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Foreign Affairs Committee

Foreign and Commonwealth Office Annual Report 2003

Twelfth Report of Session 2002–03

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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 Office of the Foreign and Commonwealth Office and its associated public bodies.

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Committee staff

The current staff of the Committee are Steve Priestley (Clerk), Geoffrey Farrar (Second Clerk), Elizabeth Sellwood (Committee Specialist), Ann Snow (Committee Specialist) Jane Appleton (Committee Assistant), Julia Kalogerides (Secretary) and Andrew Boyd (Senior Office Clerk).

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Conclusions and recommendations

1. We recommend that, in future, the title of the FCO's Departmental Report refer to the period upon which it reports, rather than to the year in which it is published. So next year's report title should clearly state the month and year for the beginning and end of the period covered by the report's contents. (Paragraph 4)
2. We recommend that the FCO continues to present cost-benefit illustrations of its work. These should include not merely examples of where the FCO has secured very substantial benefit in relation to the cost incurred, but also where substantial costs have been incurred for only very limited, and perhaps even negative, benefit. (Paragraph 6)
3. We conclude that, on the whole, the Foreign and Commonwealth Office's Annual Report 2003 is a well-presented and informative account of the year to April 2003 for the department. However, we recommend that future Reports strive to reflect more accurately both those areas where the Office has met, or surpassed, its objectives and those where it had hoped to achieve more. (Paragraph 9)
4. We conclude that the Foreign Office is rightly proud of the vast majority of the work done by its staff, as set out in the Annual Report 2003. We place on record our thanks and support to all those who work in the Foreign Office and its agencies for the dedicated service they provide to this country. (Paragraph 10)
5. We conclude that the new Public Diplomacy Strategy Board is a welcome development in ensuring a consistency of approach and ambition among all those involved in the promotion of the United Kingdom's interests and image overseas. We look forward to a progress report in the next Annual Report and to scrutinising its work in the future. (Paragraph 17)
6. We conclude that the Foreign Office, British Council and BBC World Service are wholly right in seeking to improve perceptions and understanding of the United Kingdom in the Arab and Muslim worlds, especially at this time. We hope to see this important work continuing in the future and new initiatives being undertaken by all those involved. (Paragraph 20)
7. We conclude that the new Global Opportunities Fund offers an excellent opportunity for the Foreign Office to encourage new and innovative projects, and to focus upon its key priorities. However, while the Committee agrees that small sums of money, well-targeted, can produce significant results, we remain concerned that the new Fund has insufficient resources to have the impact across the globe it needs and deserves. We shall monitor its progress with interest. (Paragraph 27)
8. We recommend that the FCO continues to fund both the BBC World Service and the British Council at a level which will enable both organisations to perform their invaluable roles for the UK with increasing effectiveness and widening coverage across the world. (Paragraph 33)
9. We conclude that the closure of a number of posts in Central America and West Africa is a deeply regrettable, retrograde step in promoting and protecting British

interests overseas. We recommend that such closures be considered as the last resort when considering priorities for UK diplomatic representation overseas, and that all other viable alternatives be explored prior to such action being taken. We further recommend that, failing a decision to keep open a post, creative solutions be sought, including joint initiatives with one or more EU partners or with the EU Commission itself. (Paragraph 38)

