in our answer. On the first one—how we deal with fragile states—the central issue is how we pull together a coherent cross-HMG approach, in particular how FCO and DFID can work effectively together. What has often been missing in our engagement with some fragile states is a marriage of the two Departments' work into a really effective political strategy.

What you often find, I think, is that the ambassador and the FCO staff have excellent knowledge of the political dynamics in a country in a relatively short-term sense; they can understand what the political issues are this year. But DFID has a very good understanding of long-term drivers of economic change, institutions and the sort of dry end of the governance agenda, if you like.

But it is at the political economy level, where those things mesh together, that I think we don't always have the joined-up strategy. Things have improved a little bit now, with the FCO having a formal role in drafting DFID's country assistance plans, but there's often still a gap between the Ambassador doing day-to-day political engagement and DFID pursuing its long-term assistance programme, without the two necessarily becoming more than the sum of their parts. Does that help on the first question, before we turn to the one about strategy?

Rory Stewart: You can go on to answer that question.

Alex Evans: On the question about strategy, the observation that we make in the report is that there are obviously lots of different bits of Whitehall doing lots of different bits of foreign policy: you have DECC leading international climate and international energy policy, DEFRA doing international food policy, and HMT doing international economy.

One of the things that struck us powerfully when we were researching this was that nowhere do we actually track across Whitehall the resources that we're expending on these different priorities: how many people are allocated to them and how much money we're spending on them. We tried to pull some of that data together when we were doing the report, but it was very difficult to compile, even from Departments' annual reports. I think that that showed us that we can't have a joined-up international strategy until we know at least what our *de facto* priorities are today, in terms of staff and money. Tracking that is the first thing.

Then the question for Cabinet would be: are these the priorities you actually want? I think that the idea we have outlined of an FCO staffed heavily by secondees is trying to bring those disparate pieces of the jigsaw puzzle together in one place, so that we can actually start to bring those pieces together.

Q134 Rory Stewart: Let me push you a bit harder on this. You are avoiding the basic question, which is about how you manage risk. You seem to think that the answer is some sort of consultancy-style, strategic approach to generic departmental co-ordination, whereas the way to manage this in fragile states—in fact, the weakest part of your report may be around fragile states, precisely because of this—is a longer time in the country, more language knowledge, more area expertise, more immersion and more expertise in London. All that is lacking—bringing in more and more other Departments, giving more weight to DFID and co-ordinating are not likely to deal with the risks from fragile states.

David Steven: I take your point about trade-offs, and it is clear that we need geographic expertise and to shift resources to countries that are more fragile. Even in the past four or five years, we have seen that the sense of the key places to get posted to—that notion of what is important—is changing quite rapidly. Europe is going down, basically, and places like Pakistan and Nigeria are going up in the world, and that is clearly important. We need people who stay there longer—the circulation in a country like Pakistan is enormously rapid, and I think that loses continuity. There are things that you can do, and that are being done, to shore that up.

I do not quite get where you are coming from on the issue of DFID. Focusing DFID's energies on these most troubled places, using multilateral institutions where money can simply be transferred and expected to buy development result, and focusing what is really most rare in DFID—its people, because it does not have very many people—on countries like Pakistan and Nigeria boosts our ability to cope with fragile states and doesn't undermine it.

Q135 Sir Menzies Campbell: What follows now is, I hope, a natural consequence of Rory Stewart's question. Mr Evans, at one stage I thought you were making the case for DFID to be subsumed, as it were, back into the Foreign Office. When I first came to Parliament in 1987, Lynda Chalker, I think, was the relevant Minister—a Minister of State in the Foreign Office. International development was dealt with by the Foreign Office. It seems to me that some of the characteristics that you have described as being desirable might well have been met in those days by that particular arrangement. Do you share that view, or do you have some contrary opinion?

Alex Evans: I certainly would not advocate bringing DFID back within the Foreign Office now. I think that it has a useful function around the Cabinet table, but I do think that coherence in country matters is needed, and that there is room for improvement.

I think that now the UK model of having a separate Cabinet Ministry for international development looks like the exception rather than the rule internationally—other countries that have tried this have brought development issues back within the Foreign Office ambit. But I think it's a functional issue, not a question of organisational form. I think that the main thing is to make sure that whatever configuration that we have works coherently, and I

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don't think that it's necessary to re-merge the two Departments in order to do that.

Q136 Sir Menzies Campbell: How is that co-operation to be encouraged? The fact that both Ministers sit around the table at the National Security Council of itself represents what one might say is a marginal improvement, but it does not actually create the context or the success which you argued for. How is that then to be facilitated?

Alex Evans: By and large, to create this kind of interoperability is not about redrawing the organogram here in Whitehall or in the countries; I think it is partly about the incentives for individual officials. I would like to see civil servants in both Departments appraised on the extent to which they work effectively with other departments, seeing it as an absolutely standard feature of every civil servant's career to spend a good portion of it outside their home Department—preferably outside their home Government.

The real holy grail, beyond the incentives, is to develop a culture of jointness, as it is sometimes called, where it just comes naturally to participants in different parts of the Government to work with each other to understand each other's perspectives. That can't be legislated for; it has to happen through ongoing collaboration. That is part of the reason why we called for scaled-up work on areas such as war gaming, for example.

Q137 Sir Menzies Campbell: Are there any lessons to be learned from what they call "jointery" in the armed services—creators of the Permanent Joint Headquarters? Can any lessons derived from that experience be applied to your argument for the relationship between the Foreign Office and DFID?

Alex Evans: Yes, absolutely. I think the military have been a real cockpit of innovation on a lot of this. PJHQ, as you say, is a very interesting model. When I worked at DFID, I always felt that the Department could have engaged much more with PJHQ and that there would have been mutual benefits to doing so.

That is also why I mentioned the instance of war gaming. I have taken part in an MOD war game that was simulating post-war reconstruction in a fragile state. That kind of collaboration in, as it were, a safe environment is how you get this culture of jointness that I just referred to. It's absolutely second nature to the military to do that kind of rehearsing the whole time. It's not standard at all in DFID or in the Foreign Office, and I think that's a kind of practice where civilians could learn a lot from the military.

David Steven: There is a convergence in-country as well, and I think that's very helpful. In 1997, when DFID was formed, we saw this period where it was—"regressive" is maybe too strong a word, but it was very intent on establishing its individual identity.

Q138 Sir Menzies Campbell: It was being led by a very intent individual in the shape of the Secretary of State.

David Steven: It had this very clear and absolute focus on poverty, and it was less interested at that time in the institutional and political agenda. As DFID

increasingly sees that change only happens when you get the politics right, that has moved it towards Foreign Office territory, while in fragile states the Foreign Office is having to look longer term at the kind of institutional changes that you need to stabilise a country.

I remember going from an embassy to a DFID office just across a compound—50 yards—and the head of the DFID office said, "You have come from the enemy." I think those days are long gone. You see in a country such as Pakistan, under the leadership of the High Commissioner there, a real intent to get some cross-UK working in the country.

Q139 Sir Menzies Campbell: One last observation, really, rather than a question. I wholeheartedly agree with your view that we send people to difficult parts of the world and just at the moment at which they are at last getting their heads around what their responsibilities are, and understanding the nature of the task, we move them on. It doesn't seem to me that that's the best use of expertise or experience.

Alex Evans: That's exactly where Rory Stewart was right in his question about length of posting to countries. This is where head count matters too, because although DFID's budget has soared, its head count has reduced rather dramatically over the past few years. One consequence of that is that it's very difficult for staff to get out of capitals. It's very easy for them to spend all their time talking to opposite numbers in other donor organisations or in the Ministry of Finance, but getting out on the ground and seeing what's happening—you need enough people to be able to do that.

Q140 Rory Stewart: Just to follow up on what you told Sir Menzies, there is a contradiction in what you're saying. On the one hand you're saying you want people to get more out of their Embassies, spend less time in co-ordination meetings and spend longer in Pakistan. At the same time, you're saying that career paths, the way that you get promoted and the way that you get honoured within the Department will depend on your ability to show your ability to work multilaterally, co-ordinate and work with other government departments, and that should be put in operation.

An ambitious person is going to take the message that you're pushing across, which is that you don't make it to the top of the Foreign Office of Evans and Steven by spending 10 years on the ground in Pakistan in rural areas; you make it to the top by showing yourself a fancy manipulator of international systems and working a wide game.

Alex Evans: That is a completely false dichotomy, and the examples that you see of that are the best SRSGs⁴ in the UN system. These are, at their best, people who combine deep regional knowledge with an ability to be interoperable—to talk military with the UN peacekeeping force commander, to talk aid with the donor community and to talk political mediation with the people doing that.

⁴ Special Representatives of the Secretary General

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Q141 Rory Stewart: Can I just push back a little bit more on that? I know you're going to want to say that we can have all these things together and that there are these wonderful people who combine it all. The reality is that how promotion is determined chooses certain things to prioritise. You can't do it all; these are real choices.

The Foreign Office of 20 years ago, where you were promoted by speaking Arabic fluently and spending 20 years in the region, is completely different from the new US review, which you are holding up as a model, and the whole way that people's careers will operate. That's the trade-off.

David Steven: It is a complex world. If you are in Pakistan, it is not a country which is isolated. It is having a food and energy crisis, and that is one of the key determinants of what is happening in that country today. It is a global issue.

Alex Evans: I do not see why you can't have both. I think we would echo what you have heard from some previous witnesses, who worry about the potential diminution of the role of research analysts in the Foreign Office. Some people here in London will have that real depth of knowledge about either an issue or a country. However, it is with interoperability where we most consistently fall down; we fail to see the linkages between issues. If we want to get on the front foot and move to a preventive stance, we have no option but to engage with that.

Q142 Rory Stewart: Let me try one last time, then I'll drop this entirely. You say here, "the Government has to be sensitive to weak signals that warn of an impending crisis, embrace the complexity of both problems and solutions, and be committed to learning from failure". These skills are not going to be achieved by the kind of things that the American review is pushing. Such skills in a fragile or a failed state come from an entire culture that rewards and reinforces deep specific cultural knowledge.

If you take the contrast back, it actually operated better when 95% of the Foreign Office staff in London came from the foreign offices and those kinds of backgrounds. It operated better when the way that you were promoted was not through your performance on global issues, but through your specific immersion. The weakness of the past 15 years has been the absence of those things—not that we haven't gone as far in your direction, but we have gone too far.

David Steven: We had this debate when we were writing the report. You could strip a lot of what happens in London and a lot of the global issues out. You could focus the FCO into a Department for geography, but then you need to put this other stuff somewhere else. You would effectively end up reinventing a Foreign Office or bits of the Foreign Office somewhere else in Whitehall, and that would seem stupid at a time when we need to take the Foreign Office up the Whitehall agenda. We need to turn it back into a core driver of policy-making across Government.

Q143 Rory Stewart: What do you mean by "Department for geography"? That seems a little patronising as a way of describing area and linguistic

expertise. Does that not actually reveal the whole attitude?

David Steven: I do not agree—I mean, a Department for geographical expertise. It sounds a lot like the point you have just articulated.

Alex Evans: David is right. We are not here to have a fight with you about what the Foreign Office is for. If we are in a zero-sum equation, where we only have half a dozen staff, of course we can have an argument about where to allocate those staff. What we are trying to say more is that there is a functional gap in the configuration of HMG overall.

We think, given its skills, that the FCO is a natural home for this. We also emphasise absolutely that we have got to get the head count right, which is where I agree with you that if we get into this zero-sum game of trade-offs, it gets much more difficult. However, this is what it will take to manage these global risks. It's not at all to dispute anything you say about regional expertise being essential to deal with fragile states effectively, but we think that there is another thing that's important here, which you haven't yet acknowledged in your line of questioning.

Q144 Sir John Stanley: Of all areas of Government activity, diplomacy is probably more personnel-related than any other. As members of the Committee have seen, in country after country, the extent to which diplomacy is successful depends absolutely critically on the ability of our top diplomatic representatives to win the confidence, trust and respect of the key players in the country concerned. That requires people of considerable intellectual ability and a huge commitment to becoming knowledgeable about and commanding the language and customs, as well as having the knowledge of the detail of the way that the country in which they are serving operates.

The FCO today is under unprecedented financial pressure. I want to put this question to you: the Foreign Secretary has said, as a matter of policy, that he wants to preserve the global network of posts. Against the financial pressures, which must impact on the calibre of the people whom you can attract and retain and on the amount of resources that you will be able to devote to language training and so on, do you think that the Foreign Secretary's wish and commitment to having a continuing global network for the FCO is realistic or illusionary?

David Steven: The network is too diffuse and diverse, and it is very difficult to decide what to do with that. You could end up having posts that are so small that they are not viable to deliver results. Some kind of move towards a regional structure, having clusters of posts working across issues, might allow you to do more with less, but this is a real problem. It is not a popular view in the Foreign Office, but I think that we should be prepared to prune if that is going to strengthen the places that are the highest priority for us.

Alex Evans: The FCO's financial settlement is not all that bad compared with some other departments at this point. It is interesting talking to diplomats within the Foreign Office. One view that I have heard from several of them is that if more resources are available than they might have expected a year or nine months

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ago, it would be preferable to spend those on strengthening some of the mid-sized missions rather than, necessarily, reopening some of the posts that have been closed down. The view is that there is a risk of being spread too thinly and, as David has said, beefing up capacity in some of the priority places might be preferable.

Q145 Sir John Stanley: A further question I want to put to you is that one of the classic ways of trying to square the resources circle with global coverage is by changing the balance between your UK-deployed personnel, who are much more expensive, and increasing the number of those who are locally engaged. Will you tell us whether you think that that is a sensible way to go? Clearly, in some respects, if you are employing local people, you get a second advantage—they are much less expensive. In addition, of course, they come from the country concerned, and so they bring with them a great deal of local knowledge. On the other hand, they are coming from outside the national FCO system. How do you see the FCO's approach? Do you think that it is desirable to increase the proportion of locally employed personnel to expatriate personnel?

David Steven: It is particularly difficult when you end up with a strong separation in the post, because you have a large core of locally engaged staff, but they do not have the security clearance to be involved in many of the key policy discussions. That is a real problem. The best locally engaged staff, at quite senior levels, are often fantastic. In countries where the elite is small, they can be enormously well plugged in and provide extraordinary access. They have the depth of knowledge, and are often in post for much longer than the UK staff. So, it is not an unqualified "yes", but it is something that we are wise to do. We are very different from the French in moving down that route.

Alex Evans: I do not have anything to add.

Q146 Mr Baron: May I return to staffing arrangements? You have made it clear that you believe that the FCO should be more permeable—bringing in external civil servants, experts and so forth. You cite the US as one example. One of the advantages that you cite is that it would bring fresher ideas. Taking us back to basics, can you give us any concrete examples of where the FCO has fared badly with regard to how it operated in the past? How would your changing the staffing arrangements improve things?

Alex Evans: It's more based on a sense that we're allowing opportunities to pass by not having that permeability. One of the things that we call for in the report is a scaling up of the FCO's capacity to do thought leadership to set global agendas.

An example of a success is the way that the Canadian Government set a global agenda on the idea of "The Responsibility to Protect". They pushed the International Commission on Intervention and State Sovereignty and then pursued it all the way through to the 2005 UN summit, where it was enshrined in the summit outcome document. That is a classic instance of a Government doing thought leadership very effectively. To be able to do that, it goes back to the theme of interoperability and working in coalitions

with think-tanks, NGOs, other governments, sympathetic international organisations and even the private sector. The more your diplomats bring that plurality, perspective and experience to bear, the easier it is to have such interoperability.

I think that's the opportunity that is there for the taking. We could do thought leadership better, if we had more people with experience outside the diplomatic service. Does that answer the question? Basically, you are talking about missed opportunities, and that is a valid answer.

Mr Baron: Yes.

David Steven: This might be something that you'll look into, but I'd be interested to look at the role of the FCO in global economic issues, not commercial, but economic. My sense is that there isn't enough economic expertise in the Department as it's currently configured. If we look at what might happen over the next few years, we might possibly see some sovereign debt defaults, and we might see some realignment of global currency imbalances. Clearly, that is one of the key drivers of our future, and I am not convinced that the Foreign Office has the expertise to navigate those issues.

Similarly, you need to understand how the resource agenda is likely to drive geopolitics as we begin to see countries competing for resources in what are often fragile states. That is another area where you need to bring in external expertise in order to understand the issues.

Q147 Mr Baron: May I play devil's advocate for a second? I suppose that in some respects that goes to the heart of it. What I want from the Foreign Office is expertise on the ground, versed in the history, the language and the culture, so that it can be an advance radar warning screen, among other things. If there are any issues of which we need to be made aware as a country, we can deal with them accordingly and be proactive, rather than just reactive.

Being devil's advocate, we want our Foreign Office to take on those extra functions, and I am slightly wary of the view that we can train our diplomats in economic and commercial issues. We don't have a great track record on that. There is no shortage of diplomats who will say that it cannot be done successfully, but you obviously think that it can. In many respects, that goes to the heart of the role of the FCO in the sense that you think it lacks expertise, but I question—as I have said, I am playing devil's advocate—whether we can actually achieve that. Surely it would be better to train civil servants in other Departments, such as the Department for Business, Innovation and Skills and the Treasury, in languages and send them off, rather than asking the FCO to take on extra tasks at a time when resources are being cut and there are question marks as to whether it's achieving its core function anyway.

David Steven: I divide the commercial from the economic. Personally, I am not a supporter of the focus on commercial diplomacy. I hope that you will look into that, but I am not sure what evidence there is that diplomats can make that happen in country. Clearly, when you talk about early warning systems, we don't have the early warning systems to spot big

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events coming: it is obvious that we didn't spot the food crisis coming; we didn't see the economic crisis coming; we didn't see 9/11 coming; and we didn't predict what was going to happen in Iraq and Afghanistan. So something is clearly not working.

Q148 Mr Baron: Is that a function of the fact that we don't have what I would call the traditional arts of the FCO in place in those countries—a deep understanding of what's going on in those countries—as opposed to our trying to bring in extra expertise? Are we failing on the core function of the FCO in many of those areas? I think of Afghanistan and Iraq, at least in the early days, as one example of that.

David Steven: Again, you have to divide up your thinking about what happens in London, where I think you need a platform for synthesis, and what happens in country. I come back to the example of food and energy prices, because it's on our minds at the moment. The oil price is going up, and food prices are higher than they were in 2008. This same force is playing out in very different ways across a number of different geographies. It has a very different impact in Nigeria than it does in Ethiopia or in Pakistan, but it is the same series of underlying forces. We need that country-specific expertise, but we need people who are able to see the broader interconnections.

Q149 Mr Roy: I want to ask about budget resources. In your experience, has the FCO's ability to work properly been constrained by a lack of resources in the past?

David Steven: Yes, I think it has.

Alex Evans: Yes, it has.

Mr Roy: That was an easy starter.

David Steven: I think that some things are happening. It's becoming more expensive to operate in many of the key countries. Security considerations mean that a lot of money goes into security, so, effectively, your productivity will inevitably fall, because you have to take on these expenses. The agenda is just growing. The world is becoming more complex and interlinked, and the international agenda is growing. The game changers for British citizens come from outside the borders. Once we get over this particular resource crunch within our own system, we have to be prepared to invest more. We have to try and find ways of doing both the cross-cutting stuff and the deep expertise in country. If we don't do that, we are not going to be prepared for the world that we're going to face.

Q150 Mr Roy: But in the short-term future, in relation to the FCO, do you see the strategic defence review having an adverse effect on the workings of the FCO?

Alex Evans: As I have said, I think the FCO, in some ways, got a better financial settlement than the one that it was expecting, but, as we have said, we think there is a case for really scaling-up the resources spent on this, and that, of course, hasn't happened yet.

Q151 Mr Roy: Can I take you to the budget organisation in relation to what concrete difficulties you see being caused by the UK's current departmentally based system for allocating

international policy spending, as against a cross-departmental objective on programs that you touched on? Where do you see the happy medium?

Alex Evans: We would like to see a shift towards budgets being allocated to strategies rather than Departments. We think that would be a really powerful engine for coherence. Conversely, unless we are prepared to back efforts to improve policy coherence with resources, we are just talking. In some ways, the experience of the conflict prevention pool—now singular, but formerly plural—is a useful example of that. It has never really had an overarching strategy that sets out what its priorities are, and so it has instead become a bottom-up bidding-in process where everyone keeps off everyone else's turf. It has never really been what I think it could have been.

The point, however, holds at the next level up. As I mentioned earlier, we don't currently track across Government where we spend our resources, whether that is people or money or other resources, across global issues. We ought to do so, and, once we do so, that will be the first step towards then being able to take whole-of-Cabinet decisions about what our priorities, as the UK internationally, actually are.

Q152 Mr Roy: On a totally separate issue, in relation to your paper and the work of Members of Parliament, I was interested to see that you thought that there should be fewer Members of Parliament and that it would be better if there were mandarins speaking and that we should give up our local role. How do you think that sits with the Great British public?

David Steven: Badly. This is really difficult. The political incentives on many of these issues are very, very poor. The public do not understand what the drivers are, and they do not support further investment. That is something that we really have to confront, but we need parliamentarians who spend as much of their time as possible on national and increasingly international issues.

Q153 Mr Roy: Do you not think that the public would understand and forgive us even less if we started turning our backs on local work and making the bigger picture our priority?

David Steven: I think that it is a real problem. If you avert the risk, you get no credit. Look at the troubled asset relief programme in America. TARP⁵ has probably been the most cost-effective policy that the American people have had in a generation. It is costing almost nothing. It has subverted what could have been a terrible economic meltdown with political consequences that would have been disastrous.

Alex Evans: There is a clear example here, too, of swine flu. The Government did everything right. They pursued a very effective preventive strategy on swine flu and consequently were widely criticised for overreacting. That tells you everything you need to know about political incentives on global risk management—unfortunately.

Q154 Chair: On the final point, you are saying that Select Committees should also rejig themselves to go cross-departmental. I, as Chair of the Committee, sit

⁵ Troubled Asset Relief Program

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on the National Security Strategy Committee. It is actually already happening.

It is a bit unrealistic to say that we should have more Mandarin-speaking MPs. People vote for a political policy rather than the linguistic skills of the MPs. Do you not agree that it is just a touch unrealistic to ask the public to put aside what the manifestos of the party might say and vote for someone who can speak Mandarin?

Alex Evans: We were illustrating a point playfully, rather than necessarily coming up with a recommendation.

Q155 Mike Gapes: Would you like to withdraw it?

Alex Evans: Much as I would like to go to my local CLP and tell the GC that they ought to be rejigging their selection criteria rather fundamentally, what we were trying to convey—and the point that we were just discussing—is that there is a problem with the fact that the public are much more interested in local issues on their doorsteps. It is easy to criticise politicians for spending too much time abroad—we say it the whole time. But our argument is that the international landscape is increasingly fundamental in shaping individual citizens' prospects here in the UK, hence the issue that we all face of trying to engage publics in foreign policy. The legitimacy issues that came up with Iraq, particularly, mean that there is a remedial aspect, too.

Q156 Chair: I do not seek to criticise you. In fact, it is quite an effective way of making your point about cross-cutting issues.

How do you think the Treasury will feel if the Foreign Office were invited to take the lead on budgetary control of a certain area, which includes the Treasury?

Alex Evans: Our vision is of the FCO as a driver of synthesis, in some ways functioning as part of the centre of the Government, not as a line department that has managed to wrest control of its budget from HMT. There is a vibrant debate in domestic public service reform about how to use budgets to drive improved policy coherence. The whole move towards public service agreements under the previous Administration was part of that, and lots of the work in places such as the Institute for Government is about taking that forward.

One of the perceptions that prompted us to start on this was that, in Labour's first term, there was a great push towards joined-up government and a lot was learned through that experience. But the joined-up government discourse largely bypassed global issues. When we look back at the original British Academy publication that set that agenda in motion, it was very much about public service delivery here in the UK. We talked to some of the architects of that agenda: people such as Geoff Mulgan and Vernon Bogdanor, and said we felt that there was unfinished business on the international front. I think that, by and large, they were sympathetic to that view and felt that useful things could be done by applying some of that agenda to the global context.

David Steven: Getting the relationship between the Treasury and the Foreign Office right, given that it is not right at the moment, is a real priority. It seems to

be very difficult for those Departments to work together effectively, and I think it's important that they do so. We have lived through an era in which the Treasury has become increasingly dominant over domestic policy. I am not an expert on domestic policy, but that seems to have driven some coherence. We need the FCO to have a similarly clear role internationally, and we need those two Departments to work together more effectively.

Q157 Mike Gapes: David, you and I met many years ago and, in the context of this subject, you have just triggered something in my mind. You were doing the review of the Westminster Foundation for Democracy, and I was fighting hard to save it from the effect of your review. I remember that, at that time, one of our big criticisms was of this Treasury tick-box mentality and the fact that the Treasury put an accountant in the Foreign Office whose job was to fit into the Treasury model of how an organisation should function, but that doesn't in any way take account of the realities of foreign policy. Given your experience now and your history—you know a little bit about these things—how would you assess that Treasury domination of the Foreign Office at that time?

David Steven: I have a slightly different historic interpretation of the Westminster Foundation for Democracy review.

Mike Gapes: I'm sure you do.

Sir Menzies Campbell: History is like that.

David Steven: Yes. For me, it was very much about the institutional arrangements and where the money came from and where it was funnelled through, rather than the Treasury tick-box mentality. It's clearly important to find a way of evaluating results across these complex areas. You can't not do that—it is a recipe for complacency. I think that nothing the Treasury has yet suggested has proved effective in the foreign policy arena.

Q158 Mike Gapes: Do you mean the public service agreement model?

David Steven: Yes, absolutely. I think that, in evaluation terms, we often end up asking the wrong question. On many of these issues, you need to do a smaller number of things—10 or 12 things, rather than 20 or 30. You need to therefore put more investment into them, and you need to expect maybe only one or two of them to demonstrate success but for that success to be dramatic enough to justify the rest of the portfolio. We may be going a bit off track here, but some of the current emphasis on value for money is looking for a 6% return on every single investment you make, which is an absolutely impossible way of measuring foreign policy.

Mike Gapes: We agree on that.

Q159 Andrew Rosindell: Will you say something about the non-state sector? NGOs are increasingly important in the work that Governments do. Many things are, effectively, devolved to them, but, often, Government funding is there somewhere. Could you assess how effective we are in working with them and how the Foreign Office engages with them? How should we improve that relationship with the NGOs?

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Alex Evans: There is quite a lot of room for improvement on that front. I absolutely agree with the premise of your question that non-state actors are increasingly central to foreign policy. David and I have mentioned the idea of coalitions, which is central to our report—the idea that you need diverse coalitions to push for the kind of global frameworks we want to see. Non-state actors, be they NGOs, faith communities, the private sector or whoever, are essential in that.

In the Foreign Office specifically, it's not always clear where that's supposed to happen. In the US model, the policy planning staff have a very clear mandate to bring, as it were, news from elsewhere. Here in London, policy planning oscillates a little bit on this, depending on who runs the team at any particular time. Sometimes it's very open, runs a lot of seminars and really does bring a lot of perspectives from outside, and at other times it doesn't. I think that recently it has probably been towards the latter end of the spectrum, but we absolutely argue that the more the FCO engages with civil society actors, the more opportunities there are.

David Steven: We have written quite a lot on public diplomacy. We have seen some quite interesting developments in public diplomacy over recent years. First, we have seen an end to the idea that public diplomacy is effectively about selling the reputation of the country as a branding exercise. I think that's gone, which is all to the good. We have begun to see within the FCO a much broader, innovative and creative approach to public diplomacy, but it is still seen as an end-of-the-line function. The core policy-making gets done within the traditional diplomatic sphere, and then there are these other chaps who sit down the corridor and work on public diplomacy. I think we are moving towards a world where it is recognised that what is currently seen as public diplomacy is the diplomatic agenda and state-to-state diplomacy is just one element of that. You see that very much in country.

To give a concrete example—back to Pakistan, I'm afraid—the UK is currently very engaged in the debate in Pakistan over the general sales tax, a VAT-like tax, which is seen as the key way of widening the tax base in Pakistan, propping up the public finances and providing some social sector spending. In order to be influential in that debate it is not enough to talk to the Government. The Government are won over on

that issue. You have to talk to the media. You have to talk to parliamentarians. You have to create a whole atmosphere around that debate. If you talk to the High Commissioner, that is what he sees his role as doing. That is what he is out there trying to do. So he is working in a fairly seamless way across government and non-government audiences of all kinds, clustered around that and trying to achieve a result on that particular issue.

Q160 Andrew Rosindell: Do you think NGOs are the best way to achieve our objectives? Do you think we should do more with the NGOs, engage with them more and give them more projects to work on via HMG, or do you think that we have gone as far as we should go and perhaps NGOs have become too powerful and too influential?

Alex Evans: It depends on which objective we are talking about. Clearly, if we were talking about non-proliferation, for example, the role for NGOs might be relatively limited. If we are talking about climate change, the ability to shape opinion and set agendas makes them natural partners for us.

Q161 Chair: On public branding, we have been looking at this in the context of the opportunities posed by the Olympics to rebrand Britain. Would you agree that that is an exception to the point you are making?

David Steven: Yes. Some of these very big events, such as the Expo in Shanghai, may provide an opportunity for a brief uplift. I am a bit out of date on this but I think even for these big sporting events the evidence is that the effect can be quite transitory. I think the Germans got a big uplift after the World Cup, but then they ended up back where they were. I am sure you have talked to Simon Anholt. He uses the idea of a big truck on which the wheels have been taken off. You just cannot push these brands that are already very fixed in people's minds that easily. How important is it when you are talking about prioritisation and you have so many other crucial issues to deal with?

Q162 Chair: Great. I thank you both very much. If your object was to make us think, you have succeeded. You cut across conventional thinking as well as proposing cross-cutting issues. It is very much appreciated that you have taken the time to come to see us.

Wednesday 26 January 2011

Members present:

Richard Ottaway (Chair)

Mr Bob Ainsworth
Mr John Baron
Ann Clwyd
Mike Gapes

Mr Frank Roy
Sir John Stanley
Rory Stewart
Mr Dave Watts

Examination of Witness

Witness: **Sir Jeremy Greenstock GCMG**, incoming Chairman, United Nations Association-UK; former diplomat (1969–2004), including UK Ambassador to the UN (1998–2003); former Director, the Ditchley Foundation (2004–2010); founder partner, Gatehouse Advisory Partners, gave evidence.

Q163 Chair: May I welcome members of the public to the Committee's fourth evidence session in our inquiry into the role of Foreign Office in the UK Government? Today, we will be questioning the National Security Adviser, who is our second witness, and two senior former diplomats about the inquiry's key issues, especially the National Security Council and the FCO's work in multilateral institutions and in the commercial and economic sphere.

It is with great pleasure that I welcome our first witness, Sir Jeremy Greenstock. He is probably one of the most distinguished former diplomats—if I can put it that way. He is the incoming chairman of the United Nations Association, the former UK ambassador to the UN and a former director of the Ditchley Foundation. His service on behalf of this country was very distinguished. Welcome, Sir Jeremy. Apologies for holding you outside for a few minutes; we were having a quick emergency debate on the World Service cuts announced today. It is a huge pleasure and privilege to have you here. Would you like to open with a few words, and then we'll get going with the questions?

Sir Jeremy Greenstock: Thank you, Chairman. I do not have any great statement to make to you; I want to respond to the Committee's questions. I shall indicate briefly where I am coming from so that you are not surprised. If you are interested, in this session I would like to talk about how the world is changing and how the United Kingdom and its diplomatic instruments should respond, because I think it is very relevant to how the Foreign Office is constructed, recruited and trained over the coming period. I think I have something to offer; not just from longevity, but from my experience with the Ditchley Foundation, where I ran 70 conferences on global change from a large number of aspects. There are some things in what I have seen of your witness statements so far and your hearings that have not yet been covered in enough detail to give you the right steer for what we need from diplomacy.

My second preliminary suggestion is that I do not think that Westminster and Whitehall should be thinking too radically about structural change to the Foreign Office. That will not solve any problems. I have seen a number of witness statements so far to you from Daniel Korski and others who have suggested that we might rearrange the furniture in some quite radical ways. That would be a mistake

because we need to focus on not where the furniture is placed, but the quality of the furniture itself and particularly the human components of it. You will therefore find me much more in the camp of Charles Crawford and concentrating on what the skills of the Foreign Office need to be, how they should be developed, how they should serve Ministers and how they should be co-ordinated with the rest of Whitehall. It would be a grave mistake at this juncture to get into radical change of the structure. That is where I am coming from.

Q164 Chair: That is very helpful. Will you tell us if we are not asking you the right questions? It will allow you to get us going. I should have also mentioned your service in Iraq in my opening remarks.

Putting Iraq to one side, looking back over your time in the Foreign Office, can you think of any situation or any example where the failure of how the Foreign Office is structured led to problems?

Sir Jeremy Greenstock: No, I don't think that the problems that we encountered in trying to manage our overseas interests came out of structure. They came perhaps out of relationships, whether international or internally political. They came out of policy making and policy decisions. At times, they perhaps came out of the inadequate personal capacity of a particular official or Minister at a particular time, trying to deal with a particular problem. I do not think that I can think of a structural problem that lay at the heart of the difficulties we were facing as a Government team trying to deal with British overseas interests.

I could, if you like, take your question and look at the relationship between the Department for International Development and the Foreign and Commonwealth Office, but I don't think that that was the problem. If that was what Ministers decided should be in a structural relationship, it was up to individuals, leaders and Ministers to communicate, get together when necessary, discuss policy and how they shared an approach to a problem, and get on with it.

I am of the view that the British civil service as a whole is talented and adaptable, and is there to do what Ministers want, obviously within reasonable limits in terms of legal action and the rest of it, but that is a very wide spectrum of capacity to serve Ministers in the way that the Government of the day wish them to act and to work together. Then, it is a

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matter of addressing the issue in the most professional way possible, with people who are trained to do that.

Q165 Chair: That is consistent with your opening point that you don't think it's broke at the moment, so it does not need fundamental reform.

Can I put the question the other way round just to probe? Do you think that we have lost any traditional expertise at the Foreign Office, such as geographical expertise or policy expertise, in recent years or do you think that the Foreign Office is working as effectively now as it ever has done?

Sir Jeremy Greenstock: I have been worrying about the effectiveness of the Foreign Office in the system, and in the global system, but more from the point of view that resources have been lost for adequate staffing of the services that the Foreign Office needs to give—we can go into those—and from the tendency over the past couple of decades or so.

I can go back because I think I was at the origins of the original reforms at the Foreign Office in the early 1990s to bring management of the issues and resources together under the directors. With Anthony Goodenough, I led the research and the policy contemplation in the Foreign Office of what those reforms would mean. I think in the end that they were taken too far. The Treasury's and the home civil service's interest in getting the Foreign Office to conform to objective-setting and explanation of its work, against criteria that weren't fully fitting for diplomacy and overseas work, damaged the capacity of the Foreign Office to focus on diplomacy. That has been cumulative in a sense as the years have rolled by and the cuts have taken increasing force.

I look upon the Foreign Office as distracted, to some extent, by things happening in the domestic arena, and as understaffed and under-resourced, for what the country could get out of a properly staffed and resourced Foreign Office. It is, therefore, not able to respond to the way the world has changed and the way that Whitehall and the Government need to react to the evolution of global events.

Chair: Rory, a quick one on this point.

Q166 Rory Stewart: Just to follow up on that, is there something we could do with promotion? One of the striking things is that promotion into the senior management stream is now very focused on an ability to manage budget and staff. Often, people with particular language area expertise feel that they are not being properly promoted or rewarded within the system. Is there anything we could do structurally in terms of promotions to address those issues?

Sir Jeremy Greenstock: I think there are things that could be done to alter the relative focus and priority of skills in looking for senior members of the service. There are difficulties, because the Foreign Office in my early days definitely needed to upgrade its management skills. There were some brilliant diplomats who were awful managers and who, therefore, wasted some of the talents of their own team because of their managerial deficiencies, but were able, almost on their own, to achieve diplomatic successes. How do you relatively score those skills?

You obviously try to keep the good things and remedy the bad things.

In trying to remedy the bad things I think we took the accent off the real skills of diplomacy. I will give you a trivial example. When I was ambassador at the UN there was a series of circulars round every post that asked ambassadors to talk to their staff about how they were developing their management skills—whether they were ticking boxes in various ways—and asked them to look at videos and read scripts that told them how to be better managers. I told the Foreign Office that I had never received any video or set of instructions on how to be a good diplomat; how to hone skills in analysing the political and other developments in the world we were dealing with, and how to refine the individual skills to analyse, report, negotiate and recommend policy evolution.

I never saw a single circular on that in my five years at the UN, so I did it with my staff off my own bat. I did that in other managerial positions in the Foreign Office. It indicated to me that the message being conveyed to the team of the Foreign Office was a distorted one, almost reverse discrimination. In order to correct a fault, you so over-emphasise it that you distort the priority that you give to other skills. That is probably to some extent still the case, but I am not claiming to be an expert on how exactly the Foreign Office and Whitehall operate at the moment.

Chair: We have some detailed questions about staffing coming and we can go on the back of that.

Q167 Mike Gapes: Can I take you to the realm of diplomacy and foreign ministries generally in the world? We have had written evidence from the former Canadian diplomat and academic Daryl Copeland, who claims that diplomacy, its institutions and practices have not adapted well to the challenges of globalisation generally. How do you think the Foreign and Commonwealth Office has adapted and how does it compare with other comparable foreign ministries in other parts of the world?

Sir Jeremy Greenstock: There could be a very long answer to your question, Mr Gapes.

Mike Gapes: I'll interrupt you if it gets too long.

Sir Jeremy Greenstock: There are different aspects of where a diplomatic service can fail to meet the requirements of serving their country's interests in the modern environment. One of them, of course, is in the whole arena of communications and public diplomacy, where I think the Foreign Office has tried very hard to match what is out there, in terms of fast and permanent news, spin, and answering and explaining what is happening in a crisis.

Individuals in the Foreign Office have learned quite well; particular ambassadors get pushed into the limelight—I suppose I was an example myself—and you have to learn on the job. Some respond well and some respond badly. I was never trained sufficiently to take on the challenges that I met, so I had to respond in my personal capacity. I got some things wrong, and maybe I got some things right. I took care at the same time, particularly at the United Nations, to bring my own team along with me, particularly my press officers, to handle the media. I suppose you would now have to handle more than just the

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recognisable media—there are also the social media out there, but that is a different question and, to some extent, irrelevant to what we are talking about—in a way that gave them an understanding of what was going on, but didn't breach the lines of what was unclassified and what was not in what could be reported. So there is the communications area, where the Foreign Office is, on the whole, catching up, but not too badly.

In terms of diplomacy—as in observing, analysing, reporting, negotiating and communicating with other Governments—I am still to be convinced that there is a Government less incompetent than the British one in these fields.

Q168 Mike Gapes: Less incompetent?

Sir Jeremy Greenstock: Less incompetent. I formed the view over my career that all Governments are incompetent in one way or another. Where you have a civil service or a diplomatic service that minimises the mistakes; that can handle complex issues; and that can deal with a number of balls in the air at any one time, you have a comparative advantage against what is out there on the field of competition. Of course, some of the competition are allies and partners, but you would be surprised—I will name no names—how incompetent very close and admirable allies could be on particular cases. The British would come in, mop up, do the drafting, do the communication with other Governments and try to make the most of the situation. I think we're very good at that.

Q169 Mike Gapes: You are talking about your UN experience.

Sir Jeremy Greenstock: I am talking about multilateral experience in the EU and in the UN, but the skills I'm talking about can be applied to the bilateral sphere, because in the bilateral sphere we also—as ambassadors with other ambassadors in that capital—work collectively on a number of issues, particularly as the European Union. Those skills that I'm talking about still apply.

Q170 Mike Gapes: Thank you. Can I take you on to something you touched on in an earlier answer: this Treasury-driven, tick-box mentality of public service agreements and “red”, “green”, “amber” and so on? Can you give any concrete examples of where these kinds of publicly announced priorities actually helped in carrying out foreign policy?

Sir Jeremy Greenstock: I'm going to have to search my mind, because they don't come naturally. I realised that the objectives exercise had to be done well, because it was important in the system to get resources from the Treasury that way. Colleagues of my age and I played along with the quantification of those objectives, which I thought was irrelevant to the role of diplomacy—how many speeches you made a year, how many contacts you made with other Governments and all the rest of it—because, and this is a point that Charles Crawford made very clearly, the most important skill of a diplomat is his or her judgment. You can't quantify the quality of judgment that you get, and the quality of experience that has been learned, in an individual diplomat. So I felt that

we spent more time than was justified from the results, or from the utility, on the objectives exercise.

A Government have to make mission statements and explain policy, but politicians don't have to drag everybody, down to the junior desk officer, into that process. It should come from the political voice. Civil servants can help refine the message that is delivered by the political voice, but there is no need to bring every serving member of the team into that exercise.

Q171 Mike Gapes: Would it be true to say that this whole exercise, which might be applicable to domestic Departments, actually damaged the quality of the diplomatic foreign policy work that is the priority of the Foreign and Commonwealth Office, by diverting effort and energy?

Sir Jeremy Greenstock: Yes, I do think that. That is not to say that I don't think that the Foreign Office has to connect with the domestic scene—it has to work with Whitehall, and I always gave a lot of priority to that, whether I was a junior or more senior officer—and to an understanding of the society that we are representing. But the first call on a diplomat is to achieve results and understanding, both in the domestic observing of the world and in the observation of other Governments' positions, with those who matter for producing the result—for producing greater stability—or collective results or progress forward in a more civilised and stable world.

Q172 Sir John Stanley: Sir Jeremy, if you got a call from the present Foreign Secretary and he said, “With your enormous experience as a top British diplomat, will you identify for me what you consider to be the top two or three dangers to the British diplomatic service over the lifetime of this Parliament, which could result in the British diplomatic service going down the league of effectiveness of international diplomatic services?” what would you say were those top two or three dangers to us?

Sir Jeremy Greenstock: I don't know, in answering you, Sir John, whether I am choosing a priority, but let me answer you in the order that they come into my mind. Resources have to come into that. The trouble with cutting a unit like the diplomatic service is that each next layer after you've cut looks less valuable and therefore more vulnerable, and therefore you can go on cutting each onion-skin layer without coming to a decision on what the irreducible minimum is. I would like to say something to you at some stage in this hearing about why we need more rather than less bilateral and other types of diplomacy in a world that's changing.

Chair: Feel free to open up now.

Sir Jeremy Greenstock: If you reduce an embassy to the point where the ambassador is the only political officer, you are taking away the capability of younger diplomats to learn the skills that they will need as an ambassador. Therefore your ambassador—when he gets to be ambassador—is less experienced, less well formed to do the job he needs to do when he is an ambassador. It looks today as though we might not need more than one political officer reporting in a small overseas country, but actually the ambassador needs support because he is doing a lot of other things

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on the observation of what is going on beyond the capital in that country. Therefore, there needs to be a team capacity as well as an individual capacity to handle the most important job overseas in a bilateral embassy, which is to understand and interpret the politics and, if necessary, to negotiate our interests with those powers. Diplomacy represents power, and we are dealing with power relationships. They have to be understood and interpreted.

After resources, I would mention the confused thinking about the way in which almost all parts of Whitehall have become international because of globalisation. That has come out in representations to this Committee, as many more Departments than just the Foreign Office deal with diplomatic action overseas. Actually, what they deal with is their overseas interest in their Department—in agriculture, health, education or transport, as well as in development or defence, and in international economics. They are dealing with their professional issues, but they are not trained to be diplomats, nor do they have experience of being diplomats, part of whose characteristics must include the ability to win things from foreigners or persuade foreigners. Therefore the best team representing British interests on a non-core Foreign Office subject overseas is a combination of the professionals from the right Department with the ambassador or his delegated officer in the post alongside them, handling and interpreting their dealings with that Government that they know so much about. There is a team approach in dealing with an overseas Government, or with a multilateral conference or community.

Q173 Sir John Stanley: Are you saying, then, that you are concerned that one of the dangers is that Government Departments here, other than the Foreign Office, are deployed overseas and are trying to take over a role that should have been discharged by the diplomats in post? Is that what you are saying to us?

Sir Jeremy Greenstock: I don't think they particularly want to take it over, but there has been talk about people from other Departments—and indeed other professions, including business—becoming ambassadors. I think there is a risk in that, because an ambassador has to deal with things that the Foreign Office tends to be better trained for than any other Government Department across the whole spectrum of an ambassador's duties in an embassy overseas. You are losing some of that if you bring people in from another profession. I am trying not to be defensive or protectionist about this; I actually think that those skills matter.

The third danger is of reducing the Foreign Office to a services role—services to business, services in the consular area, services to British citizens overseas. They must be part of the diplomatic offering, but they must not take away the skills that are necessary for Government, for the Foreign Secretary, for Foreign Office Ministers and for the Prime Minister and the people who are working with him on overseas issues, which are to interpret politics and economics and other things that they are observing that compose international politics, and recommend sensible

policies. That must be at the core of what an embassy does in its own environment.

My very short paragraph on the environment for all of this is as follows. The world is fragmenting. Nation states are not only now the senior, most advanced level of political decision making; there is no supranational political decision making organisation. It is all about nation states, but nation states themselves are subject to forces that are fragmenting them. States are breaking up, as well as trying to represent their interests in the international field. Alongside that, with the evolution of globalisation, the international institutions are fading in their effectiveness for one very clear and logical reason, which is that institutions reform and adapt slower than global change. Therefore, with time, the mismatch increases between global circumstances and the effectiveness of the instruments that Governments singly or collectively have for dealing with those circumstances.

The world is becoming more *à la carte*, complex and ad hoc, and on any issue you could have a different set of partners or opponents from the previous issue you were dealing with. Nowadays you must have an ad hoc response to such issues, which may need a small country here, a region there, or a collection of states across the globe that only your diplomats can bring together for you. That is going to increase, not decrease. We are not globalising in politics and identity, we are polarising. Diplomacy has to interpret that, and the Government need instruments to understand how to get the most out of the next meeting on a given issue from the most important Governments at the table, which could be almost anyone.

Whether you have an embassy in every capital or you have collectivised your regional approach to embassy building and have one ambassador for several countries, your ambassadors have to have the skills and the time to produce the briefing and the interpretation for the next big event. That is not being taken into account in the evolution of the Foreign Office.

Q174 Mr Watts: Given the Government's drive to promote trade through the FCO, and that there has been a series of cuts over several years to the FCO budget, do you see any demonstration that its limited resources are affecting its ability to fulfil its functions?

Sir Jeremy Greenstock: What I have already said is an indication of my feelings. Are you asking for the specific areas in which those functions may have been under-resourced and, therefore, are fading?

Q175 Mr Watts: I'm saying that two things have happened. First, there have been continual cuts and, secondly, there seems to be a change of direction on what the FCO should be about. It is not just about diplomacy, there is now a far bigger push for trade. Given that fact—I don't want to put words in your mouth—are the resources being depleted or stretched so far that there isn't an opportunity for the diplomats to fulfil the role that everyone expects of them?

Sir Jeremy Greenstock: Yes, I do believe that. I very much regret that the Foreign Office lost its capacity

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in what I believe was a deliberate move to service British business in some detail on behalf of the Department of Trade and Industry, as it then was, for two reasons.