10. We conclude that it is wholly unacceptable that there is still no British Embassy in Kyrgyzstan, despite the clear damage this is doing to the United Kingdom's interests in that country and the region. We recommend that an Embassy be established in Bishkek as soon as possible. (Paragraph 41)
11. We recommend that a section be included in the next Annual Report setting out how the Foreign Office envisages greater EU cooperation on foreign policy matters working in practice. (Paragraph 43)
12. We conclude that the cancellation of the Focus project and the consequent cost incurred by the Foreign Office was an extremely unfortunate incident. We recommend that, in its response to this Report, the Foreign Office set out:
 - a) what lessons have been learned from the cancellation of Focus for other, similar, ICT projects;
 - b) what adverse impact is likely to result on the Office's ICT "strategic target" (i.e. transforming from "a headquarters with outstations into a single online global organisation"); and
 - c) how the services that the Focus programme was to have provided will now be delivered. (Paragraph 49)
13. The Committee concludes that it is unacceptable for a loss of approximately £7 million of taxpayers' money to be disguised in a departmental annual report. We recommend that any such losses in the future must be reported fully and candidly. (Paragraph 50)
14. We recommend that, in its response to this Report, the Foreign Office explain why it failed to identify the risk of Global Crossing's parent company facing bankruptcy, and the consequent impact on the delivery of the FTN programme, during the negotiation of the contract, whether private sector firms undertook due diligence work on behalf of the FCO before the contract was entered into, and, if so, whether the FCO considers it has grounds for initiating proceedings against any of the firms in question. (Paragraph 52)
15. We conclude that the Foreign Office has undertaken a number of sound initiatives to respond to the unprecedented rise in visa applications in recent years. We record our thanks to those members of staff who work in this field, often in difficult and stressful conditions. We recommend that the Office continue to aspire to meet the challenging targets set in this area and to seek innovative solutions to the challenges it faces in dealing with the increasing demands on its operations. (Paragraph 56)

16. We conclude that there are very grave concerns about the long-term impact the asset recycling programme is having on the FCO's overseas estate. There is a real danger that, in its attempts to take full advantage of the scheme agreed with HM Treasury, the Foreign Office is selling properties below their real value in order to meet a short-term target. We recommend that every precaution be taken to ensure that the asset recycling scheme takes full account of the overall, long-term value of properties before they are recycled. If necessary, the Office should be prepared to 'bite the bullet' and miss its target for the asset recycling programme in order to preserve the long-term value of its overseas estate and identify alternative sources of funding for future investment. We further recommend that, in its response to this Report, the Foreign Office sets out when it envisages that the scheme will cease to be viable, and how ICT and estate modernisation will be funded when that happens. The Committee concludes that as a direct result of the FCO's asset recycling programme irreplaceable UK Government property assets are being lost to the nation for ever for short-term and rapidly depreciating ICT gain. The Committee further concludes that this policy should be abandoned forthwith and that the proceeds of any further property sales should be used to improve and expand Britain's diplomatic estate overseas. (Paragraph 64)
17. We conclude that the sale of the Consul General's Residence in San Francisco is another deeply regrettable result of the Foreign Office's misguided asset recycling programme. FCO managers should not have been placed in a position where they had to sell this key diplomatic asset for short-term financial gain. The damage done to British interests in San Francisco, and the USA, will undoubtedly be significant and felt long after the lump sum gained for the Office by its sale has been spent. (Paragraph 75)
18. We strongly recommend that the current historic, irreplaceable, centrally-located Embassy building in Prague be retained as part of the FCO's estate and not sacrificed to the asset recycling programme. Its loss would inevitably be a serious blow to British prestige and interests in this key European country and partner, which by May of next year will be a full member of the European Union. (Paragraph 78)
19. We recommend that the Foreign Office identify those properties which, like the Prague Embassy, are being considered as possible asset recycling targets and provide a full list, in confidence if necessary, to the Committee. We would expect this list to be updated by regular memoranda to the Committee in the future, say on a six-monthly basis. (Paragraph 79)
20. We conclude that the commitment being shown by the management of the Foreign Office to its locally-engaged staff is very welcome indeed. We recommend that the Office continue to open up new opportunities to these staff and do everything possible to ensure that good management is practised across the entire department. (Paragraph 81)
21. We recommend that in its response to this Report, the Foreign Office set out the results of its negotiations with other Government Departments about the remuneration of locally-engaged staff at overseas posts, and whether it has secured their co-operation in not "going it alone" and setting their own pay scales. (Paragraph 83)