First, there is nothing more important for the United Kingdom overseas than to build the strength of the British economy, which is done more through trade than anything else. After pure security, nowadays—this has been true for some time—the Government have to focus on the economy, the economy, the economy. The Foreign Office should be part of that, because it can contribute. But what it contributes to business, for instance, or even to the understanding of geo-economics, which Mr Korski thought was a failing of the Foreign Office, is not necessarily professional business skill or professional economist skill. It is an understanding of the relationship between politics and trade and between politics and economics; it is the capacity to troubleshoot and problem-solve for business, and to explain the context and the environment for business and for economists. It is the capacity to get through to Ministers in the host state, to persuade them that the British approach is the right one for the commercial or economic interest that is involved.

If an ambassador does not have somebody serving him in his embassy, supporting him and being trained by him on the commercial side, the consular side, the political observation side and in various negotiations, you are leaving it to him, and he is being spasmodic and ephemeral in his approach to that, because of the cuts and the shortage of resources on his staff—I recognise that choices have to be made; I am not being dreamy-eyed about this—but my answer to your question is yes, the cuts have had an effect.

Q176 Ann Clwyd: Sir Jeremy, we have had evidence, which has suggested that “a genuine understanding of what is happening overseas requires people on the ground. And effective influencing—of government, countries and organisations—requires face to face contact.” When you were at the UN, did you at any time feel that the existence, or the size, or the lack of existence of an FCO post overseas made any difference to your work or your understanding?

Sir Jeremy Greenstock: In my experience, no, not particularly. What would tend to concern me was whether the policy that the Government were choosing was going to be effective, realisable, negotiable, or was sufficiently supported by what they were putting in behind it to be successful. My job at the UN—there were some areas where we, Ms Clwyd, worked together on this, and saw things similarly—was to maximise the possibility of realising the result that we wanted with the resources that I had.

In the early stages, I would make sure that my personal communication, in my professional role with London, with senior policy makers and officials, was good enough to understand what I was really being asked to do, and then to get on and do it with the resources that I had. For that, I wanted my own team to be effective down to the most junior level possible, because I was going to delegate. I would say to my First Secretaries on a Security Council committee, “Go and negotiate that resolution. Do not come back

to me halfway through and say, ‘Should I choose that word or that word?’ You choose what to do, against your understanding of the instructions. If the rest of them are going back to their ambassadors to ask for the wording, you have a time advantage and an intellectual advantage if you handle it yourself. If you make a mistake, I will support you publicly, but I might try to correct that mistake before you get to the next one.”

I felt that my team developed with that responsibility at a junior level, which almost no other Government in the world—to come back to Mr Gapes’s question—were capable of producing for their teams. I would have thought that you would get similar answers from the Ministry of Defence and the Chiefs of Staff about what happens in the armed forces. You get things done at the lowest level possible. When everybody from the team understands what the policy is, and the ambassador on the spot is explaining that the whole time to his staff in his morning meeting, that is when things actually start to work and where we have a comparative advantage, because other Governments do not do it as well.

Q177 Ann Clwyd: What do you think about the FCO’s increasing use of overseas staff? Rather than posting people overseas, local staff are being used in overseas postings.

Sir Jeremy Greenstock: I think it was Mr Miliband who pointed out that they are two thirds of our employed staff and they vary in quality according to the individuals that we recruit. Sometimes, in an economy where the salary we can afford attracts really well-educated and professional people, overseas staff are very good. Where the economics are converse to that, you get poorer quality, and the UK-based staff have to do more of what I would call the lead work, the policy work or the managerial work.

In the commercial field, I worked with, in Saudi Arabia for instance, some very skilled locally engaged staff on information, on consular¹ work, in particular, and on administrative work. You can get very skilled staff, particularly in the developing world, and it’s a very valuable asset. Sometimes, you touch real gold when a member of the locally engaged staff is the continuity for the ambassador and his Oriental adviser, if you like—to use an old-style phrase. You get high quality. It’s mixed, because of resource cuts, but it’s a vital part of an embassy, and an ambassador is wise to value it when he’s there.

Q178 Ann Clwyd: Could you say how the diplomatic service career has changed during your time as a diplomat? Would you advise any young person now to join the diplomatic service?

Sir Jeremy Greenstock: I think we were a much more independent Department in the 1960s and 1970s—I joined in 1969. I felt then that the Foreign Secretary—maybe I had the perspective of a junior officer—the Foreign Secretary seemed to control his environment. You had delegated senior officers who were doing the negotiating, at what is now a ministerial level, with professional diplomatic skill, because there weren’t so many meetings that Ministers went to. There weren’t

¹ Note by witness: replace “consular” with “commercial”

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so many summits or EU collectives happening. That layer of deputy and assistant Under-Secretaries, directors general and directors were free to do the negotiation—the intellectual and diplomatic leadership—in clearer-cut ways than is now the case. Naturally, we have had to adapt as events have evolved, and more of Whitehall is involved internationally, so we have to do more diplomacy at home. Ministers have found that they're working in a different public environment from 40 years ago in terms of the speed of media response, the response of the public and the openness of information. So you're a much more open book, as a diplomatic service and as a Foreign Office, than you were 40 years ago, which does have an effect. Therefore, you have less room to manoeuvre in comfort; everything is much more uncomfortable all the time.

The fundamental skills, however, of personal and practical intelligence and of competence and communication are the same. It is the environment and the way that you adapt to the environment that has had to change.

Q179 Ann Clwyd: Can I ask you, as Head of Mission, to what extent the posting of staff from other Departments overseas caused any problems?

Sir Jeremy Greenstock: It never caused me any problems—I only ran one mission—because once somebody from another Department turned up in New York they were part of my team, and I would very easily forget whether they were Foreign Office or not. They were part of my team, but they had particular skills and you realised that they'd had a different experience, because in their negotiations or observations they were producing their experience and skills.

Every ambassador must be capable of working with whatever team the Government choose to send out to him, because they are bringing him a professional set of skills, which is presumably—one hopes—relevant to what Britain is being asked to do in that capital. It is his job to co-ordinate them into a team and to lead them and direct them and give them a political context, within which they understand the whole relationship. There is no difficulty for members of the Foreign Office in having other professions and Departments as part of their team.

Ann Clwyd: Thank you.

Q180 Mr Roy: Sir Jeremy, in relation to multilateral institutions, the Government seek explicitly to upgrade the UK's bilateral relationships in certain areas around the world. From the perspective of an FCO mission to a multilateral organisation such as the United Nations, what is the role of the UK's bilateral posts to the organisation's member states?

Sir Jeremy Greenstock: What was most useful to me at the United Nations was quick-time reporting, the sharing of analysis and access to the decision makers who might be giving an instruction to my opposite number at the United Nations.

It was very important to judge, at the United Nations, whether another country's position was coming from the individual ambassador from me in the Security Council—an ambassador, powerful in his own country

and in his own right, who was taking decisions himself on how he presented his Government's policy, without instructions—or whether he was under detailed instructions from the capital, in which case I needed to know from my FCO/DS colleague in that capital what instructions were coming and why, so that I could judge where to gather the mutuality of interest or where to knock down his position if it was antagonistic. So I wanted information, and I wanted access to the decision making, reported from that capital, in the system that was copied to me. It flows absolutely naturally, and you learn which of your colleagues in which important capitals are really producing the goods for you, and which are not.

Q181 Mr Roy: May I take you back to something that you said earlier, in relation to cross-fertilisation of Departments speaking about and interested in one subject? Is there a case for making the UK's membership dues to international organisations such as the United Nations a cross-Government cost, rather than an FCO cost only, if, as you say, others now have an interest and an input?

Sir Jeremy Greenstock: Yes, there is a case for that, because it is not something that the Foreign Office itself can control. We will be negotiating on UN dues, for instance. I was involved in that huge negotiation in 1999–2000, when the late Richard Holbrooke showed how much diplomatic genius is built up of sheer hard work and knowing your colleagues. We had some capacity to negotiate an advantage, or less of a disadvantage, for us as a permanent member of the Security Council, and I was under instructions to maximise my negotiating ability in that respect, but there comes a point when you just have to pay your dues, many of which come from history after all, and not from today's policy making. They are as much a legacy as something that is alterable in tomorrow's negotiation. So, the legacy aspect belongs to the whole of Government and therefore there is a case for saying that that should not be a determinant of the variant in the Foreign Office's budget.

Q182 Mr Ainsworth: The previous Government had the National Security, International Relations and Development Committee. This Government have a catchier title at least, in the National Security Council, which is trumpeted as a very significant change. How significant do you think it is, and would the new structure have helped the Foreign Office in some of its problems in recent times? I don't know how familiar you are with the structure of the National Security Council and whether you think it is just a change of title or a change of architecture. Is there something significant in the changes that have been made, and how helpful would they have been to the Foreign Office?

Sir Jeremy Greenstock: I was supportive of the idea of a National Security Council as a better constructed and more objective co-ordinator of cross-Government business in the international field, and particularly in the security field, than an ad hoc arrangement around a particular Prime Minister. There is no reason why the Foreign Office should not work with it. The Foreign Office should welcome it and work with it. It

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probably helps if somebody from the Foreign Office, and who understands the Foreign Office, is the National Security Adviser, but that will not always be the case.

The Foreign Office needs to have the capacity and the mental flexibility to work with the National Security Council in an adaptable, intelligent and sensible way, but that National Security Council should not be so big that it tries to take over the business of running our overseas interests in the diplomatic field, nor should it be a temptation for a Prime Minister, who at some point in the future may not get on with his Foreign Secretary, to use it as a replacement Foreign Office. The Foreign Office has to be taken seriously, whatever the political chemistries involved, as the Department that understands how to deal best in British interests with other Governments and in the multilateral field, whatever else is put into a particular negotiation.

However, we needed better co-ordination. Security is anyway being redefined in the modern age, as extending further than human enemies, to natural enemies and disasters, and beyond terrorism to disease, the environment and everything else. That has to be co-ordinated, and the Foreign Office certainly cannot do all that, although it must understand it all. If the National Security Council and the National Security Adviser work, as I would put it, in the best traditions of Whitehall at its best, the whole machine should work better for Ministers.

Q183 Mr Ainsworth: We live in a world that is changing massively. You have spoken about some of those changes, but it is changing in other ways as well. We are living now in the world of WikiLeaks. This morning, I had an e-mail from a constituent, who asked, "Do you believe in open government, and do you support WikiLeaks?" We have WikiLeaks, we have blogs, we have the internet and we have instant reporting of everything. How is the diplomatic service going to respond to that? Ambassadors have to be able to talk privately to their Governments, but I am not sure that my constituents believe that; I think an awful lot of them are on WikiLeaks' side.

Sir Jeremy Greenstock: Yes, WikiLeaks is such fun. You see so much more than you might have done if they hadn't leaked, but I think it damages good government. So, I was alarmed by WikiLeaks. There was a hypocrisy about it, a viciousness about it, which I didn't like.

I don't believe in the 'right' of the people to know, because I think rights come from laws and international charters; they don't come from some metaphorical wish to be more part of it because, "We are the people, and we are in control." In the end, every electorate or community, if it is not a democracy, wants to be well administered, and government is damaged if Government can't do its business in a whole range of ways, some of which must be confidential. A Government must be allowed to think in private. The 24-hour news cycle has got to be adapted to and, for a popular understanding of what's going on, it could be and very often is extremely useful. But that does not give the public or journalists, the media and the social media, the right to have everything revealed, because government does

not have to show its workings. It has got to operate effectively, and that must be protected. So there is a limit, and WikiLeaks breached that limit.

Open government is wise, because if it is well handled it increases the confidence of your public that you are doing the right thing. Explanations and strategic mission speeches or expositions are necessary, but you do not have to go into every detail of the Government's workings, interesting—almost salaciously interesting—as they are at times. That, to my mind, is a sign of a slight degradation of the understanding of society of what the contract is between Government and the governed.

Q184 Mr Ainsworth: One of the big fashions is the age of fame. It is not only politicians now who become famous, but diplomats. You receive a degree of fame in your position. People are writing books and memoirs almost while they are still in office. How does the diplomatic service cope with that? How do we maintain trust in the workings of government while that speed of response and the fame culture are impacting on it all the time?

Sir Jeremy Greenstock: By observing decent norms, which have in the past been very well explained by commissions and parliamentary committees. The public affairs committee has gone into this in some detail, and I think rather wisely. There are some things that can be said, and there are some things that can't be said, and most of us round a dinner table know exactly what those things are. When you try to legislate for them, they tend to get a bit distorted. The rights here and the professional misbehaviour there get distorted. It is the journalist's job to try and dig, challenge and shame, but within all that there is a norm of how British society and British Government machinery work, and I think that we should stay in that norm. If you are asked not to write a book because it doesn't fit those norms, you hold back for a bit and wait for the time that is regarded as satisfactory.

But, at the same time, it would be a pity to ban civil servants from talking about their experiences in the right way because there are things to be learnt. We will learn things from the Chilcot inquiry, which is one way of bringing it all out into the public domain, with a set of people who I think are going to give a very objective judgment about what happened on Iraq. There are ways of doing it, and there are ways not to do it.

Chair: Sir Jeremy, we have three or four minutes left of your session, and there are still a couple of groups of questions.

Q185 Mr Baron: Sir Jeremy, can I return to the issue of global themes, and how well the FCO is suited to advise and deal with them? I was interested in what you said earlier about how global themes are having the effect of fragmenting traditional alliances and you questioned whether international institutions are basically keeping up. Given your view that we are perhaps less incompetent than others, do you think the FCO is equipped well enough to face those global

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themes? If not, what would you do to change to get the right balance between geographical expertise—I agree with what you said about how important that is—and expertise on the global themes themselves?

Sir Jeremy Greenstock: I think there is a balance, and I wouldn't want to drop either pillar from the Foreign Office's structure because that feeds also into the overseas area. While I am answering your question, Mr Baron, I think it is important that one aspect of this is the continuity of analysis in a Department. In recent years, we have downgraded the work of the research analysts in the Foreign Office who were the continuity—the people who said, "Don't reinvent that wheel; it doesn't work," who would tell you what the forces are under the surface in a region or in a conflict, that the desk officer who has just come in will not be able to find the file on—to come back to Charles Crawford's exposition. You do both, and they come together at the director or the director-general level. I think it was a bit of a mistake to try and de-layer the Foreign Office because the redundancy in those layers was much less than the Foreign Secretary at the time who allowed the layers to be lessened understood. In the system, we choose who will direct a particular issue, crisis or negotiation according to who has the experience, and who has the time to go out and negotiate, and we lost interface with the overseas element—the other Governments—through de-layering and not having that negotiating capacity and that analytical capacity that brought functions and geography together. There was nothing wrong whatsoever in having the world divided up into geographical departments leading into one director, and the functions on economics, the environment, energy, human rights and other things coming in in the other direction would come to an apex; they would be brought together. It did not have all to be done by the one department looking at the human rights detail of the political position in the geography they were dealing with. The dialectic between the two was very productive and positive.

Q186 Mr Baron: Yes, it was—I can imagine. May I briefly press you on that, Sir Jeremy? You have talked about the de-layering and the research analysts providing an element of continuity. If you were in charge now, what would you do to get that balance right? You are telling us, or implying, that the balance is not right at the moment. What would you do to put it right?

Sir Jeremy Greenstock: I would give the planning unit in the Foreign Office authority and resources as it used to have—it dipped away for a while. The research analysts would have a double job. First, they would do the research for and support the planning capacity of the Foreign Office, because they have a longer perspective. They would also be there to serve the department, and it doesn't matter whether the department is functional or geographical in terms of research and analytical expertise. There would be a research analyst dedicated to each department, or there could be one research analyst for more than one department. The structure does not have to be complicated, but the research analysts do need to be there, and the head of the Foreign Office and Ministers do need to give them value.

Q187 Mr Baron: And you would obviously agree that it is important to get this right, because otherwise there is a danger—looking at the title of our report—that the FCO could be downgraded within Government if it can't provide the right service.

Sir Jeremy Greenstock: Yes, because you're taking a layer out of the diplomatic analytical expertise if you remove it. As I understand it from a distance, the current permanent under-secretary is very interested in restoring that capacity, and needs to be supported therein.

Chair: Sir Jeremy, time's up. Thank you very much indeed. I feel that we could have gone on for another hour. Your expertise is a huge help to us, and on behalf of the Committee I thank you.

Sir Jeremy Greenstock: Thank you, Chairman.

Examination of Witness

Witness: Sir Peter Ricketts GCMG, National Security Adviser, gave evidence.

Q188 Chair: Welcome, Sir Peter. You are no stranger to appearing before this Committee, although we are a different one since you were last here. Members of the public: Sir Peter was a former PUS in the Foreign Office and is now the National Security Adviser, on secondment from the Foreign Office.

As you know, we are carrying out an inquiry into the role of the Foreign Office, but the Foreign Secretary has said that he very much wishes to use the National Security Council to project the Foreign Office's influence. That is why we thought it appropriate for you to come along. I ask Frank Roy to open the questioning.

Q189 Mr Roy: Sir Peter, how are the new National Security Council structures bedding in? More specifically, will you describe how the FCO is contributing to the work of the NSC?

Sir Peter Ricketts: Absolutely, Mr Roy. I think that they are bedding in well. The NSC met for the first time on the first day of the new Government and has met pretty well every week since then. So we are into a systematic rhythm of weekly meetings with papers prepared by officials, which try to give Ministers options for decision. We have covered a wide range of national security issues in that time, including the work on the national security strategy and the strategic defence and security review, which was a big part of the work for the first four or five months. Therefore, we have established ourselves in Whitehall, and it has become a forum in which Ministers can have options presented to them and take decisions about a wide range of issues.

The FCO is at the centre of the work of the NSC. I think that the FCO's memorandum to the Committee stated that at least half the papers to the NSC had been

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written by the FCO, and that certainly feels right to me. The Foreign Secretary is a major contributor to the NSC, and the FCO is the primary Department that brings international expertise to it, so it is at the heart of the NSC's work.

Q190 Chair: May I go back to the point that I made when I introduced you? The Foreign Secretary says that he hopes to use the influence of the Foreign Office working through your council. To what degree do you feel that is happening?

Sir Peter Ricketts: I think, in a way, it is. The NSC can provide an amplifier for the Foreign Office in ensuring that all the Departments that are represented round that table are thinking about and taking into account the international dimension and are co-ordinated behind a single policy. Whether we are looking at geographical, country issues or functional issues such as counter-terrorism, the FCO has been able to present a significant input, which has been placed where we can co-ordinate the whole of Whitehall around what is often an FCO-led strategy.

Q191 Mr Ainsworth: Sir Peter, I can remember the old NSID meeting—coping with agendas with six or eight items. How long are the meetings?

Sir Peter Ricketts: We meet, typically, for one hour every week. We try to limit the agenda to two substantive items so that there is enough time for discussion.

Q192 Mr Ainsworth: So how are you managing to deal with matters? You have Afghanistan and terrorist threats, but so much more is supposed to be going through the National Security Council. How are you coping with the breadth of the agenda, which is all trying to go through the funnel?

Sir Peter Ricketts: First, it helps that we are on a systematic weekly pattern, because you can get through business if you are doing that. Afghanistan has been a major issue—absolutely. The Prime Minister said, I think before he came into government, that he wanted to have a War Cabinet and that the National Security Council should be that. So we have looked at Afghanistan pretty much every other week through that period, but we have also managed to get through a wide range of other business.

How do we decide which business? The national security strategy is helpful because it sets out a prioritisation of the most significant risks that we see to the nation, including, as you have seen, counter-terrorism, the risk of a future international military crisis, the cyber threat, and resilience issues—how the country would cope with a major natural disaster or other disruptive attack. Each of those has been on the National Security Council's agenda.

We are using the national security strategy prioritisation, but we are also looking at any other issue that has national security importance that needs ministerial attention.

So far, we have more or less been able to balance the time we've got and the number of issues, but I agree with you that potentially we have to deal with a large range of issues and therefore I think the meetings will continue at a weekly rhythm.

Q193 Mr Ainsworth: We don't have a single place for global analysis of international risks and security risks in the UK. Should we?

Sir Peter Ricketts: I think that the National Security Council is that place.

Q194 Mr Ainsworth: What about the analysis that backs it up? Who's doing that? That's not put in one location, is it? Should we establish such a capability?

Sir Peter Ricketts: I don't think that we have the resources to establish a whole new strategy capability. The Public Administration Committee has been looking at strategy in government, and I think that the line the Government have taken there is that strategy is a whole-of-Government issue. A lot of the analysis needs to be done in the FCO in relation to individual countries, and in other Departments depending on the subject. I have a small team in the Cabinet Office but it can't pretend to do strategy on a very wide scale across Government, so we can act as a co-ordinator and a convener, but the strategy thinking has to be done in the Departments.

Q195 Mr Ainsworth: I don't think that the Public Administration Committee was all that happy with the Government's response. I think the conclusion it reached was that nobody does strategy in the United Kingdom and it's about time we started.

Sir Peter Ricketts: I think the Government would not accept that view. I would argue that the national security strategy shows that we can do strategy making, that we can do prioritising and that we can choose the top issues. I don't think in the current resource climate it will be feasible to set up any new large analytical apparatus, but we need to make the best use of the talents that we have got across the Government.

Q196 Rory Stewart: One of the things that's a bit concerning about the National Security Council is the focus on generic global threats—you mentioned counter-terrorism, cyber attacks and resilience—as opposed to very specific geographical expertise. For example, you are talking about Afghan analysis. Last time I checked, not a single staff member of the Foreign Office Afghan team in London had served a posting in Afghanistan. You have perhaps three Dari speakers out of an embassy of 300. You keep people for a year, or for two years maximum, on the ground and they are restricted by security. Whatever is going on at the top—whatever you have up at the council level—how good is the information that is feeding up to you, given the way that the Foreign Office has changed its attitude to immersion in language and place?

Sir Peter Ricketts: First, may I take issue with the general proposition? Yes, I am sure that we don't have enough Dari and Pashto speakers, and of course Afghanistan is a particularly difficult place for FCO people to get expertise on the ground and to travel around the country. Mr Stewart, you know better than any of us how difficult that is. As a general proposition, however, I think that it's simply wrong. I think the FCO still has profound language and cultural experience of countries around the world. If I look at

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our senior ambassadors, the great majority have had previous experience of the country in which they are now ambassador. They speak the language and they know the country inside out. I think that the FCO provides a reservoir of linguistic, cultural and policy expertise on countries around the world and brings that to bear in the National Security Council, as do our intelligence agencies. Another of the benefits of the NSC is that we have the intelligence agency heads around the table so we are able to bring to bear their expertise on the world as well, which doesn't always depend on being on the ground in countries of high threat such as Afghanistan.

So I don't agree with the general proposition. I think in the case of Afghanistan, of course, because it's such a difficult working environment, we could do with more expertise—more people who had more experience there. Given how many people have now served not only in Kabul but in Lashkar Gah, I think there is an increasing number of people who have had some experience in Afghanistan in the system in the FCO and in Whitehall. We could always do better there, but generally I don't believe that the FCO has lost focus or capacity in the area of deep knowledge of individual countries.

Q197 Rory Stewart: Almost every indicator over the past 30 or 40 years suggests that there has been a dramatic change in the number of ambassadors who have that kind of linguistic expertise. Part of that is simply the emergence of new priorities, and perhaps Michael Jay's focus on other aspects of management, administration or global focus. Or simply the workload of diplomats—the fact that often on the ground in Afghanistan they're now expected to spend 12 or 13 hours a day doing things that their predecessors didn't have to do, in terms of what fills up their e-mail inboxes, visits, press dealings. All of that stuff needs to be negotiated and acknowledged, because your resources as an organisation are getting smaller and you can't do everything. Are there any steps that you can take to try to make sure that you protect that expertise and you're not going too far in that direction?

Sir Peter Ricketts: I've got to be careful here, Mr Stewart, because I'm no longer the permanent secretary of the FCO and you're tempting me to speak as if I am. From my previous experience I would not make any apology for the work that the FCO has done, under Michael Jay and also under my period, to get better at the management of our people; for the £2 billion a year of taxpayers' money that we spend; or for the major projects and programmes that we run around the world. I think that a Government Department has an obligation to be excellent in those areas, as well as excellent on policy. So I don't believe that the FCO has taken the wrong route in putting effort into becoming thoroughly competent and professional in those sorts of areas, while at the same time of course maintaining a focus on excellence in diplomacy, and I'm obviously very supportive of the Foreign Secretary's effort to put the spotlight on that. Yes, we do want our diplomats to be out and about and picking up what's going on in the country. We want to use our first-class modern IT system to make

sure that expertise is focused back into the UK and that we use it in places like the NSC, but I think the improvements we've made in the way the Foreign Office runs itself helps that, actually.

Q198 Rory Stewart: A very final question. Are there any lessons that you could reflect on, from either Iraq or Afghanistan, about the way in which knowledge and understanding in the Foreign Office could have contributed to better policy formulation?

Sir Peter Ricketts: I think the creation of the National Security Council provides a more systematic vehicle for the FCO to make sure that Departments and Ministers across Whitehall are fully informed about the position on the ground. I think the fact that we have the intelligence community present when we are debating policy on Afghanistan or any other issue, is an advance. And the collective experience that we're gaining in the National Security Council, with a whole range of ministers dealing with these issues week by week, often outside their departmental boundaries, is beneficial. I think that will be good for the future.

Q199 Chair: Sir Peter, just on your own personal position, is there a conflict between your role as a personal adviser to the Prime Minister and your responsibilities to the Cabinet Committee?

Sir Peter Ricketts: I don't feel there to be, no. Because I've got a double hat, as it were, when I am working with Whitehall colleagues to prepare papers for the National Security Council, or the agenda for the council coordinating Whitehall Departments in national security issues, I think it helps that I know the Prime Minister's mind on these issues, that I travel with him when he goes abroad, that I participate in his meetings. It enables me to be more effective as a bridge to Whitehall in preparing for NSC discussions, so I think it's actually beneficial.

Q200 Chair: It's an advantage rather than a disadvantage?

Sir Peter Ricketts: I think so.

Q201 Chair: And the fact that you're travelling with the Prime Minister a lot—have you got a team working with you to help you, watching your back at home, as it were?

Sir Peter Ricketts: Yes. I have two deputies who can substitute for me when I'm away.

Q202 Chair: And do they?

Sir Peter Ricketts: Absolutely. They take my place in the National Security Council or they support the Prime Minister when I'm away.

Q203 Sir John Stanley: Sir Peter, it's always easier to remember the foreign policy bilateral disasters than to remember all the foreign policy successes, and I acknowledge that and don't discount those successes. But if you look across history within the lifetime of most of us, there have been some really conspicuous disasters: the failure to read Germany in the late '30s; the Suez disaster; absolute failure to understand Argentina leading to the Falklands invasion; and I would say also an almost complete failure to

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understand what would happen if you created a sudden power vacuum in Iraq.

On the formation of the National Security Council and the new structure for producing bilateral assessments of risk and policy, would you say to the Committee that that's going to give us any greater protection against those sort of disasters in the future than letting the FCO try to deal with this situation of bilateral relationships under the previous structure?

Sir Peter Ricketts: Sir John, I am not sure I want to comment on the past, except to say that I think that that is a partial list. I can think of areas where this country has played a major part in some successful foreign policy activity as well. I think, however, that it is a good thing for there to be a single collective group that can look across the national security landscape, not just with foreign policy, but with other threats to our security—domestic security, defence issues, development issues—and pull them all together. Having a group of Ministers who do that on a weekly basis, with the best information available in the Government to support them, is the best guide we are going to have to foreign policy making. So, I think that is definitely an improvement.

Q204 Sir John Stanley: So you're telling us that we can all sleep much more easily at night, confident that we're not going to wake up in the morning to find something completely unexpected hitting us in the news?

Sir Peter Ricketts: You can be sure that we shall be completely joined-up and co-ordinated in response to whatever hits us.

Q205 Sir John Stanley: Relying on accurate intelligence, Sir Peter.

Sir Peter Ricketts: Yes, and I believe that it is a real benefit to have, in the National Security Council, the chairman of the JIC and the heads of the intelligence agencies. Normally, whenever we look at a foreign policy issue, we have an intelligence assessment in front of Ministers, so that they have the most up-to-date intelligence and the best professional advice before they make policy decisions.

Q206 Sir John Stanley: Are you confident that that intelligence advice going to Ministers will be wholly objective and politically unvarnished?

Sir Peter Ricketts: Yes, I absolutely am, and that is not my job because I am involved in the policy process; it is the job of the Chairman of the Joint Intelligence Committee, who is an absolutely separate and independent figure.

Q207 Mr Watts: Sir Peter, do you see the National Security Council taking a bigger role in the allocation of Government international spending, and if so, would that be a good or bad thing?

Sir Peter Ricketts: I think individual Secretaries of State and their accounting officers will see Departments continuing to be the place where they make the spending decisions on the money that Parliament votes them. However, we saw, in the strategic defence and security review, that when we set overall Government priorities for national security

work, the NSC could then have some influence on how departmental spending decisions were made.

For example, we were able to find another £650 million over the four years for cyber, as a cross-cutting governmental priority, which wouldn't otherwise have fitted into any single budget. We were able to ensure that spending in the various Departments and agencies on counter-terrorism was protected. We made sure we had the same level of assurance on that, so I think the National Security Council can be an influence to make sure that the top priorities that are set are then funded. In the end, however, it has to be for the accounting officers and the Secretaries of State to make the final decisions within departmental budgets, and until such time as we have some sort of unified security budget across the whole Government, that will be true.

Q208 Mr Watts: You have given an example of the benefits of co-ordination. Are there any disadvantages? Is it likely that that will dominate departmental spending in the future?

Sir Peter Ricketts: That hasn't been our experience so far. As I say, the Secretaries of State set the departmental spending priorities, but they are helped in that by sitting on the National Security Council and seeing what the overall priorities set there are. I think that structure worked through this spending round and enabled us to fund some high priorities that we set out, which otherwise might not have been funded because they fell between departmental stools.

Q209 Mr Watts: Were all the Departments involved in this process happy about identifying some slippage in their budgets to give to a different priority from the one they originally had?

Sir Peter Ricketts: I didn't hear any complaints about the final shape of the outcome, because the departmental Secretaries of State were sitting on the National Security Council when the priorities were set, so they were acting collectively and collegially at that point. The amounts of money we were talking about were relatively small in relation to overall departmental budgets—£650 million, between all the Departments dealing with national security, is not an enormous sum of money. As far as I know, the Secretaries of State accepted that as a reasonable way of ensuring that Government-wide priorities were met.

Q210 Mr Watts: Finally, you say that is a relatively small amount of money. Is it likely that in future there will be a bigger top-slicing for the National Security Council's priorities from the Department than there was this year? Is that something that will increase, decrease or stay the same?

Sir Peter Ricketts: I find it hard to know. Most of the spending on national security comes straight from departmental budgets. The £38 million of the MOD budget is all spent on national security priorities, by definition, as is a large part of the FCO's budget and the intelligence agencies' entire budget. There are very substantial budgets in Departments and agencies underpinning this. There is a small amount in this spending round that we found for cross-cutting priorities, but the great majority of the spending will

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still be done through Departments and I don't think that will change.

Q211 Mr Ainsworth: Sir Peter, what can you tell us about the way that you are structuring advice to the Prime Minister? Obviously, there is the military advice. Is the National Security Council managing to ensure that there other views, that the Prime Minister sees a spectrum of opinion and gets the opportunity to be given options, rather than a staffed-out paper, where every edge has been battered off it until everybody agrees and you can hardly read it? How are you managing? What can you tell us about how the National Security Council is managing that?

Sir Peter Ricketts: Certainly, the Prime Minister expects and wants a range of views, options and choices that he and other Ministers can make. There is a variety of ways of doing that. We had, for example, as Mr Stewart knows, a seminar at Chequers on Afghanistan, early on in the life of the Government, when we assembled a number of people from different backgrounds to give advice before Ministers sat down to look at the overall strategy in Afghanistan. We have done similar things in other areas.

Q212 Mr Ainsworth: That was a one-off?

Sir Peter Ricketts: It was the first time we had done it on Afghanistan, but we have had discussions, for example, in the National Security Strategy context and the SDSR, where we brought in outside views to ensure we had a range of different commentators and experts looking at the process we were engaged with. Even when we don't do that, we try to ensure there is a range of views going to the National Security Council. Often, there will be papers from a number of different Departments coming in to underpin a discussion of a particular country or issue. So, yes, there is a range of views.

Q213 Mr Ainsworth: I don't know if you get the time, but I have just read "Obama's Wars", which describes the frustrations of the American President in trying to get options and ranges of views. Do you think you have tackled that issue and that the Prime Minister is getting open analysis from the FCO, which disagrees slightly with the military perspective, and the intelligence agencies? Is it an open forum in which the Prime Minister is getting a good, solid, full range of opinion?

Sir Peter Ricketts: Yes, and we make sure that he is also seeing views from outside the Government: articles, books, commentaries from outside experts are fed to the Prime Minister. I know he reads them diligently. Without betraying the confidences of the room, there is a vigorous debate in the National Security Council, in which the Chief of the Defence Staff and the Defence Secretary participate, and there is a whole range of different Ministers round the table. From my experience of this first six to eight months, there is a genuine debate.

Q214 Mr Ainsworth: All within an hour?

Sir Peter Ricketts: Yes. With an intense discussion you can get a lot in in an hour.

Q215 Mike Gapes: May I take you to how the National Security Council might evolve? Clearly, this Government have a very powerful Foreign Secretary, who, because of his previous role as leader of his party and key role as effectively No. 2 to the Prime Minister, has a dominant position. Do you think that that process of evolution, as the National Security Council develops in future, will be dependent on that key position of the current Foreign Secretary being followed on in future? Or could you envisage a situation in which you had different personalities and a different Foreign Secretary, whereby another Department, or the Prime Minister himself, would become the dominant figure in the development of the National Security Council?

Sir Peter Ricketts: Mr Gapes, I think it depends as much on the quality of the material that the Foreign Office is producing for the Foreign Secretary and for the NSC, because the Foreign Office is and should be the main source of expertise, advice and knowledge on the world feeding into the NSC. It is not the only source, because other Departments and intelligence agencies are also international. But the FCO should be the primary source of knowledge on abroad, and the intellectual powerhouse for thinking about foreign policy and policy-setting. If that is the case, and if the FCO does that well, any Foreign Secretary will be well supported and provided for in dealing in the NSC. My experience of Foreign Secretaries is that they tend to be very effective in deploying their brief. If the brief is good and they deploy it effectively, the FCO will have a very strong role. I think the FCO, institutionally and structurally, will always be a prominent player in the NSC.

Q216 Mike Gapes: You were in your previous job with a Prime Minister who had come to that job and been there quite a long time. He became very dominant within his Government, and personalities clearly matter. What I'm putting to you is that five years down the line, perhaps, or four years down the line—not presuming what will happen at the next election—we will have a Prime Minister who is much more experienced and might therefore become far more dominant within this process. Do you see what I'm getting at?

Sir Peter Ricketts: Yes, I see what you're getting at, but I don't really see the risk, if only because Prime Ministers have very modest resources of their own on which to rely in preparing for National Security Council meetings. As I said, the FCO should be the source of the majority of the policy advice, the thinking, the expertise and the up-to-date information about what's happening around the world. I would have thought that any Prime Minister is going to want to rely pretty heavily on that.

Q217 Mike Gapes: Taking Mr Ainsworth's question a step further, is there a danger that, even though you might bring in experts and outside advice, there will be a development of what could be called a "group think" around the National Security Council and the National Security Strategy, so that in a sense it becomes an accepted wisdom and approach, and therefore, as John Stanley mentioned earlier, things

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that are off-field come in and hit you because they are not part of the collective way of thinking? Is there a danger of that?

Sir Peter Ricketts: If there is, I think it's up to people like me to make sure that the National Security Council keeps being exposed to a different range of views, that we bring in expert presenters to present issues to the NSC, that we are watching for the left-field issues that may be brewing up and about to hit us, and that they are dealt with. The JIC has an important role in that as well. We need to make sure that the NSC keeps being alerted to developments such as that. I can only speak from my first eight months of experience. I don't see any sign of a "group think" developing. I see pretty vigorous discussion and debate, I promise you. I expect that that will go on.

Q218 Mike Gapes: Are you currently considering what might be happening in Egypt, Algeria and Jordan as a result of what happened in Tunisia? Did you predict what was happening in Tunisia?

Sir Peter Ricketts: I confess I didn't predict it, but yes, we are considering the implications of that.

Q219 Chair: May I go back to the questions that John Stanley asked about bilateral relations? Just give us an idea of the process in which policy emerges. You approved a bilateral strategy for our relationship with Brazil. What would you have gone through before you finally agreed that?

Sir Peter Ricketts: Perhaps I can use that as an opportunity to bring into the discussion the fact that we have set up a sub-committee of the National Security Council called the Emerging Powers Sub-Committee, which is chaired by the Foreign Secretary. It was established to create enough time to look in detail at the country strategies for the emerging powers, on which the Foreign Secretary is keen that the Government and the FCO should focus more attention. That helps to deal with the point raised by Mr Ainsworth that an hour a week is pretty hard-pressed time. We set up the Emerging Powers Sub-Committee to create time for more detailed scrutiny of individual country strategies. It has met two or three times, and, as you say, it has taken strategies on Brazil, China and others—we have others coming up shortly.

For something like that, the FCO originates the work, because the FCO is the only place in Whitehall where all the strands come together on a country such as Brazil. Obviously, it draws on work from other Departments, but the FCO pulls together the draft strategy. In the case of the Brazil strategy, it was then discussed with us in the National Security Secretariat, and we convened meetings of other Departments to ensure that the FCO strategy was discussed inter-departmentally. When that process had gone through, we updated the draft and put it to the Emerging Powers Sub-Committee under the Foreign Secretary. Ministers then discussed and agreed on the strategic approach. That is a typical pattern, because it recognises both that the FCO is the best place to co-ordinate this, and that other Departments also have an interest and have something to add to policy on Brazil.

Q220 Chair: Are you now the institutional home for analysis of global issues such as climate change, energy security and other thematic global issues?

Sir Peter Ricketts: No. I would say that the Department is still the home.

Q221 Chair: Which Department?

Sir Peter Ricketts: In the case of climate and energy it is DECC, and for trade policy, for example, it is BIS. Because we are a very small secretariat, we can't really be the centre of expertise on big policy issues such as that. We can provide a co-ordinating forum to bring other Departments together, but the expertise still lies within the Departments.

Q222 Chair: Is there a case for a central, Whitehall-based institutional home for the analysis of such issues?

Sir Peter Ricketts: In the current resource climate, there simply aren't the resources to do that. I already have a small secretariat, and we are subject to 25% reductions over the next four years. We will have to concentrate on the absolute essentials. There would be a risk of duplication if we tried to set up a central Whitehall function. The model for now is that Departments maintain the expertise and we operate a light co-ordinating function at the centre. As long as all the Departments with expertise to bring to bear can be brought around the table, I don't think we lose from that.

Q223 Chair: Once the Treasury's foot moves from the brake to the accelerator, might there be a case for revisiting that point?

Sir Peter Ricketts: It is always worth reconsidering it as the National Security Council structure settles down.

Q224 Chair: As I understand it, there is a forthcoming Government strategy for building stability overseas. Where has that got to?

Sir Peter Ricketts: That is really an extension of what existed for some time under the previous Government, which is our approach to conflict prevention and stabilisation, led by the Stabilisation Unit. It has always been a child of three parents. The FCO, the MOD and DFID have always worked closely together on that range of issues, and we have had previous structures in government to co-ordinate that and to support the Stabilisation Unit. The Building Stability Overseas Board is just a more systematic, formalised way of doing the same thing, bringing the three Departments together to work collectively on stability and conflict prevention.

Q225 Chair: What's the FCO's role in that?

Sir Peter Ricketts: The FCO is one of the three departmental owners of the strategy, and it is the source of much of the advice and part of the resources for it.

Q226 Chair: In your secretariat do you have a permanent link to the Foreign Office? Has one chap been told that he is the Foreign Office man?

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Sir Peter Ricketts: Yes—a small handful of my people. The FCO has a policy unit that is the central co-ordinating function. So, yes, there is a standing channel between the FCO and my team.

Q227 Chair: That has exhausted my questions. Have we asked you all the right questions? Is there any other point that you could usefully make to us?

Mr Ainsworth: Do you wish to be interrogated?

Sir Peter Ricketts: That is a very kind invitation. I think that we have been over the ground. One of my other functions, just to put it on the table, is to maintain an international link to other national security advisers—my American and other counterparts. That is another part of the international network, which I think this job usefully anchors at the London end and which grows all the time.

I think that I have explained how the system is working, and I believe that, with this systematic weekly treatment of the wide range of national security issues, we are improving the way that the Government co-ordinate themselves.

Q228 Mike Gapes: You mentioned the US National Security Council, so I can't resist. Do you think that there are any lessons we can learn from the dysfunctional way in which the US has turf wars between different Departments, or could we actually learn from some of the ways in which other countries have operated in these areas?

Sir Peter Ricketts: The US system has always been a competitive system in which policy is hammered out through strenuous disagreements between different Departments and agencies, which is no doubt a very effective way of stress-testing your policy making. That has never really been the British style.

Last week, I accompanied the Foreign and Defence Secretaries to Australia, where they set up a National Security Council and an NSA about four years ago. From comparing notes with my counterpart there, theirs is probably a more similar model to ours. You can still have vigorous debate without having quite the institutional clashes that characterise the US system. The British National Security Secretariat will always stay pretty small and not become a separate centre of policy making in perhaps the way that the NSA in Washington has done. I think that that would suit the British system more effectively.

Q229 Chair: Just one point that I meant to ask you earlier on. How do you work with Jon Cunliffe, who is the head of the Europe and Global Issues Secretariat in the Cabinet Office? How do you divide the issues between yourselves? He is also an adviser to the Prime Minister on this.

Sir Peter Ricketts: Yes. We physically work closely together and we talk all the time, but there are two relatively distinct areas of work: one is the national security, more highly classified, foreign intelligence and defence set of issues; and the other is the economic, financial, G20 and European Union set of issues, which have their own character and different international networks. Those two are reasonably

distinct. There are one or two areas of overlap, and when that happens, we sit down and talk and our two secretariats work together. But there are two fairly distinct roles, and, under previous Governments, there have also been distinct foreign policy advisers and economic affairs and European advisers, which reflects that split.

Q230 Rory Stewart: Sir Peter, could you just clarify in detail the difference between your role and that of the chairman of the JIC—and indeed the difference between the JIC and the NSC?

Sir Peter Ricketts: Yes. I have a policy-advising role, so I offer advice to Ministers on policy. Alex Allan, as chairman of the JIC, has purely an intelligence-assessment role. He plays no part in the policy-making process. He has no view on what policy should be. He simply tells it like it is from the intelligence, and that reflects Lord Butler's clear distinction that the chairman of the JIC should be an entirely separate independent figure who will speak truth unto power and not try to promote a particular policy agenda.

Q231 Rory Stewart: Traditionally, the chairman of the JIC was involved, through the Red Book, in setting intelligence requirements and assessing intelligence. To what extent do you get involved in setting requirements for assessing intelligence?

Sir Peter Ricketts: Assessing intelligence—not at all. That's his job, and he produces the assessments that give us the best view from the intelligence community, whether it is convenient to the policy process or not.

Setting the requirements is legitimately a policy process, because you have to choose priorities for the intelligence community, and we are using the National Security Council for Ministers to set the overall priorities for the intelligence community and to say what they want the intelligence community particularly to concentrate on. With the priorities set, the substance of what they report and the assessment of what they report are then completely separate from Ministers and are done through the JIC.

Q232 Rory Stewart: But in no sense are you receiving raw intelligence and attempting to conduct your own independent assessment of that. You are leaving that to the chairman of the JIC.

Sir Peter Ricketts: Yes. From time to time I see bits of original intelligence, but I do not try to run my own assessment function. That's clearly for Alex Allan.

Chair: May I just welcome the fact that yourself and the heads of the agencies have been prepared to open up a bit and lift some of the veil from what has, in the past, been a bit of a "cloak and dagger"? That gives greater confidence to the public and a greater degree of transparency, which is welcome. It is particularly helpful to us not only that you have this important national security role, but that your experience in the Foreign Office is particularly relevant to us. On behalf of the Committee, I thank you very much for coming along.

Examination of Witness

Witness: **Alastair Newton**, former member of the FCO's Senior Management and Director of UKTI USA, gave evidence.

Q233 Chair: May I welcome Alastair Newton to the Committee? When Alastair and I met a few months ago, we had a good old chat about commercial activities, as far as diplomacy in the Foreign Office is concerned. I conveyed our conversation to the Committee. As the Foreign Office is very much moving into the commercial side and there is a need to promote Britain's commercial interests abroad as much as our diplomatic interests, we thought that we should have a short-ish session with someone of your background, and I am really pleased that you accepted our invitation. Are there any general remarks that you would like to make by way of an opening statement?

Alastair Newton: Yes, thank you. Let me start by saying that I am going to speak in a personal capacity—my employer has asked me to make that clear. For those of you who do not know, after 20 years in the diplomatic service, I work for Nomura, a Japanese investment bank in the City of London.

I found what Jeremy was saying earlier about the importance of trade to the Foreign Office's mission very interesting, and I would agree with that entirely. Historically it has been very important, and it is perhaps even more important today than ever before. As it happens, when I got the invitation, I was in the middle of reading a book with which I guess some of you may be familiar: *Getting Our Way* by Christopher Meyer. Christopher makes three points in it that I think are very pertinent to your inquiry today. The first is a reference to Lord Palmerston's famous quote: "Our interests are eternal and perpetual, and those interests it is our duty to follow." Christopher cites those as still the keystone for setting Foreign Office priorities, and I would agree with that.

Secondly, Christopher says at many points in the text that trade is fundamental to the economic well-being of the UK. His third point, which in many respects is the most interesting to your inquiry, is that he says of his experience as a Minister for trade in Washington: "For all its interests, trade was not my natural habitat." The point that I would like to make to the Committee as a starting point for this discussion is that the financial services industry is such an important part of the UK economy today—and will be for the foreseeable future—that its continued international well-being comes under Lord Palmerston's definition of an eternal and perpetual interest. The diplomatic service rightly already devotes significant resources to trade and investment, including financial services, but is it doing enough? That is perhaps the question that you are looking to address. Related to that, Christopher, in my opinion, is far from an isolated example of a senior British diplomat who would feel that trade in general—and financial services in particular—is not a natural habitat. The question that you will want to look at today is, "Should we be doing something to redress that slightly, and if so what?"

Q234 Chair: Would you like to continue and tell us?

Alastair Newton: Well, I do have some suggestions. Let me start by telling you something that you might be aware of that is going on at the moment.

The Foreign Office is looking to recruit from the City of London someone to take the post of HM Consul General New York, which couples up with the Director General for UK Trade and Investment USA. The Foreign Office tried that, to my certain knowledge, in the late '90s, but failed in the end to recruit a suitable individual because the remuneration was insufficient to attract the person it wanted. As it happens, it got an extremely good career diplomat—Tom Harris—to do the job.

I wish the Foreign Office luck this time, although I am not sure that it will be any more successful. I can tell you from personal experience that the remuneration package is not that attractive to the City, because I was invited to apply for that job, despite the fact that the Foreign Office was very happy to see me take voluntary early retirement from the deputy to that job in 2005.