22. We further recommend that the Foreign Office, perhaps using recently retired diplomats and management experts, carry out a general review of the role and terms and conditions of employment of locally-engaged staff, including comparative studies of the practice of other countries in this field. (Paragraph 84)
23. We conclude that the European Council's directive on retirement ages presents significant opportunities and challenges to the FCO, as it does to all employers. The benefits of retaining the skills and experience of older employees must be balanced against the need to encourage and develop new staff. We shall monitor the implementation of this directive across the Office in the coming years with interest. (Paragraph 88)
24. We conclude that it is highly probable that in the very near future the efficiency savings agreed by the Foreign Office with HM Treasury will result in cuts in the core activities of the FCO. We recommend that in its response to this Report, the Foreign Office set out how it intends to ensure that the efficiency savings it has been set do not damage its core activities and state whether it will be seeking to re-negotiate these targets prior to the next Spending Review. (Paragraph 92)
25. We conclude that the Foreign Office has performed extremely well in coping with the demands presented by the conflict in Iraq. We find it perverse, however, that in organisational terms as a consequence of its success, the FCO should have to cut core activities elsewhere to meet the additional burdens it has encountered. We recommend that the Government meet the claim on the contingency fund prepared by the Foreign Office in full. (Paragraph 96)
26. We conclude that the Government must increase the allocation of resources available to the Foreign Office in the near future if it is to avoid doing lasting damage to the good work the FCO is doing in so many fields. Asset recycling, efficiency savings and continuous re-prioritisations can only go so far in meeting the increasing demands arising from new global challenges such as Iraq upon the Foreign Office's already over-stretched budget. (Paragraph 99)

Introduction

1. The Foreign Affairs Committee has conducted an annual inquiry into the Foreign and Commonwealth Office's expenditure plans and administration matters since 1981.¹ In 1991, Government departments first began publishing annual departmental reports setting out their work for that year and expenditure plans for the future.² Since that time the Foreign Affairs Committee, like many other departmental select committees, has used these reports as an opportunity to scrutinise the Foreign Office's administration and expenditure in detail, and that of its associated bodies (most notably the BBC World Service and the British Council). On 12 May, the Foreign and Commonwealth Office (FCO) published its Departmental Report 2003 and we are pleased to continue the tradition of scrutiny in this Report.³

2. Our inquiry looked at a number of areas of the Foreign Office's work and we set out our findings in this Report. We examined several of the more significant developments in the Office's diplomatic work (such as the launch of the new Global Opportunities Fund), the establishment of FCO posts overseas, the Office's Information Communication Technology modernisation programme, the management of the FCO's overseas estate, the entry clearance operation and finance and personnel issues. The Committee also raised a number of other issues with the Foreign Office during the year, many by written question, some of which we comment upon in this Report.

3. In the course of our inquiry the Committee received a number of useful memoranda from a range of individuals and organisations. We also took oral evidence on two occasions: on 24 June, from Sir Michael Jay KCMG, Permanent Under-Secretary, Mr Alan Charlton CMG, Director of Personnel, Mr Peter Collecott CMG, Director General Corporate Affairs, and Mr Simon Gass CMG CVO, Director of Resources, of the FCO; and on 14 October, from Mr Collecott, Mr Julian Metcalfe, Head of the Estate Strategy Unit (ESU), and Mr David Coates, Estate Modernisation Manager in ESU, FCO.⁴ All the evidence we received is printed in full at the end of this volume.⁵ We should like to thank all those who have assisted us in our work.

4. The Committee believes it is important to clarify at this stage of its Report that the Foreign Office's Departmental Report 2003 actually comments upon the period from May 2002 to early April 2003. The developments and events it reports on, therefore, primarily took place in the calendar year 2002. There is a danger, we fear, that the title of the Report, referring as it does to the year of publication rather than the period reported on, could unintentionally confuse readers. **We recommend that, in future, the title of the FCO's Departmental Report refer to the period upon which it reports, rather than to the year**

1 Foreign Affairs Committee, Fourth Report of Session 1980–81, *Supply Estimates 1981–82*, HC 343

2 Foreign Affairs Committee, Fourth Report of Session 1990–91, *FCO / ODA Expenditure 1991–92*, HC 324

3 The Committee also examined the following publications: British Council, *British Council Annual Report 2002–03*, 2003; BBC World Service, *BBC World Service Annual Review 2002/03*, 2003; DTI and FCO, *British Trade International: Departmental Report 2003*, Cm 5915, May 2003; FCO, *Foreign & Commonwealth Office Business Plan 2003–06*, April 2003; and FCO, *Foreign and Commonwealth Office Resource Accounts 2001–02*, HC 324, January 2003.

4 Ev 19

5 Ev 28

in which it is published. So next year's report title should clearly state the month and year for the beginning and end of the period covered by the report's contents.

Annual Report 2003

5. In his Foreword to the 2003 Report, the Foreign Secretary, Rt Hon Jack Straw MP, described the last twelve months as a “rigorous test for British diplomacy.” He highlighted the impact of the tragic bombing in the Indonesian island of Bali, the Foreign Office’s work before and after the military action in Iraq and the threat from global terrorism as being particularly difficult challenges during the year.⁶ Mr Straw also stressed the “crucial role” that the United Kingdom had played in significant developments across the globe, such as the Middle East Peace Process, European Union (EU) and North Atlantic Treaty Organisation (NATO) enlargement, the launch of the International Criminal Court (ICC) and the negotiation of the Biological and Toxin Weapons Convention (BTWC). The Report then goes on to describe these developments, and many other aspects of the Office’s work (from its responsibility to the UK’s Overseas Territories, to its attempts to halt the illicit trade in rough diamonds), in much greater detail in subsequent chapters.

6. For some years, our Committee has stressed the importance of the Foreign Office expressing its performance in cost-benefit terms.⁷ Too often, we argued, the Office had failed to highlight the benefits it had brought to the taxpayer through relatively modest expenditure. We were very pleased to note, therefore, that at the end of nearly every chapter of the latest report there is a section entitled ‘Cost Benefit’, giving specific examples of some of the Office’s achievements during the previous year.⁸ For example, at the end of the chapter on ‘Prosperity,’ the Report notes that the activities of one mission in Japan, costing around £55,000 per annum, helped pave the way for £100 million worth of investment in new construction technology.⁹ We greatly welcome these practical illustrations of the valuable work done by the FCO across the world. **We recommend that the FCO continues to present cost-benefit illustrations of its work. These should include not merely examples of where the FCO has secured very substantial benefit in relation to the cost incurred, but also where substantial costs have been incurred for only very limited, and perhaps even negative, benefit.**

7. On the whole, the Annual Report 2003 is a well-presented, informative document, with which the FCO can be pleased. It sets out clearly the Office’s objectives and targets and relates them to its actual achievements. It provides detailed information on a wide range of issues, and also gives useful examples of the Office’s work in a series of text boxes, describing, for example, the experiences of an entry clearance officer in Mongolia.¹⁰ The Committee was particularly pleased to note that many of the changes we recommended in our Report last year on the Annual Report 2002 have been included in this latest

6 Foreign and Commonwealth Office, *Foreign and Commonwealth Office Departmental Report 2003*, May 2003, Cm 5913, pp 2–5, hereafter referred to as ‘*Departmental Report 2003*’ (www.fco.gov.uk).

7 See, for example: Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, para 17. This and all Committee material subsequently referred to is available at the Committee’s homepage: www.parliament.uk/parliamentary_committees/foreign_affairs_committee.cfm.

8 Departmental Report 2003, pp 46, 55, 64, 80, 94, 106, 120, 128, 136, 146 and 158

9 Departmental Report 2003 p 64

10 Departmental Report 2003, p 127

publication, especially in relation to the presentation of financial information.¹¹ During the course of this inquiry, we raised several detailed, minor, issues related to the use of language and the style of presentation in the Annual Report 2003 with the Foreign Office, and trust that these matters will be dealt with in its next Report.