That begs some questions about continuity and the retention of skills in the Foreign Office, which is a big generic issue at a time of successive downsizings in Foreign Office senior management staff. I imagine that you are discussing that with other witnesses, but I am happy to come back to it, if you wish me to.

In simple terms, I have five very brief, low-cost, concrete recommendations to suggest to the Committee for how the Foreign Office might boost its skills and knowledge in financial services among a select group of officers, in a similar way to how it has specific skill-sets career anchors in geographical and linguistic expertise and so on. If you wish me to, I am happy to go through those five recommendations briefly.

Chair: Great.

Alastair Newton: First, immediately before I went to New York as Director for UKTI USA, I spent two years on secondment from the Foreign Office at Lehman Brothers. There was one year in which I was followed to the City on secondment. I suggest that reinstating a secondment programme to the City would be a very positive avenue for developing these skills.

Q235 Chair: You stayed on? You got seconded and stayed there, did you?

Alastair Newton: No. I came back, went to New York for three years and was then offered early retirement in the downsizing that the Treasury initiated in 2004. Because of my secondment, to a large extent, I was able to get a job in the City at a time when I needed to find an exit strategy.

Secondly—it might be that these are still taking place, but I believe that they have lapsed—Sir John Kerr, when he was PUS in 1998, initiated regular meetings of himself and senior colleagues with the Governor of the Bank of England and senior members of the Bank staff. I was in the policy planning staff and then Head of Economic Relations during that period, and I found the meetings extremely useful in keeping us in touch with City thinking.

Thirdly, I suggest that the Director General for Europe and Globalisation in the Foreign Office—the slot

responsible for economic—could usefully host regular round-table lunches with senior people from the City of London, if that is not already being done. Fourthly, the FCO is not represented on the LOTIS Committee of TheCityUK—for those of you not familiar with it, that is the London Trade in Services Committee, which includes heavy representation from BIS. Ironically, all the people—there are several of them—with Foreign Office connections who sit on it are retired from the Foreign Office. Fifthly, and perhaps most importantly but most difficult, I suggest effecting a culture change so that high-flying diplomats do not consider trade not to be real diplomacy, but see it as the important national priority that it is and something to which the Foreign Office can make a real contribution.

Q236 Chair: We have had some witnesses here who say that diplomats shouldn't get bogged down with all this commercial stuff but should focus on diplomacy.

Alastair Newton: I don't think the two are mutually exclusive, Chair. Instead of New York, I will take the example of the British Embassy in Tokyo—I work for a Japanese bank, so I see quite a lot of the British Embassy in Tokyo these days, although I did during my Foreign Office career as well. It is absolutely essential in my view—I am sure that the present ambassador would agree with me—that the mission there is not only capable of conventional, “real” diplomacy, if you like, but also understands the importance of continuing to nurture inward Japanese investment to the UK, including from the Japanese financial services sector. I could apply that just as profoundly to a significant number of other countries and, perhaps surprisingly in this day and age, particularly to countries that have significant sovereign wealth funds.

Q237 Chair: What does the City actually think of the Foreign Office?

Alastair Newton: It's a rather distant organisation, from the perspective of people who work in the City. I suspect—I hope that my senior colleagues will forgive me for saying this—that some of them rather hold the Foreign Office in awe. They are never sure how to address eminent ambassadors, and they seek advice on that. They like talking to diplomats in posts overseas, and not just to British diplomats, of course. We devote a good deal of time to talking to embassies overseas, but there is not a huge amount of contact between senior people in the City and the senior echelons of the Foreign Office these days, so it is a bit of an unknown quantity.

Q238 Mr Watts: Alastair, I don't think that there's any doubt that a nation needs both diplomats and people promoting business and trade. The dilemma comes with whether that should be separated, so that the career diplomats deal with things that they are trained and able to do, but so that BIS officials, for example, have secondments in embassies to give them direct business advice. There is a view, and we have heard evidence about it, that trying to turn diplomats into business advocates is not necessarily the right

thing to do, or is not likely to be the successful thing to do. What is your view about that?

Alastair Newton: I started life as a diplomat, doing conventional diplomatic work. My first posting was in Zaire. I came back to London and did intelligence co-ordination during the Gulf war, so I had a fairly conventional career track for quite some time. I did not find it too difficult to learn a sufficient amount about basic economics, financial services, trade promotion, investment promotion and trade policy to be able to do my job to at least a satisfactory level, as far as the Foreign Office—and the DTI, because I was attached to UKTI at that time—was concerned. It is very much a question of attitude.

I think that there are inherent dangers in separating the two jobs, because one of the aspects on which the Foreign Office can and does add value to British business is advising on the political context in which we are trying to do business in third countries. We want to be able to combine that in one co-ordinated package. I am not for one moment suggesting that every senior diplomat needs to have knowledge of how to do trade promotion or investment promotion, but there are certain key posts where it is essential that senior staff with real clout can bring their influence and knowledge to bear on the host Government, as well as on incoming British businessmen.

Q239 Mr Watts: How do you make sure that people have the right balance? The fear is that you would turn diplomats into business advocates, and that the diplomacy side of the business would be left, or not done adequately. How do you make sure, especially if the leadership—the Government—are saying that that is a priority?

Alastair Newton: Well, every mission that I have ever worked in, or had contact with, is stressed on an overburden of priority activities and has to make hard decisions about where to focus, and when and how to divide its time. It is up to the process of objective-setting and resource-setting between the posts and the centre to make sure that the balance is right for meeting the priorities that the Government hand down from the centre to the Foreign Office, and which then cascade through the system. It is not straightforward, and I would be the first to accept, Mr Watts, that the Foreign Office is overburdened with objective-setting exercises and with process, often to the detriment of getting on with the substance. There ought to be better ways of streamlining it, but I am not sufficiently expert in management consultancy to be able to advise on that.

As I say, I do see a big overlap between the two spheres in certain posts. New York was a classic example. Tom Harris was doing trade promotion there at the time of 9/11. Clearly, trade promotion went on to the back foot for a protracted period of time, as far as the head of mission was concerned, but his two deputies continued to work hard to try to promote British business and American investment into the UK.

Q240 Rory Stewart: Is there a way of trying to define what diplomats should and should not do, in

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relation to trade and commerce? Sometimes you hear businessmen complain and say, “If I’m selling electronic widgets in China, I may want to go to the embassy, but I don’t want the person in the embassy to tell me about the electronics industry, because they’re not going to know as much about it as I do.” Can you give us a rule of thumb on what that person selling electronics in China actually wants out of the embassy and, therefore, what the diplomat and the commercial section should and shouldn’t focus on?

Alastair Newton: The problem, Mr Stewart, is that British business comes in all shapes and sizes. For a long time, the priority of the previous British Government, and perhaps of this Government, was that UKTI’s primary help should be given to small and medium-sized enterprises looking to export. Small and medium-sized enterprises generally need a great deal more support than big corporations that already have an established base, especially in breaking into new markets where they may need a 101. Big corporations are often much more interested in getting a better understanding of how the overall political system is working and in introductions to key Ministers and senior officials.

The British diplomatic service has to—and does at its best—tailor the service to the requirements of the individual firm and not assume that there is a one-size-fits-all solution. Clearly, that takes time. When I was running UK Trade and Investment in the USA, the first thing I did was ban my staff from using PowerPoint presentations, unless the clients specifically asked for them. That was for the very simple reason that if you are reading a PowerPoint presentation, you are not reading the client. I wanted them to read and respond to the client. It is that open mindset of looking at what the client really wants individually that we need to inculcate.

If I may take advantage of your question, Mr Stewart, I would like to add something relative to what Jeremy was saying earlier about locally engaged staff. I believe the Committee will go to the US as part of the inquiry. I would commend to you, lady and gentlemen, talking to some of the locally engaged staff on the UKTI team there. In my day, they were very good indeed. We had some not so good ones but we largely got rid of them. Overall, the quality of the locally engaged staff doing commercial work in the US was significantly higher than that of many of the UK-based staff who were sent out to do the job.

Q241 Rory Stewart: A quick follow up to that: what should they not be doing?

Alastair Newton: They shouldn’t be negotiating on behalf of individual companies.

Q242 Rory Stewart: Okay. Just to push back to where I was: in terms of knowledge, presumably with a small team you are never going to know as much about the electronics industry in China as somebody in the electronics business, so there should be a degree of humility in the team and an ability to say, “That is not our area of expertise. This we can provide; this we can’t”.

Alastair Newton: I agree with you entirely, Mr Stewart, but I think there are two aspects here. First,

very often commercial teams in missions overseas, particularly large commercial teams in important export markets, have specialists in particular areas. For example, in the US I had people working for me—local hires—who had specific sector expertise because they had worked in the sector in question. That ranged from retailing to IT to biotech. We had a significant body of expertise, and could sustain a dialogue—not a lecture, which was your point—with British companies interested in those sectors.

Secondly, in export promotion, British exporters pay a certain amount for the service they get from missions. Clearly, the fees vary according to the level of service being provided, and that is one way of ensuring that the British client is getting the service they want. They are paying for something specific, so if they are not getting that service or if they are getting more than that service, there are checks and balances in the system to militate against that.

Q243 Mr Baron: Mr Newton, there are those who believe that the staffing arrangements need to be more permeable—along the lines of the US—if only to encourage free flow of ideas when in government. Given your experience, I would be interested to know your view on that. For example, what were the results of your two-year secondment to Lehman Brothers? I know you joined Lehman after you left the FCO, but what was your experience? Do you think it made for a common goal?

Alastair Newton: The first thing it gave me, Mr Baron, was credibility with American financial services industry people, because I had actually been one of them. Credibility is incredibly important when you’re dealing with foreign firms. I will happily say this on the record: the simple fact is that most diplomats do not have a great deal of credibility with the private sector when it comes to business promotion. If you have actually been on that side of the fence, it helps.

Secondly, I also had a basic knowledge of how the financial services industry works, which doesn’t mean I understood things like complex derivative instruments, because there is no need for that in the diplomatic service. It was just about understanding the culture and what makes it tick, what makes London attractive to large banks looking for somewhere to establish in Europe, and how you persuade them that London is the place to expand their business. Those were the most valuable things I took with me. I didn’t learn anything about doing business at all, but I didn’t need that knowledge.

Q244 Mr Baron: No. I sense that you are implying that there are more advantages than disadvantages. Credibility is obviously very important. Apart from credibility—I am not undermining its importance—what are the other advantages, and what are the disadvantages that you have seen?

Alastair Newton: The first disadvantage is that, in principle at least, assuming that you’re sending good people out on secondment—there’s no point in

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sending indifferent people out on secondment, in my view—you will lose the service of an officer for one or two years; they will be out there in the boonies, not actually working for the British Government directly, but hopefully learning something that will bring skill sets back.

Regarding the second disadvantage—I am sure that if Foreign Office colleagues were sitting at this bench now they would disagree with me about this—I can give you several examples of friends who have gone out of the Foreign Office on secondment and come back to find that their promotion prospects have actually been slowed down, because they have not been in the office. It's been explicit; it's not been a subtle, "Well, you know, blah blah blah." They have been told, "You have not been working on diplomacy for two years, so you have to come back at your existing grade." There is a disadvantage to the individual officers as well, which can encourage individual officers to decide that maybe the grass is greener on the other side. Again, I know of specific examples where that has happened.

I think the other disadvantage is that if you don't send good people who can really make a difference to the firm to which they are attached, it gives a bad impression of the Foreign Office. There have been some examples of that, although I would say that by and large they are very rare indeed. Foreign Office people and high-flying civil servants in general actually have a great deal to contribute to the private sector, in the skill sets that they can bring with them.

Q245 Sir John Stanley: Mr Newton, how do you respond to the accusation that is made that the present Government are trying to have their cake and eat it? On the one hand, they say to the diplomatic service, "Go out there, sell for all you're worth and make money for the UK—that's your top priority job," and on the other hand they say in the House and in front of this Committee, "Oh, well, we're doing our very best on human rights." The reality surely is that if you are trying to land a big contract in China, the advice that will come up to Ministers and to the post in Beijing will be, "Well, go on, go through the motions on human rights to make certain that we've got something to say to these tedious people on the Foreign Affairs Committee and in the House who keep going on about human rights. Keep it at a low profile, don't ruffle any feathers and sell for Britain for all it's worth." Isn't that the reality?

Alastair Newton: I never envy either Governments, or indeed Members of the House of Commons, some of the difficult decisions they have to make, striking balances between often conflicting objectives when promoting trade and passing Bills through the House of Commons. It's not an easy task. I think my base case assumption when I was a civil servant was that Ministers will make a collective decision from their collective wisdom, and they will instruct their staff accordingly and hopefully get the balance right. For all that, Sir John, there are always going to be lobby groups out there who protest, whatever path we take

on issues like this. The human rights lobby will protest if we are selling to China; the business lobby will protest if we don't.

Q246 Ann Clwyd: My question is also somewhat related to that. I wonder what role you are expected to play in the promotion of arms exports, because they have been some of the most lucrative contracts for this country in the past. What is your view of that? How general is it? What role would you play as opposed to a defence attaché in an embassy?

Alastair Newton: I was never directly involved in anything relating to arms exports, Ms Clwyd. UK Trade and Investment USA could have been involved in arms exports at some stage, I guess. But big firms like BAE do not need help on export promotion—it is political access, which was handled by the Washington embassy rather than the New York consulate-general. I cannot speak from direct experience of this, let me be clear on that.

However, I know there to be checks and balances on the ministerial approval of arms exports to a whole range of countries. It is at that level that the decision making rightly rests. It is for people such as I used to be to implement those decisions as approved at a ministerial level.

Of course, with some countries we have arms embargoes in place. We do not always get it right, because we sell arms to countries in good faith and sometimes that good faith is broken by the country that receives them. But you are right, the arms industry is a major beneficiary to the UK economy. I am not sure what the figure is today, but when I was still a diplomat, the UK accounted for roughly 24% or 25% of global arms sales. I suspect that may have gone down a bit since then, but it is probably still a pretty significant number.

Q247 Mr Roy: In the incestuous relationship between the diplomatic and the commercial, and the movement between both, is there not a danger that those on the diplomatic side, who would be hoping to go into the commercial side, could abuse or misuse their position, knowing where they want to be in six months' or a year's time in the commercial sector?

Alastair Newton: First of all, Mr Roy, I don't think that there is that much interchange between the two. Historically, there certainly has not been, because up until at least the start of this century, diplomats still considered that they had a job for life. I accept that that culture has changed. I understand that it is not now the expectation when one joins the foreign service that one will still be in it at the age of 60 or 65. In 2004–05, the senior management service in the Foreign Office had to shed 120 staff. Yes, I have to admit to you, in all honesty, that in these days of downsizing, there is a tendency for people to think, "Secondment will give me the opportunity to see what it is like on the other side, to test the temperature, and so on." But an amazingly large number of people actually go back and do not jump ship in the immediate aftermath of a secondment, just as I did. I do not know whether I would have left the Foreign Office after my New York posting had it not been for the downsizing and the voluntary early retirement

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package that was being offered—it is a hypothetical question, so I cannot tell you.

I think that it is a minority who would abuse their position, because overall, with public sector Foreign Office people, the pay may not be very good, but they have a real commitment to what they are doing. Mostly, they believe very deeply in the public service ethos.

Q248 Chair: Thank you very much, Alastair. That was a rather refreshing and unstuffy contribution to our inquiry, which is much appreciated by everybody.

Alastair Newton: Thank you, Chairman. It has been a pleasure, and it goes without saying that if, in future, I were invited to speak to the Committee, I would be happy to do so.

Chair: Be careful what you wish for.

Monday 7 February 2011

Members present:

Richard Ottaway (Chair)

Mr Bob Ainsworth
Mr John Baron
Sir Menzies Campbell
Ann Clwyd
Mike Gapes

Andrew Rosindell
Sir John Stanley
Rory Stewart
Mr Dave Watts

Examination of Witnesses

Witnesses: **Rt Hon William Hague MP**, First Secretary of State and Secretary of State for Foreign and Commonwealth Affairs, **Simon Fraser CMG**, Permanent Under-Secretary of State, and **Alex Ellis**, Director, Strategy, Foreign and Commonwealth Office, gave evidence.

Q249 Chair: I welcome members of the public to this hearing of the Foreign Affairs Committee. It is the fifth evidence session for the Committee's inquiry into the role of the Foreign and Commonwealth Office in the UK Government, and it is scheduled to be the last. It will allow us to question the Foreign Secretary about his conception and experience of the FCO's role. He is accompanied by the Permanent Under-Secretary, Simon Fraser, and the new Director of Strategy, Alex Ellis.

Foreign Secretary, I welcome you here yet again. This is the third time in six months, and you are booked to come a fourth time in about six weeks' time.

Mr Hague: It is a pleasure. I can't keep away from you.

Q250 Chair: We cannot complain that you are ignoring us.

Is there anything that you would like to say by way of an opening remark?

Mr Hague: I am happy to go straight into the questions. I am sure that we can cover everything.

Q251 Chair: You have set out your thinking about the role of the Foreign Office in a series of speeches, which have attracted a lot of comment, interest and attention. You have said that you want to see the Foreign Office "at the heart of government." That seemed pretty obvious to all of us. Would it matter if it wasn't?

Mr Hague: Yes, it would matter enormously, because the foreign relations of this country are vital to our security, of course, but also to our prosperity. It is important that foreign policy "runs through the veins" of all departments, which is a phrase that you will have seen me use, if you have looked at those speeches, as you obviously have. In the modern world, foreign policy particularly requires connections between countries in education, culture and economic policy, and working together on development aid and climate change. It therefore requires departments across the board to be engaged in its execution.

Unless there is a strong Foreign Office in the middle of all that, helping to lead the ideas, and helping with the execution of all those things and the analysis of each country—with that analysis being worked on and supporting the policy of departments across the board—government as a whole is weaker for it.

Unless there is a strong Foreign Office in its relationship with the Prime Minister, it is possible for Governments—one might argue that we have seen this at times in the past—to make important international decisions without full use of the expertise that a Foreign Office is meant to muster. So, it does really matter.

Q252 Chair: When you were the shadow Foreign Secretary, you accused the Foreign Office of institutional timidity and made other similar remarks in that vein. What have you done to change that culture inside the Foreign Office?

Mr Hague: As my colleagues will attest, I have underlined to the Foreign Office that it now has an opportunity that will not come around very often. The planets are in alignment for the Foreign Office in political terms. We have a new Government—always an opportunity for an institution or department to establish itself strongly, whatever party makes up the new Government. That is not a partisan point. We have a Prime Minister well disposed to the Foreign Office being at the heart of government. We have a Foreign Secretary dedicated to that task and used to working closely with the Prime Minister to make sure that a wide range of foreign policy advice is listened to.

There is a real institutional opportunity for the Foreign Office at the beginning of this coalition Government, and I have urged everyone throughout the Foreign Office to respond to that opportunity. In daily terms, that means I am trying to ensure that our thinking, and that which we transmit to other Departments through the National Security Council or in our bilateral working with those departments is ambitious, gives a lead and shows what ideas the Foreign Office can come up with.

It was not only an accusation that I made when shadow Foreign Secretary, but I found on becoming Foreign Secretary that there was a habit in some respects of being too timid in the drafting of ideas for the whole Government. The Foreign Office was sometimes used to trying to find out the wishes of other Departments rather than saying, "Here is a concept from the Foreign Office to which everyone might like to work". Over the past eight months, I have therefore sent back a lot of papers for further work to make sure that the Foreign Office is not being

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timid. It is blessed—something that we might come on to—by some outstanding people, so all the raw material is there for the Foreign Office to be a confident, well-equipped, highly informed Department at the centre of government. I think that it had slightly got out of the habit of asserting itself, and I am trying to put that habit back into it.

Q253 Chair: Do you think the problems were political? Were they institutional or were they cultural? What was the cause of the timidity and the lack of assertiveness?

Mr Hague: Primarily political. Again, I am not making a partisan point because it could be said about several Administrations. Prime Ministers have often got into the habit of not using the Foreign Office to the extent that it should be used. We now have a Prime Minister who is happy to break that slightly institutionalised habit. It is a political problem, I think.

Q254 Andrew Rosindell: Good afternoon, Foreign Secretary. One of the things you first said when you became Foreign Secretary was that you intended to put the “C” back into FCO. Could I ask you, therefore, to reflect on your recent visit to Australia and New Zealand?

Mr Hague: Thank you. I am not astonished that you ask about the Commonwealth. I am pleased that you do, because it is part of what we are doing in the Foreign Office. We have started by having a Minister with clear responsibility for the Commonwealth, who is passionate about it; that is Lord Howell, as you know. He has long championed a reinvigorated role for the Commonwealth. One of my predecessors, Sir Malcolm Rifkind, is serving on the Eminent Persons Group, which is doing a good job—but we haven’t got its final report yet. From what I’ve heard it’s doing a very good job in producing ideas ahead of the CHOGM,¹ which is at the end of October in Perth, Australia. The pleasing thing I found in Australia is that the Australian Government have real ambition for that meeting. They don’t want it just to be business as usual in the Commonwealth. They are looking for new ideas out of the eminent persons group that they can really push forward at that Heads of Government meeting.

There is a ready reciprocation of our enthusiasm to do more with the Commonwealth—to use it more. I took the opportunity to give a speech at the Lowy institute in Sydney, primarily about the Commonwealth and what a remarkable network it is, in a networked world, and how as it turns out—I was quite surprised to hear this to begin with—the members of the Commonwealth are doing more and more of their trade with each other, just because of the way the world economy is developing. Therefore the Commonwealth can become a greater centre of ideas and networking, and, perhaps, of setting higher standards and pushing them forward more energetically within the Commonwealth itself, on governance and so on. So the short answer is that that is a long way of saying there was a lot of enthusiasm in the Australian and New Zealand Governments, and

more broadly, about our enthusiasm to see the Commonwealth do more.

Q255 Andrew Rosindell: Could I ask you, Foreign Secretary, what plans you have to translate that enthusiasm into positive steps to build closer co-operation with Australia and New Zealand, and, indeed, Canada? With the closure of many high commissions and embassies around the world, has the Foreign Office—or have you—considered the possibility of sharing facilities with countries with which we have so much in common and which are perhaps less foreign than many other countries that we have to deal with?

Mr Hague: Well, I won’t try to get into which countries are more or less foreign than others. We will deal with them all in the Foreign and Commonwealth Office, but there is an opportunity—exactly on the point that you make—in particular with the countries that you mention, because with those countries we have certain intelligence relationships and so on that make it easier to share facilities. I did discuss that with my Australian and New Zealand counterparts.

We are not planning on closing many embassies or high commissions, I can tell you; we might want to come on to that in the course of the discussion. In fact, I am planning on opening a few. But nevertheless it is true that as the shape of our deployments overseas changes we often end up with surplus space in our buildings, and so do some other countries, so there is certainly an opportunity to make ourselves more efficient over the next few years by, with countries like those, sharing embassy or high commission locations—and not just with those countries, because the same could be done with European countries. There are one or two sites that we share with Germany now. So there is scope to do this with other nations as well.

Q256 Andrew Rosindell: Before moving on, could I just ask one specific topical question? You would probably have been horrified, as we all were, to read in the newspapers over the weekend the case of Said Musa of Afghanistan, who is likely to be executed in the next couple of days for his conversion from Islam to Christianity. Can I ask what representations Her Majesty’s Government are making, to try to avoid that cruel execution that is being proposed by the Government of Afghanistan?

Mr Hague: We have already made strong representations about this. Alistair Burt has particularly taken this up. We of course don’t agree with the death penalty; it is British Government policy to oppose the death penalty in all circumstances overseas and that is certainly true in this case. It is unacceptable in this case. It will cause enormous offence in this country and many others, and I can certainly let the Committee have a more detailed description of everything we have done about it so far.

Q257 Chair: Thanks very much. Coming back to the main line of questioning, can I take you now to the role of the National Security Council? It is newly set up, and you have stated that you wish to use the influence of the Foreign Office very much channelled

¹ Commonwealth Heads of Government Meeting

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through the National Security Council. Would you like to give us an update on how you see it going so far, and whether you think it's functioning in the way that you want it to?

Mr Hague: I think it's going very well, and you have heard, of course, from Peter Ricketts in the course of your current inquiry, who has given you quite a bit of information about how it is working. It works well because its meetings are so frequent and regular—we normally meet every week, and sometimes more than once a week—and because it is treated by the Prime Minister and all of us as the true centre of decision making on all the matters that it deals with. As you know, Whitehall responds to where decisions are really made, and you can have all the committees and structures that you want, but if you make the real decisions outside those structures Whitehall will find that the actual channels of communication and decision-making will lead to that informal place. The Prime Minister strongly believes that national security decisions are made at the Cabinet table—in this case, in the National Security Council.

It works, I think, and it brings the Cabinet Ministers, not just the Foreign and Defence Ministers but a wide range of Ministers, including the International Development Secretary and the Energy and Climate Change Secretary, together with the Chief of the Defence Staff and the heads of the intelligence agencies on this very regular basis, so that we become very familiar with each other's views about the whole range of international and national security topics. I think that that has already helped to give greater cohesion to Government policy, particularly on very difficult issues, for example on Afghanistan and on the detailed handling of relations with Pakistan, which needs our bilateral friendship and support in so many ways. With relationships such as those, which cut right across many different departments, it has helped to give that cohesion.

The Foreign Office plays a crucial role; I think that about half the papers that have gone into the National Security Council so far have come out of the Foreign Office. We are responding to the need to play a, if not the, leading role among the departments in the National Security Council. This is one of the areas that I was really referring to earlier. I don't hesitate to send papers back if they're not good enough to play that leading, formative role in Government thinking on the part of the Foreign Office. So, I think that the Foreign Office has already raised its game to be able to do that.

Q258 Chair: You say that major decisions are made there, and you have mentioned Afghanistan. From looking at the evidence you gave us the other day on Afghanistan, it would appear that although the decision to withdraw troops by 2015 at the latest might have been made by members of the National Security Council, it wasn't made in the National Security Council. Could you confirm that it wasn't made in it, and tell us why not?

Mr Hague: Members of the National Security Council have all discussed and debated that, and the Prime Minister will be familiar with all their views. He spoke about our intentions for 2015, with my, the

Defence Secretary's and the Deputy Prime Minister's readiness to support and implement them; so, the decision was made in that way.

Q259 Chair: Fine, but you can confirm that the decision wasn't actually made in the Council.

Mr Hague: It wasn't a formal item in the National Security Council.

Q260 Chair: Just going back to the more general theme, have you fine-tuned the Foreign Office thinking at all? Has it adapted to the fact that it now tries to make major decisions through the Foreign Office? Is there a change—

Mr Hague: Through the National Security Council.

Chair: Through the National Security Council.

Mr Hague: Yes. The Permanent Secretary might want to add to this, but yes, the Foreign Office has certainly responded to that. It means working closely with the National Security Adviser of course, and that's a fairly easy thing for the Foreign Office to do because the adviser is the immediate past Foreign Office Permanent Secretary. But I take care, for instance, to have a weekly meeting of my own with Sir Peter Ricketts, including our Permanent Secretary, so that the work of the National Security Council and the Foreign Office is well integrated.

There's one other aspect of the National Security Council that I should mention as of great importance to us, which is the creation of the National Security Council Emerging Powers Sub-Committee. It may sound like we are getting into details here, but for those who want to understand how decisions are being made—it is very important to us—that is a sub-committee of the National Security Council, which I chair and which looks at the management of our relations with up to 30 nations that one can put into the category of emerging economies and emerging powers, making sure that across Departments, we are giving them the appropriate level of energy and priority. That is working very well. For instance, it met last week, looking at the relationship with the Gulf states. It has helped to drive more than 40 ministerial contacts with Ministers of the Gulf states so far in the new Government. That is much broader than security, of course, because it is helping us to make sure foreign policy runs through the veins of all Government Departments—to use that phrase again—but from the point of view of the Foreign Secretary, that is an important part of the NSC machinery.

Mr Ainsworth: Forgive me for being late, Chairman. My train was late—I blame the Government, personally.

Mr Hague: Or the last Government.

Q261 Mr Ainsworth: No, not the last one; this one. I walked in just in time to hear you say how very important it is to take decisions in Cabinet or in the National Security Council and not off to the side, if you want the machine to work and if you want the machine to respond to the decisions that are taken. I don't disagree with that at all, yet you then said in response to the Chairman that the decision about what could arguably be the biggest change of policy between this Government and the last Government

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with regard to Afghanistan, which has got to be the most important foreign policy issue, wasn't actually taken in the National Security Council. Anybody who looks in detail at the statements that were made by the Prime Minister, yourself, the Defence Secretary and others over a period of time could be forgiven for believing that not everybody was consulted before that decision was taken and that indeed the decision was taken in a pretty haphazard fashion, with the language changing all the time, people slightly disagreeing with each other and then eventually the Government settling on a clear line and a clear form of words, but only after some time. That is a complete contradiction of what you have just said is the ideal—that the decision would be taken in the National Security Council. The Prime Minister actually talked about a deadline for the first time when he was in Canada, to Adam Boulton during an interview. Can we just and are we not entitled to know how that very, very important decision was taken—why it was taken, how it was taken and who was consulted before it was taken?

Mr Hague: There's no contradiction or complete contradiction here. Afghanistan was discussed in detail quite exhaustively in the early weeks of the new Government. In fact, we held, if I remember rightly—

Q262 Mr Ainsworth: At Chequers.

Mr Hague: A National Security Council meeting at Chequers, yes, within the first few weeks. There were outside visitors to that meeting. We spent pretty much a whole day on it, and then there was a whole series of other meetings. We normally discuss Afghanistan every two weeks in the National Security Council, given the importance of the situation and the extent of the British deployment there. So the Prime Minister is intimately familiar with the views of people in the National Security Council about all the major aspects of the campaign in Afghanistan. It would be wrong to think that such things as the length of—

Q263 Mr Ainsworth: Forgive me. So he will have known whether or not they were opposed to deadlines, will he not?

Mr Hague: The Prime Minister will certainly know whether there is a degree of enthusiasm about such a thing. So I would not want you to run away with the idea that the whole shape and length of the Afghanistan campaign had not been discussed in the National Security Council and that somehow it was all discussed in some other place. That would be an inaccurate understanding of the situation. But in terms of actually announcing that this was to be our policy, the Prime Minister—bearing in mind all the views expressed in successive meetings of the National Security Council, and in close consultation with some of the members of the National Security Council, including me—made his statement about 2015. So I think that certainly counts as collective government and Cabinet government.

Q264 Mr Watts: Following the same point, Foreign Secretary, do I take it from what you have said that you believe that informal discussions are a replacement or as good as a formal decision? It seems

that conversations did take place between different members of the National Security Council, but the decision itself was not taken by that body. If so, when we publish our report, you will see that we believe that that deadline has implications that have not been spelt out by the Government. Is that because this decision was not taken properly?

Mr Hague: No, not at all. As you can gather, the National Security Council ensures that a far greater range of national security and foreign policy decisions are taken in quite a formal way—in a more formal way than would have been the case under most Administrations in recent years. That does not mean that everything will be signed off in a formal way. Some things are also the subject of discussion between the coalition parties. That is not always within the formal structure of such committees. Some things are decided because it is necessary to make an announcement rather than have another meeting of the National Security Council, or whatever relevant committee, based on discussions that have already taken place in those committees. It would be unrealistic to expect that every decision in Government is based around the exact timetable of the meetings of cabinet committees, but they should certainly be based on having explored all the expertise of those committees. That would be true in the case of everything we have decided so far about the Afghanistan campaign.

Q265 Mr Watts: I think we would accept, Foreign Secretary, that not every decision can be taken like this, but if it is a fundamental—the biggest—shift in policy, surely that is part of a formal decision-making process rather than something that is done ad hoc? What criteria will be used for the subject of an official decision by the National Security Council versus an informal decision? It seems to me that this is one of the most important decisions to be made, and it should have been made through the proper channels, which you actually believe in, set up and support, yet when you come to a real, main decision, you decide to do it informally.

Mr Hague: As you can gather from what I have been saying, it is a much more complex picture than that. Afghanistan is the subject that has been the most discussed in the formal structures of government designed for international relations and security. Anything and everything that we have announced about Afghanistan has been based on those discussions in the formal machinery of government, so I do not accept that this is a major departure from that.

Q266 Sir John Stanley: Foreign Secretary, I think we would agree that, historically, the Foreign Office has a patchy record in arriving at correct judgments, particularly those involving security issues. Sometimes it has correctly warned, and at other times it has very seriously misjudged the degree of threat facing this country. Do you have confidence that the creation of the National Security Council will significantly improve the quality of judgment on security issues that the Government as a whole are going to make and you as Foreign Secretary are going

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to make? I think we are all rather conscious that the British Government, like governments around the world, have all been more or less caught cold by Tunisia and the potential domino effects of that.

Mr Hague: I suppose only time will tell whether it helps with judgments. That is an analysis that we will have to do in a few years' time. Certainly, the National Security Council helps to make sure that the information and expertise is in front of the right people. It makes sure that we are used to discussing matters—in the case of early warning about what happens—not just between the Foreign Secretary and the head of SIS and GCHQ, and the Home Secretary and the head of the Security Service. We are all used to discussing these things together, so we can all see the cross-fertilisation of ideas and intelligence. We can hear different streams of reporting and thinking. That should help Government and ministerial leaders to bring their judgment to bear properly. So it ensures that we can all see the relevant information and discuss it together.

Q267 Sir John Stanley: Are you satisfied, Foreign Secretary, that under the new arrangements intelligence coming before Ministers will never again be glossed and that if intelligence is subject to necessary qualifications and uncertainties those will always be disclosed to Ministers?

Mr Hague: Yes, I am satisfied about that. I see intelligence reports every day. As you will know, in the light of reforms made after the Butler report those reports include any necessary qualifications about the reliability of the sources involved, as far as they are known, and about whether information comes from a single source or multiple sources. So I think that those qualifications are very transparent to Ministers as we read through our boxes at night.

The additional advantage of the National Security Council is that the varying perspectives of our three intelligence agencies are brought to the same table on a regular basis—a weekly basis—as well as through the Joint Intelligence Committee, of course. The JIC is there as well, but we do not have to rely solely on its summary. We can hear more of the raw material from the heads of the agencies themselves and form our own view, in addition to the JIC being able to have its view. So, from what I have seen so far, I am confident. The answer to your question is yes.

Q268 Mike Gapes: Foreign Secretary, when you came into government this time the Conservative-led Government decided not to merge the Department for International Development with the Foreign and Commonwealth Office, whereas on the two previous occasions DFID or its equivalent had been abolished. Why did you decide this time that you wanted to keep a separate DFID?

Mr Hague: First, both the coalition parties have been committed to that arrangement for some time, so we were honouring that commitment that we would not change that arrangement again. Secondly, I have to say personally that I am not a great fan of reorganising the machinery of government, in terms of government departments themselves, on a regular basis. I think that that reorganisation takes up a vast amount of time

and resource, and it should only be done when absolutely necessary. Thirdly, I think that DFID has developed a good, strong reputation in the world and in Britain, and it is entitled to be able to carry on its work. Fourthly, the International Development Secretary, Andrew Mitchell, and I resolved to create a far better working relationship between the FCO and DFID, and I think that we are succeeding in doing that. That working relationship has not always been great. It has even been absent altogether at times in the past, possibly in the run-up to the Iraq invasion. It is dramatically better now. I have drilled it into our officials that DFID are our best friends and Andrew Mitchell has the same message for his officials in DFID.

For instance on Sudan, on which we have done so much work in recent months, DFID Ministers and FCO Ministers and officials have worked seamlessly together in trying to ensure that there is no resurgence of conflict in Sudan. The relationship works well, despite there being two departments.

Q269 Mike Gapes: Can I press you on that relationship? The strategic defence and security review referred to “a mandate to improve co-ordination of all UK work overseas under the leadership of the Ambassador or High Commissioner”.

Does that mean that in practice DFID officials in a particular country are working directly under our Ambassador or High Commissioner?

Mr Hague: It means they are working with the ambassador or high commissioner.

Q270 Mike Gapes: But it says “under” in the SDSR.

Mr Hague: That depends on whether it is for operational or policy reasons. In fact, the Permanent Secretary is doing a body of work on this at the moment, so perhaps he should expand on that.

Simon Fraser: Yes, I am happy to. I have been discussing with my colleagues in other departments and in agencies overseas exactly how we can give expression to that commitment in the review. We are in the process of agreeing a set of common principles that we will send to our people in the field. Those will clarify the responsibilities of the representatives of different departments in countries and make it clear that they are co-ordinated under the overall leadership of the Foreign Office representative in that country, who is there representing not only the FCO, but HMG as a whole. I am confident that we will reach agreement on that shortly.

Q271 Mike Gapes: What happens in a country where we do not have a resident ambassador or high commissioner, where there is a senior DFID operation spending several million pounds, but the ambassador is somewhere else in the region, or even where we do not have a post at all in that country? What happens there?

Simon Fraser: I do not think that there are many such cases. There are some cases where, for example, there is a DFID programme in a country where there is not an embassy. In those cases, DFID sets its own objectives for its responsibilities on the delivery of its

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programmes in that country. There is co-ordination and discussion on the policy and the purposes of those programmes with the Foreign Office.

Q272 Mike Gapes: Is there a possibility that a senior person from DFID could take on the role in such a country that might otherwise have been taken by a high commissioner or ambassador?

Simon Fraser: It is certainly clear that if they are not a Foreign Office representative, there will not be an FCO head of mission as such, but they can have a role in representing the country through their work.

Q273 Mike Gapes: But you get my point—that you can have an ambassador or a high commissioner who is covering several small islands in the Pacific or the Caribbean, or some countries in francophone Africa, or former Soviet Union countries, who is 500 or 1,000 miles away.

Simon Fraser: Absolutely. The objective of this whole exercise, Mr Gapes, is to try to get away from the concept that different people are representing different Departments and should do so without reference to the interests of the Government as a whole or other Departments. That applies to all Departments.

Mr Hague: To be clear on what it says in the SDSR: it is a mandate to improve co-ordination of all work overseas, under the leadership of the ambassador, representing the UK Government as a whole. We are talking about effective co-ordination. It does not mean that ambassadors are deciding on DFID policy priorities.

Q274 Mike Gapes: Final point on this. You are publishing this cross-Government strategy paper. On my brief it says that that will happen in the spring. When will it be published?

Simon Fraser: Sorry?

Q275 Mike Gapes: There is a cross-Government strategy that is supposed to be published in the spring, on the co-operation between the FCO and DFID. I thought that was what you were referring to.

Simon Fraser: I was referring to the specific agreement, which is being discussed now, to elaborate the commitment on page 667 of the review.

Mr Hague: And that will go into the paper. It is part of the work of that paper, which we will publish.

Q276 Mike Gapes: I am trying to tease out when in the spring we will see that paper.

Mr Hague: It is too early to say; we are only halfway through the winter. The paper will emerge.

Q277 Mike Gapes: Will it be before the Budget or after?

Mr Hague: Probably after the Budget. We have not set a date for it yet, but it will come.

Q278 Ann Clwyd: As someone who in opposition worked on splitting up the FCO and creating DFID, I am particularly interested in the way it has developed. There are still continuing frictions between the two Departments, as to who takes the lead in certain

circumstances. It was a difficult relationship in Iraq, for instance, when DFID published certain things in the run-up to the election, which were unsuitable for the electorate they were addressed to. I saw a lot of waste of money. In budgetary terms, how much discussion is there on whether certain information leaflets should be published, or whether certain PR exercises should be undertaken? Has that improved in any way?

Mr Hague: I hope those things are improving. We have established excellent relationships at the top between the FCO and DFID. That makes itself felt in Sudan, on which we work closely together, and in Yemen, where Ministers and officials work intimately together. Alan Duncan in DFID and Alistair Burt in our Department work together very closely on the problems of Yemen—the Friends of Yemen process. That means that DFID is able more easily to allow for security and foreign policy considerations in the decisions it makes, while still of course making its own decisions.

We have established all that; you are going down to the next level—making sure that the Departments work productively together—on which some work has been done. Certainly, there will be scope for co-location, where previously that has not been brought about, and hopefully for other economies between the two Departments. Simon, do you want to add to that point?

Simon Fraser: The record of working together closely in-country has improved very much recently. In addition to co-location, we have been working to ensure that there is equivalence in the terms of conditions that we are offering our staff, for example, which has been an issue in the past. In those ways, we are coming together effectively to combine our presence in-country.

Q279 Ann Clwyd: There was a curious piece in the paper last week about the decision to spend £1.85 million of overseas aid on the Pope's UK visit. Were you involved in that? Did you, as well as DFID, have to pay for the Pope's visit? Why would either Department be called upon to pay for that visit?

Mr Hague: We certainly contributed towards the Pope's visit. Again, Simon, do you want to tackle this one?

Simon Fraser: The costs of the visit were divided between Departments on an agreed basis, and the Foreign Office made a considerable contribution.

Q280 Ann Clwyd: What was the rationale? If another overseas cleric decided to have a tour of the UK, would you also be required to pay for that?

Mr Hague: If they were a guest of the Government, yes, we would help to pay. But remember, the Pope is a Head of State too, and that was the equivalent of a State visit, so it is not surprising that Departments were involved in financing it. It is certainly not surprising that the Foreign Office was involved, and that was an entirely appropriate use of its resources.

Q281 Ann Clwyd: Although someone from DFID said, "Our contribution recognised the...Church's role as a major provider of health and education services

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in developing countries.” The role of the Catholic Church in developing countries is, of course, a moot point, particularly when it comes to population and the Church’s attitudes towards it.

Mr Hague: We could have a huge discussion about the merits of the policies of the Catholic Church. On the Pope’s visit to the UK, we found that there was a great deal of common ground about development aid objectives and climate change issues. DFID got a lot out of that visit in terms of co-operation with what is—whether you like it or not—one of the most influential organisations in the world. It is right that this country makes the most of that.

Q282 Andrew Rosindell: Foreign Secretary, while I completely accept the decision that DFID and the Foreign Office should remain separate, there is one area where there is an argument that DFID funding should be administered by the Foreign Office: territories that we govern. How can it be justified that DFID controls money that goes to British territories when, ultimately, your Department has the final say? We have seen the months of to-ing and fro-ing between the two Departments in achieving the necessary finances for the Turks and Caicos Islands, and, similarly, with St Helena and the airport. Shouldn’t that all be under one Department—the Foreign Office?

Mr Hague: I don’t think it would bring about any great improvement if we put it under one roof. I don’t think these decisions have been slow or held up. In fact, the decisions have been made very quickly about the airport for St Helena. There have been difficult decisions about the financial support for Turks and Caicos, but they have been made in a timely way. I don’t think it has complicated that relationship.

It is DFID that has the budget to do these things on a substantial scale. We have, in the Foreign Office, a smaller amount of money to support the administration of overseas territories, which I have just increased in the programme spending decisions that I announced last week to £7 million a year. The kinds of things that you are talking about require much larger sums, and those things therefore have to be drawn from the DFID budget, not the Foreign Office budget.

Q283 Andrew Rosindell: But isn’t there potentially a conflict of interest, when the overseas territories department in the Foreign Office is ultimately responsible for governing these territories, compared with other countries that DFID is funding that we don’t govern and are not responsible for? We are simply aiding those countries. Isn’t there a clear difference? Surely it is right that we treat British territories differently from foreign countries.

Mr Hague: Where DFID contributes resources, it must be associated with the economic development of those places. We treat them differently to some extent; the arrangements for Turks and Caicos are not ones that you would normally find in an independent nation supported by the Department for International Development. I think we treat them differently, but where resources are given on a large scale, such as for the airport in St Helena, that is for the economic

development of an underdeveloped part of the world. I think it is wholly appropriate that it comes from the DFID budget. You can argue in different directions how this should be organised, but I haven’t encountered any serious problem in its being organised as it is now.

Chair: Menzies, did you want to come in? I cut Menzies Campbell off when he wanted to ask a question on the National Security Council.

Q284 Sir Menzies Campbell: I don’t want to labour this point too much. With the recent evidence of Chilcot ringing in our ears, I take it that the approach now is to provide a proper paper trail of decision-making, particularly minutes when important decisions are taken. Is there a minuted decision about Afghanistan and the date of withdrawal?

Mr Hague: There will be many minuted decisions about Afghanistan.

Q285 Sir Menzies Campbell: What about the date of withdrawal? Is there a minuted decision?

Mr Hague: I do not look back at the minutes; you may have to ask the Cabinet Secretary about that at some stage. But the decision making process is the one I described to Mr Watts and Mr Ainsworth earlier. I think you will find, whenever Committees or inquiries look back in the future at what we have done, vastly more of a paper trail than has been the case in the past, in general.

On the question of the NSC, can we supplement that? Simon can speak about what we’re doing within the Foreign Office to support the NSC process. I think we could have answered that more fully when I talked about it 20 minutes ago.

Simon Fraser: Chairman, I wanted to come back to your question about how the Foreign Office was adjusting its performance in order to serve the NSC, because I think that is quite important. We have made a number of changes to meet that requirement. I myself am leading the policy input from the Foreign Office into the NSC process quite actively, and I represent the Foreign Office at official level in the preparatory discussions.

We have established a new strategic policy group within the Foreign Office, in which all leading officials at Director General level meet every fortnight to discuss specific policy issues together, bringing all the different angles to bear. We have established, under Alex Ellis, a new policy unit, which is a successor to the old policy planning staff, which I think Jeremy Greenstock talked about in his evidence to the Committee, to try to ensure that we are focusing policy inputs from across the Department together to give the highest possible quality input to the papers for the NSC. I have just established, alongside that, a new economics unit to give economic thinking greater central salience in the policy-making of the Foreign Office. In a number of ways, I hope that we are, as the Foreign Secretary said, raising the game of the Foreign Office to meet the challenge that the NSC poses to us.

Q286 Mr Baron: Foreign Secretary, global themes—whether climate change, energy security or, I suppose,

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health—are being raised up the Foreign policy agenda. We have heard evidence to suggest that the UK Government suffers from the lack of an organisation that can conduct strategic policy analysis across a series of global policy issues. Do you share that concern? Some of the evidence that we've heard would also suggest that the Foreign and Commonwealth Office likes to sit in its comfort zones of bilateral agreements and overseas networks and would have trouble shifting in this direction generally. Do you share that fundamental concern?

Mr Hague: No, not really. I'm not one of those who think that all strategy is sorted out if you have some all-singing, all-dancing strategy unit for the Government. In fact, this has been tried, of course, under some previous Administrations, without any spectacular success: think back to the central policy review staff of the 1970s and that kind of structure. However, the challenges you described do require Government to work well across Departments through the National Security Council structure, which addresses those cross-cutting themes, as well as bilateral relations. The National Security Council emerging powers structure also addresses those themes.

I would say, to take climate change as an example, that British diplomats and those who work with them have done a very good job in the last year through a mixture of performing well multilaterally—the Energy and Climate Change Secretary went to Cancun and did a very good job in the negotiations—and bilaterally, with British work in some of the developing countries helping to change attitudes, and British work with China over the last couple of years helping to push certain countries in what we would regard as a more positive direction on climate change. The Foreign Office seconded people into the actual Mexican chairmanship of Cancun, where they worked with the Mexicans for several months.