8. A criticism that is sometimes raised in relation to publications such as departmental annual reports is that they are too often simply a ‘good news story’ that fail to present a balanced, comprehensive view of a department’s achievements and difficulties over the year. This style of presentation is understandable given any organisation’s natural desire to stress its strengths over its weaknesses. However, it is particularly important for a Government department to use the opportunity which an annual report represents to give the most candid assessment possible of its work to those whom it exists to serve. We regret to note, therefore, that in this year’s annual Report there are several occasions where the FCO could be more frank about areas in which it had hoped to achieve better results. For example, the section of the Report dealing with developments in the EU, while rightly praising the FCO’s work in securing the Union’s enlargement, makes no real mention of the difficulties the UK faced in securing an extension of the Union’s sanctions regime against Zimbabwe nor in promoting fundamental reform of the Common Agricultural Policy (CAP).¹² This contrasts with chapter seven of the Report, which, in relation to the World Summit on Sustainable Development (WSSD) in Johannesburg, recorded that: “the UK is active in promoting renewable energy; we would have liked to have seen a specific commitment from everyone at WSSD to do likewise”.¹³ This does not detract from the FCO’s efforts at the summit, but gives an honest assessment of what actually happened there to the lay reader and there can surely only be advantage in following such an example in other parts of the Report.

9. We raised our concern on this matter with Sir Michael Jay when he gave oral evidence to the Committee. He argued strongly that the Report gave a “positive account of what was a fairly remarkable year” and was not overly Panglossian in its presentation.¹⁴ However, he accepted that in some areas the Department could usefully be a little more self-critical.¹⁵ **We conclude that, on the whole, the Foreign and Commonwealth Office’s Annual Report 2003 is a well-presented and informative account of the year to April 2003 for the department. However, we recommend that future Reports strive to reflect more accurately both those areas where the Office has met, or surpassed, its objectives and those where it had hoped to achieve more.**

10. We feel that it is very important, though, that the concerns we raise in this Report, and elsewhere, about specific areas of the Foreign Office’s work do not detract from our overall support for the very valuable work it does. In the vast majority of cases, we believe that the United Kingdom is served extremely well by the Foreign and Commonwealth Office and its agencies. Its dedicated staff working throughout the world, both UK nationals and those

11 See: Foreign Affairs Committee, Twelfth Report of Session 2001–02, Foreign and Commonwealth Office Annual Report 2002, HC 826, paras 6–13, and FCO, Foreign and Commonwealth Office Annual Report 2002: Response of the Secretary of State for Foreign and Commonwealth Affairs, Cm 5712, January 2003, p 1.

12 Departmental Report 2003, p 102

13 Departmental Report 2003, p 67

14 Q 1

15 Q 4

engaged locally, provide an excellent service to the vast majority of those with whom it comes into contact. In London and when visiting overseas we are repeatedly struck by the quality, professionalism and dedication of its personnel, often working in very difficult and dangerous situations. The Annual Report 2003 gives a very useful picture of this service and the people who provide it. **We conclude that the Foreign Office is rightly proud of the vast majority of the work done by its staff, as set out in the Annual Report 2003. We place on record our thanks and support to all those who work in the Foreign Office and its agencies for the dedicated service they provide to this country.**

Developments in the year to May 2003

Crisis Response

11. During the period covered by the latest Annual Report (2002–3), the Foreign Office has continued to develop new methods of responding more rapidly to developments across the globe. The Annual Report noted, for example, that the Foreign Office now had the ability to establish diplomatic offices overseas far more quickly by using a “start-up facility in container form to be ready for immediate deployment. The facility will provide office and sleeping accommodation for a small team of diplomatic staff.”¹⁶ Such containerised accommodation is already being used by FCO staff in Kabul, Afghanistan, and, since the Report was printed, a British office in Baghdad has been established using similar accommodation, the first diplomatic mission to be established in the country following the recent conflict. In his oral evidence to the Committee in June, Sir Michael told us that this containerised accommodation was being replaced at that time by a ‘flat-pack embassy,’ which would allow “30–40 people to operate for a period of up to three or four years”.¹⁷

12. The Report also highlighted the establishment of three Rapid Deployment Teams (RDTs), which “can be sent to support Posts overseas when a major consular crisis occurs.”¹⁸ These three teams are on 24 hours notice to move, on rotation, and “can draw on further members from Posts in all regions of the world.” Sir Michael Jay told us they consisted of “consular experts, carers and communications people.”¹⁹ On 12 May, an RDT was deployed for the first time following the suicide bomb attacks in Riyadh, Saudi Arabia, and provided additional support to the Embassy there for a period of 72 hours.²⁰ Peter Collecott, Director General Corporate Affairs, told us that the Team had been heavily involved in trying to, “trace all the British citizens that we knew were living in the compound which had been bombed” and in supporting the Metropolitan Police, “who were trying to establish liaison with the local authorities, and to establish what had happened.”²¹

13. Another significant development during the year was ‘Exercise Blue Monday’—a “counter-terrorism tabletop exercise”—which was held in March 2003.²² This involved FCO officials working through “a notional scenario involving two major, simultaneous terrorist incidents affecting British interests overseas (an explosion at a British Embassy in a remote African country and a hostage-taking incident aboard a cruise liner in a foreign port)”. Sir Michael Jay told us that it had, “enabled groups of people, drawn from widely different parts of the Office, just to discuss amongst themselves how they would respond to a whole series, two twin crises, as they evolved during the day.”²³ The FCO plans to hold a

16 Departmental Report 2003, p 140

17 Q 16

18 Departmental Report 2003, p 7

19 Q 19

20 Ev 54 and Q 19

21 Q 19

22 Ev 54

23 Q 22

'live' exercise in Athens in December this year, in the build-up to the Greek Olympic Games.

14. During the inquiry, we also took important evidence on other aspects of the FCO's crisis facilities, such as a new 24-hour Response Centre, and changes to the FCO helpline, in addition to the important issue of travel advice.²⁴ We commented on many of these in our recent Report on the *Foreign Policy Aspects of the War against Terrorism*.²⁵ We would wish, however, to re-emphasise our support for all these developments and encourage the Foreign Office to continue seeking innovative means of responding to the world's rapidly changing political situation.

Public Diplomacy Strategy Board

15. The Foreign Secretary wrote to the Committee in November last year informing us that the Foreign Office had established a new Public Diplomacy Strategy Board, which would provide a "framework for collective efforts overseas aimed at projecting and promoting the UK."²⁶ This decision was made in response to an internal review of the activities of the FCO and its associated bodies, which had concluded that the Government needed an "overarching public diplomacy strategy". The Board was to be chaired by Sir Michael Jay and included representatives from the FCO, the BBC World Service, the British Council, the Department for International Development (DfID), British Trade International and VisitBritain (formerly the British Tourist Authority) and the devolved administrations. In May, Mr Straw wrote again to update the Committee on the Board's work: it had agreed a new strategy for public diplomacy work overseas and launched an innovative international tracking study, which would regularly review attitudes to the UK across the world.²⁷ The "strategic objective", as set out in the new strategy, was, "to understand and improve foreign perceptions of the UK". The Board had also identified a number of key geographical priority areas for the Board's work across the globe:

- major transitional countries (such as China, Brazil and India);
- the EU accession states;
- key Islamic countries;
- major developed nations (such as Japan); and
- the United States of America.

16. The Annual Report 2003 provided a further update on the Board's developing role.²⁸ It reported that it would have access to a new £5 million Public Diplomacy Programme Fund that would be used for two or three major campaigns each a year, the first of which was the 'Think UK' campaign in China this year. The campaign aimed to show that, "the UK is

24 QQ 23–24; QQ 6–15

25 Foreign Affairs Committee, Tenth Report of Session 2002–03, *Foreign Policy Aspects of the War against Terrorism*, HC 405, pp 47–48 and 57–61