A good, healthy mixture of bilateral working, focused on a major multilateral event at Cancun helped to produce desirable results; they were solid results, and although they weren't everything we wanted, there were definitely some major steps in the right direction. That is the way to approach it. I don't think that setting up an additional special unit across Government on climate change would have enhanced that, provided that all the Departments worked together well.

Q287 Mr Baron: Can I pursue that in respect of climate change? My understanding is that, under the SDSR, the FCO leads for the Government on the security implications of climate change. Where does the FCO get its information? What specific role does the FCO's chief scientific adviser have in that process?

Mr Hague: We have a special representative on climate change, John Ashton, whom I think you may be meeting tomorrow.

Mr Baron: We are.

Mr Hague: He, of course, has access to the expertise of Government across the board. He works very closely with the Department of Energy and Climate Change, so the Foreign Office can draw on the full

expertise of that Department and outside expertise; there's no difficulty doing that. We don't have to have our own parallel expertise. What the Foreign Office really brings to the table are the connections in other countries and the analysis of decision making in other countries about climate change—that's where the Foreign Office comes in. In this case, these two Departments have so far worked successfully together.

Q288 Mr Baron: Briefly and finally, can I turn to the issue of budgetary organisation? Richard Teuten and Daniel Korski gave evidence in the 2010 Royal United Services Institute paper that the departmental nature of budgets and budgetary accountability inhibits cross-departmental working. The Committee has heard other evidence to suggest that the UK's international budget should be organised by strategy, not Departments. What scope, if any, do you see for the further development of interdepartmental budgeting for international policy issues?

Mr Hague: There is a good deal of scope. Again, my colleagues may wish to comment on this. The conflict pool is a good example of interdepartmental budgeting, and of the FCO and DFID working together. Several hundred million pounds a year goes into the conflict pool. Through the National Security Council we are able to take a broader view across Government of where our resources are being directed.

Pakistan is a very important country in terms of our diplomatic relations. It is also a country in which DFID has announced a sharp increase in development aid for the next few years. There is clear coherence in the policies of Government towards Pakistan and to the importance that we attribute to its economic development and political stability. That does not require us to hold a budget for relations with Pakistan. It requires the Foreign Office and DFID to be working successfully together.

It is important, in seeking co-ordination, not to lose accountability, because Parliament will always want to be able to interrogate the accounting officers about how money is spent. It is important not to lose sight of the importance of not only good strategies but of really solid bilateral relationships that help us to deliver those strategies. It is the Foreign Office that has to have control of the resources that control those relationships.

We did look at this idea—in opposition, too—of a single budget for everything under the NSC, but the difficulty you then come up with is that you would still have to divide it into at least as many divisions as we have now. It wouldn't really bring about greater simplicity.

I can turn to the accounting officer, on my left, to expound further.

Simon Fraser: I think I agree with that. The budgets have to be linked to organisations. If you were to pool them, you would inevitably go through some organisational change to ensure that accountability followed the budget. It would probably be more complicated to do that than to pursue a policy, as the Foreign Secretary described, of driving for closer co-operation between Departments which, as I said in discussion with Mr Gapes, I think we are achieving.

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Q289 Mr Baron: I suggest somewhat glibly—I address this to Mr Fraser—that there could be a temptation to ease the FCO’s budget by taking an organisation like the UN and splitting the budget accordingly, given that it is very international in the many policy areas that it covers. Dividing the budget would help the FCO’s budget. But, obviously, that would be far too radical.

Mr Hague: Obviously, we regard that as a splendid idea.

Q290 Mr Baron: We are trying to be helpful here, you understand—it would certainly ease your budget somewhat, wouldn’t it?

Mr Hague: But it still has to come from the taxpayer. I am happy overall with how the Foreign Office is provided for. I think we have the right spending settlement, which is essentially a flat cash settlement for the next few years. Of course, we bear the brunt of international subscriptions.

Q291 Mike Gapes: May I take you further on that? Isn’t it strange that the Foreign Office pays the affiliations not just for the UN but for the OECD, the OSCE, NATO and the Council of Europe—all come out of the FCO budget—yet international subscriptions, as you know very well, are subject to currency fluctuations? If we, as the UK, are playing a big role in an organisation, you get things like additional contribution requests for certain activities. Isn’t it wrong that the Foreign Office’s budget is subject to these difficulties?

Our predecessor Committee made this recommendation in the previous Parliament, so I’m not saying anything new to this Government, but isn’t it about time that we had an international subscriptions section, to pay international subscriptions and so not put pressure on the FCO’s budget in a particular year because of variations in the dollar or euro exchange rate?

Mr Hague: You are very welcome to keep on making that case. It would certainly relieve pressure on the Foreign Office budget if we did that, but it would only be replacing it with a different pressure on the overall budget of the country, so it is not really a radical solution to anything.

You are right about all the complications of exchange rate fluctuations for the FCO. It spends money in more than 120 currencies. This is why I was so critical of the last Government for abolishing the overseas price mechanism—

Mike Gapes: As we were.

Mr Hague: As your predecessor Committee rightly was; and we have reintroduced a foreign currency mechanism, which is at least as effective as the overseas pricing mechanism in protecting the Foreign Office against exchange rate fluctuations.

Q292 Mike Gapes: May I press you on that, Foreign Secretary? It doesn’t take account of inflation though, does it?

Mr Hague: It doesn’t take account of inflation, no, but it does take account of exchange rate fluctuations; and, of course, in a country with rampant inflation the

exchange rate is going to devalue pretty fast on average. In that sense, it is built into it.

It does take account of exchange rate fluctuations, it is a complex and automatic model for doing so, and it brings real certainty back into the budgeting of the Foreign Office. The cuts made in the Foreign Office from 2008 to 2010 were unplanned reductions, just because the exchange rate moved. We will not be confronted with that in future because we have restored the proper exchange rate protection of the Foreign Office.

Q293 Mike Gapes: But my point about international subscriptions is that because we are permanent members of the Security Council, it would be very difficult for us to reduce our contribution or to withhold it, although I know that the US did it once. We are expected to pay a certain proportion; yet if we want to reform the UN and change the way that it works, we sometimes probably need to be in the forefront by making additional contributions because we wish it to move in different directions. Isn’t that an impediment for the FCO, because of exactly the pressures you are well aware of, to its being as active on the reform agenda if it knows that it has to use its own budget to meet part of the cost?

Mr Hague: Not really, no. In the case you give of reform of the United Nations Security Council, any sensible reform will bring more countries on to the Security Council and create more permanent members. It is likely that the financial burden for the United Kingdom, if we accomplished reform, would be reduced rather than increased.

If I was at the Treasury and discussing this with the Foreign Office, I would say, “Well, we do want you to have an incentive to control spending in the United Nations.” It is important that a Government Department has that. Our diplomats have done a very good job in the current year in restraining additional spending within the UN, in controlling the supplementary budget that the UN bureaucracy asks for each year. The Foreign Office has a powerful incentive to take part vigorously in those discussions, because we have to pay the subscription.

You can argue this either way, and I really shouldn’t resist the Committee’s arguing for a change at some point, but it is not a magic solution to change it. The principle in Government is that whichever department is most concerned with an international organisation pays the subscription to that organisation. Clearly, in bodies such as the ones you describe, the Foreign Office has the prime interest in those organisations.

Q294 Mr Watts: Foreign Secretary, given that all Ministers these days have some involvement with Europe, why is your own Minister still connected to the Foreign Office? Why not the Cabinet Office?

Mr Hague: The Foreign Office is coming back into its proper role in the determination of European policy. This is an important angle but, actually, it has not been much discussed in Parliament so far.

We have created a European Affairs Committee of the Cabinet, which I chair, through which all European policy is cleared and co-ordinated. That is a Foreign Office-led Committee. Clearance of policy on Europe

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by writing to Ministers comes to me for signature. In addition, the Foreign Office secretariat on Europe and the Cabinet Office secretariat now do their work jointly, removing duplication that previously existed and sharing reports. That means, for instance, that the Prime Minister's adviser on European policy now copies his advice to the Foreign Secretary, which was not previously the case.

The Foreign Office is in a more central role in the determination of European policy, and arguably has a more central role than at any time since we joined the European Union. The structure of decision making includes not only the European Affairs Committee that I chair, but a ministerial group at Under-Secretary and Minister of State level that takes care of more of the day-to-day decision making, as necessary. It makes sense for that group to be chaired by the Minister for Europe—which it is—and for the Minister for Europe to sit in the Foreign Office.

Q295 Mr Ainsworth: Foreign Secretary, the performance reporting regime that you have agreed within Government seems to be the same regime as that which applies to domestic Departments. Is that appropriate for the Foreign Office, which is different in so many ways?

Mr Hague: On performance reporting, I will defer to the Permanent Secretary.

Simon Fraser: Do you mean the setting of objectives and business planning for the Department?

Mr Ainsworth: Yes.

Mr Hague: Oh, I thought you meant the staff appraisal. You mean the business plan. Yes, I think it is appropriate. Clearly, the content is somewhat different, and more of the work will be labelled "ongoing." It may be highly desirable to reach an end point and bring the Middle East peace process to fruition, but we can't necessarily guarantee doing that in a particular month. It helps to bring transparency to what we are doing, and to bring into line the internal organisation and external presentation of our work.

Simon Fraser: Could I add one point from my perspective? Going back to the earlier discussion about having objectives and co-ordination in countries, it is important that our ambassadors in different countries have a clear business plan, a clear understanding of their objectives in relation to that country, and that they set clear specific objectives that they can work for and task their staff to achieve. I think it is useful.

Q296 Mr Ainsworth: I don't demur from that, but when you are dealing with domestic issues, there has been a trend in recent years—I don't know whether you agree with this—to move from outputs to outcomes in terms of the way we measure and apply targets to Departments. I can see how that applies easily and appropriately to an intern in a domestic Department. If you are talking about the police, or something like that, targets could be, "Disrupt so many gangs and organised crime", or "Stem the supply of cocaine", and so on. However, when you are talking about the Foreign Office and start trying to apply outcomes—"Stop the growth of poppies in Afghanistan", for example—the appropriateness of

those outcomes is somewhat vague. I would have thought that perhaps there is a need for a different regime and a different method of measurement.

Mr Hague: I think there is an element of truth in that. Nevertheless, it depends how we express the desired outcomes. They must be expressed in a realistic way, and people have to judge the performance of the Foreign Office. Where outcomes are difficult for international reasons, or rather intangible, we have to trust people to be intelligent enough to judge things with that in mind. The alternative would be to not be geared to outcomes, and to not put those outcomes so much into the public domain, but that would be undesirable. If we use outcomes intelligently, and people judge them intelligently, it is fair enough.

Alex Ellis: Some of our work is measured by outcomes—I'm thinking of the consular side where we have requirements set by Parliament that you can measure us against. If you're sitting in a post in Portugal, as I used to, those outcomes are extremely helpful in driving the work of the consular part of the organisation.

Q297 Ann Clwyd: I wanted to talk to you about the new commercialism at the FCO. I think Mr Fraser's appointment is widely looked on as underlining the FCO's new emphasis on commercialism. The media have reported that a number of other steps have been planned or are under consideration, such as the appointment of business leaders as ambassadors, a requirement that ambassadors tour UK regions doing road shows to highlight commercial opportunities for UK companies in their host countries, and the appointment of British business leaders as non-executive directors, particularly of US embassies overseas. Is there a risk that the new emphasis—it is a very strong new emphasis—could detract from other aspects of your diplomatic effort; for example, your big personal emphasis on human rights?

Mr Hague: There were several questions there. You quite rightly identify the emphasis that we have placed on commercial diplomacy, which has led us to set up a commercial taskforce within the Foreign Office. Indeed, Simon joined us from the Business Department, although he was long-steeped in the Foreign Office before doing so.

That emphasis is motivated by the fact that the patterns of world trade are changing very quickly, and that Government spending is clearly not going to be the engine of economic growth anywhere in Europe for many years to come, and so the expansion of trade is absolutely vital to our success as a nation. Foreign policy should support economic policy in helping to establish those stronger trading links, particularly where we need to make them much stronger—with so many of the emerging economies in Latin America, Africa, south-east Asia and so on. It is motivated by that.

I see that emphasis as being integral to our wider goals. It is not just about commerce, because the strategy that we adopt for each of the emerging powers in our NSC emerging powers sub-committee involves building up educational links, cultural links, defence co-operation if appropriate, and diplomatic links with those countries. The expanded commercial

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links are part of the elevation of this country's entire relationship with the type of countries that I am talking about. It does not take away from those goals; it is an indispensable part of building up closer foreign policy co-operation and everything else.

That goes alongside our emphasis on human rights. I gave a speech at Lincoln's Inn in September about how human rights are integral to what we do, but also go along with the case for an independent judiciary, for a system based on the rule of law in overseas nations and for people being able to be confident that there is not arbitrary government. The development of stronger commercial links goes alongside those things.

At no stage in our conduct of policy do we reduce the emphasis on human rights for any commercial reason. In all the dialogue that this Government have so far had with China, we have of course discussed expanding our commercial links, as did the last Government, but we also always raised human rights cases, as did the last Government. Those things go together, and a foreign policy that did not have that commercial emphasis, and which was not strengthening that commercial emphasis, would be in a weaker position to bring about all our other goals and to make stronger links with the growing powers of the world.

Q298 Ann Clwyd: But how many ambassadors are going to be business men? Do you have any targets?

Mr Hague: Sorry, you asked some detailed questions. I hope that some will be. We advertise some positions for people to apply for from whatever walk of life, and we have recently done so. I do not want to break a confidence about an appointment that is in the middle of being made, so I will ask the Permanent Secretary, who is more intimately familiar with where those appointments are, to expand on that, but we advertise for people to come in from other walks of life.

We should not be starry-eyed about that. It is important to have vital diplomat skills, to be able to work across Governments and to know how machineries of government work, as well as to have a business sense to be a successful ambassador in most countries. Of course, I hope that people will come in from the private sector. Simon, do you want to expand on that?

Simon Fraser: There is not much to add. All our ambassadors' positions are first of all advertised across Whitehall to other public sector organisations. In certain cases, where there is a particular requirement for specific skills—for example, business skills—we advertise more widely and, indeed, there are cases ongoing in which that has happened. I cannot yet reveal the outcome of those competitions, but we are making a deliberate attempt to ensure that, when it is appropriate and where we can attract skills that we do not have, we absolutely seek to advertise in a way that attracts those skills.

Mr Hague: The other thing that is required is consciousness by Ministers of what can be done to build up our trading links with other nations. The Prime Minister and I have asked that, whenever we are meeting Ministers from other countries, we should

be informed of major issues, how to improve market access to that country and whether there is a major contract for a British company that is being discussed at the time. Even if the Minister for Education, the Minister for Sport or whoever were visiting that country, we want to make sure that they are also conscious of such things because they will meet people who they can influence in a way that is helpful to British business. We are bringing the emphasis on commercial success for the UK into not only the work of our ambassadors, but the work that we do as Ministers.

Q299 Mike Gapes: Foreign Secretary, we are now in the position where, for several years, there has been a reduction in the number of UK-based staff in your Department, and a proportionate increase to two-thirds of locally engaged staff. Is there a limit to this process? Are you concerned that you might reach a point where you have quite senior posts when you have locally engaged people and that that might not be appropriate?

Mr Hague: There is a limit, of course, and that is an issue we must watch carefully, particularly in senior posts. Nevertheless, it is important that we all recognise that the locally engaged staff in the Foreign Office around the world do a fantastic job for this country. I have met so many of them in my travels over the past nine months and am enormously impressed. As you know and well understand, how much we can use locally engaged staff will vary from one country to another. It can be more difficult in countries where our relationships are particularly difficult or have major security implications. There is a limit, but we should not be dogmatic about it and say that we have necessarily reached that limit if we can continue to become more cost-effective in some areas.

Q300 Mike Gapes: The chief operating officer, James Bevan, told us in November that UK-based staff can now expect to have one posting abroad compared with one in London, whereas the ratio previously had been two abroad to one in London. Is there not a danger that that means that we have less knowledge within the in-house team of people?

Mr Hague: I think that he was referring to the more junior positions in the Foreign Office rather than the rotation of senior policy-making people.

Q301 Mike Gapes: He said UK-based staff. I think that it was an average of the whole.

Simon Fraser: This is particularly in relation to the more junior UK-based staff who, in the past had more opportunity, it is true, to serve overseas than is currently the case. The reason is that, given the resource restraints that we have encountered over recent years, we have had to look at the most efficient, cost-effective ways of being represented overseas. It is true that, in some cases, things which used to be done by UK-based staff are, as you indicated, being done more by locally engaged staff. One consequence is that we can offer fewer overseas postings for the more junior staff.

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Q302 Mike Gapes: I do not know whether you can confirm that this is the case, but I have been told that you do not have more than one person on your Afghan desk in the UK who actually has experience of being in Afghanistan.

Simon Fraser: It is true that an issue has been raised about the amount of expertise that we have of people who have served in-country on the desk, but that is a different issue if I may say so. In Afghanistan, we send out a number of staff on relatively short tours, because those are the terms we offer in Afghanistan. We try to benefit from that experience, but that's a different issue, I think, from the sending out on posting of junior UK-based staff more generally around the world.

Mr Hague: There's one other factor that would come into play here, which is that we are now trying to strengthen policy expertise in the Foreign Office in Whitehall itself. That will, of course, require some of the people with that policy expertise to spend longer in the UK and so that factor will come into play to some extent. It's not the main part of what you are talking about.

Q303 Mike Gapes: Can I switch focus to the way in which members of your staff manage their career progression? We've been told—and I don't know whether Mr Fraser would want to comment on this, given that he is an example of people managing their careers, in a sense—that you've gone too far towards letting diplomatic service staff go into other areas, and in fact there isn't a strategic direction. There should be more strategic direction as to where people go.

Mr Hague: Into other areas? Which other areas?

Mike Gapes: Within postings or particular countries. The priorities should be managed more by the Department than by the individual persons.

Chair: Before you answer, Foreign Secretary, I just want to let you know I am going to suspend the sitting in two minutes' time.

Mr Hague: Okay, I'll let Simon answer that.

Simon Fraser: There are two issues here: there's one about encouraging our staff to get experience in other organisations through secondment, which is something we have deliberately tried to do—both inward and outward. In my own case I found that very enriching. There's another issue, which is about how we manage expertise in the organisation, to make sure, for example, that if we invest in language training with somebody we actually try to help them—

Mike Gapes: Use that skill.

Simon Fraser: We try to help them develop their career to use that skill. I would accept, in fact, that we need to refocus on this. It may be that in allowing people to, as you say, manage their own careers and bid for jobs we have perhaps moved a bit too far away from focusing on maintaining particular cadres of expertise within the organisation. We are actually looking at that at the moment.

Chair: We are now adjourning for the Prime Minister's statement at half-past three.

3.22 pm

Sitting suspended.

4.30 pm

On resuming—

Chair: Foreign Secretary, we will continue. Mr Gapes was halfway through a line of questioning.

Q304 Mike Gapes: Can I ask you about the advantages and disadvantages to the diplomatic service of the interchange of personnel with other Departments, secondments into and out of the civil service, and permanent external appointments into the FCO from outside the civil service? What's your assessment of the impact of those arrangements?

Mr Hague: They are desirable, in general, and there might be scope to push them further. Simon might wish to expand on that.

One of my main concerns in our first few months in office has been to increase the number of our civil servants who have experience in European institutions. We are restarting the European fast stream, as well as encouraging people who have never been in our civil service to go into the European institutions. We've held events for universities, to encourage that to happen. There is scope for more interchange between Departments, between the Foreign Office and DFID, and between the Foreign Office and the intelligence agencies. I encourage that kind of attitude and there is, of course, as I think we were discussing earlier, scope for external recruitment into Foreign Office positions. The Permanent Under-Secretary made the position clear on that.

Q305 Mike Gapes: When you bring people in from other Departments, are you content with the administrative and budgetary arrangements? Are they in need of revision or reform, or would it be better to have a new cross-departmental, cross-governmental external service of people from, say, the Home Office and other Departments—some of which you've mentioned—who are prepared to serve in posts in other countries?

Simon Fraser: May I take this Mr Gapes? I have two points. First, we do bring people in from other Departments on interchange. That works effectively, and I don't think that we need to review the administrative arrangements, although it is true that with the recruitment freezes that are in place in the civil service, movement between Departments is a bit slower than it has been at some points in the past.

Q306 Mike Gapes: So, if you take someone from the Home Office, the job isn't then filled.

Simon Fraser: Well, I think that Departments have to think about their workforce structures. The second point, I'm sorry, was—

Q307 Mike Gapes: On the question of whether there should be a cross-governmental service.

Simon Fraser: The point that I wanted to make about that, repeating the point that I made before, is that certainly in the Foreign Office all senior jobs are now routinely advertised across Whitehall. So, we are constantly making vacancies available for people from other Departments to apply for, and in that way we can access that expertise. I don't think that it would be necessary to look at a single cross-governmental external service.

Q308 Mike Gapes: Can I take you back to the earlier line of questioning, in which I asked you about locally engaged staff? Are there any specific posts that you believe it would be not appropriate for locally engaged staff to do?

Mr Hague: I don't think we have any posts where it is not appropriate to have any locally engaged staff, but there are posts where it is appropriate to keep a higher proportion of UK-based staff.

Mike Gapes: When I said posts, I didn't mean missions I meant jobs. I'm not being very clear.

Mr Hague: Sorry, I took posts to mean locations.

Mike Gapes: Are there any jobs that you feel it would not be appropriate to fill with someone who was locally engaged?

Mr Hague: Well, the Ambassador or High Commissioner has to be a UK-based member of staff. Simon, do you want to add anything?

Simon Fraser: It is of course correct that our senior people have to be UK based, but there are other jobs within embassies or posts for which there are particular security requirements or functions and which it would not be appropriate for locally engaged staff to take.

Q309 Mike Gapes: Do you have a list of the jobs that are available and the jobs that are not?

Simon Fraser: We do not have a specific list at present of individual jobs around the world that are or are not appropriate, but we do look at them as we consider the appropriate staffing of all posts around the world.

Q310 Mike Gapes: Okay, thank you. I'll move on to the current role of the overseas network. You alluded to it in your opening remarks, when you talked about possibly establishing some additional posts in different countries. Do you have a strategic view, do you just basically take each country on an individual basis, or do you have a vision of regions or types of countries where we ought to be doing more and other places where we ought to be doing less?

Mr Hague: We do have a strategic view and we are working on that in detail at the moment. I indicated in the House last week that we will make an announcement in a couple of months' time about that. The detailed work is going on now. The patterns of economic, political and diplomatic power in the world are changing, so we will need to adjust our diplomatic weight to take account of that. As I also said in the House last week, the context of those changes is that we will not be reducing the overall size of our diplomatic network. It is very important to retain Britain's global presence and so we will do that. However, we will need to adjust our diplomatic weight and we will do that in accordance with five principles. First, we are sticking to the principle of no strategic shrinkage; secondly, we will be deploying sufficient resources to seize the opportunities for prosperity that the emerging powers provide, as well as protecting our security; thirdly, we will enhance our ability to promote our values and our influence; fourthly, we will strike a careful balance between deepening the resources in emerging giants such as India and China and other emerging powers in Latin

America and Asia, and widening resource so that we have enhanced bilateral relations with some smaller countries that we have neglected for too long; and fifthly, we will maintain close historic bilateral relations, which we have with many countries across the world and which remain essential for promoting our interests in a networked world. So we are working to that set of criteria and an announcement about the strategic view will come within the next couple of months or so.

Q311 Mike Gapes: Will you also take into consideration the growth of the EU's European External Action Service and the possible implications that that might have?

Mr Hague: I don't think that will lead us to say that we can cut back in a particular area because the EEAS² will be there.

Q312 Mike Gapes: No, but we might have fewer people in a particular country than we might otherwise have had.

Mr Hague: No, I certainly haven't come to that conclusion on anywhere so far. The EEAS is meant to work with and to support the work of national diplomatic services. But as you know, it is not our view that the EEAS in any way takes over the work of our diplomatic services, so I do not envisage cutting back on our services in any way because of the presence of the EEAS.

Q313 Mike Gapes: Is it viable to have a post where we have only two or three UK-based staff?

Mr Hague: It is viable, yes. There are some such posts that do very good work, because in some it is appropriate to have a high proportion of locally engaged staff. Simon, do you want to give any examples of that?

Simon Fraser: I think that we have quite a number of posts where we only have a relatively small number—two or three—of UK-based staff. In a number of our embassies around the world, that is the case. It is important to ensure that we give our UK-based staff the type of support that they need. For example, we are looking at whether posts where we have only one UK-based member of staff are really sustainable.

Q314 Mike Gapes: How many of those are there?

Simon Fraser: I can't give you a precise number.

Q315 Mike Gapes: Perhaps you could write to us.

Simon Fraser: I am happy to write to you about that. However, the underlying point is that we are reviewing whether that situation is appropriate and indeed whether it is fair on the individuals concerned in some cases.

Q316 Sir John Stanley: Foreign Secretary, I am sure you will agree that the Foreign Office has a particular responsibility towards its locally engaged staff by virtue of the fact that overseas those individuals are, like the rest of the diplomatic service, standard-bearers for the UK but at the same time they have a degree of vulnerability that UK-based staff do not

² European External Action Service

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have, because by and large they do not have diplomatic immunity. I am sure that you are aware that there have been very disturbing instances in recent years in both Iran and Russia where our locally engaged staff have been subjected to really quite intolerable treatment, by way of threats, intimidation and indeed in some cases—in one case, I think—actual prosecution. Will you take a fresh look at what you can do to provide a greater degree of protection for locally engaged staff? In particular, will you look at the provisions of the Geneva Convention on diplomatic immunity, which provides some degree of latitude for individual posts to confer diplomatic immunity on particular locally engaged staff on an individual basis, where they are felt to be particularly vulnerable to threat?

Mr Hague: I am happy to look at all suggestions on this. I feel strongly about this, as you obviously do. The former Foreign Secretary remonstrated very strongly with the Iranian Government in particular, and he was quite right to do so, about the abuse of locally engaged staff. I'll certainly have a look at the issue you raise. I don't think, from memory, that it is easy to give blanket immunity to large numbers of people in that way, but I'm open to all suggestions, of course, to improve the protection of our locally engaged staff.

Q317 Sir John Stanley: When you've done your look, could you write to the Committee and tell us your views as to whether anything further can be done?

Mr Hague: Yes, happily. We certainly will.

Simon Fraser: As I recall, Sir John, Sir Peter Ricketts was engaged in some correspondence with you on that point as a result of one of his earlier appearances. I'd like to look back at that correspondence, if I may, and then follow it up.

Chair: And down from the frozen north—Rory.

Q318 Rory Stewart: First, many apologies for missing the first part of the meeting, but I was stuck in the snow. Foreign Secretary, if we can just focus on staff development, why did you feel that the diplomatic excellence initiative was required?

Mr Hague: The Foreign Office has made many improvements in management in recent years, and that's well reflected in staff surveys, where the proportion of people in the Foreign Office who think they're in a well-managed organisation has gone up very sharply, to become a majority. It's important to retain improvements in management and how we look after people, but it's also important to make sure that the diplomatic edge—the cutting-edge abilities of the Foreign Office—in negotiation, analysis and in-depth knowledge of countries and regions and the ability to produce policy ideas are accentuated, without losing, as I say, the improvements that have taken place in management. We need to make sure that the Foreign Office is a centre for diplomatic excellence. In the drive to improve management, that sometimes

received less emphasis than it should have. I feel we are now correcting that and giving a proper emphasis to diplomatic excellence.

Q319 Rory Stewart: Are you planning to shift the core competencies that determine promotion to reflect your new emphasis on geographical expertise?

Mr Hague: Certainly, we will place a greater emphasis in the coming years on such matters as hard languages, as having served in difficult postings—*[Interruption.]* Interesting music coming from somewhere; I was surprised for a moment.

Sir Menzies Campbell: I thought you needed context.

Mr Hague: Yes, there's a definite overseas theme to the chimes there. I was talking about accentuating the emphasis placed on hard languages, difficult postings and in-depth geographic knowledge. It's necessary to have a really strong representation of those things in the top management of the Foreign Office in future years.

Q320 Rory Stewart: Could we look at the technicalities of the promotion competencies? At the moment, obviously, people have to go through this very formal process to get promoted. Is there anything you could do to adjust that so the core competencies reflected the new emphasis?

Simon Fraser: We have an assessment and development centre process for people to make certain critical jumps in their careers. That is one of the things that has helped to achieve the improvements we have achieved in the way we run the organisation and in its leadership. That is based on some core competencies, which include, for example, strategic thinking, the personal impact of the individual and the leadership skills of the individual. What is important is that, in evaluating those competencies, which I am not proposing to change, we take full account of the expertise, language skills, the career track record of the individuals concerned when we make appointments and fit people to individual jobs.

Alex Ellis: Having done one of those centres and being an examiner on one of them now, one of the changes that we have made is to filter candidates for those going to the senior part of the civil service in the Foreign Office by having them do two papers before they can apply to go on one of these assessment centres. One of those is strategic thinking, because that is thought to be so essential to being a credible candidate. Also, whether someone passes or fails strategic thinking is a very good guide to whether they will pass or fail overall. That in a way is slightly showing that you have to be capable of doing that before you can even get on to one of these centres, and that sends out a signal as well.

Q321 Rory Stewart: Hypothetically, Foreign Secretary, if there was someone who was not able to pass that exam and get into the senior management stream, but had a very strong background or interest in a particular region, or great linguistic skills, is there something we could do to give them more honour,

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prestige or position in the Foreign Office? Understandably, they wouldn't end up in a senior management position, but a role would be created for them, in a way that many organisations do for specialists, without their feeling that they are second-class citizens.

Mr Hague: Yes, I think it is worth looking at developing the flexibility to do that to a greater extent.

Simon Fraser: I agree that we should look at that and ensure that where people have specific expertise, we don't lose that.

Q322 Rory Stewart: Finally—this is a slightly cheeky question—at the FCO leadership conference, what proportion of the time was spent discussing foreign policy?

Mr Hague: Quite a lot, I hope. At the last leadership conference, which was in July, the Prime Minister, the Deputy Prime Minister, the Chancellor and I all spoke. We all spoke about the policies that we wanted to see pursued in the new coalition Government. The four keynote speakers, as it were, all spoke about policy, the wider policies of the Government and the place of foreign policy in that. I spoke about the type of foreign policy that I wanted us to develop. Certainly, in all the interaction that the leadership conference had with Ministers, it was very policy-orientated.

Simon Fraser: In last year's leadership conference, that was absolutely the case. There was a particular economic focus, because that's where the Government placed the focus at the time. As it happens, Mr Stewart, I chaired a meeting this morning to discuss the agenda of the next Foreign Office leadership conference; Alex Ellis was there as well. On the agenda that we are working on this year, the clear majority of the discussion is going to be focused on foreign policy issues.

Mr Hague: We have just had the Senior Leadership Conference about two weeks ago, when the whole of my session with them was on policy analysis.

Q323 Chair: To pick on a current example of the sort of skills that are needed by diplomats overseas, what sort of early warning did you get about Egypt and Tunisia? Did it come from the post, or did it come from other sources?

Mr Hague: I feel that there was a reasonably early warning, not in terms of the precise timing—the Egyptian authorities themselves were not really aware of the precise timing of events—but of the fact that something was bubbling up, and that a great deal of trouble was brewing in Egyptian society and politics. I feel that that was very much part of the briefing I was given by our diplomats, particularly when I visited Cairo in early November. That was very much the view of our Ambassador there, which is why, in the dinner that we then held with leading figures from the Egyptian Government, we put the case that what you need in your parliamentary elections is the emergence of a credible, secular and democratic opposition, and that the culture of alternation in government is something that you ought to be encouraging, rather than doing anything to prevent. I think the consciousness that something was coming up in the pressure cooker was very much there among

our diplomats, certainly in the case of Egypt. As I say, it was very hard for anybody to say precisely in what week that was going to come to a head.

Q324 Sir Menzies Campbell: How did that go down at the dinner?

Mr Hague: Conceptually, it went down very well, and either they didn't take our advice, or they did want to take it, but miscalculated in the parliamentary elections that followed. Actually, they surprised themselves with their own strength. They won far more seats than they intended to. One of the reasons for that was that they had not given the space over the previous decade for a strong opposition to emerge. I often quoted to them the Disraelian dictum of, "No government can be long secure without a formidable opposition." Indeed, it has so turned out.

Q325 Mr Watts: Foreign Secretary, can I clarify a point that was made earlier, which I am finding difficult to understand? You appear to be saying that you want to change the skill base of senior management, with more of an emphasis on hard languages. Yet, the criteria you use for promotion has not been changed, we have heard. How will you achieve your one aim, when your criteria are stuck with a system that has not delivered what you are looking for?

Mr Hague: I think it will evolve over time, but those core competencies will remain very important. Over time, the people who are coming to the top—this is over a long time, because you are talking about the evolution of an institution over the next 10, 20, 30 years—will increasingly be those with the skills and experiences that I have described. If the promotion system does not make the most of that, we will have to change the promotion system.

Q326 Mr Watts: It seems to me that that is exactly what you need to do. That is why I am interested when you say that you might have to do that. If you want to make a change in the culture of an organisation, that has to be done by senior management changing the criteria for selection of senior managers.

Mr Hague: It can also be on how those criteria are interpreted. Since the ministerial direction is clear, and the support for that from the senior civil servants is absolutely forthcoming, I do not think we will have any difficulty on that, but of course we can revise things as we go along.

Q327 Ann Clwyd: I benefited over a period of seven years by having someone from the Foreign Office seconded to me to work on Iraq. It was a mutually enriching experience, because they really had very little idea how back bench MPs worked. When you talk about secondments and attachments and so on, it is something well worth thinking about. There is a positive aspect in having your civil servants understanding how an ordinary MP has to work and the variety of issues that we have to deal with. I

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commend secondment, because it worked very well for me and for the people concerned, who have since had various promotions.

Mr Hague: I'm not accepting you are an ordinary MP, but we very much take that point.

Simon Fraser: This goes to the last two points. One of the things that we are doing under the Diplomatic Excellence Programme is increasing the amount of money that we are putting into training in certain areas. One of those areas is language skills and another is parliamentary understanding. We are going to try to make sure that we enhance the knowledge of Foreign Office officials on parliamentary affairs.

Mr Hague: We are also going—this is slightly off the point—to make more use of the skills, experience and knowledge of the people already in the Foreign Office and communicating that to people on their way up in the Foreign Office. I feel strongly that, for people who have accumulated a lot of experience, to be able to pass that on is part of their job and career satisfaction. A larger part of the Foreign Office training should be the engagement of newer people with people who, in some cases, have 30 or 35 years of experience of diplomacy.

Q328 Ann Clwyd: On the question of embassies, will you be reviewing embassies that have already shut? Will you be looking at what has happened in countries such as East Timor, where we shut our embassy and transferred the responsibility to the Ambassador in Jakarta, which is a long way away from East Timor? It was a particularly crass thing to do, because East Timor had just got its independence, after a long battle with Indonesia. I suggest that it's very well worth looking at that again, because I don't think that representation at that distance actually works for the East Timorese.

Mr Hague: I can't make any promises about any specific place. We will come to this in the announcement that I'm making in a couple of months' time. Certainly we are looking at whether there are embassies that have closed that should be reopened. I can't hold out the prospect of a huge number of such reopenings, but there might be some.

Q329 Chair: Are there any examples of best practice in Foreign Ministries around the world, which you can draw on here? One example is the US-style quadrennial diplomacy and development review. Does that have any place in your thinking and your management of the Foreign Office?

Mr Hague: Yes, it does in the National Security Council—to have a regular review of national strategy is highly desirable. That is what we are highly likely to do in the current Government. The idea of a diplomatic review is one we are open to—I would not discount that at all and, if the Committee were to recommend it, I think it would receive a warm reception. We can learn from that.

I have asked for detailed information about how the French and German diplomatic services work, but

they are structured differently and their cultures are quite different. It is not easy just to cherry-pick one practice from one of those countries, but we are engaged in studying them at the moment, to see what we can learn.

Chair: That's very helpful. Rory.

Q330 Rory Stewart: Just following up on culture for another second, is there any role for increasing the amount of time given in training to focus on history and case studies—as a way of training diplomats?

Mr Hague: Yes, the case study approach is part of what I was describing earlier. Certainly history is vitally important in knowledge and practice of foreign policy. The small bunch of historians in the Foreign Office are now being used more than they have been for some years, including by Ministers—including by the Foreign Secretary.

I could easily get drawn into the subject of the library and how deeply I deplored its destruction a few years ago, but I arrived in the Foreign Office too late to save it. Such things are a vital part of the corporate memory of the Foreign Office as an institution.

Such things will be reaccentuated again, and in new ways. Other measures are being taken to improve the corporate memory of the Foreign Office within each department. I think you are right, history must be an important part of any meaningful training in foreign policy.

Alex Ellis: On the case of Egypt at the moment, you see the people doing policy drawing a great deal on the research analysts within the Foreign Office, in terms of some of the background and some of the history, say, of the Muslim Brotherhood and other organisations—how it came into being, what its motives are. You see that used quite fast now, in terms of developing policy.

Mr Hague: We will also try to make greater use of people who have left the Foreign Office. I make a point of seeing all the new ambassadors when they are appointed, before they go out to their posts, and I see any who have finished their posting and are retiring. I find it quite distressing in a way, that these people who are really at the peak of their knowledge of the world, with immense diplomatic experience, then walk out of the door, never to be seen again in the Foreign Office.

One of the things that I have asked to be worked up is a better approach to how we use the alumni of the Foreign Office, so we do not just draw them to a seminar at Wilton Park every two years but really continue to connect them more systematically to the Foreign Office. I think it should be an institution that you always belong to really. When you come in, if you come in as a new graduate, you should meet the Foreign Secretary and feel that you are welcomed from the very top. When you leave, 40 years later, if ever—admittedly that is a career model that is less common these days—you should have a continuing connection with whoever is the Foreign Secretary and with the institution of the Foreign Office.

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I didn't get a chance to say this earlier in our discussion, but I believe in building up the strength of the FCO as an institution, so that people want to belong to it and always feel that they have a connection with it.

Q331 Chair: And the alumni are always welcome to come here and give evidence to us, as they frequently do.

Mr Hague: And some of them have done so very well, as I've seen.

Sir Menzies Campbell: Sometimes they are queuing up.

Chair: Foreign Secretary, thank you very much indeed. This has been an excellent session as far as we're concerned. I wish you well on your trip. You're coming to us again in March. We look forward to it.

Mr Hague: Thank you.

Written evidence

Written evidence from the Foreign and Commonwealth Office

INTRODUCTION

The Government's vision for foreign policy

On 1 July 2010, in the first of a series of speeches in which he set out the Government's vision of foreign affairs, the Foreign Secretary spoke of:

"...a distinctive British foreign policy that is active in Europe and across the world; that builds up British engagement in parts of the globe where opportunities as well as threats increasingly lie; that is at ease within a networked world and harnesses the full potential of our cultural links, and that promotes our national interest while recognising that this cannot be narrowly or selfishly defined."

Achieving this will involve the FCO playing a strong role across Government from the National Security Council down. HMG's foreign policy will be shaped and delivered according to a strategic concept which takes into account national security, prosperity, and British values, and which is designed to make the most of the opportunities of the 21st Century.

The Government has also made clear that its first task is to return the economy to sustained growth and to tackle the budget deficit. The restoration of our economic fortune is essential to our foreign policy, because the economic standing of a nation is a fundamental foundation of its foreign policy success. The Government rejects the thesis of Britain's decline in the world. It believes that the UK should become even more active overseas and that it should make the most, systematically and strategically, of our great national assets.

Implementing this vision

The FCO and its worldwide network of embassies is well placed to support this vision. British diplomats have world-class skills in understanding and influencing what is happening abroad, supporting our citizens who are travelling and living overseas, helping to manage migration into Britain, promoting British trade and other interests abroad and encouraging foreign investment in the UK.

The Foreign Secretary and the Prime Minister agreed in July that the FCO will pursue an active and activist foreign policy, working with other countries and strengthening the rules-based international system in support of British values to:

- Safeguard Britain's national security by countering terrorism and weapons proliferation, and working to reduce conflict.
- Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth.
- Support British nationals around the world through modern and efficient consular services.

In common with other government departments, the FCO has now published its Business Plan setting out the most important objectives for the FCO in the Coalition Agreement, together with its structural reform plan, expenditure and its commitment to transparency.

The FCO will publish monthly progress reports on how it is meeting the commitments set out in its structural reform plan. The Business Plan also contains a section describing the transparency indicators by which taxpayers can assess the efficiency and productivity of the FCO effort.

The FCO Business Plan sets out five structural reform priorities:

- Protect and promote the UK's national interest. Shape a distinctive British foreign policy geared to the national interest, retain and build up Britain's international influence in specific areas, and build stronger bilateral relations across the board with key selected countries to enhance our security and prosperity.
- Contribute to the success of Britain's effort in Afghanistan. Support our military forces abroad, protect British national security from threats emanating from the region, create the conditions to shift to non-military strategy in Afghanistan and withdrawal of UK combat troops by 2015, and support the stability of Pakistan.
- Reform the machinery of government in foreign policy. Establish a National Security Council (NSC) as the centre of decision-making on all international and national security issues, and help to implement the foreign policy elements of the National Security Strategy and the Strategic Defence and Security Review.
- Pursue an active and activist British policy in Europe. Advance the British national interest through an effective EU policy in priority areas, engaging constructively while protecting our national sovereignty.

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

Since May, the FCO is focussing in particular on the following immediate tasks:

- To get to grips with the war in Afghanistan and to improve the coordination and delivery of the strategy here in Whitehall and internationally. The FCO is investing a huge amount of time and resource on Afghanistan, and it is featuring regularly in the deliberations of the NSC. Previous FCO Memoranda to the FAC set out the detail of the UK contribution to the international effort on Afghanistan.
- To demonstrate FCO leadership in the NSC through strong FCO representation and input into all its decisions. The NSC has established a regular and intensive schedule of meetings in which the FCO is fully and actively engaged. The FCO has written around half of all papers that have come before the NSC to date, and has provided foreign policy advice in the preparation of papers that are written by other departments.
- To assume a leadership role in the Strategic Defence and Security Review (SDSR) which goes wider than defence issues and covers all aspects of national security. The Foreign Secretary has secured the Whitehall lead on three out of the 10 priority areas mentioned in the SDSR—Building Stability Overseas (Foreign Policy), State Threats and Counter-Proliferation, Security Impacts of Climate Change and Resource Competition. No other Minister holds the lead on more areas. The SDSR has tasked the FCO to lead a process to producing integrated strategies for key countries and regions. The highest priority strategies will be agreed by the National Security Council in order to ensure that they are supported by all relevant government departments, reflect agreed priorities, and are appropriately resourced.
- To put in motion the elevation of key bilateral relationships with major emerging powers, including major partners such as India and China, but also in other areas of the world such as the Gulf, in North Africa, in Latin America where the FCO can start to give new momentum to those relationships. A NSC (Emerging Powers) Sub-Committee chaired by the Foreign Secretary has now been established to give strategic oversight to this work. Together with UKTI, the FCO has also established a new Commercial Diplomacy Task Force to give a renewed determination to embed a commercial culture across the FCO.
- To show as a new Government that the UK is highly active and activist in the European Union, playing a positive and energetic role, working closely with European partners to ensure that the European Union can use its collective weight in the world as effectively as it can. Examples include showing ambition in tackling carbon emissions in international climate negotiations, building on the EU-Korea trade agreement as a model for agreements with others, and pressing for respect for human rights around the world, for example in Burma.

Budgetary Issues

The 2010 Comprehensive Spending Review will allow the FCO to take forward work on these priorities, and to maintain its global network of posts. But the settlement will require hard choices of the FCO, as it will of other government departments. The FCO is determined to meet these challenges through driving efficiency from every aspect of its expenditure and clearly prioritising its activities to support the delivery of HMG’s objectives overseas. The decision to establish a new Foreign Currency Mechanism will provide the FCO with stability in budgeting and managing exchange rate fluctuations. At the same time, the Foreign Secretary is determined that the FCO can show a very disciplined and efficient record of using its resources, and to do it in an exemplary fashion. The FCO is determined to work with other government departments to ensure that it has a truly whole of government approach to achieving these international priorities.

The FCO is pleased that the FAC has chosen to launch this inquiry into its role in the UK Government. This memorandum is intended to set out in greater detail what the FCO is currently doing and intends to do to put this vision and framework into practice.

QUESTIONS POSED BY THE INQUIRY

FAC QUESTION: Given the policy framework established by the new National Security Strategy (NSS), the creation of the NSC and the 2010 SDSR, what should the FCO’s role now be, and how should the Department relate to other parts of Government?

The Government rapidly moved to establish the NSC in May 2010 in order to give coherence to the increasing international activity of many domestic departments of Government so that it can take a firm and urgent grip on the wider strategic needs of the country. In October, the NSC agreed a new National Security Strategy (NSS) and SDSR in October 2010 to determine in a systematic fashion how the UK should secure its international influence and prosperity in a world that is rapidly changing. This work has identified key trends and ensured that the UK has the right capabilities to minimise risks to British citizens and remain adaptable in its security posture.

The SDSR recognised that to adapt and respond to national security threats and opportunities, the UK needs an active foreign policy and strong representation abroad. It agreed that the UK needs to maintain its global diplomatic network, which is sharply focussed on promoting Britain's national security and prosperity. It sets out a clear direction for the FCO which:

- Confirms the FCO's core priorities of pursuing an active and activist foreign policy, working with other countries and strengthening the rules-based international system in support of our values to safeguard the UK's national security, build UK prosperity and support UK nationals around the world.
- Places a new emphasis on commercial diplomacy.
- Provides a mandate to improve coordination of all UK work overseas under the leadership of the Ambassador or High Commissioner representing UK government as a whole.
- Suggests refocussing resources on those countries most important to UK security and prosperity, whether major economic players or fragile states in need of UK support.
- Advocates greater use of new, flexible forms of diplomacy to allow us to develop more regional approaches where relevant, or rapid responses to serious consular incidents, or crises.
- Promotes the continued relevance of the BBC and the British Council to achieving foreign policy objectives.

More specifically, the SDSR names the FCO as lead Department for three out of the 10 priority areas it identifies—Building Stability Overseas (Foreign Policy Aspects); State Threats and Counter-Proliferation; and the Security Impacts of Climate Change and Resource Competition. Work within this framework will be an active response to the challenges posed by a changing world including:

- The shift of economic power and opportunity to the countries of the East and South; to the emerging powers of Brazil, India, China and other parts of Asia and to increasingly significant economies such as Turkey and Indonesia. By 2050 emerging economies could be up to 50% larger than those of the current G7.
- The widening circle of international decision-making. Decisions made previously in the G8 are now negotiated within the G20, and this Government will be at the forefront of those arguing for the expansion of the United Nations Security Council. The views of emerging powers are critical to tackling the big foreign policy and global economic issues, but they do not always agree with the UK approach, making energetic and effective diplomacy even more necessary.
- The increasing complexity of protecting UK security in the face of new threats. The immense benefits of trade and the movement of people can mask the activity of those who use the tools of globalisation to destructive or criminal ends and are able to use almost any part of the world as a platform to do so. No more striking example of this has been seen in recent history than in Afghanistan, but the UK needs to look ahead to other parts of the world which are at risk of similar exploitation.
- The changing nature of conflict. UK Armed Forces are currently involved in fighting insurgencies or wars-amongst-the-people rather than state to state conflict. They are involved in counter-piracy operations rather than sea battles, the projection of force overseas rather than homeland-based defence. The security threats themselves are more widely dispersed in parts of the world which are often difficult to access, lawless and in some cases failing, where the absence of governance feeds into a cycle of conflict and danger that is difficult to arrest but which seems likely to grow in the future.
- The increasing importance of non-state actors in a networked world. New non-state actors, both individuals and groups have increased the circle of players the UK needs to influence.