26 Ev 28

27 Ev 38

28 Departmental Report 2003, p 83

good at the kind of innovation and original thinking relevant to China's needs," and included activities such as specially-commissioned TV shows, scientific exhibitions and exchange programmes.²⁹ China was chosen first as the FCO believed that improving perceptions of the UK among young, educated, professional Chinese would, "benefit the UK's political and commercial interests and contribute to the long-term development of mutually beneficial UK/China relations."³⁰ Unfortunately, many of the events have had to be postponed until later in 2003 owing to the outbreak of the SARs virus in China. The somewhat slender resources for the Programme Fund were obtained by what the Annual Report described as a "substantial reprioritisation," which we learned involved cuts to a number of radio and TV programmes previously produced by the FCO.³¹

17. We conclude that the new Public Diplomacy Strategy Board is a welcome development in ensuring a consistency of approach and ambition among all those involved in the promotion of the United Kingdom's interests and image overseas. We look forward to a progress report in the next Annual Report and to scrutinising its work in the future.

The FCO and the Muslim World

18. The Annual Report 2003 makes clear that the Foreign Office sees improving perceptions of the United Kingdom in the Arab and Muslim world as a key priority in the coming years. The Report describes the work of the Islamic Media Unit, for example, which "addresses Islamic opinion throughout the world with a special emphasis on the Arab media" and was particularly active in 2002.³² The Unit helps ensure that the UK Government has effective access to the Arab/Muslim media and has also raised awareness in the Islamic world of the important role played by Muslim communities in British society. We also noted the important work being done by the British Council and the BBC World Service in this area.

19. In his oral evidence to the Committee, Sir Michael Jay stressed the importance of the outreach work the Office was doing amongst Muslim communities in the UK to foster dialogue on issues of concern to them, a further interesting example of the erosion of the traditional division between domestic and foreign affairs.³³ The FCO is also responsible for the British Hajj Delegation, which consists of volunteer doctors and counsellors and two consular officials and provides assistance to British Muslims performing the Hajj Pilgrimage.³⁴ We raised with Sir Michael the criticism recorded in one newspaper Report that the money used to support the Delegation would be better spent, "promoting multiculturalism in Britain".³⁵ He argued strongly that the Delegation performed an "extremely useful function" and provided a "very important service" to the large number of

29 Ev 57, para 12, for further details.

30 *Ibid.*

31 *Ibid.*

32 Departmental Report 2003, p 84

33 Q 54. Also see: Departmental Report 2003, p 93.

34 Departmental Report 2003, p 119. The Hajj is the pilgrimage to the holy city of Mecca in Saudi Arabia, which every adult Muslim of either sex must make at least once in their lifetime.

35 "Britain has spent £100,000 on official delegation to Mecca", *The Independent*, 28 April 2003

people whom it assists.³⁶ We agree and trust that the Delegation's work will regularly be appraised to provide a continually improving service.

20. We conclude that the Foreign Office, British Council and BBC World Service are wholly right in seeking to improve perceptions and understanding of the United Kingdom in the Arab and Muslim worlds, especially at this time. We hope to see this important work continuing in the future and new initiatives being undertaken by all those involved.

Global Opportunities Fund

21. The Spending Review 2002 established a new Global Opportunities Fund (GOF) to support the Government's "key foreign policy objectives".³⁷ We commented upon the GOF in our Report on last year's Departmental Report and are pleased that the details of the new Fund have now been clarified. It was officially launched by the Foreign Secretary in a written ministerial statement to the House in May, and the Annual Report 2003 provided further details of its purpose and administration.³⁸ During the period 2003–06, the Fund has been allocated £120 million to, "support existing programmes on human rights and legal reform, democracy and good governance, the environment and international security."³⁹ It will also be used to support the FCO's science and technology work overseas.