The FCO plays a leading role in the NSC and its Sub-Committees, including the Emerging Powers Sub-Committee which is chaired by the Foreign Secretary. In the NSC the FCO brings together its deep understanding of international affairs, and provides analysis and advice which draws on that understanding. As a result NSC decisions are anchored in a clear understanding of the foreign policy imperatives and their implications.

The FCO leads on drafting NSC papers on international policy and contributes to a range of papers where other government departments lead the drafting. Similarly the FCO leads on implementing NSC decisions on international policy and works closely with other government departments to deliver cross-Whitehall strategies for building political and economic relations with key partners and ensured a joined-up approach to the conduct of foreign policy: elevating entire relationships with individual countries in a systematic fashion—not just in diplomacy but in education, health, civil society, commerce and where appropriate in defence.

FAC QUESTION: *How should the Foreign Secretary's claim to be putting the FCO "back where it belongs at the centre of Government" be assessed?*

This Government will provide a distinctive British foreign policy that focuses squarely on the national interest, and will shape the FCO to achieve this. The FCO is giving a confident lead to foreign policy thinking across government, strengthening Britain's bilateral relationships, building up British influence in the world

and successfully promoting the UK economy. The first fruits of this new approach are already being seen in a number of ways including successful Prime Ministerial visits to China and India which strengthened our bilateral relationship with these key partners and delivered £1.25 billion of contracts.

Action to further British interests overseas is being co-ordinated by the FCO. When any Minister travels overseas they are working with the FCO to advance common economic and foreign policy goals as well as their own departmental objectives. This is a planned process to secure the UK's economic recovery and to address international challenges even more effectively, using the FCO's diplomatic resources to the full to project our influence and deliver services to British citizens in a networked world.

Over the last six months, the FCO has been giving an energetic lead to this new foreign policy. Examples include:

- In two major speeches in London, the Foreign Secretary set out the strategic direction of the Coalition's foreign policy, and on how the UK's foreign policy will stand up for British values internationally.
- The Foreign Secretary has established a solid and substantive relationship with US Secretary of State Clinton through a number of contacts including two visits to Washington (May and November). He gave a major speech on international security in a networked world in Georgetown University during his November visit.
- The Foreign Secretary visited Japan in July to highlight the importance of the UK-Japan bilateral relationship to the UK economy, including addressing the issue of non-tariff barriers. During the visit he gave a major speech on Britain's prosperity in a networked world. The Foreign Secretary underlined HMG support for BAE Systems, as part of the Eurofighter consortium, in bidding to supply Japan's future fighter aircraft. The Foreign Secretary also underlined the UK's strong support for the approach of both the Republic of Korea and Japan towards North Korea.
- The Foreign Secretary and the Vietnamese Deputy Prime Minister launched the UK-Vietnam Strategic Partnership Declaration in September elevating cooperation in key areas such as global and regional issues, trade and investment, sustainable development, education and training, science and technology, security and defence and people to people links.
- The Foreign Secretary launched the Gulf initiative in June 2010 to strengthen regional security and to improve commercial, economic, cultural and educational ties. The first ministerial meeting, chaired by FCO Minister Alistair Burt, took place in July bringing together Ministers from eight government departments. This period has seen an intense series of visits and exchanges with the Gulf including an inward State Visit by the Emir of Qatar and a State Visit of HM The Queen to the United Arab Emirates and Oman.
- The Foreign Secretary visited Russia in October and launched a Knowledge Partnership between Britain and Russia. This will promote UK business, science and education as key partners in Russia's modernisation, identify and tackle barriers to trade, promote opportunities for new investment, and stimulate contacts between UK and Russian educational and research establishments.
- As a result of a firm UK lead, backed up by FCO lobbying, the September European Council issued a Declaration concerning support for Pakistan following the floods, which included an ambitious new trade package.
- The FCO led in achievement of a new package of EU sanctions on Iran in June and worked across Government to ensure the effective implementation of these sanctions.
- The Foreign Secretary co-chaired a Friends of Yemen meeting in New York in September, which was also attended by FCO Minister Alistair Burt and Alan Duncan, Minister of State for International Development.
- The Foreign Secretary visited Serbia with the German Foreign Minister in August to underline our resolve that the map of the Balkans is now final. The Foreign Secretary urged the Serbian Government to support a UN General Assembly Resolution on Kosovo which was subsequently adopted by consensus in September.
- The Foreign Secretary chaired a ministerial meeting of the United Nations Security Council in November to create a sense of urgency and to focus international attention on the importance of a peaceful and credible referendum on the future of Southern Sudan, and on the situation in Darfur.

The FCO's monthly progress reports on how it is meeting the commitments will also provide indicators for assessment. The Business Plan also contains a section describing the transparency indicators by which taxpayers can assess the efficiency and productivity of the FCO effort.

The Business Plan clearly identifies Afghanistan as a priority area for the FCO, working closely with other government departments, in particular the Ministry of Defence (MOD) and DFID. The Government has committed to keeping Parliament regularly informed about progress in Afghanistan through monthly written updates and quarterly oral updates. These updates are prepared by the FCO, MOD and DFID and presented alternately by the three Secretaries of State.

FAC QUESTION: Especially given the spending constraints set out in the 2010 Comprehensive Spending Review (CSR), how—if at all—could the FCO better organise and utilise its financial and human resources so as to fulfil its role?

Resource Allocation

The Foreign Secretary is clear that the FCO must use the Spending Review to maintain a modern, effective network, with global reach, which must remain at the heart of a successful UK foreign policy. The FCO will allocate the settlement in accordance with the foreign policy priorities set out by the Foreign Secretary: an active and activist foreign policy, working with other countries and strengthening the rules-based international system to safeguard security, build prosperity, and support British nationals abroad, and our determination to sustain a strong global network. The FCO is committed to making the investment needed to keep staff safe and develop the skills they need to do their jobs, wherever they are located.

The Spending Review settlement will require the FCO to change how it operates, to make real choices, to cut spending on administration, to continue to reduce its workforce, and to get maximum value from every pound spent.

The FCO Board is in the process of making recommendations to Ministers on allocating resources for FY 2011/12 and making indicative allocations for the rest of the Spending Review period. Directors General will then make allocations to the Directors who report to them, and the Directors will allocate resources to the posts they are responsible for. This process will be complete by the end of FY 2010/11. In allocating resources the FCO will seek to maximise efficiency and effectiveness in areas in which it will work jointly with other government departments, for example the promotion of British trade and investment. It will also take into account the contribution the FCO will make to events such as the 2012 Olympics during the Spending Review period.

Human Resources

Within the constraints of the Spending Review settlement, the FCO intends to invest to build a strong institution for the future. The FCO's people strategy is designed to build a dynamic, flexible and professional workforce to meet the FCO's objectives; to be a good employer; and to provide a professional and efficient HR service to staff and managers. It should continue to attract the most talented entrants from diverse backgrounds. The FCO will maintain a rigorous approach to promotion through assessment and development centres while driving down costs to ensure that it can develop and retain the talent it already has. It will further drive up performance management standards, and continue to professionalise financial management under the Five Star Finance Programme.

The FCO will build on the talent within the organisation and develop greater diplomatic, language and geographic expertise, expertise in counter terrorism and counter proliferation and build our management and leadership ability. It will aim to provide increased resources for additional language training and other core diplomatic skills, including commercial diplomacy.

The FCO will continue to review overseas allowances in response to changing circumstances. The latest review, carried out in 2009, will yield annual savings of around £10 million (10% of the allowances budget), £6.5 million is from cash allowances, and £3.5 million from travel and education.

Since 2009, the FCO has run three schemes for voluntary early departure in accordance with strict affordability criteria. A total of 280 staff have departed on these terms, resulting in salary savings of £11 million per year. The total resource costs of these exercises to the FCO was £31.3 million (the immediate payments made to staff on departure, plus for staff leaving on early retirement the ongoing annual compensation payments up to their 60th birthday). So the schemes have offered an average payback of under three years.

The recruitment freeze imposed by the new government brought immediate challenges around the numbers of staff that could be promoted from Band A to B. The FCO is reviewing policies on promotion to compensate for the effects that the freeze will have, especially on lower grades.

Corporate Services Programme

In 2009/10 the Corporate Services programme delivered £5 million of savings, impacting over 240 slots. In 2010/11 the savings forecast is £13 million and over 450 slots. In 2011/12 the savings forecast is £27 million and almost 500 slots. On completion of the planned projects, the annual cost of delivering corporate services will be £30 million less than the 2008/09 baseline and require 1,200 fewer staff.

As part of the CSR settlement, the FCO, like all other government departments, is committed to 33% savings in administration spend as part of the overall drive to increase efficiency. The FCO intends to use this as an opportunity to free up resources for frontline operations through its Corporate Services Programme. The aim of the Programme is to save time and money for the FCO by standardising and streamlining corporate policies, processes and tools. The FCO is on track to deliver £45 million by March 2012 and reduce corporate spend by £30 million each year, including releasing 1,000 (local) staff slots. There are five main streams of activity to this:

- Localising positions overseas. Replacing 140 UK-based staff with local staff in corporate services and support positions overseas.
- Sharing services and consolidating processes on a cross-border basis. Overseas, the FCO is consolidating transactional corporate services work either nationally or within a region to reduce duplication of effort, generate economies of scale at lead posts, and professionalise the delivery of corporate services functions through the recruitment of specialists. Shared service networks are being developed in Central Europe, Eastern Mediterranean, Southern Africa, North East Asia, and South East Asia and Oceania.
- Outsourcing facilities management contracts. Facilities management services were outsourced in the UK/North West Europe in 2009. A contract to outsource facilities management services for 28 posts across Asia Pacific and India has also recently been signed.
- Streamlining transaction processing resources in the UK Corporate Service Centre (CSC). The FCO has continued to move HR and Finance process work to the Corporate Services Centre (CSC) in Milton Keynes, whilst retaining policy formulation in London. The CSC brings together human resources, finance and procurement processes, and is making staff savings through a number of efficiency projects. These will achieve a headcount saving of 46 slots (saving £2 million per annum) by March 2012. In addition, the FCO is continuing to consolidate transactional processing from overseas posts into the CSC which will allow more efficient use of resources and further economies of scale, avoid unnecessary duplication and make better use of specialist staff. The expected savings are up to £1.4 million per annum.
- The FCO has been active in process simplification and standardisation and introducing self service. 50,000 staff days have been saved by removing outdated processes, simplifying procurement and finance, streamlining guidance and making better use of technology. All local staff data has been loaded onto our Oracle system, greatly improving management information. The FCO has implemented a new global expenses policy based on actual expenditure. It has introduced online payslips, email notifications, self service management of annual and sick leave, and improved its i-Expenses system.

FAC QUESTION: How does the FCO work across Whitehall? Are the FCO and its resources organised so as to facilitate cross-Government cooperation?

The FCO is active across a broad range of government policy and has day-to-day interaction with every major part of Whitehall. The sections following give a flavour of the breadth of that activity, and some sense of how it is organised and structured.

Defence and Security Issues

The FCO and MOD work closely from the NSC down to agree and implement the UK's overall strategy and approach to protecting national security. The FCO and MOD work jointly to implement the priorities established in the SDSR and to support the effective engagement of international organisations in crisis management, including the UN, NATO, the European Union and the OSCE. The latter includes both crisis management strategy as well as the delivery of appropriate capabilities to ensure effective international response, including equitable burden sharing.

The FCO participates actively in military planning exercises and training programmes to promote an integrated approach to the planning and conduct of crisis management. This activity provides a platform for the FCO to help UK military forces to develop their understanding of political, diplomatic and development perspectives, as well as provide critical training for FCO staff in preparation for deployment in conflict zones. Major exercises such as the Allied Rapid Reaction Corps exercise ARRCade Fusion 2009 and the UK's Joint Force Headquarters exercise Joint Focus 2010 form a key part of the comprehensive effort across the FCO, DFID and the MOD to test the shared framework for conflict stabilisation. Lessons drawn from such exercises feed back into both civilian policy planning for post-conflict reconstruction and the development of military doctrine.

The British Government has been at the forefront of the development and use of integrated civilian-military planning, and the FCO has played a significant role in this. The Provincial Reconstruction Team in Helmand Province is a prime example of the work already being carried out. Due to excellent FCO and MOD cooperation, the UK was the first country to set up a joint civilian-military headquarters in Afghanistan to lead on stabilisation, and this model has informed the development of similar structures by other countries.

There is close synergy between the FCO and MOD in pursuing defence diplomacy and the projection of defence soft power. In a globalised and uncertain world, the UK is increasingly vulnerable to events and shocks elsewhere. Both departments invest in bilateral defence relationships to enhance the UK's understanding of complex issues, identify and plan for emerging threats, and exploit opportunities to influence in the national interest. To achieve this in the defence sphere, FCO and MOD cooperate at posts overseas and in Whitehall. It takes time to build credibility and develop worthwhile relationships and networks: a long-term view and consistent engagement with in-country presence are fundamental to achieving success. Therefore Defence Attachés, whilst MOD assets, are integrated into FCO posts, are managed by Ambassadors, undergo FCO

training and pursue joint objectives from boosting trade to increasing military cooperation. The FCO participates fully in a number of key MOD engagement planning committees, and inputs into decisions concerning the extent and location of the Defence Attaché Network.

European conventional arms control is an area of long-standing interaction between the FCO and MOD. The FCO is responsible for the strategic policy and diplomatic parts of this agenda, whilst the MOD provides military advice, and funds and executes the UK's operational requirements. The two departments share planning and ensure strategic coherence and consistent UK messages. This contributes to the UK's ability to influence this agenda compared to other states that are less joined up. For instance, the UK is often able to work faster and more effectively than other nations when dealing with political-military affairs in the OSCE. This ability was crucial earlier this year in achieving the adoption of a UK decision to update the military transparency and regional security building measures contained within the Vienna Document 1999, which had previously been closed for over a decade.

The FCO coordinates closely with the MOD and DFID in pursuing the UK's conventional weapons disarmament policy. All three departments share HMG's obligations under a range of treaties that seek to end the use of weapons that can have a disproportionate humanitarian impact.¹ MOD military advisors and DFID technical experts accompany FCO-led delegations to negotiations and meetings of States Parties. The FCO led Cluster Munitions (Prohibitions) Bill 2010, which banned UK use of cluster munitions, saw a virtual FCO-MOD Bill team prepare for and advise on the legislation, with occasional policy support also provided by BIS, UKTI, Home Office and DFID.

The FCO engages actively in cross-Government work on maritime security, taking part in the new cross-Whitehall Maritime Security Oversight Group (MSOG)—designed to integrate more effectively the UK's approach to maritime security—and will also contribute to the National Maritime Information Centre agreed by the SDSR. The FCO, MOD, Department for Transport and the Home Office/UK Border Agency all play key roles in both, with the FCO leading on international maritime engagement policy, including international legal aspects.

The international counter-piracy effort is co-ordinated primarily by the Contact Group on Piracy off the Coast of Somalia, which includes more than 50 organisations and countries. The FCO, on behalf of HMG, chairs the key working group on operational/military co-ordination and regional capability development, working closely with the MOD to identify key maritime risks and design potential international responses for discussion with partners.

The UK's delegation to NATO is staffed jointly by the FCO and MOD. This enables the FCO to incorporate military information and advice into UK defence diplomacy in NATO and to take a holistic view toward NATO security strategy. The delegation works closely with FCO and MOD teams in London who provide day to day guidance and instructions on policy as well as strategic direction and objectives, as agreed by both sets of Ministers. This shared policy perspective covers both strategic issues such as Europe's security engagement with Russia and NATO enlargement (particularly in the Balkans), as well as operational issues, including Afghanistan and Kosovo.

The FCO works closely with the MOD and the Office of Cyber Security (OCS) on NATO cyber defence, consulting on briefing and policy. Working with the MOD, who provide the defence requirements, and the OCS, who provide the cross-Whitehall structure, the FCO promotes the UK cyber agenda in international organisations including the UN, NATO and the EU, and feeds information and perspectives from international partners into Whitehall.

The FCO works closely with the MOD on policy regarding the UK's nuclear deterrent, multilateral disarmament, ballistic missile defence and space issues. In the run-up to publication of the SDSR, the FCO led on the review of the UK's nuclear declaratory policy, whilst the MOD led on the Trident Value for Money review; they worked as a virtual team on the outcomes of both reviews.

Counter Proliferation Work

As the SDSR sets out, the Foreign Secretary is lead minister for counter proliferation work across Government. At official level, the FCO (Counter Proliferation Department) chairs the monthly Counter Proliferation Implementation Committee to plan, co-ordinate and monitor HMG's counter proliferation activity. The Cabinet Office, MOD, Department of Energy and Climate Change (DECC), Department of Business Innovation and Skills (BIS), Her Majesty's Revenue and Customs (HMRC), HM Treasury (HMT) and Intelligence Agencies all take part. The FCO is also the interface between the cross-Governmental Counter Proliferation community and the FCO posts overseas.

The FCO has been part of the governing board of the Global Threat Reduction Programme, a £36m pa fund dedicated to tackling nuclear security vulnerabilities. The FCO's Counter Proliferation Department chairs regular cross-Whitehall meetings to agree long-term policy and shorter term negotiating tactics on key international non-proliferation instruments including:

- the Nuclear Proliferation Treaty, working with the MOD and DECC;

¹ The main disarmament treaties are: the Mine Ban Treaty; the Convention on Certain Conventional Weapons; and the Convention on Cluster Munitions.

- the Chemical Weapons Convention, working with the MOD, DECC, Defence Science and Technology Laboratory (DSTL); and
- the Biological and Toxin Weapons Convention, working with the MOD, DECC, BIS, DSTL, Home Office, Department of Health, Department for Environment, Farming and Rural Affairs (DEFRA), Go-Science, Health Protection Agency, Metropolitan Police, Health & Safety Executive, National Counter Terrorism Security Office, Food Standards Agency, Veterinary Laboratories Agency, Food and Environmental Research Agency.

The FCO co-ordinates the UK position in the three EU Working Groups on counter proliferation. The FCO also takes part in the Restricted Enforcement Unit, a group chaired by BIS agrees actions to prevent proliferation.

During the Nuclear Proliferation Treaty Review Conference in May 2010, the UK's negotiating teams in London and New York comprised officials from the FCO, the MOD, and DECC. On the Comprehensive Test Ban Treaty (CTBT), MOD and FCO experts work with the CTBT Organisation in Vienna on the international monitoring system and preparing the Treaty for entry into force. Similarly, joint FCO and MOD teams work on UK policy regarding a future Material Cut Off Treaty, ballistic missile defence (including the recent announcement at the NATO Summit of a territorial missile defence system with the US), and space security issues.

BIS owns the UK's export licensing process and requires advice from the FCO, MOD and DFID. To ensure that arms exports do not contribute to conflicts around the world or infringe human rights, the FCO makes assessments using all the latest available information. The information we receive from our posts overseas and desks in the UK is vital in making the right decision in approving or refusing an export.

Counter Terrorism Work

The FCO leads the cross-Whitehall effort on international delivery of the Government's strategy for countering international terrorism CONTEST. The Overseas CONTEST Group, chaired by the FCO's Director General for Defence and Intelligence, sets the strategic direction for overseas counter terrorism work, and guides priority setting and resource allocation across Government.

The Overseas CONTEST Group links closely to:

- (a) the Joint Intelligence Committee, in order that strategic priorities flow from the authoritative, cross-Government assessment of the threat;
- (b) the CONTEST board and sub-boards, to ensure coherence between domestic and overseas activity; and
- (c) the NSC, in order to situate our overseas counter terrorism efforts within the wider National Security Strategy.

Through its leadership of the Overseas CONTEST Group and through its overseas network, the FCO has a pivotal role in determining, coordinating and delivering the Government's approach to terrorism (classified by the NSC as a tier one risk), through upstream intervention overseas. The Overseas CONTEST Group is considering how the UK can use its overseas counter terrorism resource to best effect in the light of the SDSR and the CSR.

Overseas delivery is led by the counter terrorism teams in the FCO network of posts, working with relevant government departments, including the Office for Security and Counter Terrorism (the Home Office unit who has the overall lead on terrorism in Whitehall), the MOD, the Intelligence Agencies, the Metropolitan Police, the Cabinet Office, DFID, the UK Border Agency (UKBA), and the Research, Information and Communications Unit. All departments draw on their own resources to achieve the objectives set out by the Overseas CONTEST Group, as well as on the cross-Whitehall counter terrorism programme fund which is managed by the FCO.

Additional FCO responsibilities for counter terrorism include outreach in the UK and overseas to explain British foreign policy, informing British citizens about terrorist threats overseas, crisis management overseas in the event of a terrorist attack or kidnap, and working with other departments and agencies to ensure the successful implementation of the detainee measures announced by the Prime Minister in July, and managing the difficult litigation and detainee cases with which HMG has been confronted.

All projects funded by the cross-Whitehall counter terrorism programme fund are now subject to a human rights assessment. The assessment occurs before the point of project approval, irrespective of whether the project could yield commercial opportunity for UK industry.

The Prosperity Agenda and Trade Policy

A key function of British foreign policy is to support the UK economic recovery. And this in turn depends upon global stability and growth. The FCO is injecting a new commercialism into its work and into the definition of the UK's international objectives, ensuring that the UK can develop the strong political relationships which will help British business to thrive overseas.

The FCO has moved to make economic objectives a central aspect of UK international bilateral engagement, working in a targeted and systematic fashion to secure Britain's economic recovery, promote open markets and improved financial regulation and to open the way to greater access for British companies in new markets worldwide. The FCO is championing Britain as a partner of choice for any country seeking to invest and do business in Europe; and using an energetic diplomacy to help secure a strong, sustainable and open global economy.

The FCO and the Department for Business Innovation and Skills (BIS) work closely to deliver the UK national interests on prosperity and growth issues, including trade and investment policy, corporate governance and anti-corruption issues.

The joint FCO/BIS Trade Policy Unit represents one of the closest connections between the two departments. The FCO works with the Trade Policy Unit, the UK Representation in Brussels, and the UK Mission to the World Trade Organisation (WTO) at Geneva to influence European trade policy to adopt a strategic posture to key trading relationships and to press for an early and ambitious outcome to the Doha Development Agenda. The UK Representation in Brussels works to provide coherent HMG contact with the European Commission and the European Parliament on trade issues, and to foster close links with trade officials in other EU Member States on resisting protectionism and promoting open markets.

The UK Mission in Geneva (UKMIS Geneva) represents the UK at the WTO and also at the other international organisations in Geneva that deal with trade and development related issues.² The mission is staffed by FCO and BIS personnel, though the positions are primarily funded by the FCO with some support from the DFID. The EU's common commercial policy is an exclusive Commission competence. UKMIS Geneva monitors activity and report widely across HMG on WTO negotiations, disputes, accessions and the operation of existing agreements. UKMIS Geneva liaises with other resident Missions and the WTO Secretariat in order to carry out lobbying and inform policy making in London. It also looks to ensure that the international organisations it deals with are accountable, transparent and effective, and provide value for money.

The FCO and BIS also work to influence trade policy outside of Europe. The FCO, and specifically the UK's network of Trade Policy Attachés, plays an important role in lobbying on matters of concern to HMG and gathering information and analysis to aid the development of UK trade policy. Advice from the FCO on key trade and investment relationships feeds into the work of the NSC Emerging Powers Sub-Committee.

The FCO are working closely with BIS as part of a core cross-HMG team in the development of the HMG Trade White Paper due for publication in January. The FCO are also working with BIS and HM Treasury (HMT) colleagues on the HMG Growth Review. This work will set out a whole of Government approach to delivering on trade and investment priorities for the UK and contributing to the sustainable growth of the UK economy.

Trade Promotion

The FCO and BIS are the parent departments of UK Trade and Investment (UKTI), the Government organisation that helps UK-based companies succeed in the global economy and assists overseas companies in bringing high quality investment to the UK. The FCO works closely both at home and overseas with UKTI.

The Minister for Trade and Investment is responsible for UKTI's operations. UKTI is headed up by a Chief Executive, Sir Andrew Kahn, who sits on the Executive Boards of both the FCO and BIS.

UKTI staff are present in 96 FCO posts across the world. Of these, 17 are in high growth markets, which are in many cases the same markets identified by the Government as priorities for elevating relations. The FCO and UKTI are working together to ensure consistency in broader UK Government activity in these markets.

Commercial successes in the last six months include:

- The Prime Minister led the largest ever British delegation to China on his way to the G20 Summit in Seoul in November. Over 40 specific agreements were signed dealing with trade, low carbon growth, and cultural and education initiatives. Commercial deals were announced including £750 million for Rolls Royce to supply and service jet engines for China Eastern Airlines; the construction of 50 new English language schools by Pearson; and the launch of a £317 million UK-China investment fund. The visit highlighted recent and ongoing inward investment from China worth in excess of £300 million, creating or safeguarding over 1,200 jobs across the UK.
- The Prime Minister visited Turkey in July to agree a Strategic Partnership on trade and investment, energy, defence and security. He also addressed business leaders to discuss trade opportunities.
- The Prime Minister took the largest British trade delegation ever to India in July. He witnessed the signing of a Hawk aircraft contract worth £500 million. During this visit he established a CEO Forum to make recommendations to both Governments on how to increase levels of trade, and committed to an ambitious programme of co-operation on education, science and research.

² These include UNCTAD, WIPO, ILO, ITC, EIF, UNECE, the Human Rights Council.

FCO work with HM Treasury on global economic issues

FCO and HMT work very closely on global economic issues. Whilst HMT leads on international macroeconomic issues such as monetary policy, exchange rate and fiscal policy coordination, the FCO provides much of the reporting on these issues including on the political context and lobbies other governments as appropriate (eg in preparation for G20 summits).

The FCO and HMT coordinate on UK policy towards country-specific international issues such as International Monetary Fund (IMF) programmes. As an IMF shareholder, HMG contributes to Board decisions on individual programmes. HMT leads on the UK's contribution to the decisions, but with input from relevant FCO posts. The UK's shareholder interest in the IMF is handled on a daily basis by the UK Delegation (UKDEL) to the IMF and World Bank in Washington.

HMT has staff seconded to key Embassies including Washington, Beijing, Berlin, Paris and Tokyo. They work as an integrated part of the Embassy teams, reporting to Ambassadors. More broadly the FCO works to promote the UK's economic reputation and explain UK economic policy overseas, based on HMT briefings.

FCO work with the Cabinet Office on the G8/G20 agenda

The FCO, HMT and the Cabinet Office work together to deliver the UK's objectives within the G8 and G20, in consultation with a wide range of other government departments such as DFID, the Department for Energy and Climate Change (DECC), the Department for the Environment, Food and Rural Affairs (DEFRA) and BIS. The FCO Director General for Global and Economic Issues acts as the UK's G8 Foreign Affairs Sous-Sherpa, providing the UK lead in negotiations on the work streams, initiatives and commitments that will be considered by G8 Leaders at the Summit. This negotiation process feeds into G8 Sherpa meetings, in which the Cabinet Office support the UK's G8 and G20 Sherpa, the Head of the European and Global Issues Secretariat and International Economic and EU Advisor in the Prime Minister's Office.

On international peace and security issues in the G8, the FCO Political Director leads UK engagement with counterparts at G8 Political Directors' meetings. The FCO and the Cabinet Office collaborate closely to provide policy advice to Ministers covering the role and future of the G8, which topics should feature on its agenda, and how the G8 relates to wider global governance.

The FCO works closely with HMT and the Cabinet Office, jointly contributing to HMG's objectives and priorities for the G20 and specifically providing policy advice on handling of G20 issues within the UK's wider bilateral relations and foreign policy objectives. The Cabinet Office provides the cross-Whitehall coordination on G20 and leads on supporting the UK's G8 and G20 Sherpa in the preparations for the G20 Leaders Summit.

The FCO's role in the management and implementation of EU business for the UK Government

This Government is committed to advancing Britain's interest in Europe and the FCO plays a central role in the formulation and implementation of HMG's EU business. The key Cabinet Committees are the European Affairs Committee, chaired by the Foreign Secretary himself and the European Affairs Sub-Committee, chaired by the Minister for Europe. The FCO's central role in these Committees places it at the heart of formulation of Government policy on the EU. The FCO engages in daily contact across Whitehall, at both ministerial and official level, on the full range of EU policy questions.

The Minister for Europe is responsible for the relationship between Government and Parliament on EU issues through the Parliamentary Scrutiny process. The FCO works with the Cabinet Office to ensure that the Government's commitments to the Scrutiny Committees are met across Whitehall, improving training and guidance for officials. The FCO leads on the Scrutiny Reserve Resolution and the Terms of Reference for the European Scrutiny Committee in the House of Commons and the EU Select Committee in the House of Lords, to ensure parliamentary engagement in, and Government accountability on, EU policy.

The purpose of the European Affairs Committee is to agree collectively the UK position towards EU policy issues and negotiations on issues that affect more than one department or have implications for the Government's strategic approach to the EU. The Committee conducts its work through correspondence to seek Members' views and the Chair's clearance on cross-cutting policy questions. The Committee meets regularly to discuss and agree matters of wider strategic importance.

The European Affairs Sub-Committee supplements and assists the work of the main Committee, for example, taking forward more detailed pieces of work, undertaking preparatory work on issues for future discussion at the main Committee, and considering in greater depth the UK's strategic relationships within the EU.

Within the UK Government, the FCO leads on the following EU questions:

- The relationship with the EU's Institutions—the European Council and the Council of Ministers, the European Commission, the European Parliament and the Court of Justice of the European Union. The competences and powers of these institutions are set out in the EU Treaties, and therefore the FCO also leads on the policy towards those treaties and negotiation of any changes to them.

- The strategic overview of EU enlargement policy and accession negotiations. The FCO hosts quarterly meetings for senior officials across Whitehall on EU enlargement. At these meetings the FCO provides updates on the progress of accession negotiations. All elements of the Government's EU enlargement policy are discussed and departments have the opportunity to feed in comments or raise any concerns. The FCO consults government departments closely on the detail of accession negotiations. The lead Whitehall department on any given "chapter" of the negotiations must consent for the UK to agree to it being closed. By consulting with policy experts in this way, the Government as a whole is able to maintain effective conditionality on accession negotiations.
- The European Neighbourhood Policy is the EU's policy framework for its relations with the countries neighbouring the EU to the east and the south. The Neighbourhood Policy falls outside the scope of enlargement and pre-accession policy. The FCO consults other Whitehall departments closely on Neighbourhood Policy issues as they arise—for example in preparing the UK's response to the European Commission's annual reports.
- EU external policy, working in particular with the Cabinet Office. This includes both the EU Common Foreign and Security Policy (such as policy on major international issues such as Iran, Burma or Sudan) and Common Security and Defence Policy. It also leads on the question of the EU's relations with other global actors, and lobbies the EU institutions on how best to use Europe's various tools of external action (such as the External Action Service, EU budget spend, and Summits with third countries). Additionally, the FCO provides centralised advice and guidance for Whitehall departments on external representation, sharing best-practice and legal recommendations. The FCO also drives UK policy on the development of the European External Action Service, ensuring the Service complements UK foreign and development policy objectives.

The UK's Permanent Representation to the EU is the Government's interface in Brussels with the EU Institutions. Its job is to present the UK's interests to these Institutions, and to advocate these interests, both bilaterally, and in multilateral discussions in the Council of Ministers, and supporting Committees of Ambassadors and working groups. The Permanent Representation follows the full range of issues in which the EU enjoys competence. It is headed by three officials of Ambassadorial rank. The Permanent Representative supervises the work of Political, Communication and Visits, Economic and Finance, Justice and Home Affairs and Legal Sections. The Deputy Permanent Representative supervises the work of Competitiveness and Markets, Regions and Agriculture, and Social and Environment Sections. The Ambassador to the Political and Security Committee supervises the work of the two External Relations Sections (the Common Foreign and Security Policy and the near abroad; trade, wider world and development), and the Military Section. The staff of the UK Permanent Representation are drawn from 16 government departments, with the FCO providing the overall platform, and acting as parent department to the mission. Individual sections receive instructions from a variety of lead Ministries, according to the matter at hand.

The FCO's network of posts in Europe also has an important role in supporting the development and promotion of the Government's EU business. This can take a number of forms. For example, alerting other Member States to the Government's position on specific issues and seeking to influence a host Government's position, to helping inform HMG's policy formulation processes by providing analysis on developments in other Member States and their likely positions and reactions to EU-related proposals and developments.

International Development

As set out in the FCO Business Plan, we will work with other government departments to agree a joint approach to enhance British "soft power" that uses all our national instruments, including the UK's world-class programme of aid. In his appearance in front of the Liaison Committee in November 2010, the Prime Minister said that "we should be clear that the development budget gives Britain clout and influence in the world. Six months into the job, I really feel that. When you sit round the table at the G8 or G20 discussing Haiti, Pakistan or Yemen, often the modern equivalent of a battleship is the C17 loaded with aid and the brilliant Oxfam team that is going to go in and help deliver water or whatever. They are real tools of foreign policy and influence and heft in the world. We should be quite frank about that, and not be embarrassed about it".

DFID is responsible for the UK's efforts on global poverty reduction, and for setting development policy. Along with the FCO, it is represented on the NSC, the NSC Emerging Powers Sub-Committee, the Threats, Hazards, Resilience and Contingencies NSC Sub-Committee and the European Affairs Committee, to ensure that development policy is appropriately factored in to all cross-Government decision-making.

FCO and DFID work closely together at all levels and FCO and DFID staff are co-located in 29 posts overseas. The Foreign Secretary has travelled to Afghanistan with the International Development Secretary (and the Defence Secretary), and FCO and DFID Ministers have travelled together to the Democratic Republic of Congo. The two Departments' joint efforts led the way in supporting the victims of the floods in Pakistan.

The FCO works closely with DFID ahead of major international meetings, such as G8, G20 or UN summits, to ensure proactive engagement on development issues with our major partners. For example, ahead of the Millennium Development Goals Summit at the United Nations in September, FCO and DFID staff in British Embassies and High Commissions worked together to highlight the importance of achieving the Goals by 2015 and UK efforts on combating malaria and infant and maternal health.

The Government has committed to spending 0.7% of the UK's gross national income in overseas development assistance (ODA) from 2013. The recent Spending Review provided for an increase in the FCO's own spending on ODA to help meet this commitment. HMG want to ensure that wherever and however we spend our aid, it has the greatest impact on global poverty and that it assists the economic growth and independent development that are the bedrock for more stable and democratic societies. The FCO and DFID are working closely together to ensure that they use the same methodology consistent with the OECD's guidelines to measure the UK's ODA.

Education and Health

The FCO provides Grant in Aid funding for the British Council. The FCO's network works closely with the British Council overseas. In some cases the British Council is located in Embassies. The FCO also manages the Chevening scholarship programme and in 2010–11 the FCO will spend £12 million to fund 600 overseas scholars to study in the UK at approximately 70 different educational institutions.

Education is a key element in the FCO's objective of building prosperity, and many opportunities for the UK educational institutions to building long-term links with future key opinion formers in many countries. In particular, the Foreign Secretary has highlighted education as a priority in his initiative to elevate the UK's relations with emerging powers. Realising our potential requires a whole-of-Government approach on education overseas. The FCO is working with the Joint International Unit (Department for Work and Pensions (DWP)/ Department for Education (DfE), The British Council, UKBA and UKTI to ensure this. From December 2010, FCO Minister of State, Jeremy Browne will represent the FCO on the International Education Research Forum.

UK overseas posts also have a remit to spot opportunities to encourage partnerships between UK and foreign universities, the opening of British schools and colleges overseas, and promotion of UK expertise in curriculum development.

The UK has a major stake in ensuring that as global health outcomes improve, it can work in effective partnership with the broad array of global health actors to ensure limited resources are focussed on key priorities such as the threat of spread of disease. Accordingly, the FCO works closely with the Department for Health and DFID on global health issues and threats.

FCO bilateral posts facilitate strong links and information exchange between the UK's health sector and major international partners, and seek to build political support behind key international initiatives such as the UN Secretary General's Global Strategy for Women's and Children's Health, launched this year. The UK's permanent missions in New York and Geneva work on global health priorities with the United Nations, World Health Organisation, UNAIDS, the Global Fund and the Global Alliance for Vaccines and Immunisation.

Science

The FCO and BIS co-fund and work in partnership to develop the strategy and direction of the Science and Innovation Network (SIN) of some 90 science attaché officers at 40 posts in 25 countries. The SIN works to build international science and innovation partnerships and collaborations for the benefit of UK policy, research and business interests and investments.

The FCO's Chief Scientific Adviser, Prof. David Clary FRS, is the senior FCO focal point for the SIN, representing the FCO on the BIS management board for the network. Prof. Clary also represents the FCO on the cross-Whitehall Chief Scientific Advisers' Committee (CSAC) and key thematic sub-committees (eg on climate change, food security and nuclear energy issues). These groups are all chaired by and report to the Government Chief Scientific Adviser, Prof. John Beddington.

Outside of the CSAC framework, Prof. Clary is on senior Whitehall advisory boards for space, marine, and nuclear science policy issues as well as relevant horizon scanning projects such as on environmental migration and international climate change.

Climate and Energy

An effective response to climate change underpins both UK security and prosperity. The National Security Council held its first meeting on the security implications of climate change in November. It recognised that food, water and energy security cannot be achieved without climate security.

DECC lead in the negotiations on an international agreement. The FCO plays a supporting role by working to create the necessary international political conditions to make such an agreement possible. In so doing, we hope to build the policy confidence required to drive a successful transition to a low carbon economy. The Foreign Secretary has appointed a Special Representative on Climate Change as his personal representative in contacts with key interlocutors overseas. The global network of British climate attachés is widely recognised as a valuable source of ideas on the politics and economics of climate change.

This strong commitment by the FCO has been acknowledged by others to have created a distinctive and innovative approach to climate diplomacy. The FCO has become engaged in building coalitions of interest to support ambitious outcomes among business, science, NGOs, faith groups and the media within key nations. This activity not only provides support for UK climate negotiators, but also gives us influence over others'

economic and political choices. This was acknowledged, for example, by the Chinese Government who have attributed the concept of low carbon economy they are now pursuing with vigour to the UK. The British diplomacy that helped establish the EU2020 commitments on climate has also been recognised by our EU Partners. The FCO effort to support the emergence of a strong and coherent voice from climate vulnerable countries in the United Nations—has been acknowledged by countries in Africa, Latin America to South East Asia. The FCO, working with the MOD, has also been seen to pioneer the effort to mobilise security elites on climate change.

The FCO leads on physical security and strategic relationships with major energy producers and consumers in support of DECC's lead on international energy policy. The International Energy Strategy developed jointly by the FCO and DECC, led to new clarity in our international energy policy priorities, as captured in the SDSR. Areas of energy security work on which the FCO will be playing an active part include:

- Reprioritising bilateral diplomatic relationships to increase the focus on key supplier states.
- Working with states and groupings of countries that use the most energy—for example, US, China, India, Russia and the EU—in support of actions that reduce their oil and gas demand, including work both on energy efficiency and on low carbon growth.
- Prioritising the support of commercial opportunities for British businesses with key energy consumers and producers.
- Working with the EU, the International Energy Agency and other international institutions to take forward UK priorities, such as improving energy infrastructure, promoting effective energy market mechanisms, encouraging energy efficiency and the deployment of low carbon technologies.
- Work overseas to mitigate disruption to the transit of energy supplies.

Managing Migration

The FCO works closely with UKBA. On policy, both organisations are committed to controlling migration to secure the UK's borders and to promote the country's economic prosperity. In helping the UK to maximise the benefits of legal migration, the FCO helps UKBA to maintain a visa regime which strikes the right balance between protecting the UK border and deterring illegal entry, whilst encouraging the brightest and best economic migrants with the skills the economy needs to come to the UK.

The FCO has worked alongside UKBA in recent months on the first phase of a consultation to address the Government's commitment to "impose an annual limit on the number of non-EU economic migrants coming to the UK to live and work".

The FCO and UKBA are working together to tackle the problem of illegal immigration. The FCO are helping facilitate the return of foreign national prisoners and failed asylum seekers, including through the negotiation of return agreements and the use of a cross-departmental Returns and Reintegration Fund. In recent years, such collaboration has yielded a significant increase in the volume of foreign national prisoners being returned to their country of origin.

The aim of securing optimal alignment between visa and foreign policies is mirrored by a commitment to ensuring a productive working relationship between the FCO and UKBA. Both share a commitment to fill up to 40% of the posts in UKBA's International Group with FCO staff. UKBA operations occupy a significant proportion of the FCO estate footprint overseas. The FCO's Director for Migration attends UKBA Board meetings, and contributes to policy discussions. The FCO's Migration Directorate, which is funded by the UKBA, comprises staff from across government, including from UKBA. The mix of professional immigration expertise coupled with the language skills and diplomatic experience of FCO staff has enabled the Directorate to make a significant contribution to the Agency's work on tackling illegal immigration.

The FCO and the Intelligence Agencies

The FCO is, of course, a major customer for the work of the Intelligence and Security Agencies, which makes an important contribution to all FCO objectives. The FCO works very closely with Agency colleagues to determine requirements and priorities and advise the Foreign Secretary in his role as Secretary of State responsible for SIS and GCHQ.

FAC QUESTION: *What should be the role of the FCO's network of overseas posts?*

The SDSR sets out some specific parameters for the FCO overseas network including:

- that the Diplomatic Service should support the UK's key multilateral and bilateral relationships and the obligations arising from its status as a permanent member of the UN Security Council, and a leading member of NATO, the EU and other international organisations;
- that the UK's global overseas network should be FCO-led and should focus on safeguarding the UK's national security, building UK prosperity, and support UK nationals around the world;
- that the UK needs co-ordinated cross-Government effort overseas that brings together diplomatic, development, military and other national security tools; and

- that HMG as a whole should seek to improve co-ordination of all UK work overseas under the leadership of the Ambassador or High Commissioner representing the UK Government as a whole.

This Government is clear that successful delivery of foreign policy in a networked world requires diplomacy which is agile, innovative and global in reach. The FCO network of overseas posts is essential to delivering this. Posts are increasingly using collaborative working to deliver HMG's objectives in an effective and efficient way and to add value to decision making within Government. For example: co-ordinated action by G20 posts in preparation for the G20 summit in Seoul in November and action between posts in NATO countries and the British Embassy in Kabul to help shape the NATO/Afghanistan Partnership Agreement in advance of the NATO Lisbon summit in November.

One longstanding global network which the FCO will engage with in a much more coherent way is the Commonwealth, which contains six of the world's fastest growing economies and is underpinned by an agreed framework of common values. The FCO's network of posts in Commonwealth partners will work to strengthen the Commonwealth as a focus for promoting democratic values, human rights, climate resilient development, conflict prevention and trade.

FCO posts play a key role in informing the cross-Whitehall policy making process. Posts send some formal reports—eGrams—with the authority of the Head of Mission that provide timely and authoritative information on developments in their host countries, analysis and advice on the formulation of policy. eGrams are shared across Whitehall. The FCO is undertaking a review of the eGram system to ensure that the system responds to the needs of Ministers and policy makers across all of Government.

Relations between states are not conducted solely by Ministers. They are partly driven by connections between individuals, business, pressure groups and civil society organisations. The UK thus not only has more governments to influence, but needs also to take account of the wide range of networks it needs to win over to its arguments.

Given the significant number of staff from other government departments posted in UK Diplomatic Missions abroad, the FCO is committed to delivering an efficient and effective platform for co-location at its posts overseas. The major activities of other government departments will be integrated into the Country Business Plans which each Sovereign Post will draw up for the remainder of the Spending Review period, and which will be reviewed annually. These Plans will give greater focus to the delivery of wider HMG objectives overseas and will support greater co-location and collaborative working. The Plans will be drawn up at post, involving all government departments with an interest in the country and will be cleared with all relevant Departments in London.

Effective influencing of foreign governments, institutions and international organisations to deliver the objectives of UK policy will continue to require personal contact. The FCO is determined to deliver a global and flexible diplomatic network with an excellent range of contacts and access to key decision makers. We are reviewing our work-force plan to ensure that we have the right human resource policies and systems in place to deliver this, including more training on commercial diplomacy to better deliver HMG's prosperity agenda.

As a comparison with other foreign services, the following table shows total numbers of all diplomatic missions (including consulates) and sovereign posts (Embassies and High Commissions only).

<i>Country</i>	<i>Total Diplomatic Missions</i>	<i>Sovereign Posts</i>
France	279	149
United Kingdom	261	140
United States	260	162
Italy	236	123
Germany	230	149
Spain	217	118
Japan	199	127
Sweden	104	104
Australia	91	73

FAC QUESTION: *What is the FCO's role in explaining UK foreign policy to the British public?*

UK foreign policy is entrenched in the national interest and serves the British people. The Foreign Secretary has set out our foreign policy in a series of four high-profile speeches since May. He and his Ministerial team take an active role in explaining the FCO's priorities to all those who have an interest. In the past month, for example, the Foreign Secretary gave a speech to the UN about foreign policy, FCO Minister of State David Lidington has briefed the press about the EU Bill, and FCO Minister Henry Bellingham has spoken to the press about the Commonwealth.

The FCO is increasingly proactive in working to explain UK foreign policy through the UK and international media, including through briefings and placing articles, letters and staff profile pieces in a variety of publications. The full range of broadcast and print UK and international media regularly carry statements from

FCO Ministers and details from FCO public background briefings. The FCO also seeks to target the non news media, and examples of such material placed in the last year include stories on the FCO Forced Marriage Unit and on the Consul General in Basra in publications such as *Grazia* and *Marie Claire*.

But we do not only rely on speeches, press briefings and traditional media. The FCO leads the world in using digital diplomacy to explain its priorities to both the British public and the wider international audience. It uses a range of digital publishing channels including its website and social media. This includes blogs written by Ambassadors and experts to explain complex policy, and video and audio to ensure the UK's foreign policy priorities are clearly explained to as wide an audience as possible in the most engaging way. The FCO digital tools provide the public with the opportunity to question and comment on foreign policy online. The public has been able to put questions to the Foreign Secretary and other Ministers on issues such as Afghanistan and Pakistan, Europe, the Middle East and Human Rights. The FCO website is available not just in English, but also in Arabic and Urdu.

We also recognise that good communication is two-way. The Foreign Secretary and his Ministers are keen to continue to support an ongoing programme of work to make sure that FCO has a broad and meaningful dialogue on foreign policy, including Parliamentarians, NGOs, diaspora communities, faith groups, academics and other influential groups. In the next few months, the Foreign Secretary and his team will chair small meetings with key thinkers about the prosperity agenda, the EU, human rights and conflict and security before key global events and conferences. They will then chair follow-up meetings to talk about how the FCO has moved towards meeting its priorities.

In this effort, the Foreign Secretary has made plain the importance that he attaches to the BBC World Service. In his speech of 1 July he praised the "essential importance of the work of the British Council and the BBC World Service, which give Britain an unrivalled platform for the projection of the appeal of our culture and the sharing of our values".

The FCO respects the rights of the individual to access information and is fully compliant with its legal obligations under the Freedom of Information Act 2000 and Data Protection Act 1998, as well as the Government's Transparency Agenda. However, the FCO does have certain responsibility for national security issues, which in some cases prevents some information being made available to the public. Its information strategy and commitment to transparency are outlined in the FCO Business Plan.

FAC QUESTION: *What should be the FCO's role in relation to non-governmental organisations (NGOs)?*

The FCO seeks a partnership role with NGOs. Whilst recognising their independence, the FCO believes that their in-depth knowledge and contribution on major foreign policy issues is often central to the work of the FCO, and they can often add real value on both formulation and implementation of foreign policy.

One recent example of this partnership working in practice is the Human Rights Advisory Group established by the Foreign Secretary in October.

Another example is the FCO's partnership with NGOs on the Arms Trade Treaty. The FCO has worked with the NGO Control Arms coalition (this includes Oxfam, Amnesty International and Saferworld) on trying to secure such an international treaty.

Shortly after taking up the role, Jeremy Browne, the FCO Minister of State responsible for Human Rights visited the offices of Amnesty International UK to meet with a group of NGOs to inform his initial thinking. Ministers have held round-table events with NGOs to listen to their concerns ahead of visits or events, including on China, Burma and Sudan. NGO representatives have also been included at times in internal FCO meetings to discuss both policy and technical issues related to an international arms trade treaty.

The FCO has also worked with wider civil society on key issues. On 23 November, the FCO hosted prize-winners of a competition organised by the British Red Cross and law firm Allen and Overy LLP. The competition invited school children to produce projects on the issue of justice and fairness.

FAC QUESTION: *Given the new Government's emphasis on using the FCO to promote UK trade and economic recovery, how can the Department best avoid potential conflicts between this task, support for human rights, and the pursuit of other Government objectives?*

Promoting UK trade and the economic recovery does not imply any reduction in the FCO's strong commitment to human rights. As the Foreign Secretary set out in his speech in September 2010 on "Britain's values in a networked world", human rights are indivisible from the UK's foreign policy objectives and will be woven deeply into the decision processes of our foreign policy at every stage.

The Government and the FCO have taken a number of steps to put this policy on standing up for British values in the world into practice:

- Finalising and publishing for the first consolidated guidance to intelligence and service personnel on the interviewing of detainees which makes public the longstanding policy that British personnel are never authorised to proceed with action where they know or believe that torture will occur, and to report any abuses which they uncover. This establishes the clear line of ministerial authority over such matters.

- Following the publication of consolidated guidance, the FCO itself is reissuing guidance to its own staff on reporting any alleged incidents of torture or cruel, inhumane and degrading treatment that they encounter in their work. This guidance will also be published.
- The Foreign Secretary's Human Rights Advisory Group will help him ensure he has the best possible information about human rights challenges, and to benefit from outside advice on the conduct of UK foreign policy where there is a human rights angle. This Group's members include eminent experts and individuals from a range of fields and organisations, including NGOs. It will meet regularly and will have access to FCO Ministers.
- FCO Minister Jeremy Browne has been consulting British MPs and NGOs about where the UK can and should have most impact in this area.
- British diplomats and Ministers continue to be active in raising human rights cases. Examples over the last months include pressing for free and fair elections in Burma, access for humanitarian aid to Gaza, and women's rights, religious freedom and the death penalty in Iran, notably the case of Sakineh Ashtiani.
- Human rights considerations are included in all relevant policy work including HMG country strategies, and covered fully in policy advice to Ministers.

British business tell the FCO that they want to work in business environments overseas which operate according to the rule of law and where there is a respect for human rights. The FCO's work to encourage all countries to sign, ratify and implement human rights treaties, to comply with international standards on the rule of law, and to participate in various voluntary standards frameworks is also relevant to our prosperity agenda as it helps to improve the environment for investment, including British investment.

The FCO looks to British business to show that it is among the best governed in the world, with strict adherence to high ethical standards. Where they fall short of such standards, there are internationally recognised mechanisms to address these, such as the OECD Guidelines on Multi-National Enterprises, the OECD Anti-Bribery Convention, the UN Convention against Corruption, and the UN Global Compact, an initiative for businesses that are committed to aligning their operations and strategies with universally accepted priorities in the areas of human rights, labour, the environment and anti-corruption.

Against this background, bilateral visits, including those with a trade focus will give UK Ministers opportunities to raise human rights issues. Indeed, the UK can seek to use strong economic and trading relationships to influence its partners to make progress on human rights where there are grounds for concern.

For example, on their recent visit to China, the Prime Minister and other Ministers established constructive relationships with China's current and future leaders, building the foundation for UK/China relations for the next five years. The visit delivered over 40 agreements across the whole range of the bilateral relationship, from trade to low carbon growth, to cultural and education initiatives. The Chinese publicly endorsed Partners for Growth, a proposal to deliver an enhanced bilateral relationship aimed at maintaining the benefits of globalisation for both our countries.

Hand in hand with these agreements, the Prime Minister had full discussions with Chinese leaders reflecting the multi-faceted dialogues HMG has with the Chinese Government. These discussions included human rights as well as economic and trade issues, and no subjects were off-limits. Britain will continue to be open with China on subjects where we take a different view. For example in his speech at Peking University, the Prime Minister noted that the best guarantor of prosperity was for economic and political progress to advance in step with each other. He discussed freedom of expression and the importance of people being able to hear different views directly through the media. The Prime Minister also talked about the value to effective government of the opposition exercising its constitutional duty to hold the government publicly to account. During this visit, dates were agreed (13–15 January 2011) for the next round of the UK's Human Rights Dialogue with the Chinese.

The FCO is also working actively within the EU to make it a more effective advocate for human rights around the world. This includes leveraging the combined power of all EU members as the largest single market in the world, and its common commitment to the highest standards of human rights, to seek improvements on human rights issues and access to justice globally. The FCO will continue to ensure that the EU uses its existing tools and mechanisms as effectively as possible.

The FCO supports the work of the UN Special Representative on Business and Human Rights, Prof. John Ruggie, to elaborate an international framework covering the obligations of States under international human rights treaties to protect against human rights abuses by third parties, the responsibilities of businesses to respect human rights and the need for greater access for victims to effective remedy.

Annex 1

A HISTORY OF THE FCO

HISTORICAL BACKGROUND

It is only since 1968, when the present “Foreign and Commonwealth Office” was formed, that one integrated government department has been charged with conducting British foreign policy as a whole and handling Britain’s diplomatic relations with all independent Commonwealth and foreign countries, including the administration of the UK’s remaining Dependent Territories. Since 1964, aid policy has been handled sometimes as a separate Department as now, and sometimes as an administration under the authority of the Foreign Secretary.

Prior to this, Britain’s overseas representation involved a number of different government departments and separate diplomatic, consular and commercial services. Up to 1968, the history is one of merger and amalgamation, coupled with attempts to balance changing international challenges to the United Kingdom against ever declining resources. More recently, the focus has been on defining the FCO’s role within HM Government.

During the 19th century, the senior partner in the execution of foreign affairs was the Diplomatic Service, which served as the primary means of contact with foreign governments and rulers. The Foreign Office functioned largely as administrative support to the Foreign Secretary. The role changed to reflect constant improvement in communications (the first Foreign Office telegram was sent in 1852) making it easier for negotiations to be conducted in London.

Reforms of 1905–06 and further reforms in 1919 and 1943 moved towards the creation of a unified and modern foreign service. Reviews by the Plowden Committee (1964), the Duncan Committee (1969) and the Central Policy Review Staff (1977) set out to modernise the foreign service in view of Britain’s rapidly changing position in the world. A White Paper in 2003 *UK International Priorities—A Strategy for the FCO* attempted for the first time to identify the UK’s international priorities over the next 10 years and the FCO’s role in achieving them.

Over the 20th century, reform and change in the FCO came about against the background of a decline in British power and the changing nature of international relations. The First World War saw a desire for “new” diplomacy whose practitioners had to become increasingly aware of a full range of economic, industrial, technical, social and financial factors, as well as the power of ideology and propaganda, in shaping policy.

After 1945, the process of decolonisation saw a rapid increase in the number of independent nations, a growing trend towards complex bilateral and multilateral diplomacy, a proliferation of international organisations and non-government actors and an exponential growth in world trade, and migration.

The end of the Cold War and the collapse of communism further expanded the number of independent states, gave fresh impetus to the forces of globalisation and interdependency between nations, and has brought new challenges in the form of international terrorism, nuclear non-proliferation and climate change. The last decade has seen the FCO focus its efforts increasingly towards handling these new challenges and opportunities.

Annex 2

LIST OF ACRONYMS

BIS	Department for Business Innovation and Skills
CSR	Comprehensive Spending Review
CTBT	Comprehensive Nuclear Test Ban Treaty
CSAC	Chief Scientific Advisers’ Committee
DECC	Department for Energy and Climate Change
DEFRA	Department for the Environment, Food and Rural Affairs
DfE	Department for Education
DFID	Department for International Development
DSTL	Defence Science and Technology Laboratory
DWP	Department for Work and Pensions
FCO	Foreign and Commonwealth Office
HMRC	HM Revenue and Customs
HMT	HM Treasury
IMF	International Monetary Fund
MOD	Ministry of Defence
MSOG	Whitehall Maritime Security Oversight Group
NGO	Non Governmental Organisation
NSC	National Security Council
NSS	National Security Strategy
OCS	Office of Cyber Security
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development

OSCE	Organization for Security Co-operation in Europe
SDSR	Strategic Defence and Security Review
SIN	Science and Innovation Network
UKBA	UK Border Agency
UKMis	UK Mission
WTO	World Trade Organization

Further written evidence from the Foreign and Commonwealth Office

REPLY TO INFORMAL REQUEST FROM THE FAC FOR ADDITIONAL INFORMATION ON CERTAIN HUMAN RESOURCES ISSUES AND AN UPDATE ON THE FCO STRATEGY UNIT/POLICY UNIT, THE POLICY PLANNING FUNCTION AND RESEARCH ANALYSTS

HUMAN RESOURCES ISSUES

The Committee has asked for additional information on a series of human resources issues related to:

- recruitment, appointment and promotion;
- induction of staff;
- historical data since 1945 on staffing levels and the numbers of overseas posts;
- length of postings;
- secondments to other Government Departments; and
- appointments from outside the FCO.

The Committee has suggested it would be happy to see internal staff information on such issues, if this was readily available.

In response to these points, the Committee may find the following attachments of interest:

- (a) a note explaining FCO competences and attachments setting out in detail specific competences on FCO Band C and Senior Management Structure Band 1 for illustrative purposes;
- (b) a note on recruitment;
- (c) a note on promotion;
- (d) a note on appointments and attachments of internal guidance to staff taken from the FCO internal website;
- (e) a note on training and attachment showing the FCO induction programme for Band C officers as an illustration;
- (f) a note on interchange and secondments; and
- (g) a copy of the internal FCO rules on current length of postings for all posts.

Provision of full and accurate historical data for staffing from 1945 is more challenging. Data on this is not readily accessible, and may not be fully accurate.

STRATEGY UNIT/POLICY UNIT AND RESEARCH ANALYSTS

The Committee asked for an update on the Directorate of Strategy, Policy Planning and Analysis. The Committee is aware from the FCO's 2008–09 Annual Report that the Directorate was previously made up of two parts: the Strategy Unit, whose staff were generalist policy advisers, and which prepared strategic and long term policy advice; and Research Analysts, whose members provided expert analysis of different countries and issues, and who worked alongside the relevant geographical or functional directorate of the FCO (although in organisational terms they formed a separate department within the Directorate of Strategy, Policy Planning and Analysis).

In July 2010, this structure was revised. The Strategy Unit became the Policy Unit, still made up of generalist policy advisers, working through the Director for Strategy to the Permanent Under-Secretary. Their work is to strengthen the FCO's policy work by supporting and sometimes challenging other Directorates; to improve policy skills throughout the Office (working with the Human Resources Directorate); to engage with internal and external experts; and to coordinate the FCO's contribution to the work of the National Security Council. The Unit is in the process of recruiting staff to a full strength of 18 officers.

Members of Research Analysts, who were already co-located with the Directorate or Department which covered their respective areas of specialism, were fully incorporated into them in July 2010. Each Directorate is therefore now responsible for the management and resourcing of its analysts. There are 46 analysts at the moment. The FCO is currently reviewing the level of analytical capacity which it needs.

February 2011

RECRUITMENT, PROMOTION AND APPOINTMENTS WITHIN THE FCO

A. OVERALL CONTEXT: FCO CORE COMPETENCES

Attached to this note are stand-alone notes with details on how the FCO recruits, promotes and appoints staff to and within the FCO. What is common to all three notes is the FCO Core Competence framework. At some point in the recruitment, promotion, and appointment processes, candidates will be measured against some or all of the core competences.

This framework sets out the standards the FCO expects of its staff at each grade to be effective within the FCO, both in London and overseas. These competences cover (with variations between the grades):

- Strategic Thinking.
- Problem Solving and Judgement.
- Leadership.
- Communicating and Influencing.
- Managing and Developing Staff.
- Delivering Results.
- Managing External Relationships.
- Working with Others.
- Learning and Development.

These are the skills deemed essential for both Diplomatic Service and Home Civil Service staff in the FCO.

Attached are more detailed indications of what the FCO expects from its staff at C Band (ie Second Secretary) and SMS 1 (ie those at lower levels of Senior Management).

BAND C

1. MANAGING AND DEVELOPING STAFF	
<p>Line management of individuals or a team, encouraging high levels of motivation and performance. Able to flex management style to suit different situations. Coaches and supports staff, tackling performance issues effectively. Values diversity, treating staff with equity and fairness. Embraces different ways of thinking and acting. Encourages everyone to fulfil their potential.</p> <p>At this level, management responsibility can range from one or two individuals to fairly large teams. The effective use of delegation becomes increasingly important at this level, as does the manager's role in helping staff to develop. There is also more scope than at Band B for giving overall direction to the work of the team. Band C staff with no formal line management responsibilities should still be able to demonstrate some aspects of this competence eg by offering support, guidance or coaching to new or more junior members of staff.</p>	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
<p>1.1 Meets with staff at the appropriate times to agree job descriptions and objectives, reviewing progress by providing regular, balanced feedback and identifying /evaluating development.</p> <p>1.2 Keeps team members informed; provides reasoning underlying decisions; gives clear instructions, checking they are understood.</p> <p>1.3 Adapts management approach to suit different people, cultures and situations.</p> <p>1.4 Motivates and develops staff; provides support and advice and more challenging work as appropriate.</p> <p>1.5 Manages talent: identifies potential, builds on strengths and differences; coaches team members in new skills or where they need development.</p> <p>1.6 Praises good performance and encourages staff to build on their strengths. Tackles promptly and honestly under performance or inappropriate behaviour.</p> <p>1.7 Creates an inclusive environment where all staff, including those from under-represented groups, are able to contribute to policy and/or service delivery.</p> <p>1.8 Sets a positive example; inspires others by enthusiasm, energy and commitment.</p> <p>1.9 Assesses and reviews results of training and its impact on performance of individuals.</p>	<p>1.10 Avoids addressing difficult issues, including poor performance.</p> <p>1.11 Does not make time for staff management.</p> <p>1.12 Takes no responsibility for developing staff.</p> <p>1.13 Gives only negative feedback or none at all.</p> <p>1.14 Insensitive to aspirations, pressures and personal concerns of staff.</p> <p>1.15 Treats people unfairly or allows others to be excluded.</p> <p>1.16 Unapproachable.</p> <p>1.17 Unable to flex management style to fit the situation.</p> <p>1.18 Uncomfortable working with people from culture/backgrounds different to their own.</p>

2. DELIVERING RESULTS	
Manages own and team's time effectively, responding flexibly to changing priorities and meeting objectives. Demonstrates the financial and resource management expertise necessary to achieve results. Professional, focused on delivering quickly and effectively. Takes well judged risks within own delegated authority.	
At this level, there is likely to be more requirement than at Band B for taking responsibility for the output of the team and more of a requirement to take the initiative to reorganise work to deal with changing priorities, risks and opportunities.	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
2.1 Seizes opportunities, anticipates & deals with problems, making decisions & achieving objectives.	2.11 Uses rules and procedures as an invalid excuse for non-delivery.
2.2 Accepts responsibility for quality and accuracy of own and staff's work; works with/through staff to achieve results.	2.12 Commits to delivery regardless of impact on self or team.
2.3 Able to prioritise and plan best use of resources.	2.13 Fails to adjust ways of working in light of changed circumstances.
2.4 Uses project management techniques: sets clear targets, standards and milestones; delegates appropriate tasks with sufficient guidance.	2.14 Puts off difficult tasks to later.
2.5 Systematically monitors progress against plans; identifies risks and acts to deal with obstacles or setbacks.	2.15 Exceeds limits of own authority.
2.6 Complies with organisational procedures and legal requirements (including Equality Impact Assessments), ensuring systems are defined, documented and reviewed as appropriate. Information is properly recorded and referenced.	2.16 Risk averse.
2.7 Manages budgets effectively, estimating, profiling, forecasting and monitoring spends and taking action to deal with any over/under-spends.	
2.8 Evaluates outcomes against planned objectives.	
2.9 Resilient and flexible: maintains 'can do' attitude when pressure is on.	
2.10 Knows when to harness the leverage of more senior staff or to seek advice of specialists to deliver results.	

3. MANAGING EXTERNAL RELATIONSHIPS		
This competence relates to the full range of (internal and external) stakeholders including customers and external contacts who impact on or are impacted by the work of your team. It is about how effectively relationships are managed and a systematic and innovative approach to improving the quality of service offered.		
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour	
3.1 Acts with honesty, integrity and professionalism. 3.2 Identifies full range of internal and external customers/stakeholders, and works with them to agree standards of service, offering alternatives when appropriate. 3.3 Manages expectations by explaining any valid operational limitations at an early stage. 3.4 Identifies key stakeholders with an interest in particular activities, encourages their involvement and keeps them informed of progress. 3.5 Monitors standards of service provided. 3.6 Meets commitments or renegotiates. 3.7 Responds constructively to complaints. 3.8 Uses feedback and information on performance standards to review and improve continuously the quality of service provided. 3.9 Builds and maintains an effective network of relevant contacts and uses them to achieve objectives.	3.10 Has a narrow definition of customer/stakeholder. 3.11 Deals with customers from perspective of own needs rather than the customers. 3.12 Promises something they cannot deliver. 3.13 Does not deliver to agreed deadline/quality/specification. 3.14 Does not seek or act on feedback from customers. 3.15 Focuses on a narrow range of contacts or cultivates those who add little value.	

4. PROBLEM SOLVING & JUDGEMENT	
<p>Able to tackle difficult problems/tasks: evidence based approach, gathers information from a wide range of sources and viewpoints, analyses and evaluates it and reaches sound conclusions. Proposes constructive solutions.</p> <p>This competence underpins most of what individuals do. It applies both to all kinds of analysis and judgement in every type of work.</p>	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
<p>4.1 Deals proactively with problems, taking responsibility and acting decisively and appropriately to resolve them.</p> <p>4.2 Gathers information needed to tackle tasks and problems.</p> <p>4.3 Recognises and picks out priority issues and potential risks and knows when to refer upwards.</p> <p>4.4 Presents managers with proposed solutions that include risk assessment and management.</p> <p>4.5 Evaluates diverse needs & perspectives, including views of stakeholders, before taking decisions.</p> <p>4.6 Seeks advice from experts where appropriate.</p> <p>4.7 Makes objective, timely recommendations and decisions based on best available evidence & sound analysis.</p>	<p>4.8 Indecisive, particularly under pressure.</p> <p>4.9 Does not use an appropriate range of information sources. Evidence light.</p> <p>4.10 Makes decisions without understanding or evaluating necessary information and evidence.</p> <p>4.11 Spends too much time analysing problems at the expense of finding solutions.</p> <p>4.12 Flawed judgement because too little time spent on analysis and detail.</p> <p>4.13 Always recommends precedent without considering other options.</p> <p>4.14 Refuses to consider or accept solutions which involve any element of risk.</p> <p>4.15 Lets problems fester.</p>

5. STRATEGIC AWARENESS	
<p>Takes account of and understands relevant policy objectives of the FCO and wider Government and how their work fits in. Encourages and contributes new ideas, innovation, and experiment to improve delivery of policy and services.</p> <p>At this level staff are expected to think more widely about their work and how it fits in to the broader aims of the organisation</p>	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
<p>5.1 Understands policy context of own work and how it fits into FCO and OGDs work and objectives.</p> <p>5.2 Keeps up to date with both internal and external changes that affect own work.</p> <p>5.3 Takes account of wider political, social, economic factors and the implications of proposed action.</p> <p>5.4 Integrates information from a wide range of sources; sees interrelationships, establishes links, patterns and conflicts.</p> <p>5.5 Able to identify and assess potential threats.</p> <p>5.6 Considers long and short term implications of proposed actions.</p> <p>5.7 Creative: introducing opportunities to add value to own or other FCO/OGD work.</p> <p>5.8 Introduces new thinking to existing debates.</p>	<p>5.9 Loses sight of business objectives.</p> <p>5.10 Does not consider impact on wider policy agenda.</p> <p>5.11 Oblivious to risk that an action could have a negative impact on the organisation.</p> <p>5.12 Fails to take account of external changes which may impact on their work.</p> <p>5.13 Always approaches issues from the same perspective; finds it hard to consider new angles or fresh approaches.</p> <p>5.14 Unable to see or assess risk.</p> <p>5.15 Rejects creative and innovative proposals without assessing viability.</p>

6. WORKING WITH OTHERS		
<p>Self-aware: shows consideration for others' needs and motivations, values diversity and inclusion; works effectively and supportively on shared objectives with colleagues and contacts in both the immediate and wider teams to get things done.</p> <p>This competence is about personal effectiveness and many of the required behaviours will be the same for staff at all levels. The difference lies in the context of these interactions, in the variety and status of contacts and in the degree of potential sensitivity. At this level, the range of relationships is likely to be more diverse than at Band B.</p>		
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour	
6.1	Treats everyone with fairness and respect regardless of work pressure.	
6.2	Understands and anticipates others' needs and motivation.	
6.3	Self-aware: recognises and manages impact of own behaviour, actions and language on others, respecting different cultures, beliefs and needs.	
6.4	Builds co-operative and productive working relationships with others regardless of status.	
6.5	Capitalises on the benefits of working with a diverse range of people, thinking and working styles.	
6.6	Notifies when colleagues are under pressure or in difficulty and responds proactively.	
6.7	Thinks about how to add value to the team & how others can contribute; contributes to setting and achieving team objectives.	
	Includes others in decision-making, keeping interested parties informed.	
	6.8	Places own priorities ahead of those of the team.
	6.9	Does not listen to others viewpoints and contributions.
	6.10	Does not recognise the benefits of other thinking or working styles.
	6.11	Reacts negatively when challenged; prefers not to challenge others.
	6.12	Does not acknowledge others' ideas or innovations.

7. COMMUNICATING & INFLUENCING

<p>Presents a professional image of self, Department/Post and FCO. Conveys information clearly and concisely, adjusting style according to purpose and audience. Able to persuade and challenge.</p> <p>As in the case of Working with Others, some of the effective behaviours will be common to staff at all levels, with the stepchange coming in the level of contacts and the range and complexity of the interaction.</p>	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
<p>7.1 Structure and style of communication is appropriate for the situation and context and takes full account of the needs/perspective of the audience.</p> <p>7.2 Communication is concise, structured and focussed on key messages, and adds value.</p> <p>7.3 Complex issues are explained clearly, including under time pressure.</p> <p>7.4 Listens carefully, checks out understanding and provides information wanted. Open to others' views and being persuaded.</p> <p>7.5 Prepared to give unpopular messages and defend own position in face of opposition, when required.</p> <p>7.6 Well prepared for meetings/negotiations; anticipates problems but also able to respond to the unexpected.</p> <p>7.7 Persuasive: combines logic and reason with interpersonal sensitivity to persuade others.</p> <p>7.8 Seeks to create solutions which offer mutual benefits. Focuses attention on those aspects which can be influenced.</p>	<p>7.9 Does not seek to clarify when uncertain about information or instruction.</p> <p>7.10 Unfocused and no clear structure to communication.</p> <p>7.11 Does not consider the recipients' needs.</p> <p>7.12 Unconvincing in argument and/or when challenged.</p> <p>7.13 Dominates discussions and excludes others.</p> <p>7.14 Does not contribute.</p> <p>7.15 Unable to vary presentation style to suit the situation, sticks to traditional approach.</p>

8. LEARNING & DEVELOPING	
<p>Open and curious approach to new ideas, drawing on them and on experience to improve performance. Enthusiastic about personal development. Contributes to and supports corporate policies.</p> <p>At this level, staff should be taking more responsibility for their own long term development, seeking feedback from a wide range of staff and stakeholders and proactive in pursuit of opportunities to develop.</p>	
Indicators of Effective Behaviour	Indicators of Ineffective Behaviour
<p>8.1 Open to, seeks out and acts upon feedback.</p> <p>8.2 Acknowledges own mistakes, seeks to apply learning and experience to new roles and situations.</p> <p>8.3 Demonstrates readiness to learn more and develop performance; takes personal responsibility for own development. Has a Personal Development Plan.</p> <p>8.4 Reviews work to learn from past experience or mistakes and shares lessons to be learned with the team.</p> <p>8.5 Responds positively to change initiatives.</p> <p>8.6 Open to new ways of thinking and working and helps others to adapt.</p> <p>8.7 Positively challenges outdated conventions and actively contributes ideas and suggestions to improve the way things are done.</p> <p>8.8 Contributes to corporate activities and the development of FCO good practice.</p> <p>8.9 Reacts positively to FCO-wide initiatives and encourages others to participate.</p>	<p>8.10 Rejects development opportunities offered by manager.</p> <p>8.11 Limited Personal Development Plan: attends courses without identifying clear aims and purposes or without putting the learning into practice.</p> <p>8.12 Lacks self-awareness and curiosity.</p> <p>8.13 Makes same mistake repeatedly.</p> <p>8.14 Dismisses new ideas or different perspectives without evaluation.</p>

SMS PB1

1. LEADERSHIP	
Gives purpose and direction to own teams. Takes difficult decisions and well judged risks. Inclusive, empowering others to work together to achieve organisational goals. Inspires confidence and trust. Contributes to wider corporate management including change. Acts with honesty, integrity and professionalism.	
Effective Behaviour	Behaviour to Change
<p>1.1 Communicates clear and compelling vision, direction and priorities.</p> <p>1.2 Consistently adds value to corporate planning and decision making; champions corporate values.</p> <p>1.3 Provides a clear rationale of the need for change; encourages staff to respond openly and objectively; and rewards innovation.</p> <p>1.4 Takes difficult decisions and measured risks, including on the basis of incomplete information, and is accountable for them.</p> <p>1.5 Sets out the context for staff; shows how work is relevant and enables others to take decisions.</p> <p>1.6 Is a role model to team/s; behaves in ways which promotes inclusive behaviour and professionalism, integrity and best practice.</p> <p>1.7 Is highly credible and visible, and has strong rapport with staff at all levels.</p> <p>1.8 Resilient and flexible; manages setbacks or resistance.</p> <p>1.9 Promotes the service offered by own area or FCO showing how it can add value.</p> <p>1.10 Sets boundaries; balances accessibility with time to think, focus and deliver.</p>	<p>1.11 Undermines corporate decisions.</p> <p>1.12 Looks to others to provide direction.</p> <p>1.13 Indecisive, takes the easiest option.</p> <p>1.14 Allows or exhibits behaviour which excludes or discriminates against staff or groups of staff.</p> <p>1.15 Says one thing and does another.</p> <p>1.16 Ignores wider interests when fighting own corner.</p> <p>1.17 Blames staff when things go wrong.</p> <p>1.18 Ignores impact of change on staff.</p> <p>1.19 Avoids giving difficult messages; only says what people want to hear.</p> <p>1.20 Fails to communicate regularly with staff.</p> <p>1.21 Creates unnecessary work or duplicates work best done by others.</p> <p>1.22 Lacks the self belief to lead through difficulty.</p>

2. GETTING THE BEST FROM STAFF		
Promotes high motivation and performance. Encourages team leaders to set objectives, define responsibility and accountability, review progress and provide feedback, support and coaching. At this level the emphasis is as much on setting the context in which team leaders manage their staff as on management of individuals and encouraging everyone to fulfil their potential.		
Effective Behaviour and PSG Skills	Behaviour to Change	
2.1 Runs Department/Command/Post to iIP standards or better, working with HR experts to achieve organisational goals.	2.10 Does not delegate challenging or interesting work.	
2.2 Agrees clear responsibilities and objectives, involving people in deciding what needs to be done.	2.11 Uncomfortable working with people from backgrounds different to their own.	
2.3 Demonstrates concern for welfare and morale of all staff.	2.12 Sits on papers.	
2.4 Adapts management style to different people, cultures and situations.	2.13 Appraisals are not evidence-based, lack of objective feedback on development.	
2.5 Gives frequent honest and constructive feedback and encourages managers to do the same; praises achievement and tackles poor performance or inappropriate behaviour.	2.14 Only gives negative feedback; or none at all.	
2.6 Offers managers the coaching, support and advice they need to produce high performance, judging when to step in; promotes a coaching culture.	2.15 Gives inappropriate levels of responsibility: too much or too little.	
2.7 Manages talent: identifies potential; values and makes use of people's strengths and differences; creates an environment that supports the development of all staff.	2.16 Is insensitive to the aspirations, pressures and personal concerns of members of the team.	
2.8 Encourages experimentation and innovation including flexible ways of working and cross-team working.	2.17 Demands long hours and rewards input rather than output.	
2.9 Able to deal with emotions and conflicts arising from diversity and inclusion issues.		

3. DELIVERING RESULTS		
<p>At this level, the emphasis is on project management, delivering through others' efforts, taking well judged risks and encouraging customer focus.</p> <p>Decisive and accountable. Drives for high quality and high impact service delivery and effective policy outcomes. Delivers with speed and professionalism. Ensures operations are aligned with customer and stakeholder needs and anticipates future requirements. Consistently looks for new and innovative ways to use resources to maximise outcomes, deal with changing demands and achieve objectives.</p>		
Effective Behaviour and PSG Skills	Behaviour to Change	
<p>Business Management</p> <p>3.1 Can oversee the development and delivery of viable business plans and takes responsibility for defining and delivering measurable business benefits. Influences DG/Post/Directorate Business Plan.</p> <p>3.2 Able to interpret a wide range of financial information to make management decisions and approve investment appraisals.</p> <p>3.3 Ensures that processes and systems achieve the highest standards of internal control and meet public sector governance standards (including equality impact assessment, security and fraud issues).</p> <p>Task Management</p> <p>3.4 Develops team capability (people and resources) to deliver business plan and organisational strategy.</p> <p>3.5 Sets stretching targets and standards of accuracy and quality, explains task clearly, focuses staff on delivery. Takes responsibility.</p> <p>3.6 Ensures work is planned to deliver to time, budget and agreed standards; assessing and managing project risk; monitors and reviews delivery.</p> <p>3.7 Makes best use of diverse talents, ICT and resources to deliver results, allowing for contingencies and the need for flexibility.</p>	<p>3.8 Prioritises rigorously as requirements change, reviewing distribution of resources across area of responsibility and reallocating them as necessary, dropping less important tasks.</p> <p>3.9 Co-ordinates work of several teams, ensuring efforts are complementary.</p> <p>Stakeholder Management</p> <p>3.10 Effectively communicates with internal and external customers and service providers.</p> <p>3.11 Promotes excellence of customer service within Post/Department/Command.</p> <p>3.12 Makes effective use of HM/G/FCO machinery to achieve objectives. Works in partnership with finance, project management and communication experts to achieve organisational goals.</p>	
	<p>3.13 Lacks understanding and capability in business planning and financial management issues.</p> <p>3.14 Easily satisfied with poor project management systems and unreliable management information.</p> <p>3.15 Focuses on the process at the expense of results. Risk averse.</p> <p>3.16 Makes policy recommendations without realistic consideration of accessibility of resources.</p> <p>3.17 Team consistently fails to deliver agreed outcomes.</p> <p>3.18 Policy and services fail on stakeholder management and customer care.</p> <p>3.19 Fails to act when particular activities no longer add value and resources could be better used elsewhere.</p>	

4. STRATEGIC THINKING		
Has a clear sense of direction, strategic priorities and wider political context and brings this perspective and judgement to bear in coordinating operations and resources and delivering on objectives. Rises above the detail and deploys strategic analysis tools appropriately. Understands how diversity can deliver the wider vision and cultural change. Encourages innovation and creativity.		
Effective Behaviour and PSG Skills	Behaviour to Change	
4.1 Relates work to FCO/HMG values, Strategic Objectives and wider political context.	4.10	Sees elements of policy or service individually rather than as part of a whole.
4.2 Scans environment to gather relevant information and diverse perspectives; makes connections between the immediate and the big picture. Uses appropriate evidence as a basis for decisions.	4.11	Inward focus; unable to adapt policy or services to fit changes in external environment.
4.3 Sees linkages across organisational boundaries, and themes or patterns emerging from data. Raises awareness and interest amongst others about issues which could be of importance in the future.	4.12	Focuses on intellectual debate at the expense of action.
4.4 Continuously evaluates policy delivery and service delivery against changes in external environment.	4.13	Risk averse.
4.5 Anticipates longer-term changes, threats and opportunities, identifying, evaluating and managing risk effectively.	4.14	Narrow approach, closing down innovative options and ideas.
4.6 Thinks laterally and/or creatively to identify opportunities to deliver.	4.15	Concentrates on tactics at the expense of strategy.
4.7 Evaluates options for policy delivery and service delivery against criteria, testing for deliverability and preparing for evaluation.	4.16	Fails to take account of agreed FCO Strategic Objectives.
4.8 Translates strategic analysis and decisions into realistic action plans which deliver concrete outcomes, taking full account of the wider political, social, commercial and economic drivers, customer stakeholder feedback.	4.17	Poor judgement, limited evidence base.
4.9 Reviews actions and outcomes against performance criteria and learns lessons.	4.18	Strategic plans lack factual substance and realism.

5. IMPACT		
This is about interpersonal effectiveness and a strategic approach to communication and stakeholder engagement. Self confident and self aware; uses a range of approaches to build relationships and contact networks and to communicate with and influence others to get results. Negotiates creatively and effectively to achieve objectives. Projects a professional, inclusive and modern image.		
Effective Behaviour and PSG skills		Behaviour to Change
<p>Personal Style</p> <p>5.1 Recognises impact of own behaviour and personal style on others and appropriately adapts approach to different people, environments, locations and cultures.</p> <p>5.2 Understands and anticipates the needs and motivations of others; values and incorporates diverse and different perspectives, sharing information and ideas.</p> <p>5.3 Challenges policy thinking and the opinions of others and responds positively to being challenged.</p> <p>5.4 Communicates openly, convincingly and with confidence in a range of situations, including negotiating, public speaking, press briefings, speaking off the cuff, explaining business plans and business benefits.</p> <p>5.5 Written communication is focussed and persuasive, tailored to audience and purpose; and has impact.</p> <p>Relationships</p> <p>5.6 Establishes wide-ranging and diverse contact networks which offer rapid access to information or leverage not readily available elsewhere.</p> <p>5.7 Systematic engagement approach to stakeholder engagement.</p>	<p>5.8 Influential with contacts at the highest level; seeks out tactical and strategic allies and judges how to work with them to achieve the best practical outcomes.</p> <p>5.9 Builds productive relationships with people inside (Press Office, Internal Comms, Team, other stakeholders) and outside the organisation, (including foreign interlocutors, business contacts, the media, OGDs and NGOs) maintains and develops these relationships over time.</p> <p>Communication Process</p> <p>5.10 Includes strategic communications objectives when designing policies and services. Uses appropriate delivery tools and defines management criteria.</p> <p>5.11 Understands how to segment customer groups and uses the range of communication channels available.</p>	<p>5.12 Dominates discussion; doesn't listen, can't see things from others' perspective.</p> <p>5.13 Regards information as a source of power even when working on shared objectives.</p> <p>5.14 Obscures the message by giving inappropriate levels of detail; too little or too much.</p> <p>5.15 Diffident or unapproachable; fails to build rapport with others.</p> <p>5.16 Only engages or succeeds with a narrow range of contacts.</p> <p>5.17 Unconvincing; lack of depth.</p> <p>5.18 Stakeholder engagement is sporadic and not focused on delivering outcomes.</p> <p>5.19 Contacts drawn from a narrow range of interlocutors.</p> <p>5.20 Reluctant to be tough with contacts when appropriate.</p>

6. LEARNING & DEVELOPING

Drawing on own and others' experience and new ideas to improve performance and results. Proactive approach to own self-development which can be measured by growth in competence and skills. Takes responsibility for own career development. Develops an open and flexible culture, in individuals and across teams, which values professionalism and encourages learning and development.

Effective Behaviour	Behaviour to Change
<p>6.1 Aware of own strengths and weaknesses and the underlying reasons for them.</p> <p>6.2 Open to, seeks out, thinks about and acts on feedback.</p> <p>6.3 Reviews own performance, sees where further learning and development is appropriate and takes actions.</p> <p>6.4 Responds in a positive manner when criticism or problems surface; maintains self-confidence.</p> <p>6.5 Able to translate learning into improved competence and skills.</p> <p>6.6 Innovative: cultivates new ways of thinking and builds on the ideas and suggestions of others both inside and outside FCO.</p> <p>6.7 Ready to challenge established practice and seek improvement.</p> <p>6.8 Learns from own experience or mistakes and that of others both inside and outside the organisation: applies new learning to own work and shares the lessons learnt with others. Mentors and encourages colleagues of all backgrounds.</p> <p>6.9 Keeps up to date with available technology.</p> <p>6.10 Develops and uses foreign language and professional skills as appropriate.</p>	<p>6.11 Lacks curiosity and self awareness; unclear about own strengths and weaknesses.</p> <p>6.12 Unable to change or address persistent development needs.</p> <p>6.13 No personal development plan; does not encourage others to make time for development.</p> <p>6.14 Engages in plenty of development activity but unable to translate into competence/skills improvement.</p> <p>6.15 Closed to new or different perspectives and unable to objectively evaluate them.</p> <p>6.16 Inflexible: seeks to maintain status quo; resists change.</p> <p>6.17 Has no systems in place to enable learning to be identified.</p> <p>6.18 IT illiterate.</p>

B. NOTE ON RECRUITMENT FOR FAC

How does the FCO recruit its staff?

The Foreign and Commonwealth Office aims to recruit a talented and diverse workforce that reflects British society. Our recruitment policies are designed to encourage applications from the widest possible range of backgrounds. All external recruitment into the Foreign and Commonwealth Office is based on merit, and all campaigns must be fair and open.

The FCO recruits generalist, specialist and senior staff subject to workforce planning needs. All external recruitment is conducted by the FCO Recruitment Team, overseen by the Office of the Civil Service Commission. All applicants to the FCO must be British Nationals and are subject to Developed Vetting security clearance before taking up their appointment.

The Recruitment Freeze

The Government announced an immediate freeze on external Civil Service recruitment in May 2010. Cabinet Office released guidance on the freeze, recognising that some exceptions would be required in order to ensure Departments could continue to operate effectively, underlining that the purpose of the measure was to drive efficiencies in staff numbers and paybill and that it was essential that departments avoid false accounting through eg use of contractors.

The allowed exceptions to the freeze were:

- The Civil Service Fast Stream, which the FCO uses to recruit C4 policy entrants.
- Individual business critical appointments.
- Key frontline posts.
- Outreach/internship schemes to deliver diversity objectives.

In light of the recruitment freeze, downward pressures on budgets and to ensure workforce planning decisions can be monitored by the Board, the FCO have introduced a Cabinet Office-endorsed system for approving (or not) requests for employing permanent, fixed term and temporary staff. Delegated authority from the Foreign Secretary and the PUS for most recruitment requests rests with the Chief Operating Officer. Senior appointments must go to the PUS and Foreign Secretary.

Directorates must submit business cases to DG C&D via HR Directorate. The business cases must outline why it is operationally essential to fill the position, and confirm that all relevant internal and cross-Whitehall options have been tried, that the Directorate has the budget and headcount for this position and that there is a continuing/long term requirement for the role where appropriate. Any new recruitment (ie additional to headcount) must be balanced with cuts elsewhere.

Monthly reports summarising recruitment activity at the FCO and its NDPBs are submitted to Ministers.

Generalist Recruitment

When the FCO recruited in the recent past (ie 2009, pre-freeze) at the delegated grades, we used “generalist” external campaigns, designed to attract and select staff with the potential to operate across the range of policy and service delivery and corporate services jobs in the FCO and build successful careers.

We recruited staff at Band A, Band C and (sometimes) Band D, and ran campaigns in line with workforce planning needs. Workforce planning set our annual recruitment targets and the flexible nature of the campaigns allowed us to adapt to changing priorities, maintaining and refreshing staffing levels and introducing new skills and experience from outside the organisation.

All generalist campaigns assessed candidates across the full range of competences at the relevant Band. Generalist competitions do not require specialised skills or knowledge.

Band A

A recent Band A campaign required applicants to have a minimum number of GCSEs or equivalent to be eligible to apply. The assessment stages were based on the Band A competence framework and included psychometric testing, interviews, fact finding exercises, and written exercises.

Band C

Band C recruitment is conducted through the Cabinet Office Fast Stream programme. Applicants must achieve a 2–2 degree qualification to be eligible to apply. The Fast Stream process tests applicants via psychometric tests, an E-tray exercise and assessment centre, measuring candidate potential against the range of Fast Stream Competences:

- Drive for results.
- Learning and improving.

Decision making.
 Constructive thinking.
 Building productive relationships.
 Communicating with impact.

The FCO supplement this with Final Selection Boards which test applicants' ability to communicate and influence, work with others and manage and develop staff.

Band D

The FCO conducts campaigns at Band D subject to Workforce Planning requirements, the last of which was in 2008. That campaign encouraged applicants from diverse backgrounds outside of the public sector, with a focus on commercial skills and foreign languages.

Specialists

Specialists are recruited on the basis of operational need for roles which require specific skills and experience. Campaigns are tailored to the precise needs of the specialism and candidates are measured against the particular specialist skills and experience needed for the role along with relevant competences. Recent examples include recruitment campaigns for Economists, Legal Advisers and Overseas Security Managers.

Recruitment to Senior Appointments

Senior Appointments are classified as SMS 2 and above and are overseen by the Office of the Civil Service Commission, led by the FCO Head of Recruitment. Recent Senior Appointments include Chief Information Officer and Finance Director.

Further information

The FCO external website <http://www.fco.gov.uk/en/about-us/working-for-us/careers> provides further information for potential candidates.

C. NOTE ON PROMOTION FOR FAC

How does the FCO promote its staff?

The Foreign & Commonwealth Office uses Assessment & Development Centres (ADCs) as the mechanism to promote staff. They were introduced in 1999 for promotion to the Senior Management Structure (SMS). We now run them at the promotion points from Band B–C, Band C–D as well as Band D–SMS. Our global network means there is particular importance in having a uniform promotion system with clear benchmarks across the FCO, which is why promotion is not delegated to line managers in the way it is in some other organisations.

We use ADCs as a strategic tool to:

- Deliver better leaders across the range of competences that an effective FCO officer must have: eg analytical ability and judgement, networking skills, impact and influence (with foreign governments, external contacts and within Whitehall), management ability, delivering results.
- Develop talent at every level.
- Ensure fairness and equality.
- Encourage a culture of learning and self development.

ADCs are effective at predicting potential at the next Band because they use the competence framework for the higher level as the benchmark, as opposed to appraisals, which only measure performance in the current Band. There is also no requirement to have undertaken a number of different job roles before applying to attend an ADC. The ADC assesses candidates irrespective of background and experience. For this reason an officer can apply with just two years' experience in their current grade, provided they have support from a senior manager. This helps the FCO identify and bring on talented staff quickly. All officers with five years experience in their current grade are eligible to apply for an ADC.

As well as passing those candidates with the skills to operate effectively at the next level, ADCs also provide an intense and tailored development opportunity for all candidates. The investment in development helps those who are successful to know their strengths and development needs on take up of a new role. It also gives valuable feedback to those not successful that will enable them to do their current job better and develop their potential if applicable for later promotion.

Eligibility criteria

All candidates must have served at least two years in their current grade to be eligible to apply for an ADC place. Those with two to five years require a strong supporting letter from a senior manager giving clear evidence against the competences of their readiness to sit an ADC. Candidates also need a minimum

performance rating of “Effective” in their most recent appraisal. Access to the ADC tends to be prioritised by an officer’s end of tour date on the premise that all eligible officers should be able to apply for their next job on promotion.

Promotion for successful candidates becomes substantive upon taking up a job at the higher Band. Candidates who are unsuccessful can re-sit the ADC, but there are minimum periods they must wait before doing so ranging from one to three years following their previous attempt. This is to enable them to address the development areas highlighted at their previous ADC. Following a third successive unsuccessful attempt at a full ADC, candidates must complete a specialist programme of three-way coaching (involving their line manager and an experienced coach) of approximately nine months duration, before re-applying.

What happens at an ADC?

At all levels, the ADC consists of a series of written exercises and interactive exercises (with role-players). As candidates perform the written exercises they may be interrupted to undertake their interactive exercises. The exercises are set within typical work related situations liable to be encountered by staff in London or overseas.

These exercises test candidates against core competences such as Problem Solving and Judgement (testing analytical ability and judgement of officers), Managing External Relationships (such as Whitehall partners or foreign governments) or Communicating and Influencing (persuasiveness on paper and in person)—all of which are vital skills for Diplomats.

The Role of Assessors

Throughout the ADC, assessors will mark candidates’ written work and observe and mark performances in the interactive exercises. Assessors mark candidates on their ability to deliver against certain performance indicators in those competences of the higher Band that relate to the exercise. These are tested several times. A quality controller benchmarks and checks everything assessors mark. The assessor teams are made up of trained FCO staff and external development professionals.

Each candidate has a lead FCO assessor who reviews the body of evidence acquired on their candidate at the end of the ADC. This assessor, in discussion with all other assessors, forges consensus on the overall performance of the candidate. This discussion also helps the development professionals to focus on candidates’ development needs and the feedback they will provide.

The assessors produce feedback reports containing a breakdown of performance by competence, plus developmental advice based on the key themes emerging from the ADC. The following day, candidates meet with their lead assessors and one of the external development professionals for feedback interviews.

The Feedback Interview

Having had their performances and behaviour scrutinised and analysed by five/six assessors, including two professional development professionals, the final report and feedback interview provide candidates with arguably the clearest insight into their strengths/weaknesses they have ever received. This coupled with targeted developmental advice, makes it an extremely valuable tool both to the candidate and the FCO at large, if the candidate heeds the advice given.

Ensuring Fair Treatment/Encouraging Diversity

All promotion decisions are taken purely on merit. If a candidate reaches the required standard they are promoted.

We make sure all candidates are treated fairly at ADCs and take steps to ensure we support diversity. ADC exercise designs are diversity-proofed to minimise adverse impact against different groups. Disabled candidates have an opportunity prior to the ADC to agree reasonable adjustments with a disability adviser which we put in place. The disability adviser can also attend an ADC at which a disabled candidate is present in order to monitor progress and brief assessors where necessary. Our assessors are a mix of trained FCO staff, drawn from across the FCO, and external development professionals. We try to ensure we have as diverse a pool of FCO assessors as possible.

None of the ADCs show statistically significant differences in performance between candidates on grounds of gender, ethnicity or disability.

Are ADCs delivering the staff we need?

The ADCs are delivering the right staff in the right numbers to meet the FCO’s overall strategic workforce needs. Pass rates are monitored and—whereas the standard that candidates need to meet in order to pass an ADC always remains the same—we can reduce or increase the number of ADCs we run to ensure we achieve our workforce targets.

Over time ADCs have played a key role in improving the quality of leaders and managers throughout the FCO. Many of the FCO's senior staff positions are Heads of Mission jobs in isolated, often dangerous places. ADCs are excellent at assessing candidates' leadership abilities in a way that appraisals often miss. Without taking anything for granted, we believe the investment in development for both successful and unsuccessful candidates has paid dividends. While there is always room for improvement, the 2009 government-wide staff survey showed the FCO scoring highly in leadership and management—higher than most other departments in Whitehall. For example, on questions such as “I feel the FCO/Post as a whole is well managed” and “I feel that change is managed well in the FCO/Post”, the FCO outstripped the civil service by 18% and 21% respectively.

D. NOTE ON APPOINTMENTS FOR FAC

How does the FCO decide on appointments within the Department?

The overwhelming majority of FCO internal appointments at home and overseas are filled by competence based interview. A small number are decided by Boards eg jobs for SMS Payband 2/3 staff and first jobs for new entrants.

Filling jobs by interview gives both hiring managers and applicants the opportunity to make informed choices. It helps managers get the best candidate for the job and gives staff more responsibility for managing their careers.

Vacancies are advertised twice weekly on FCONet. The responsibility for advertising jobs and managing the interview and appointment process rests with the hiring manager for the job. Jobs must be advertised for a minimum of 10 working days before the bidding deadline; candidates must have five working days to prepare for an interview.

Central HR provide support and advice where necessary and are committed to ensuring that the process is being properly administered, including by carrying out spot checks. They apply strict eligibility criteria to ensure that applications are accepted only from those officers who are eligible to bid.

Officers apply direct to the hiring manager, submitting a bidding form, a CV and two years worth of appraisals. The hiring manager will convene an interview panel and if necessary carry out a pre-sift of the applications.

The interview panel usually consists of three members, including one independent member. At least one of the panel should be a trained interviewer. The interview will focus on the skills, competences and experience the officer would bring to the job, and their motivation for applying.

Having an independent member helps ensure fair and objective decisions. HR and the trade unions may observe interviews and staff can appeal if they believe they have not been treated fairly. HR carries out spot checks of decisions.

Once the panel have made their decision, and the successful candidate has accepted the job, the hiring manager will give feedback to the unsuccessful candidates.

Most jobs in the delegated (ie not senior management) grades are filled internally. In some circumstances there is a strong business case for inviting external applicants for example if the job requires particular specialist skills and knowledge not readily available in the FCO; or if the initial recruitment process fails to produce a suitable internal candidate. Please see separate note F. on interchange and external recruitment.

As a rule, senior management jobs in the UK and at posts overseas are open to members of all government departments to apply on interchange terms. Jobs at SMS Paybands 2 and 3 are considered by the No 1 Board (senior appointments Board) and may be made by Board appointment or interview.

Heads of Mission jobs

Recommendations for Head of Mission jobs are made in the same way as other positions in the relevant grade. All Governorships of Overseas Territories are in addition put to the No 1 Board. Recommendations are then put to the Foreign Secretary and for the most senior jobs the Prime Minister for ratification.

Tour lengths and frequency of postings

Jobs at home usually last two or three years but may be extended to five. Overseas postings vary in length, depending on the individual Post; the majority are three or four years but the more difficult or dangerous postings will be less.

Frequency of postings varies according to the grade of the officer. Traditionally, Diplomatic Service staff might have expected two consecutive postings overseas followed by a tour at home. While the changing shape of the FCO has implications for postings patterns, particularly at more junior levels, the FCO will remain a strong global organisation and there will still be opportunities for staff to spend a significant part of their careers overseas.

FROM FCO INTRANET

D1. APPOINTMENT SYSTEM: FREQUENTLY ASKED QUESTIONS

D1.1 HIRING MANAGER FAQs

What are my responsibilities as a Hiring Manager?

As hiring manager, you will be responsible for the following:

- Deciding when vacancies are advertised on FCONet.
- Sending job specs to the relevant team to be advertised on FCONet.
- Deciding when the bidding deadline and interview window will be held (please note: to ensure we stay in line with our agreements with the TUS, certain restrictions apply. These are set out in *Do I have to stick to any timetable?*).
- Convening an interview panel and make any necessary administrative arrangements.
- Providing feedback to all candidates once the interviews are over.
- Notifying ESD and HR when an appointment has been made so that the necessary clearances and paperwork can be issued.

HR are committed to ensuring that the interview process, sifting candidate and providing feedback is being properly administered by Hiring Managers and will carry out spot checks to review decisions. Hiring Managers must therefore ensure that they follow the process rigorously and keep paperwork which may be required by the Appointments Team.

HR Appointments Managers may contact Hiring Managers asking them to forward the interview panel's notes, paperwork and the feedback sent to candidates. You should keep applicants' paperwork securely for six months before you destroy it. When shredding paperwork you should also ensure that you delete any electronic copies of job applications and supporting paperwork. Paper copies of appraisals, assessments and ADC reports should be returned to any candidates who ask for them once the appointment process is complete.

How far in advance should I advertise a job?

Overseas jobs should ideally be advertised at least a year in advance but you also need to allow time for training. Speaker slots need to be advertised further in advance to allow sufficient time for the successful applicant to join a scheduled language course. At home, jobs should normally be advertised about three months in advance.

Do I have to stick to any timetable?

While no central timetable exists, certain timeframes, agreed with the TUS, **must** stay in place whenever a position is being advertised. Jobs must be advertised for a **minimum of 10 working days** before the bidding deadline. Candidates must have **five working days** to prepare for an interview, and managers must leave 24 hours for any interviewees to appeal against the conduct of an interview before announcing the results of the interview.

Are there any thresholds which apply beyond which a job would have to be advertised?

As a guide, major change will usually amount to a change of 50% or more of the job content. Line Managers may consider re-advertising the job.

If a decision is taken to upgrade an A1 position to A2 the current incumbent may continue in the role until their end of tour. This will be on Temporary Progression unless they hold a progressions ticket, when it will be substantive.

How/when will I know who has applied for my vacancy?

Applicants will send their applications directly to you, copied to HR. HR will send you a flysheet (list of applicants) for cross-reference purposes as soon as possible after your deadline. You may sift the applications before you receive the flysheet, but you should not invite anyone to interview until you have confirmation from HR that they are eligible.

Who decides eligibility?

Central HR will still be responsible for checking the eligibility of applicants and will do this before sending you the flysheet. **HR's decisions on eligibility are final and you must not interview anyone whose name does not appear on the flysheet.**

What if the job goes unfilled/attracts no applications?

You will need to decide whether to re-advertise. The job spec may need to be reviewed and other ways of attracting applicants may need to be considered.

No-one is bidding for jobs in my team. What should I do?

Look closely at what you are saying in the job spec you have advertised. Some areas and roles have more instant appeal than others but all jobs have their positives. Is your job spec clear; does the job title make sense to someone who isn't already in the team? Does the job spec spell out what the successful bidder can expect in terms of development? If the job is not a particularly "sexy" one, what are the other advantages? Are the hours regular? Are there opportunities for training and corporate activities?

Pay particular attention to whether the job can offer an opportunity for flexible working. Not everybody wants a high profile job with unpredictable demands—some staff want a much more routine job that they can fit to their own circumstances.

I have never interviewed before. Where can I find guidance?

FCONet gives comprehensive guidance on the selection process in general and on preparing for and conducting interviews. You should use the training available (either live training on the Selection Interview Skills for Managers course or the Selection Panel interview skills e-learning package).

How do I find independent panel members to help with interviews?

There is a list of trained interviewers who are able to assist with interview panels on FCONet.

I know one (or more) of the applicants. How do I ensure that I make a fair decision?

The FCO is not a large organisation and it is inevitable that panel members and candidates will be known to each other in a good number of instances. The panel you assemble for the sift and the interview will have an independent member and this helps to ensure fair and objective decisions. Any panel member who knows one or more of the applicants well should declare this to the other panel members so that there is no ambiguity. All selection decisions (at the sift stage and at interview) must be made on the basis of the evidence. Remember that it is in your own interests to have the best possible person for the job in your team; judge your candidates against the competences required for the job based on the evidence you have seen in their applications and at interview.

All the applicants for my job can demonstrate the key competences, but some have done similar jobs before and others have no experience. How do I decide between them?

Selection decisions should be based mainly on the competences, though other skills and experience may be factors, particularly at higher grades. Overall, you should weigh up each candidate's potential to perform well in the job once they have started—none of us should be expected to be instantly expert in any job. The flip-side to experience is development; where a candidate does not have experience of your particular area of work it may be better to offer them the job—not only will they learn another skill or area of expertise, but your field will gain another expert. Remember that you cannot turn someone down for a job because they do not have relevant experience if you have not listed this as essential in the job specification.

There are no trained interviewers at my post/I am at a small post in a distant time zone. How do I assemble an interview panel?

Remember that the panel you assemble can be a virtual one—you can interview by phone or by videoconferencing, thereby allowing you to draw on panel members from London or from other posts. You might also time your interviews for a period when you or others will be in the UK or visiting a larger post (or an RTC) or to arrange for your home department to run the process on your behalf.

Who can be counted as an independent panel member?

A colleague who is outside the management chain of the position applied for is an independent panel member. This may be someone from a different section at post or in the department, or somebody from a completely different part of the FCO. There is a list on FCONet of staff who are trained interviewers and who have volunteered to act as independent panel members. Staff from PAGs who have been appropriately trained (including diversity training) can also be used as panel members. You should not use external panel members (ie non FCO/PAG such as members of the business community or representatives of other missions) without checking with HR whether this is acceptable.

An unsuccessful applicant has appealed against the decision of the interview panel. What should I do?

A full explanation of the panel's decision and the reasons behind it usually helps. You should offer as much information as possible (without breaching other candidates' confidentiality). If the applicant still wishes to appeal please ask him/her to contact the Appointments Team in HRD.

I have an unexpected vacancy in my team which needs to be filled urgently. What should I do?

You can advertise the vacancy as quickly as you choose. Look at the full guidance and begin the process, starting with consulting on the job spec as soon as you can. Remember that while you can choose your deadline and timeline to a large extent, you must allow certain set periods at different stages of the process (see above). The Corporate Pool and the TD system still exist to help with short term demands.

How much feedback should I give unsuccessful applicants?

The most important thing about feedback is that it explains why a candidate has not been successful at the sift or interview stage. Feedback should be based mostly on the key competences for the job, referring to other factors as necessary. At the sift stage this may be briefer than after interview, when you will be able to offer a fuller breakdown of how an interviewee performed. Remember that you are commenting on a candidate's potential to do a particular job and their merits relative to the competition. You are not expected to offer developmental advice each time. Instead, you should make clear why you selected one candidate over another.

How do I treat applications where non-FCO appraisal evidence is submitted?

Staff on loan or secondment are encouraged where possible to be appraised using FCO forms. However, the applicant has only been able to submit non-FCO evidence as part of their application, you are obliged to give this the same consideration as you would an FCO form. In fact, it is in your own interest to do so. The FCO Board is clear that secondments add real value to the FCO; the additional and varied skills and experience which staff returning from outside organisations can offer should not be overlooked by hiring managers.

How do I treat applications from job share partners?

You should treat applications from job share partners as one job application. Both job sharers do need to be credible in their own right—not necessarily the best candidates individually, but with complementary strengths which make the best fit overall. If you decide to interview job share candidates, you should interview separately initially, then together to establish how the job share partnership would work and to demonstrate how their strengths would complement one another.

D1.2 APPLICANT FAQs

I am an A1 and my job has been re-graded to A2—what does this mean?

If your job is re-graded to A2 you may remain in the role, until your original end of tour. If you do not hold a progression ticket you will be on temporary progression and will revert to A1 grade at your end of tour, no extensions will be granted. If you hold a progression ticket you will be on substantive progression.

Who can I talk to about jobs I am interested in applying for?

Your current line manager is a good source of advice in general—what to look for and where you might want to go. Once you have seen a job that you think might interest you, you should contact the hiring manager and/or the current incumbent to find out more—for instance to see whether the job really is what you're looking for and if you have what the hiring manager is looking for, or to clarify any details of the job spec.

Are all jobs advertised and decided by interview?

The only jobs not advertised are those which will be decided by Boards such as those for Overseas Security Managers, SMS Payband 2/3 staff and the first jobs for new entrants. All other jobs are advertised and decided by interview.

Can I apply for a number of jobs?

Yes. We would strongly advise officers approaching their end of tours to bid widely, frequently and realistically in order to secure their next job. This is particularly relevant for officers overseas who wish to remain overseas. If you fail to pick up another overseas job before your end of tour, your next tour will be at home.

Do I have to submit a "new", separate application form for each job?

This is up to you. You can either submit one application form to cover a number of applications or complete new forms for each job. It is generally in your own interest to complete a new form for each job, tailoring your skills and competences to the job specification.

Do I need to copy my application to HR?

Yes. Central HR are responsible for conducting eligibility checks on applicants so all applications must be copied to them.

Are there any thresholds which apply beyond which my job would have to be advertised?

As a guide, major change will usually amount to a change of 50% or more of the job content. Line Managers may consider re-advertising the job.

What stops hiring managers from choosing someone they know for their jobs?

There's a risk that managers will pick people they know or discriminate against certain candidates. The biggest protection against this is that under well-run interview systems almost all line managers go simply for the best candidate, irrespective of whether they know them or their age, gender, ethnicity etc. But we guard against cronyism and/or discrimination by having a clear set of rules for how the process must be run (including the need for an independent interviewer on any panel), by maintaining HR oversight of the process, and by giving HR and the unions the right to observe any interview they want.

HR are committed to ensuring that the interview process, is being properly administered by Line Managers and carry out spot checks to review decisions. HR Appointments Managers may contact Hiring Managers asking them to forward the interview panel's notes, paperwork and the feedback sent to candidates. Paperwork should normally be held securely by Hiring Managers for six months before being destroyed. If you would like your paperwork to be returned to you after the interview you should ask the Hiring Manager to send it. You can also ask the Hiring Manager to delete any electronic copies of your paperwork.

Who makes sure that interviews are conducted properly?

HR have the right to observe any interview or supply a panel member or chair from HRD. The TUS also have the right to ask to observe an interview and you should accommodate them if possible. You have some responsibility too. You should raise with the interview panel Chair (or ultimately HR) anything that does not seem right. You should check guidance and know where you stand. If you have questions or doubts, ask. HR is available to answer queries and provide advice.

Can I appeal?

If you are not happy with the way in which the interview was conducted (eg you did not have enough preparation time) you should tell the Hiring Manager as soon as possible and certainly within 24 hours of the interview (before the decision is announced). If you are not happy with the panel's decision you should take this up with the Chair (normally the Hiring Manager), who should be able to explain the decision in more detail. If you are still not satisfied you should contact the Appointments Team in HRD.

What if I do not have any FCO appraisal evidence?

Staff on loan or secondment are encouraged where possible to be appraised using FCO forms. However, if you do need to submit non-FCO evidence as part of your application, hiring managers are obliged to give this the same consideration as they would an FCO form. The FCO Board is clear that secondments add real value to the FCO; the additional and varied skills and experience which staff returning from outside organisations can offer should not be overlooked by hiring managers.

Why do I have to comply with eligibility criteria?

The eligibility criteria are there as a tool to help HR deliver robust recruitment processes. It ensures that everyone has a fair and equal chance to apply for overseas jobs, that we can meet the demand for filling jobs at home (which by far outstrips the demand to fill jobs overseas) and stops hiring managers being put under pressure to release staff from jobs early. Eligibility criteria are applied consistently across the board. We may very occasionally flex the eligibility criteria for a job that is particularly difficult to fill. Such jobs will be clearly identified on FCONet job pages.

How quickly do I have to accept or reject a job I have been offered?

A hiring manager has to allow you at least 24 hours to consider an offer. You can request longer than that—eg if you have another application in process or another interview in the following days—but the hiring manager does not have to agree. She/he may want to move quickly to approach their second choice candidate if you are not ready to commit to the job.

Whose responsibility is it to let the hiring manager know if I withdraw?

Yours. If you accept a job, you must contact the hiring managers of other jobs you've bid for and let them know that you are withdrawing. You should also let HR know.

What happens if I'm unsuccessful?

If you are unsuccessful, you should look to start applying for jobs again at the next available opportunity. All applicants should receive competence-based feedback on all their applications and interviews. If your end of tour date has passed and you have been replaced, you have not had an extension agreed, and you have no leave to take you must register for the Corporate Pool.

How do I apply for a joint posting?

The succession plans drawn up by posts will make it easier to see where and when joint posting opportunities are coming up, but if you are interested in particular places, it would be worth talking to posts early on about what you are looking for. When jobs are advertised, talk to the hiring manager or the DHM about other opportunities and remember to state on your application form that you are applying for a joint posting.

How do I apply as a Job Share?

Make it clear on your application that you are applying as one part of a job share. You and your job share partner will need to be credible applicants in your own right—not necessarily the best candidates individually, but with complementary strengths which make both of you the best fit overall. If invited for interview, you should expect to be interviewed separately initially to establish your own competence and then together to demonstrate how the job share partnership would work and demonstrate how you would complement one another's strengths.

How do I know that a hiring manager will take account of special factors (eg education, spouse employment) which impact on my bids?

It is your responsibility to make any special factors clear on the bidding form and the guidance makes it clear that it is every hiring manager's responsibility to ensure they have considered this in their decision making if appropriate. It is important to remember that special factors are only taken into consideration where candidates are otherwise equally matched. They do not mean that a less qualified candidate should be appointed over someone who is clearly more suitable for the job.

What are the tour patterns for overseas postings?

The rules have not changed. The ideal career pattern should still be two overseas tours followed by a home tour (ie at least one job for three years or two jobs for two years), but there are no guarantees that staff will gain a second consecutive job overseas. Anyone who has not picked up another overseas job before the end of their first overseas tour must do a home tour before bidding overseas again.

I keep applying but can't pick up a job. What should I do?

You should carefully consider the feedback you are getting and proactively look to address the reasons for your lack of success. For example, are you fully exploring the roles you are applying for and putting together a good application? Are you applying widely and realistically? Do you need some training to address a developmental issue? You might find a session with a coach is beneficial in helping you work through some of these points. We also recommend that all staff do the Interviewee Skills e-learning package. You should also take advantage of any opportunities that arise to practise your interview skills.

Can I apply for jobs on Temporary Promotion (TP)?

Where jobs are advertised on routine timing (ie jobs advertised for the first time) only staff who are already substantive in the grade or have a promotion ticket (for jobs at home) can apply. Where a job is trawled, staff in Band B (for jobs at Band C) can apply to take up the job on temporary promotion provided that they are not already on, or have been, on temporary promotion. The guidance for hiring managers makes clear that staff should only exceptionally be appointed on temporary promotion where there are also bidders in the grade or with promotion tickets. If hiring managers wish to appoint someone on TP where there are bidders in the grade or with promotion tickets, they must send all papers relating to the interview to Appointments Team for approval before they can appoint the candidate on TP. Temporary promotion is not possible into Bands B, D or the SMS. Please see TP guidance.

Why do I have to do a home tour on promotion?

We are making sure that all newly promoted staff have done at least one home tour in the grade before they can apply for an ADC by obliging them to do it as soon as they are promoted. We are doing this because firstly, we have an operational need to fill jobs in London and secondly, because work in London at each Band is a key part of each officer's development. Anyone who was overseas before 31 Jan 2010 or who had been appointed to jobs overseas before that point without having done a home tour would not be disadvantaged by the new policy.

Can I apply for jobs in a grade lower than my own?

Applications from staff in the delegated grades down bidding for jobs may be accepted with the express agreement of HRD. Cases will be considered on a case by case basis. Agreement will be based on compelling personal circumstances and the number of credible applicants at the grade. Staff will not be able to apply for jobs more than one grade below their substantive grade. Staff considering applying for jobs in a lower grade are advised to discuss the financial implications of such a move with Home Allowances and Pay Services Unit before doing so.

I want to leave my job before my end of tour date. What should I do?

You can apply for a job which starts shortly before your end of tour date (or for which the training starts shortly before your end of tour date) if your line manager is prepared to release you. Some short tours incur financial penalties—you should consult the pre-postings team about the implications if you are considering leaving an overseas job early. HRD are unlikely to agree that you are eligible to apply for another job if you have not completed a substantial part of your current job.

I have accepted a job but I've changed my mind. What should I do?

Once you have accepted a job you owe an obligation to the hiring manager to follow this through. If there are exceptional circumstances (eg welfare considerations) which justify your withdrawal you should ask the hiring manager to consider them, in conjunction with HR. Staff who withdraw from an overseas job once they have accepted it will normally be “grounded” for a full home tour (ie one job of at least three years or two of two years) before being eligible to apply overseas again.

I applied for a job but now I've seen another one advertised which I prefer. What should I do?

There are difficult choices to make. You need to consider the timings of when decisions will be made on the jobs you are interested in. If the newly advertised job is much more attractive to you, you might want to withdraw your existing application. Or you might want to apply for the newly advertised job as a fallback in case your current application is not successful. Your line manager can help you consider the options. You cannot withdraw from a job you have already accepted (or recently started) to apply for another one.

I have accepted a job but it has been cut/my visa has been refused. What should I do?

Posts and departments should always consider future staffing requirements before advertising jobs but in a flexible organisation we need to accept that changes will happen. And there are factors such as visas over which the FCO has no control. If your job is cut, or there is another reason why you can no longer go to an overseas posting, there is no way of guaranteeing you another position—you will need to apply again and all appointments are made against the competition. But you should use the special factors box on the application form to let future hiring managers know that your job has been cut or localised or that you have been refused a visa.

I'm on PIP/sick absence monitoring. Can I apply for jobs?

Staff on PIP are not allowed to apply for new positions; it is important that the PIP process is completed before a change of job and line management can be considered. If you are subject to sickness absence monitoring, you will not be allowed to apply for a move overseas until the monitoring period has been satisfactorily completed. You may still apply for jobs at home while on Stage 1 Sick Absence.

How do I know which jobs are coming up so that I can decide what to apply for?

Directorates now publish their home job forecasts on their FCONet pages. Long-term forecasts for overseas jobs at each band are on HR's Job Opportunities page on FCONet. These are based on information supplied by posts and are updated quarterly. If you are interested in a particular job/post which is not listed please consult the post/incumbent to find out when it will be advertised.

Who can I talk to about my career?

Your line manager is your first port of call, but there are other sources of advice, such as other managers in your department, FCONet (the section on Managing Your Career is particularly relevant), the mentoring scheme and coaching.

How often are jobs advertised?

Managers can choose when to advertise jobs so there are no set timetables. Jobs are published on FCONet by HR on Mondays and Thursdays. If publishing times are changed (eg because of public holidays) this will be announced in the weekly bulletin.

I have been out of the office on interchange/secondment/SUPL/ MATL. How do I get a job?

You will need to access to the job pages. Staff on SUPL etc will need to email the FCONet Accounts mailbox with details of why you, or the person you are sponsoring, need access to FCONet. Further information and advice can be found on FCONet. If you do not have a job to return to you must register for the Corporate Pool.

What happens if I am returning to the FCO from a career break?

Staff returning from a career break will have a period of six months after their reinstatement offer is made in which to apply for and secure a position.

Last updated: 17 January 2011

D2. FAQs FOR HIRING MANAGERS

D2.1 ADVICE FOR HIRING MANAGERS

Who is the hiring manager?

This will usually be the line manager for the position being advertised. If the line manager will be absent when applications are to be received or considered, another suitably senior officer may be nominated as the hiring manager. Alternatively, Post/Department may choose to nominate another senior officer, such as the DHM, deputy or counter-signing officer, to undertake this role for individual jobs or for all positions in their Post/Department. Line managers overseas may consider appointing a hiring manager in the UK to make interviews easier.

Advertising Vacancies

Overseas jobs must be advertised a year in advance, longer if language training is required, and home jobs three months in advance.

Hiring managers are responsible for ensuring vacancies are advertised on FCONet on time and for deciding the exact timing for advertising and filling a job. The checklist for hiring managers will help with the timing for each stage of the process. Hiring managers should print a copy and keep it to hand during the appointment process. They should complete a job specification form, agreed with relevant stakeholders as necessary and cleared with DHM/Deputy. Remember to review and record the level of language needed for speaker slots. The job spec, which must include a position management code, should then be forwarded to the relevant Appointments Team address, with an advertising jobs proforma.

The hiring manager must check whether the position to be advertised falls into the frequent traveller category. It is the responsibility of hiring managers to indicate this clearly in the job specification. The hiring manager should also make it clear, when he/she submits the job specification to HRD, if the position involves frequent travel. The Appointments Team can then ensure that this is reflected in the advertisement on FCONet.

Jobs with 50% or more commercial content are also advertised in UKTI. Hiring managers should consult UKTI when drawing up the job specs for UKTI positions and UKTI should be represented on the sift/interview panel.

For guidance on advertising multi-hatted positions with entry clearance content, please refer to **guidance**.

RMUs are key stakeholders for management positions and must be consulted on management job specifications before they are advertised. Hiring managers should also consult the RMU on the level of involvement they would like in the selection process.

All management jobs overseas also need to be cleared by the Corporate Services Programme (CSP) before they can be advertised. The Appointments Team refers all overseas management job specifications to the CSP for clearance prior to publication. CSP will work to process all requests as quickly as possible. This may mean a slight delay in publication and your proposed recruitment timetable.

Hiring managers should note that a job which has been advertised can only be withdrawn in exceptional circumstances and only with agreement from HR.

SMS Hiring Guidance

See SMS hiring guidance for advertising and filling SMS vacancies.

Timetables

When submitting a job for advertising, hiring managers must provide the timetable for the process. The overall timetable is for the hiring manager to decide, leaving enough time to complete all the stages and in line with other commitments. However, the bidding deadline must be a minimum of 10 working days after the job will be published and **you must allow at least five days' preparation time between inviting candidates to interview and the interviews themselves**. You should also build in five working days after the bidding

deadline for HR to complete eligibility checks. If you'd like to combine this period with sift and candidate preparation time that is possible, but it may mean that you invite to interview someone who later turns out to be ineligible. The checklist for hiring managers will help with the timing for each stage of the process. Hiring managers should print a copy and keep it to hand during the appointment process.

Wherever possible, home positions should be advertised three months before the incumbent's end of tour date. Overseas positions should be advertised at least one year in advance. **Speaker slots** need to be advertised further in advance to allow sufficient time for the successful bidder to join a scheduled language course.

New vacancies will be advertised by band on FCONet twice a week. The deadline for submitting job specs and advertising jobs proformas is close of play on Friday for Monday publication and close of play on Wednesday for Thursday publication.

See "Advertising on Interchange" for details of the timetable for jobs advertised on interchange.

Trawls

[The] HR Director, issued a message to all staff on temporary promotion on 15 July 2009. This explains the timetable for phasing out temporary promotion. Jobs may no longer be trawled at Band D and Band B (unless they are in Iraq, Afghanistan, Yemen or Pakistan). There will be no more trawls for Band C jobs from 1 July 2011.

Re-advertising vacancies

All jobs at home and overseas (other than jobs in Afghanistan and Iraq) should be advertised to staff in the grade or (for home jobs) those with a promotion ticket who are due to move. If an overseas job receives no applications, or there are no suitable applicants, the hiring manager should let the Appointments Team know if the job should be re-advertised. For home jobs that remain unfilled after the first advert, you must contact the Corporate Pool Manager for availability of staff for a substantive placement directly from the Pool. You will receive CVs of credible officers for you to look at. If the Corporate Pool manager confirms that there are no staff available for placement from the Pool you should let the Appointments Team know if the job needs to be re-advertised. If a new job spec is necessary the hiring manager will need to submit a new version—the Appointments Team cannot make amendments. The hiring manager should also consider whether the job should be re-advertised internally or if there is a case for opening it to interchange. All overseas jobs will be open to FCO Home Civil Service staff after the first advert. The hiring manager must submit a new advertising jobs proforma letting the Appointments Team know the new deadlines and timings.

Advertising on interchange

Jobs may be advertised on interchange if they have already been unsuccessfully advertised internally at least once (or **twice for B3 jobs** because of the relatively high ratio of B3 staff to jobs). More detail on this process is on FCONet.

Where jobs are being advertised on interchange as well, it is very important that hiring managers ensure both Interchange and Secondments Team and the relevant Appointments Team are sent the job spec in good time. Lead times for advertising on other departments' websites may be considerably longer than those for FCONet, so the hiring manager should consult the Interchange and Secondments Team to agree a timescale; both internal and external processes should be run to the interchange timetable.

Receiving applications

Staff who are applying for jobs will send their paperwork electronically direct to the hiring managers, copied to the relevant Appointments Team address and any stakeholders listed (eg UKTI). This means that on or before the deadline for applications, the hiring manager will receive e-mails from all the applicants, containing their application form and their supporting paperwork. **Hiring managers must confirm receipt of applications direct to applicants within 24 hours.** Applicants are required to submit their most recent 24 months of appraisal evidence, or, if they have been in a job more than 24 months, they may submit their most recent appraisals from their current job plus the most recent appraisal from their previous job. Hiring managers should be aware that absences (eg for MATL) may mean that the most recent appraisals are several years old. These appraisals should be given the same consideration as more recent appraisals. Applicants must also submit reports from ADCs/FAB tests or fitted assessments taken in the previous five years, regardless of the grade of the job they are applying for. Staff may prefer not to submit the whole report but they must submit the section that shows competence ratings.

If there are gaps in the paperwork, the hiring manager must take this up direct with the applicant. If the applicant cannot provide a reasonable explanation for any gaps, the hiring manager should ask the applicant who their line manager was for that period and speak with them about the reason for the gap, and the applicant's performance. Hiring managers are not obliged to consider incomplete applications. If an applicant intentionally does not provide the correct amount of evidence and cannot provide a reasonable explanation for their actions, this may be considered a disciplinary offence under the misconduct procedure and advice on next steps must be sought from the FCO's Conduct Adviser.

Please note that the application form is designed to keep the candidate's statement short and the free text box should not be expanded.

Hiring managers should set up a personal folder in Outlook into which they can move applications as they arrive; this will avoid using up their Firecrest e-mail storage limit.

Applicants who are unable to apply electronically should send paper copies to the hiring manager and Appointments Team by the normal deadline (or let them know that copies are being sent/faxed and why they cannot be sent electronically).

Hiring managers have discretion to decide whether to accept applications up to 48 hours after the deadline. If they agree to this for one applicant they must also agree to it for others.

Candidates applying for positions which are more than 5% consular side copy their papers to Consular Directorate. Those applying for jobs which are 50% or more commercial will copy their papers to UKTI. This means stakeholders will have copies of the paperwork when the hiring manager consults them about applicants.

The Appointments Team in HR will carry out spot checks on applicants' eligibility to bid and send the hiring manager a complete list of eligible bidders once this has been done. Hiring managers should note that it can take up to **five working days** to compile this list. For speaker slots, HRD-Language Policy and Standards Team will provide hiring managers with details of language aptitude and testing requirements.

Using non-FCO appraisal evidence

Staff on loan or secondment are encouraged where possible to be appraised using FCO forms. However, they may need to submit non-FCO evidence as part of their bid. **It is your responsibility as a hiring manager to give this the same consideration as you would an FCO form.** In fact, it is in your interest to do so. The FCO Board is clear that secondments add real value to the FCO; the additional and varied skills and experience which staff returning from outside organisations can offer should not be overlooked.

Diversity

The FCO is an equal opportunities employer and hiring managers should welcome applications from all suitably qualified people regardless of gender, marital status, race, disability, age or sexual orientation. When completing job specs, care should be taken to avoid any suggestion that these factors have any bearing on the selection. In respect of the recent age discrimination legislation, it is important to avoid stereotypical language such as "energetic", "experienced", "lively" or "mature".

The FCO operates the "Two Ticks" system whereby disabled candidates who meet the minimum criteria for a job will in most circumstances be invited for interview. Candidates wishing to be considered under this system will indicate this on their application form. When the Appointments Team receive a "two ticks" application they will put the hiring manager in touch with the FCO's Disability Adviser to discuss interview arrangements.

Interview sift

The hiring manager must convene a sift panel following the receipt of all the applications. The sift panel decides which applications should go forward to the interview stage by weighing up what each applicant has to offer against all the criteria in the job spec. The sift panel then agrees a short-list of candidates to interview. The hiring manager issues feedback for the candidates not selected for interview. The hiring manager must send feedback to those not selected for interview as soon as possible. This need not be detailed, but should be competence based. A hiring manager who has received a large number of applications (more than 15) may tell unsuccessful applicants that detailed feedback will not be sent because of the volume of applications, but it generally saves time (in correspondence and appeals) to give applicants as much feedback as possible at every stage of the process.

Selection decisions must not be based on experience alone. Some development in a job is to be expected—and is part and parcel of a line manager's role. This is particularly true at the lower bands where previous experience should rarely be a pre-requisite. **Line managers need to balance the value of existing experience with the relevant competences, potential for development, and enthusiasm for the job.** Hiring managers must have strong justification for appointing an applicant to a position on temporary promotion where there are also credible bidders in the grade or with promotion tickets.

An officer already in the grade or with a promotion ticket who meets the acceptable standard should be awarded the job over somebody looking to move on temporary promotion (TP). If hiring managers wish to appoint someone on TP where there are bidders in the grade or with promotion tickets, they must send all papers relating to the interview to Appointments Team for approval before they can appoint the candidate on TP.

Interviews

For more detailed information on interviewing please check the Advice for Interviewers. **For all Heads of Mission positions, the Hiring Manager should consult the Directorate and ideally include someone from the Directorate on the panel.**

The hiring manager convenes an interview panel and makes the administrative arrangements for the interview. Once the interview panel has made their final decision the hiring manager offers the top choice candidate the job and informs the remaining candidates of the results (Head of Mission selections must be ratified through the Appointments Team). The hiring manager must issue competence-based feedback to all candidates, based on the notes from the selection panel.

It is good practice to interview even when there is only one applicant. Hiring managers may decide that they would like to ask interview candidates to make a short presentation on a topic relevant to the new job. Candidates should be informed of this and given the topic and any limits on time and format (eg availability of flipcharts/powerpoint) when they are invited to interview. The panel must agree which competences the presentation is testing and must mark it against these competences. The hiring manager must ensure that applicants are not disadvantaged by the format in which they are interviewed—it would be much more difficult for an applicant to give a convincing presentation by telephone than face-to-face or by video conference.

Feedback

Hiring managers must provide feedback to unsuccessful candidates direct, including when the job remains unfilled. It is important that this feedback explains clearly why the candidate has not been selected and does so in a way which makes clear that the rankings were made in accordance with HR guidance, FCO competences, and the FCO's diversity policies.

Feedback comments must be based primarily on the key competences for the job, though other factors, such as previous experience, technical qualifications, special factors etc might play a part. **Feedback must relate to the job specification as advertised.** It is not, for example, acceptable to say a candidate is unsuccessful purely on the grounds of having no previous experience, if previous experience was not listed as essential on the job spec.

Comments considered unfair or discriminatory could result in an appeal and ultimately in a grievance or employment tribunal proceedings in which hiring managers can be held to account personally.

Special factors

It is the responsibility of bidders to bring to the attention of hiring managers any special factors which they would like taken into account (eg bidding for joint postings, previous postings being cut, previous service in Iraq or Afghanistan). Hiring managers should bear these in mind when ranking candidates and should look particularly carefully at applications which include special factors. Special factors come into play after the interview if candidates are equal in other respects, in which case the special factors decide who is offered the job. Special factors do not mean that a less suitable bidder should be placed ahead of clearly stronger competition. Hiring managers must make clear in their feedback how consideration of special factors has affected the selection. Where staff are bidding for joint postings, hiring managers' responses should be co-ordinated.

Hiring managers should also take account of wider "corporate" factors—eg re-using language skills, ensuring that staff in Bands A and B (in particular) are exposed to a range of different jobs, giving careful consideration to staff whose previous jobs have been cut or localised.

Confirming an Appointment

All appointments must be agreed by Estates and Security Directorate (ESD). Once an interview panel has decided who their first choice candidate is, the hiring manager should notify ESD using the proforma.

ESD will begin the clearance process as quickly as they can and where possible will respond within 24 hours. If ESD have not given their agreement by the time the hiring manager wishes to offer the job, the offer must be made "subject to ESD clearance".

If ESD do not agree, the appointment **cannot** be made and the hiring manager should then offer the job to their second choice subject to the same clearance requirements. ESD objections to appointments are extremely rare but their decision is final. Once ESD clearance is given and the candidate has accepted the job, the hiring manager should forward the ESD clearance e-mail and the applicant's acceptance e-mail to the Appointments Team requesting a letter of appointment.

The Appointments Team will spot check appointment decisions for each of the delegated grades on a weekly basis. Hiring managers must retain all paperwork relating to appointments (see Handling appraisals and application forms [link] below) for six months.

Ratifying Head of Mission Appointments

For Head of Mission appointments there is one additional step that needs to be taken—ratification.

As well as ensuring ESD clearance is obtained, the hiring manager must also send a brief summary of the interviews and the panel's decision on the recommended appointment to the relevant Appointments Manager.

They will then clear the appointment with the Assistant Director HR who will request, through the PUS, ratification from the Foreign Secretary for the Head of Mission appointment.

Extension Requests

DHMs overseas (or Heads of Mission for the DHM position) have discretion to agree an extension of up to one year for any staff in their post. Departments may agree extensions for home jobs taking the tour length up to a maximum of five years. Extensions for UKTI posts must also be agreed by the UKTI International desk and UKTI HR. The Appointments Team and relevant HR Manager must be notified of all extensions so that Prism data and the long term forecasts can be updated. Please copy all extensions to the relevant Appointments Team address and your HR Manager(s).

Extensions should be agreed on the basis of genuine operational need, or because of compelling personal reasons. In all cases, there is a balance to be found between the wishes of staff, post's requirements and the overall fairness of opportunity to staff (extensions without good reason can disadvantage other colleagues looking to bid for overseas jobs). As a guideline, HR have not supported extensions based on continuity alone, unless it is required for a particular reason; eg a State Visit or EU Presidency. Where there are concerns about clustering of leaving dates for staff with similar responsibilities, a full 12 month extension is not always necessary—smaller adjustments may be equally effective. Extension requests have been treated sympathetically where an officer's departure date would come in a child's GCSE or A-level year, but continuity of education for primary school or younger children is not a compelling reason for an extension. These examples are not exhaustive and HR would be happy to advise further.

Staff on temporary promotion or progression may not extend beyond their original end of tour date unless their letter of appointment included an optional extra year.

Handling appraisals and application forms

Staff appraisals are sensitive documents and access to them should be restricted accordingly. Hiring managers should ensure they are seen only by those who have a real need to see them, that they are handled with discretion and that they are stored and later destroyed in accordance with their sensitivity. Paperwork relating to appointments must be kept by the hiring manager for six months in case they are needed for an appeal or an HR spot check. Printed copies of appraisals etc must be returned to individual members of staff who request them and hiring managers must ensure that they delete electronic copies of applications at the request of applicants or after six months.

Recommendations for encouraging people to bid for "hard to fill" vacancies

Incentives

- **Create good jobs.** Most of our staff want to do important and rewarding work that makes a difference. It is much easier to attract staff to this sort of job.
- **Ensure good line and post management.** People want to work for good managers and leaders. Word gets around very quickly on the good and the bad.
- Demonstrate the **career benefits** of working in the most important places.

More flexibility

- Create **cross-postings** within the same post/country/region to boost job variety and skills/experience in the team.
- Liaise with other posts and create **linked postings**—eg 1 year in Baghdad + 2 in Washington covering Iraq issues.
- **Link a difficult overseas post with time in the relevant home dept**, during or after the tour.
- **Adjust tour lengths** (longer or shorter) to improve demand for the job; and be flexible on short-tours/extensions where possible.
- **Flexi-grade jobs** to attract more applicants and/or joint posters and/or those with hard language skills.
- **Offer flexible working opportunities** where possible: part-time, remote, home-working, job share etc.
- Create an **attractive family package** for very difficult posts—eg family can stay in Kuwait if an officer is in Iraq.

Financial rewards

- Ensure **allowances** (Hardship allowance etc) are set at the right rate to attract the right people.
- Give **substantial bonuses for strong performance** in difficult circumstances, via the develop bonus scheme and SMS appraisal system.

Partner/spouse employment

- Advertise **spouse/partner employment opportunities**—and look to increase them where possible, without undermining the principle that post jobs should go to the best qualified.

Leave

- Ensure that **staff can take the leave** to which they are entitled. HOMs should set a good example by taking leave themselves, offering TOIL and encouraging R&R breaks during quieter periods.

Career development

- Show how time in important posts improves **promotion prospects**.
- Ensure that staff in hard-to-fill posts get **good development opportunities** while there [coaching/mentoring; training opportunities; a mock ADC, etc].
- Talent-spot good staff nearing the end of a tour in a key/difficult place and encourage them to bid for jobs.

Last updated: 17 January 2011

D3. AM I ELIGIBLE TO BID?

Staff can bid for all jobs advertised in their substantive Band so long as they meet the eligibility criteria and can meet the timing of jobs advertised, including any pre-posting training required and accrued leave, without short-touring from their current job.

Staff on PIP/sick absence monitoring are not eligible to bid for jobs overseas until the PIP/sick absence monitoring period has successfully passed and all other eligibility criteria has been met. You may still apply for jobs at home while on Stage 1 Sick Absence.

Short-touring

You should expect to serve your full tour in both home and overseas jobs. Premature withdrawal from an overseas job may result in penalties and options for future jobs may be restricted (eg staff may be grounded and required to complete a full tour at home before being eligible to bid for overseas jobs). Short-touring from a home job will not normally be allowed, even if the line manager agrees. See FCO Guidance Volume 1 Chapter 5.

Specialists

Specialists should contact the Appointments Team about their eligibility to apply for non-specialist roles.

Leave

You are required to use all accumulated leave before beginning a substantive posting. It is an operational requirement that officers account for accrued leave when considering bidding for future postings. If you fail to use your accrued leave as specified in FCO Guidance Volume 5 Chapters 7 & 8 before beginning duty in a substantive posting, you will be expected to forfeit the balance of unused accrued leave.

You are not eligible to continue bidding for an overseas posting whilst you are on end of tour leave except where you are bidding for a posting to Afghanistan, Iraq, Pakistan and Yemen (when you will be permitted to continue bidding until your EOT leave expires). If you are on EOT leave after completing a posting in Iraq/Afghanistan, you may apply for another overseas job if you are eligible.

UK Trade & Investment

Normal FCO eligibility applies to all FCO staff applying for UKTI positions at home or overseas. UKTI staff can apply for all commercial jobs overseas where the commercial content is 50% or more.

UKBA

Normal FCO eligibility criteria do not apply for UKBA positions but staff must be able to meet timing of jobs without short-touring from their current one.

Inward Interchange

Staff on inward interchange or secondment are not eligible to bid for positions (home or overseas) unless jobs are advertised as interchange opportunities.

Postings to Iraq/Afghanistan/Pakistan and Yemen Band A–D

Unless a hiring manager specifically requests for a job to be advertised on the routine agenda, all staff except those staff in the Corporate Pool who are not eligible (see separate guidance), in the grade (including Home Civil Servants) can apply for jobs in Iraq, Afghanistan, Pakistan and Yemen even if they have not completed a substantive home tour (1x3 or 2x2 years). Those with a progression/promotion ticket are also eligible. Band B staff can apply on temporary promotion (TP) for Band C jobs until TP at Band C is no longer available (however, staff will not be eligible if they are already on TP). For Band B and D jobs, staff are eligible to apply on TP if a job is advertised more than once. This will be made clear on the advert. The guidance for hiring managers makes clear that staff should only exceptionally be appointed on temporary promotion where there are also bidders in the grade or with promotion tickets. Please note that hiring managers who wish to appoint someone on TP where there are bidders in the grade or with promotion tickets, must send all papers relating to the interview to Appointments Team for approval before they can appoint the candidate on TP.

For all jobs in Lashkar Gah at grades Band A–D, staff may apply on TP (unless they are already on TP).

For all Band D jobs in Iraq where Arabic is a requirement, staff who speak Arabic to the required level may apply on TP (unless they are already on TP).

Corporate Pool

Staff in the Corporate Pool may bid for jobs overseas within their first six months in the Pool (provided that you have not just returned from overseas and that all other eligibility criteria, such as completing a home tour, are met). Staff in the Corporate Pool returning from Afghanistan or Iraq may bid for overseas jobs for up to six months after their end of tour leave. Concessions may also be made for staff who have had their visas refused or whose jobs overseas have been cut.

Time spent in the Corporate Pool does not count towards a home tour unless specifically agreed by HRD.

Staff working out of the Corporate Pool who have not yet been selected for a substantive job must continue bidding widely and realistically, including for jobs at home. Failure to do so may affect officers' eligibility for overseas bids.

Last updated: 17 January 2011

D4. How Do I APPLY?

Jobs are advertised on FCONet by band on Mondays and Thursdays. You can subscribe to the page for your band by clicking on “add link” at the top right hand side of the relevant page. You will then be alerted when the page is updated. You should also check the relevant post and directorate pages on FCONet for more information.

You should send your application, together with supporting paperwork, direct to the hiring manager for each job you are applying for. You must also copy your application to the relevant HRD—Band Applications address, to your current line manager and to any stakeholders listed in the job specification.

In addition to the bidding form and CV, you should submit your most recent 24 months of appraisal evidence (ie two full appraisals, or however many abridged appraisals, minutes etc to make up two years' worth of evidence), or, if you have been in the job more than 24 months you may submit your most recent appraisals from your current job plus the most recent appraisal from your previous job with your applications. If you have sat a FAB/ADC in the last five years, your FAB/ADC reports must also be submitted to the hiring manager in support of your bids. This applies whether or not you are bidding at the higher band. Staff may prefer not to submit the whole report but they must submit the section that shows competence ratings. This also applies if you have received a fitted assessment in the last five years. You will need to submit a language form if you are applying for a speaker slot and a fitness declaration form for positions in Afghanistan and Iraq. If you intentionally do not provide the correct amount of evidence and cannot provide a reasonable explanation for your actions, this may be considered a disciplinary offence under the misconduct procedure.

Bids should be made on the electronic bidding form available on FCONet (under forms). The same form is used for jobs at home and overseas. An electronic CV should be provided for each form submitted. The new bidding form is shorter as bids will be made for single jobs and the free text boxes should not be expanded.

In exceptional circumstances only, bids can be submitted by fax.

When do I start bidding?

It is your responsibility to establish whether or not you are eligible to bid. You should check the timing of the jobs advertised on FCONet—*please remember to factor in any necessary pre-posting training into your calculations*. You should also read the eligibility guidance on FCONet.

You should start applying for home jobs around three months before you are due to move, and for overseas jobs about a year in advance.

Unless there is a serious operational need, you will not be allowed to short-tour from an overseas posting in order to meet the timing of another job.

How do I decide what to bid for?

The **Job Specification** provides a breakdown of the duties and responsibilities and other useful information relating to the job being advertised. The following information is included:

- Start date for the job.
- Tour length.
- Training requirements.
- Security clearance level (this is DV for all overseas jobs).
- Specific specialised knowledge required.
- Key competences required for the job.
- Hardship status (if overseas position).
- Language requirements (if overseas position).

It is important that you read the Job Specification carefully, to ensure that you fully appreciate what the job would entail, and to check that you would be eligible to apply. For example:

Duties and responsibilities. Looking at the duties and responsibilities breakdown (and the comment box from the line manager) will help you decide whether you are likely to (a) be interested in the job; and (b) be a credible candidate for the job. You and your line manager should discuss whether this would be a realistic bid for you, whether it would be helpful developmentally and if it would make the most of the experience you have already gained.

Key Competences. The key competences listed on the Job Specification are those competences that the Department/Post concerned consider useful/essential. Before bidding for a job, you should consider with your line manager if you have experience and evidence of these key competences.

Specialised knowledge required. Occasionally a job requires previous skills/experience. If that is the case, details will be provided in this section. For example, some commercial jobs require previous overseas commercial experience. If you do not have the relevant experience, you are less likely to beat the competition.

Other essential pre-bidding preparation

It is your responsibility to ensure that the posts for which you are bidding are suitable both for you and those accompanying you. It is therefore essential that you do as much investigation as possible before you submit your bids. Here are a few examples of the things you could do:

Contact the present incumbent and others in the Dept/Post

The Job Specification should give you a good idea of what the job will entail, but it is unlikely to give you full information about the Post/Department overall. E-mailing/calling the present incumbent will allow you to ask more questions both about the job and about the Post/Department. You could also e-mail the Deputy Head of Mission, or the line manager of the job holder.

Internet searches

The Internet can be an excellent tool in your pre-bidding investigations.

For overseas: Post Reports/Post Fact Sheets

Reading the Post Report and the Post Fact Sheet is essential pre-bidding preparation. These two documents will provide a huge amount of information about the post, the country, the education and recreation facilities available, and provide information on the spouse/partner employment opportunities that might be available.

Joint Postings

Hiring managers should do their utmost to facilitate joint postings. The two-year job forecasts should provide a useful tool for joint posting partnerships in planning their bids.

Hiring managers consider joint postings against the following criteria:

- Where operationally possible hiring managers should advertise jobs in the same Post which are coming vacant at the same time closely together. This will not, however, always prove possible. Couples might therefore have to decide whose career or bid takes precedence in relation to a particular posting (the “lead officer”). Where jobs are being advertised on the same round of boards, couples may declare that they are bidding on an “all or nothing” basis. All bids for joint postings should be flagged up in the “special factors” box on the bidding form.

- If a lead officer accepts a position, they will be expected to take up the posting whether or not their partner is successful.
- Both partners must be credible in their own right—they must both be able to do the jobs for which they bid.
- An officer bidding for a joint posting must be at least as credible as other candidates for the job.

Officers bidding for a joint posting should bid as widely as they possibly can. The likelihood of employment for a spouse/partner varies from Post to Post (the size of the Post, hardship rating etc). For details, check the Post Fact Sheet for more information.

Officers requiring Reasonable Adjustments

If you require Reasonable Adjustments you should consult the Disability Pages on FCONet for the latest guidance.

The FCO operates the “Two Ticks” Guaranteed Interview Scheme. If you consider you have a disability under the terms of the Equality Act 2010, and you meet the minimum requirements for the job you will be offered an interview. You do **not** need to give details of a disability on your bidding form.

Officers with disabilities will be selected for jobs on the same basis as officers who do not have disabilities. Reasonable Adjustments for disabled officers will not have an impact on this process other than in exceptional circumstances such as where staff security or health and safety may be at risk. In the small number of cases where proposed adjustments need to be considered under the Reasonable Adjustment Policy this will only happen once an individual has been selected for a post. This is to ensure that we do not impose any additional hurdles on officers with disabilities during the application and selection process, and that appointments are made on merit.

When must bids be submitted?

Bids must be submitted by the closing date indicated on FCONet. It will be up to the hiring manager for the job to decide whether or not to accept late bids up to 48 hours after the deadline, but applications cannot be accepted after that. If a hiring manager decides to extend the deadline he/she must ensure that this is the same for all applicants.

Can I withdraw my bids?

You can withdraw at any stage before you have accepted an offer by informing the hiring manager and the relevant section of the Appointments Team.

What happens to my paperwork?

Hiring managers must keep all paperwork relating to appointments securely for six months after the appointment, then destroy it. You may request the return of personal documents (eg appraisals, ADC reports) after the interview.

How do I apply for an extension?

Your DHM has discretion to grant extensions of up to one year overseas; extensions at home can be agreed by departments taking tour lengths up to a maximum of five years. HR agreement is not required, but the Appointments Team and your HR Manager(s) must be notified of all extensions agreed. Extensions beyond one year overseas or five years at home must still be agreed by HR. Where tour lengths overseas include an optional year, these must also be by mutual agreement, and HR must be informed, but they do not count as extensions.

Prism

Prism Self-Service is not yet active. Staff will be informed when they are expected to submit bids through PRISM.

Last updated: 17 December 2010

D5. TERMS AND CONDITIONS

Please read and ensure you understand before signing the Internal Vacancy Application Form.

Disabilities

The FCO operates the “Two Ticks” Guaranteed Interview Scheme. If you consider that you have a disability under the terms of the Disability Discrimination Act 1995, and you meet the minimum requirements for the job, you will in most circumstances be guaranteed an interview.

Staff with disabilities are encouraged to submit a Job Match Request Form to the disability advisers for advice on selecting jobs to apply for.

All Candidates

Data Protection Act 1998: the FCO will process any personal details you provide on this form for the purpose of staff administration. Your personal information will be held in secure conditions. Access will be restricted to those who need it in connection with dealing with your application.

By signing this application form, you are declaring that you:

- Give consent for the use of your data in the ways described above.
- Have read the guidance on submitting a bid available on FCONet, and are bidding in accordance with the guidelines detailed there.
- (For overseas positions) Have confirmed that the Post is suitable for you/your partner/your family—including medical and educational needs.
- (For officers intending to be accompanied by children overseas): I confirm that I have read the post reports for the posts for which I am bidding, and that consulted the FCO Healthline Healix website, and am aware of the paediatric facilities available at post. Where a post is classed as “informed choice” I am also signing to demonstrate that I am aware of this guidance and that this is my informed decision.
- Confirm that the information you have given on your bidding from is, to the best of your knowledge, true and complete. You are aware that giving any information, which you know to be false, or withholding relevant information, may lead to your application being rejected or disciplinary action, which could lead to dismissal.

By signing this application form, you are declaring that you **are not**:

- In your probation period.
- Under Performance Improvement Procedures (including Preliminary Remedial Action).
- Restricted by conditions imposed by HR, including misconduct proceedings.
- Subject to monitoring under sick absence procedures.

Line Managers

You are signing this bidding form on the understanding that:

- The information given in the form is true to the best of your knowledge and belief.
- (Where applicable) You agree to the early departure of the officer from their current position.

Last updated: 14 May 2010

E. NOTE ON TRAINING FOR FAC

What training is required and recommended to staff joining the Diplomatic Service?

All staff are given induction training when they join the Diplomatic Service. They learn to be diplomats through a combination of on-the-job tutoring and practice in a range of jobs and formal training.

All staff joining the Diplomatic Service are given induction training to help them understand their role in the FCO, and the FCO’s role within government and the international community. They are made aware of the Civil Service Code, which defines the values and standards of behaviour expected. They are required to undertake courses on: security, conduct, information management, diversity at work, health and safety and finance.

New policy entrants have additional briefings, for example on Parliamentary issues, and are required to attend an international policy skills course covering international policy; analysis and use of evidence; negotiating and influencing. They also take a Modern Language Aptitude Test which has been designed to provide a measure of an individual’s ability to learn a foreign language. Hiring Managers use the score as a factor in their decision on who should be recruited for a particular speaker position in an overseas post. Officers selected for language speaker slots undertake intensive full time language training (usually a combination of training in London and some immersion) in advance of being posted overseas.

New policy entrants do two jobs in their first two years in the Diplomatic Service. These are carefully selected to ensure that they get experience of both policy and either a corporate or operational delivery role. For each role, a detailed job description sets out what skills and knowledge a new entrant is expected to develop while in the role. It also explains what training would be appropriate, for example, a new entrant working in EU directorate might undertake EU training, while a new entrant working in Counter-terrorism Department would take a course on counter-terrorism

Within six weeks of taking on a role, new entrants are expected to produce a personal development plan in consultation with their line manager. This sets out what skills and knowledge they are expected gain in that

specific job, as well as identifying areas for development to help them perform effectively across the competence framework at their grade. The plan sets out development activity—formal training and on-the-job-learning and practice—to undertake within their first year. It takes account of the new entrants' existing experience and abilities. We believe this targeted approach to training and development has greater impact on the individual and therefore provides greater value for money.

E1. BAND C INDUCTION PROGRAMME

WELCOME TO THE FOREIGN & COMMONWEALTH OFFICE (FCO)

WEEK 1: FCO INDUCTION

Monday 1 November

0915–1000	Welcome to the FCO
1000–1015	Mutual Expectations
1015–1115	Conduct
1115–1130	<Break>
1130–1145	Your First Job
1145–1215	Our Corporate Structure
1215–1315	<Lunch>
1315–1445	Introduction to the FCO: Home & Overseas
1445–1500	<Break>
1500–1530	News Review
1530–1615	Diversity Briefing
1615–1700	Review
	Revisit today's aims
	Questions, Evaluation and Close

Tuesday 2 November

0915–1015	Familiarisation tour of KCS
1015–1100	Communicating Effectively in the FCO
1100–1115	FCO Trade Unions & Break
1115–1145	Language Training and the MLAT
1145–1215	Your Performance
1230–1330	Spare
1330–1400	<Lunch>
1400–1500	Coaching
1500–1530	Parliamentary Relations Team
1630–1700	Review
	Questions, Evaluation and Close

Wednesday 3 November

0915–1700	Introduction to Performance Management
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Thursday 4 November

0915–1700	Management Essentials
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Friday 5 November

0900–1300	Join Teams
*0900–1030	MLAT
1300–1500	Parliamentary Relations Team
1500–1630	Private Office

WEEK 2: FCO INDUCTION

Monday 8 November

0915–1015	Recent C4 New Entrants Interactive session
1015–1130	Learning & Development
1130–1145	<Break>
1215–1245	Health & Welfare
1245–1345	<Lunch>
1345–1415	Probation & Promotion
1415–1445	Your next Job and Beyond
1445–1500	<Break>
1500–1530	Fast Stream Finance Option

1530–1630	Review
*1530–1630	Separate option for European & Economist Fast Streamers
*1600–1730	MLAT

Tuesday 9 November

0930–1630 Home Security Course

Wednesday 10 November

0900–1300	Information Technology & Information Management
1400–1500	Introduction to International Policy Skills
1500–1700	UK Trade & Investment

Thursday 11 November

Join Teams

AFTER JOINING YOUR DEPARTMENT: MANDATORY COURSES & EVENTS*Monday 6 December–Friday 10 December*

International Policy Skills course (see below for details)

Meet the PUS.

E-learning packages that must be completed after joining your departments.

One Month:

- Protecting Information.
- Diversity at work.

Three Months:

- Health and Safety Awareness.
- Finance in the FCO.

E2. INTERNATIONAL POLICY SKILLS FOR POLICY OFFICERS

Course title	International Policy Skills for Policy Officers
For band	Open to Band B & C officers and LE equivalents doing policy jobs
Competence	Problem solving and judgement, Managing external relations, Taking a wider perspective, Strategic awareness, Communicating and influencing
Skill	International Policy, Analysis and Use of Evidence, Negotiating and Influencing
Delivery method	UK
Duration	5 days

Description:

The course aims to help staff use the international policy framework and develop tools related to the four skills which underpin the framework. These are: International Policy; Analysis and Use of Evidence; Influencing; and Negotiating.

The course is delivered in two very distinct modules. The first three-day module delivered by the National School of Government will focus on international policy and analysis and use of evidence; and how these can be used throughout the IPF. The second two-day module run by Centre for Political and Diplomatic Studies will look at the skills of influencing and negotiating and how they apply across the IPF. The two modules provide a range of tools and learning experiences to help everyone get a better understanding of how to use the IPF in their jobs whether in the UK or overseas.

Preparation:

You will receive pre-course reading with your joining instructions. Please ensure you provide an up-to-date email address to which we can send the course information.

F. NOTE ON INTERCHANGE AND SECONDMENTS

QUESTIONS FROM FAC

How do secondments into and out of the FCO take place?

Interchange and Secondments

The FCO describes the inward and outward loan of staff between Government Departments or accredited Non Departmental Public Bodies (NDPBs) as **interchange**. Typically FCO positions which require specialist skills or knowledge not generally available within the FCO are filled via interchange.

Inward loans bring fresh talent and ideas to the FCO. It allows us to deploy staff into specialist positions with the appropriate skills and expertise to deliver. And outward loans enable existing staff to develop fresh skills and expertise which they then bring back to the FCO.

The FCO has approximately 5,000 UK based staff in London and Overseas. Currently 315 jobs are filled by inward interchange and 157 officers are on outward interchange.

We also encourage FCO staff to undertake **secondments** to the private sector to develop commercial awareness and refresh the skills available within the FCO. There is currently around 20 staff on secondment to the private sector.

Interchange opportunities are advertised across all Government Departments, although sometimes adverts are targeted at Departments whose staff have the specific expertise to fill the vacant position (eg MoJ for legal roles; MOD for defence issues etc). All SMS (SCS) positions are advertised on interchange in the first instance. Interchange is also sometimes used when positions prove hard to fill.

Interchange positions are typically advertised on the Civil Service website (www.civilservice.gov.uk). As with internal appointments, most positions are filled through a competence based interview process. Candidates usually apply for positions commensurate with their current grade, although exceptions can sometimes be made to allow for temporary promotion.

Officers loaned to the FCO undertake a specific job for a specific length of time. Staff on loan to the FCO cannot extend in the same role beyond five years. Unlike FCO officers, officers on loan cannot be moved into other jobs within the FCO.

TERMS AND CONDITIONS

Staff on inward loan move on to FCO Terms and Conditions (T&Cs) of service and transfer to the FCO pay roll, although typically they remain subject to the disciplinary procedures of their parent department. The process is reversed for FCO staff on outward interchange; ie they transfer to the host department's T&Cs.

In exceptional circumstances staff may stay on their existing terms for practical reasons eg if pension schemes are incompatible; the loan is for less than six months.

Terms and Conditions for interchange vary between departments, but the substance is broadly similar. Terms and Conditions for home and overseas jobs also vary slightly; the differences largely cover the practical implications of working overseas eg travel arrangements; allowances; leave etc.

Staff going on secondment to the private sector remain on FCO Terms and Conditions. They remain on the FCO payroll and the host organisation reimburses the salary costs.

Staff on inward interchange can apply to transfer permanently to the FCO after successfully completing an FCO assessment and development centre.

Staff from our Partners Across Government (PAGs) who are posted to work **overseas** in an FCO mission remain on their existing T&Cs (unless they are recruited to fill an FCO position through interchange). The PAGs which post staff overseas to FCO missions have in place Service Level Agreements outlining expectations on both sides.

The recent Strategic Defence and Security Review, agreed by the Prime Minister and senior Cabinet Ministers, says that the FCO will "improve co-ordination of all UK work overseas under the leadership of the Ambassador or the High Commissioner representing the UK Government as a whole." The local Head of Mission or another FCO member of staff may directly manage non-FCO staff but this will depend on individual circumstances and is certainly not a pre-requisite to PAG staff sharing the FCO platform overseas.

EXTERNAL RECRUITMENT

How is it decided which FCO positions are opened to competition from outside the FCO (ie other departments) and/or from outside the civil service?

As set out in the note on recruitment, decisions to recruit externally through open competition are—under the current government-wide recruitment freeze—only allowed under certain circumstances: ie if the position

is business critical, provided that options such as internal recruitment and inward loan from elsewhere in the Civil Service have been tried first, and that the recruitment has been approved by a Director General.

A very small number of staff (currently four) are seconded from outside the civil service to work in the FCO in specific roles for example as Research Analysts.

Have any Heads of Mission posts been taken by appointees from outside the FCO (including other government departments) apart from political appointees

There has been no external recruitment for Ambassadorial posts through open competition in the last two years. In 2010 one officer on inward loan (from DFID) was appointed Head of Mission (Montserrat).

Have any changes been made to plans or procedures regarding appointments from outside the FCO since the change of Government?

On 21 November 2010 the FCO advertised publically for the post of British Consul General—New York and Director General Trade and Investment—USA. We are midway through the recruitment process for this role. This is an SMS 2 position and is the only senior position at post that has been opened up to external competition since the change of Government.

The FCO works towards three foreign policy priorities:

Safeguard Britain's national security by countering terrorism and weapons proliferation and working to reduce conflict;

Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth; and

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

Commercial Diplomacy is a key activity in building Britain's prosperity. The Foreign Secretary identified this senior Trade and Investment position as one to be opened up to external competition in order to attract a field of applicants with significant commercial experience.

The position of Chief Executive at UKTI is also currently being advertised through external competition.

25 January 2011

G. TOUR LENGTHS

SIX MONTH POSTING

- All staff: six months with the option to apply for a second six months.

Baghdad Basra Lashkar Gah

ONE YEAR POSTINGS

- Heads of Mission and Hard Language speakers: minimum two years with the option to apply for a third year.
- All other staff: minimum one year with the option to apply for a second and third year.

Abidjan Kabul Monrovia Islamabad
Conakry Luanda Pyongyang Sana'a

TWO YEAR POSTINGS

- Heads of Mission and Hard Language speakers: minimum three years
- All other staff: minimum two years with the option to apply for a third year
** The tour length for Bands A and B in Grand Turk is minimum two years with the option of a third year.

Algiers	Freetown	Pristina
Abuja	Grand Turk**	Riyadh
Almaty	Guangzhou	St Helena
Al Khobar	Jeddah	Tashkent
Ascension	Karachi	Tbilisi
Ashgabat	Khartoum	Tehran
Banja Luka	Kigali	Tirana
Sana'a	Kinshasa	Tristan da Cunha
Chisinau	Lagos	Ulaanbaatar
Chongqing	Minsk	Yaounde
Dushanbe	Phnom Penh	Yerevan
Ekaterinburg	Port Moresby	

THREE YEAR POSTINGS

- C4s and above: minimum three years with the option to apply for a fourth year.
- Bands A and B: three years. Extensions for a fourth year only granted in exceptional personal or operational circumstances.

Accra	Dhaka	Manila
Addis Ababa	Doha	Maputo
Alexandria	Georgetown	Montserrat
Anguilla	Gibraltar	Moscow
Asmara	Grand Cayman	Mumbai
Baku	Grand Turk—C4 and above only	Nairobi
Bandar Seri Begawan	Guatemala City	New Delhi
Bangalore	Hamilton	Rangoon
Banjul	Hanoi	Rio de Janerio
Beijing	Harare	St Petersburg
Beirut	Ho Chi Minh City	Sao Paulo
Belgrade	Honiara	Sarajevo
Belmopan	Jakarta	Seoul
Bogota	Jerusalem	Shanghai
Cairo	Kampala	Skopje
Chennai	Kathmandu	Stanley
Colombo	Kolkata	Suva
Dakar	Kuwait City	Taipei
Damascus	Lilongwe	Tortola
Dar es Salaam	Lusaka	Victoria

EXCEPTIONS

- C4s and above: minimum three years with the option to apply for a fourth year.
- Islamabad—C4s and above: minimum two years with the option to apply for a third.
- Bands A and B: minimum two years with the option to apply for a third year.

Islamabad Kiev Tripoli

FOUR YEAR POSTINGS

- C4s and above: four years.
- Bands A and B: three years. Extensions for a fourth year only granted in exceptional personal or operational circumstances.

Abu Dhabi	Havana	Port Louis
Amman	Helsinki	Port of Spain
Amsterdam	Holy See	Prague
Ankara	Hong Kong	Pretoria
Athens	Houston	Quito
Atlanta	Istanbul	Rabat
Auckland	Johannesburg	Reykjavik
Bahrain	Kingston	Riga
Bangkok	Kuala Lumpur	Rome
Barcelona	La Paz	St Johns
Berlin	Lille	San Francisco
Berne	Lima	San Jose
Boston	Lisbon	Santiago
Brasilia	Ljubljana	Santa Domingo
Bratislava	Los Angeles	Singapore
Bridgetown	Luxembourg	Sofia
Brisbane	Madrid	Stockholm
Brussels**	Melbourne	Strasbourg
Bucharest	Mexico City	Sydney
Budapest	Miami	Tallinn
Buenos Aires	Milan	Tel Aviv
Canberra	Monterray	Tokyo
Cape Town	Montevideo	Toronto
Caracas	Montreal	Tunis
Casablanca	Munich	Valletta
Castries	Muscat	Vancouver
Chicago	Naygoya	Vienna
Copenhagen	New York***	Vilnius

Denver	Nicosia	Warsaw
Dubai	Osaka	Washington
Dublin	Oslo	Wellington
Durban	Ottawa	Windhoek
Dusseldorf	Panama city	Zagreb
Gaborone	Paris	
Geneva	Perth	
The Hague		

** = at UKRep (Brussels)—Bands A and B: three years, Band C: minimum two years with the option to apply for a third and fourth year, Band D and SMS: minimum three years with the option to apply for a fourth

*** = at UKMis (New York)—Bands A and B: three years, C4s and above: minimum three years with the option to apply for a fourth.

Last updated: 25 November 2010

Letter to the Chair of the Committee from Simon Fraser CMG, Permanent Under-Secretary, Foreign and Commonwealth Office

SUSTAINING A GLOBAL FCO DIPLOMATIC NETWORK

Your recent report on FCO Finance and Performance picked up the issue of replacing UK-based members of the FCO with locally engaged staff in our posts around the world (localisation). You also asked me and the Foreign Secretary about this at our last appearance before the Committee.

We will respond shortly to the various questions in your report. In view of the Committee's interest in the localisation issue, I want to let you know about an announcement we made to our staff today. This is that we intend over the next four years to end nearly all overseas FCO postings for our most junior UK-based staff (our A and B Band staff), leaving only a few essential positions at this grade.

There are two main reasons for this. First, we have to find savings. The value of the FCO budget will drop over the next few years while the costs of operating abroad will rise. We want to sustain and strengthen our global diplomatic network. To do that we need to cut costs where we can. Reducing to a minimum the numbers of A and B Band staff overseas, who perform mostly administrative tasks in our Embassies, can save us up to £30 million a year to support our diplomatic work.

Second, this decision reflects reality. Over the last several years the opportunities for overseas postings in Band A and B have been reducing. As the structure and role of the FCO changes, we cannot any longer offer the range of jobs overseas that we used to for more junior UK-Based staff. We are accelerating the existing trend and setting a clear objective for where we plan to end up.

There are currently about 450 FCO A and B Band jobs overseas. Over the next four years we plan progressively to localise, reconfigure, upgrade or otherwise replace all of these jobs, except where we decide that it is operationally essential to retain a UK-based A or B Band officer. We expect that it will leave in the region of 50 FCO A and B Band jobs overseas by April 2015.

We intend to manage this change in a way that minimises the impact on our staff, allows them time to adjust, and enables us to continue to offer them the best possible deal we can. So we aim to achieve this change progressively over the next four years. We will not short-tour those staff already overseas. We do not plan to make any staff compulsorily redundant. And we will introduce a new accelerated promotion scheme to allow our most talented junior staff to reach the more senior levels of the Diplomatic Service quicker than in the past.

This is a difficult decision. I would be happy to discuss this further with you and the Committee. But we have weighed it carefully, and we are convinced that it is the right thing to do for the long term health of the UK's global diplomatic network and the FCO as an institution.

23 February 2011

Letter to the Chair of the Committee from Rt Hon William Hague MP, First Secretary of State and Secretary of State for Foreign and Commonwealth Affairs

During my 7 February evidence session with the Foreign Affairs Committee I agreed to write to Committee members with further information on three subject areas.

THE CASE OF MR SAID MUSA

As you are aware, Said Musa is an Afghan citizen and Christian convert who works for the International Committee of the Red Cross (ICRC). The Afghan National Directorate of Security (NDS) detained him on 31 May 2010 following alleged footage on television of Afghans converting to Christianity. We understand that

he has been charged with conversion and apostasy. Mr Musa was arraigned for trial in November and he has been in custody throughout. The trial has not started and its opening has been postponed a number of times. There is no indication that Mr Musa will be tried and sentenced imminently.

Afghan law itself does not criminalise conversion or proselytising. It is the Constitutional provision for Sharia Law that allows the death penalty for conversion.

US Embassy representatives visited Mr Musa in November 2010 and are satisfied that he is being well treated. However, we understand that the defence lawyers who have visited Mr Musa refused to represent him because he is unwilling to convert back to Islam; therefore, he will not have legal representation at the trial. The Afghanistan Independent Human Rights Committee (AIHRC) has been similarly cautious about becoming too involved in this case, given the strength of public feeling about conversion. The ICRC, though criticised for lack of action by the international Christian community, have visited Mr Musa but have been unable to share any details with us.

Mr Burt takes a close interest in this case and our Embassy has been monitoring developments assiduously. EU Heads of Mission agreed in November 2010 to work through the EU Special Representative, Vygaudas Usackas. The EU Special Representative has been regularly raising this case with the Afghan Attorney General's Office to press for a quick and discreet solution. Furthermore, the Afghan Attorney General gave assurances in January to both Dominic Grieve, UK Attorney General (during his visit to Afghanistan) and the EU Special Representative that Mr Musa would be released. However, Mr Musa remains in detention.

The US and the EUSR continue to raise this case with the Government of Afghanistan regularly and I can assure the Committee that the British Government will continue to encourage and support robust representations regarding the case of Mr Musa.

PROTECTION FOR LOCALLY-ENGAGED MEMBERS OF STAFF

As I noted during the evidence session I feel strongly about the protection of our locally-engaged staff and fully share Committee members' views that the maximum possible protection should be afforded to them.

The Vienna Convention on Diplomatic Relations (VCDR) governs the privileges and immunities that are provided to all members of a diplomatic mission including locally-engaged staff. We have closely examined its provisions to explore all legal avenues to enhance the protection afforded to our local staff. But ultimately, other than those specifically provided for in the VCDR, it is for the Receiving State to grant additional privileges and immunities to locally-engaged staff.

As you are aware, our locally-engaged staff, who are normally nationals of, or permanent residents in, the Receiving State, are provided with limited privileges and immunities. The extent of their privileges and immunities will depend on the position they hold in the mission. If they are diplomatic agents they will enjoy immunity in respect of their official acts performed in the exercise of their functions and any additional privileges and immunities that the Receiving State decides to grant them (Article 38(1) of the VCDR). If they hold another position in the mission, they will only enjoy the latter (Article 38(2) of the VCDR). It is open to the UK to appoint locally-engaged staff as diplomatic agents, if and only if, they are performing diplomatic functions and thus have diplomatic rank (Article 1(d) of the VCDR). However, for those who are nationals of the Receiving State, the Receiving State must consent to their appointment as diplomatic agents (Article 8(2) of the VCDR). This consent can be withdrawn at any time and thus any (limited) immunity afforded to locally-engaged staff will also be withdrawn (Article 8(2) of the VCDR). While we use the VCDR where possible to protect our locally-engaged staff, we recognise the limitations (set out above) and use co-ordinated political action and concerted lobbying, where necessary, with EU and other like-minded partners to reinforce the message of how we expect our locally-engaged staff to be treated.

SMALL FCO POSTS

The list below details posts where there are five staff or fewer at post, including locally-engaged officers:

Abidjan, Anguilla, Antananarivo, Ascension, Banja Luka, Basra, Bilbao, Calgary, Castries, Corfu, Denver, Grand Cayman, Guadalajara, Hamilton, Heraklion, Hyderabad, Ibiza, Juba, Las Palmas, Marseille, Monrovia, Monterrey, Orlando, Palma, Pitcairn, Plymouth, Portimao, St Helena, Stanley, Sylhet, Rhodes, Tangier, Thessaloniki, Tristan da Cunha, Venice, Zakynthos.

The vast majority of these are posts in UK Overseas Territories or Consulates. For operational and security reasons we cannot provide a more detailed breakdown.

Please do not hesitate to contact me or my staff if you require further information as you pursue your inquiry and I look forward to considering carefully the conclusions and recommendations of the Foreign Affairs Committee upon publication of the "Role of the FCO in UK Government" report.

2 March 2011

Supplementary written evidence from the Foreign and Commonwealth Office

You asked for information on the language capability of the Foreign and Commonwealth Office network of bilateral Heads of Mission (HOM).

There are 142 bilateral HOM positions, of which 96 are currently identified as having a language requirement. Of these 96:

- 82 speak the local language to a good level of proficiency;
- a further six have some command of the local language, but are yet to take FCO language examinations;
- two do not speak the local language, but speak another important relevant language fluently (eg Russian in Central Asia);
- four do not speak the local language; and
- two posts are vacant.

This data is correct as of end-March, and will change as HOMs rotate in and out of post.

For all of these jobs our approach is to appoint people who already have the relevant language skills or to train them so they can operate effectively in the language before taking up the position. On occasion it may be the case that the person best qualified for the job in relation to other important skills does not speak the language and for operational reasons does not have time to learn the language to a high level before starting. We aim to keep these cases to a minimum and to provide language training in post for the officers concerned.

20 April 2011

Written evidence from Sir Peter Ricketts GCMG, National Security Advisor

As requested in your letter of 15 December, I enclose a memorandum responding to your questions, prior to my appearance in front of the Committee on 26 January.

NATIONAL SECURITY ADVISER POSITION

Q1. Under what powers, by what process and on what terms was Sir Peter appointed as National Security Adviser? My understanding is that Sir Peter is seconded to the post from the FCO

A1. Sir Peter Ricketts is on secondment from the FCO on a level transfer at Permanent Secretary level.

In terms of the appointment process, this was a managed move. The Cabinet Secretary discussed the appointment with the Prime Minister, having first consulted the Foreign Secretary and the First Civil Service Commissioner. The decision to appoint an experienced Permanent Secretary through a managed move process was taken due to the specialist nature of the role, the seniority of the post, and the need to have a National Security Adviser in place at the outset of the new Government.

Q2. Who deputises for Sir Peter at meetings of the NSC and its Permanent Secretaries Group when he is unable to be in London, for example because he is accompanying the Prime Minister on official travel?

A2. Oliver Robbins, Deputy National Security Adviser for Intelligence, Security and Resilience or Julian Miller, Deputy National Security Adviser for Foreign & Defence Policy deputise for Sir Peter Ricketts when he is unable to attend meetings of the National Security Council and the National Security Council (Officials).

Q3. Sir Peter is the accounting officer for the intelligence agencies. I would be grateful if you could clarify what change this represents compared to the situation prior to the creation of the National Security Adviser post

A3. Following the creation of the National Security Adviser role, Sir Peter Ricketts took on the role of Principal Accounting Officer (PAO) for the Security and Intelligence Agencies. As PAO, Sir Peter is responsible for ensuring propriety and the efficient and cost effective conduct of business across the three Intelligence and Security Agencies. Prior to the creation of the NSA role, this was undertaken by the Cabinet Secretary. The Cabinet Secretary and Sir Peter agreed that, since Sir Peter's role brought him into close and regular contact with the Agencies, it made sense for him to take over that PAO function.

NSC ORGANISATION

Q4. I would be grateful if you could supply updated information on the structure and size of the National Security Secretariat. In his evidence to PASC, Mr Letwin said that the NSC structure would be reviewed after completion of the SDSR

A4. The team that was drawn together within the National Security Secretariat to develop the National Security Strategy (NSS) and Strategic Defence and Security (SDSR) Review has disbanded. The National Security Secretariat has therefore returned to the pre-SDSR structure of five Directorates: Foreign and Defence

Policy; Strategy and Counter-terrorism; Security and Intelligence; Cyber Security & Information Assurance; and Civil Contingencies. The Secretariat currently employs around 195 staff. An up to date organogram is attached.³ Further structural changes are underway as a result of a review, which will see a reduction in staff by around 25%, and a reduction in Directorates from five to four.

Q5. I would be grateful if you could confirm that minutes of NSC meetings are being taken; and that NSC minutes and other papers are being treated in the same way as other Cabinet and Cabinet Committee papers ie deposited in the National Archives under the 30-year rule

A5. National Security Council minutes are being taken and are treated in the same way as other Cabinet and Cabinet Committee papers.

Q6. In his submission to FAC's inquiry,⁴ Lord Owen has suggested that the NSC should be placed on a statutory footing, in order to ensure that it "represents a real and sustained innovation and not one subject to the whim of a particular Prime Minister". Is any thought being given to this possibility?

A6. The National Security Council is a Cabinet Committee. It exists on the same basis as all other Cabinet Committees. There are no plans to place the Council on a statutory footing.

Q7. Does the National Security Secretariat have a dedicated contact unit in the FCO (and other relevant departments) through which it can request and develop papers for the NSC?

A7. The Policy Unit in the Foreign and Commonwealth Office coordinates the FCO contribution to the National Security Council. The National Security Secretariat works closely with the Policy Unit, and also with those in the FCO drafting individual papers.

NSC AGENDA

Q8. I would be grateful for any further information you could provide on the process by which the NSC's agenda is determined. The Prime Minister told the Liaison Committee on 18 November that he determines the agenda, on the advice of Sir Peter; and that each meeting takes an update on key immediate priorities, plus a discussion of one longer-term issue. Specifically:

- (a) Of items being considered by the NSC, roughly what share—if any—have been placed on the Council's agenda as the result of requests from departments?*
- (b) Of items being considered by the NSC, roughly what share are scheduled recurring items (eg regular reports on implementation of particular strategies), what share are new or potentially one-off, longer-term, less time-sensitive items (eg consideration of particular countries or longer-term issues), and what share are more immediate issues, driven by events?*
- (c) For the purposes of deciding the issues that should be considered by the NSC, where are the boundaries being drawn of "security" as opposed to non-security issues? Is the National Security Secretariat working with a fairly firm set of criteria as to what counts as a "security" issue for NSC purposes (for example, only issues that are mentioned in the National Security Strategy), or is this being handled on a more ad hoc, flexible basis?*

A8.

(a) The NSC forward work programme is discussed in the Officials meeting of the National Security Council and agreed with Departments. The National Security Adviser then consults the Prime Minister on the forward agenda. Suggestions for future agenda items are often proposed by Departments and have been taken by the Council both in meetings and through correspondence. As a proportion, this is around a quarter of all NSC agenda items.

(b) The Council was briefed on the situation in Afghanistan every fortnight in 2010. This was often accompanied by a policy paper. The Council also took regular updates on Pakistan and counter-terrorism developments. These regular items accounted for about a third of NSC meetings in 2010. This pattern is expected to continue in 2011.

The Council has also devoted significant time to discussion of longer-term strategic issues, for example the National Security Strategy and the Strategic Defence and Security Review.

(c) The Council has considered a broad range of issues relevant to national security. The National Security Strategy provides a good guide to the risks which we would regard as falling within the scope of the NSC, although it will be important to retain the flexibility to consider other issues if necessary.

³ Ev w107

⁴ Ev w11

Q9. According to the SDSR, the NSC is to approve integrated, FCO-led cross-government strategies for particularly important bilateral relationships. Has the NSC yet approved any such strategies? If not, when do you expect the first such strategy/strategies to come before the Council, and which countries do you expect it/them to cover? Given that, as I understand it, the aim of such strategies is to include “domestic”, non-security departments such as health and education into the UK’s bilateral relationships, why would the NSC be the appropriate forum for such strategies to be approved, rather than the full Cabinet?

A9. The NSC sub-committee on Emerging Powers chaired by the Foreign Secretary has already approved strategies on China, Brazil and South-East Asia. Other strategies are scheduled to be submitted in 2011 including on the Gulf, Japan, Turkey and African emerging powers. The NSC is also scheduled to take a paper on Russia in early 2011.

Members of Cabinet who are not members of the NSC or its Emerging Powers sub-committee are invited to attend meetings covering policy decisions that will affect their departments.

SUB-NSC BODIES

Q10. I would be grateful if you could provide any further information available at this stage on two new bodies mentioned in the SDSR, with particular reference to their implications for the FCO and its budget:

- (a) *At p 46, in the section dealing with instability and conflict overseas, the SDSR says that the Government will “establish a single cross-government board to deal with conflict overseas”, replacing “three separate structures dealing with conflict, peacekeeping and stabilisation”. The SDSR goes on to say that “lead responsibility for delivering results” in this field will be given to overseas posts.*
- (b) *At p 55, in the section on counter-proliferation, the SDSR says that there is to be a new committee, chaired by the Cabinet Office and reporting to the NSC, to ensure that “UK counter-proliferation priorities are reflected in our wider relationships with international partners”. The Committee is to oversee a new common funding stream, the Critical Capabilities Pool.*

A10.

(a) The SDSR sets out the Government’s initiative on Building Stability Overseas, with an emphasis on effective upstream work to prevent conflict and tackle emerging threats to the UK. The Foreign Secretary and the Secretary of State for International Development are designated as Ministerial co-leads for this work, reporting to the NSC as necessary. The FCO’s Director-General for Political Affairs and the Department for International Development’s Director-General Programmes are designated as lead officials jointly responsible for supporting the two Secretaries of State and leading work across government and with partners.

As set out in the SDSR, the detailed work on conflict prevention (including Conflict Pool programme activity), peacekeeping and stabilisation will be overseen by a Director-level Whitehall Board bringing together FCO, DFID and MOD, with Cabinet Office and others in Whitehall as necessary.

One of the key work streams the Director-level Board will oversee is the drafting of a government strategy for Building Stability Overseas which will be published by Spring 2011. This strategy will provide a framework of practical guidance for staff in Whitehall and overseas to drive a more effective, coordinated approach in priority countries including the use of Conflict Pool programme funds. It will also ensure that we have methodology in place to measure success and the value for money of our integrated approach. The aim is that through a more rigorous focus on prioritisation and delivering results the Government will ensure optimum value for money. The FCO will need to report separately to the FAC on the implications for their budget.

(b) The NSC Officials Committee on Counter Proliferation (NSC(O)CP) is chaired by Julian Miller, the Deputy National Security Adviser. Directors General are invited from those Government Departments and Agencies involved in counter-proliferation activity. The FCO is represented by the Director General for Defence and Intelligence and the FCO performs the secretariat function, helping prepare the agenda and papers for the Committee. FCO geographical Directors will be invited to attend on an ad hoc basis to ensure that counter-proliferation is considered in wider foreign policy objectives. The Committee held its first meeting in January 2011, when it, among other things, agreed terms of reference.

The Critical Capabilities Pool (CCP) was created to protect, and improve central co-ordination of, a range of capabilities central to the UK’s counter-proliferation work, yet spread across Government. The CCP was agreed by the National Security Council as part of the SDSR. Since then, officials have worked to identify how the pool would be resourced. That work is nearing completion. The NSC(O)CP will make a decision on its composition and governance early in 2011. In the meantime the FCO is working with other Departments to ensure that critical national counter-proliferation capabilities are not eroded as individual departments make decisions about spending.

14 January 2011

Supplementary written evidence from the office of Sir Peter Ricketts

SUPPLEMENTARY QUESTIONS

Many thanks for your email of 1 February seeking clarification of a number of points supplementary to Peter Ricketts' written evidence on the role of the FCO in UK Government. I enclose below our responses

1. With regard to Sir Peter's written answer A4, which of the current five Directorates in the National Security Secretariat is to be disbanded as a result of the recent, post-SDSR review, and where will its responsibilities then be sited?

The Strategy and Counter-terrorism Directorate in the National Security Secretariat is to be merged following the review. Its counter-terrorism responsibilities will be integrated into the Security and Intelligence Directorate. The central direction and coordination of strategy will also still be carried out by the Cabinet Office, including through the creation of a more formal strategic thinking network overseen by the National Security Adviser. This was a commitment made in the Strategic Defence and Security Review.

2. With regard to Sir Peter's written answer A9, for the purposes of determining items to be considered by the Emerging Powers Sub-Committee, is the NSC operating with any firm definition of "emerging powers"?

The term "emerging power" is being used to refer to countries whose geopolitical influence is growing and expected to be ever more influential in the next five to 10 years. These countries are broadly outside Europe and North America, where the UK already has very deep and well developed relationships. We do not have a set of fixed criteria for determining where to draw the lines, but look at a combination of factors such as political, commercial, military and economic influence, and where the benefits to be accrued from elevating bilateral relations are in the UK's wider interests. Such countries will typically offer the greatest new potential sources of commercial opportunity to the UK.

3. Would it be possible for the bilateral strategies being approved by the Sub-Committee—such as the one recently approved on Brazil—to be shared with the FAC, if necessary on an in-confidence or classified basis? The FAC is taking an interest in this as it will shortly be launching an inquiry into UK-Brazil relations.

The FCO intend to provide detailed information on UK-Brazil relations as part of their input to the Committee's Inquiry. This will cover the full range of UK activity with Brazil. However, bilateral strategies being approved by the Emerging Powers Sub-Committee would not be shared with the FAC. Papers of the National Security Council and its sub-committees are treated in the same way as other Cabinet Committee papers. Information relating to the proceedings of Cabinet Committees is generally not disclosed as to do so would put at risk the public interest in both collective responsibility and the full and frank discussion of policy by Ministers. This is consistent with longstanding practice.

4. Could you confirm whether the NSC, or an NSC body has taken a discussion of the security implications of climate change, late last year? Which department or body provided the relevant paper(s)?

The NSC met on 16 November 2010 to discuss climate change, including its security implications. Papers were drafted by the Department for Energy and Climate Change.

5. With regard to Sir Peter's written answer A10(b), the Committee would welcome an update on funding and governance arrangements for the Critical Capabilities Pool when these have been agreed

In January the National Security Council Official Committee on Counter Proliferation (NSC(OCP)) agreed on the Structure of the counter proliferation Critical Capabilities Pool (CCP). The CCP will contain several programmatic elements, with resources being prioritised for the Government's work to:

- Strengthen nuclear and biological security globally;
- Reduce the risk to national security from States' illicit acquisition of Weapons of Mass Destruction and their means of delivery;
- Support the international system of organisations, treaties and regimes that underpins global security such as the International Atomic Energy Agency, the Nuclear Non-Proliferation Treaty and the Biological and Toxin Weapons Convention.

In addition, the CCP will contain resources for security-related science and technology work in the radiological and nuclear, and chemical and biological fields.

Work to allocate resources within the CCP is still ongoing. Alignment of those resources against the strategic objectives for the Government's counter proliferation work will be ensured through the governance mechanism for CP that was announced within the Strategic Defence & Security Review.

7 February 2011

Supplementary written evidence from Alastair Newton

THE ROLE OF THE FCO: INITIAL STATEMENT

1. THE FCO AND THE CITY

I should start by underlining that I shall be giving evidence in a purely personal capacity as a former member of HM Diplomatic Service; and that my views are not necessarily a reflection of those of my current employer and/or other organisations with which I am associated.

Members of the Committee may well be familiar with Christopher Meyer's book *Getting Our Way* which offers a number of thoughts which are, I believe, relevant to this enquiry. Notably:

- Reference to Lord Palmerston's famous comment that "*Our interests are eternal and perpetual, and those interests it is our duty to follow*" (page 5)—cited by Christopher as the principal basis upon which the FCO's priorities should be determined;
- Recognition at many points in Christopher's text that trade remains central to our economic wellbeing; and
- Christopher's confession (at page 232) that; "*For all its interests, trade was not my natural habitat*".

Drawing on those points in order, I would argue as follows:

- The continuing importance of our financial services industry to the UK economy is such that its promotion and well-being internationally can reasonably be counted among our "eternal and perpetual interests";
- Consistent with that, the Diplomatic Service does indeed devote considerable resources to trade and investment promotion, including in financial services;
- But Christopher is far from an isolated example of a senior British diplomat for whom trade—and perhaps especially financial services—is not a "natural habitat".

All these points—but perhaps particularly the third—are highlighted by the fact that, for the second time in a little over a decade, the FCO is currently looking to recruit from the City for arguably its most important financial services-related post, that of HM Consul General New York/Director General UKTI USA—a post for which I was invited to bid despite the fact that the Office encouraged me into early retirement in 2005 from the post of Director UKTI USA!

The effort in the late 1990s to recruit from the City ended in failure—significantly, I understand, because the package on offer was not sufficiently generous to attract a City high flyer. I wish the FCO better fortune this time—although I am sure any City candidate of similar general calibre to senior FCO (or BIS) staff who might be considered for this post would have to take a significant cut in salary.

It would therefore be sensible, in my view, for the FCO to equip itself adequately to staff posts where knowledge of financial services is a prerequisite. I believe the following five (low cost) measures would help enormously in this respect:

- Reinstate the programme of secondment to the City which lapsed a year after my own secondment to Lehman Brothers immediately prior to my New York posting;
- If this too has lapsed, reinstate regular senior FCO staff meetings with the Governor and senior staff of the Bank of England (initiated by the then PUS in 1998);
- The FCO's Director-General Europe and Globalisation (presently Nick Baird) to host regular roundtable lunches with senior people from the City;
- The FCO actively to participate in the LOTIS Committee of TheCityUK; and
- Perhaps most important—but most difficult—of all, effect a culture change so that FCO high flyers no longer consider that trade is not "real" diplomacy but see it as a priority national interest where the FCO can make a real difference.

2. THE FCO AND THE EU

Overall, I believe that the FCO—indeed, Whitehall as a whole since the FCO is only a fraction of the team effort—does a pretty good job of representing UK interests in Europe. Certainly both Brussels bureaucrats and other EU MS diplomats respect our representation and representatives.

Indeed, it would be fair to say that the UK has and continues to play a particularly important role in trade policy (eg the FCO's current PUS, Simon Fraser, was *chef de cabinet* to the Trade Commissioner for some years). And, as far as the City's interests are concerned, HM Treasury is a genuine heavy-hitter in Ecofin and other relevant committees.

That said, our most important diplomatic front is and will remain Europe and there is always room for improvement, eg:

- Support more high flyers from across Whitehall to take secondments to the Commission and the European Council Secretariat;

- Support as strongly as some other EU MS do the careers of our nationals in Europe's bureaucracies—from the very bottom of the ladder upwards;
- Remember that building a consensus—or at least a qualified majority—in Europe is not just about France and Germany but also about relations with smaller MS (something to which lip service has long been paid by the DS but.....);
- More effort with European parliamentarians would probably pay dividends post-Lisbon.

One further thought which some of my former colleagues may consider heretical. With the exception of the WTO where community competence rules, Europe—all too often speaking with many voices—punches significantly below its weight on the international stage. The EU now has an external service which is here to stay despite the fact that its role, especially relative to Member States' diplomacy, appears ill-defined. Is it time for the UK to devolve more “high diplomacy” to Europe and to devote more of its resources to issues which clearly are of national rather than European interest, notably trade and investment promotion?

2 February 2010

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