22. In the first financial year, five new programmes will be launched using the Fund, targeting:

- "governance in EU accession/candidate countries and near neighbours;
- counter-terrorism;
- engagement with the Islamic world;
- climate change and energy; and
- strengthening our relations with emerging markets."⁴⁰

23. Each of these programmes will have a manager to whom overseas posts (embassies and high commissions) and some outside organisations can bid for funds for relevant projects using a simple application form. Successful projects will be selected on the basis of: a "clear link to PSA targets; specific, measurable outcomes; real potential to set change in motion; evidence of how GOF activity adds to existing efforts; and serious commitment by the Directorate/Posts involved to run the programme effectively".⁴¹

24. In an annex to one of the Foreign Office's memoranda for this inquiry, it is acknowledged that while "£120m is big money by FCO standards, it is far less than the

36 Q 57

37 Ev 40

38 HC Deb, 8 May 2003, col 37–38WS. *Departmental Report 2003*, p 23.

39 Ev 40

40 *Ibid.*

41 *Ibid.*

budgets of donors like DfID (which will soon be spending over £1 billion in Africa alone).⁴² In fact, once deductions have been made (for example, contribution to the FCO reserve) only £87 million will actually be available for new programme activity in the period 2003–6. This will be distributed across the three years as follows: 2003/4–£12m; 2004/5– £29m; and 2005/6–£46m. Some existing budgets will be integrated with the GOF to increase its impact—the Human Rights Project Fund (HRPF), Westminster Foundation for Democracy (WFD), Environment Fund and Counter-Terrorism Fund—but this will only add a further £46 million over the three year period (£15m; £15m; and £16m respectively), producing a grand total of £133 million (£27m; £44m; and £62m).

25. When we examined the detail of the Fund’s allocation, it was even more disappointing. For example, the memorandum noted that in the financial year 2003/4, £6 million would be allocated to work promoting democracy and good governance across the globe.⁴³ However, £4 million of this would be used by the WFD, i.e. a mere £2 million would be available for new GOF projects.

26. We raised our concerns on this issue with the Permanent Under-Secretary and his colleagues when they gave oral evidence. Sir Michael reported that the Office’s experience was that “the expenditure of comparatively small sums of money, well targeted, can make a difference”.⁴⁴ Mr Gass, the FCO Director of Resources, made a similar reply and gave the Committee two examples of recent “high-value, low-cost interventions” in South Africa: the secondment of a HM Treasury official to the Ministry of Finance and the funding of Metropolitan Police training for some police officers there.⁴⁵ He also told us that: “we are not, in any sense, in competition with our colleagues in DfID in this business, and, for that reason, the large-scale interventions which they would be able to mobilise just are not really the purpose of the Global Opportunities Fund.”

27. We conclude that the new Global Opportunities Fund offers an excellent opportunity for the Foreign Office to encourage new and innovative projects, and to focus upon its key priorities. However, while the Committee agrees that small sums of money, well-targeted, can produce significant results, we remain concerned that the new Fund has insufficient resources to have the impact across the globe it needs and deserves. We shall monitor its progress with interest.

42 *Ibid.*

43 *Ibid.*

44 Q 60

45 Q 60

BBC World Service and British Council

28. This Committee, like the other departmental select committees, is very conscious that it is charged by Parliament to scrutinise not only the work of the lead Government department within its remit, but also that of its “associated bodies” as well.⁴⁶ In the case of the Foreign Affairs Committee, these are principally the British Council and the BBC World Service.

BBC World Service

29. This year the BBC World Service celebrated its 70th anniversary and Members of the Committee were very pleased to take part in some of the events held to celebrate this significant achievement. The Service continues, as its memorandum notes, to go from “strength to strength,” maintaining high standards of quality programming and impressive audience figures (over 153 million listeners per week, plus increasing internet usage).⁴⁷ This year the BBC World Service mounted one of its largest-ever news operations to cover the war in Iraq and received praise for its comprehensive and balanced coverage of the conflict. We are confident that the Service will continue to meet the challenges of operating in an increasingly competitive global market in the forthcoming year.

British Council

30. The British Council also submitted a very comprehensive memorandum to us in the course of our inquiry, in addition to its annual report.⁴⁸ It notes that continuing international tension over the last year has made, “improved inter-cultural understanding between nations and peoples an issue of critical importance.”⁴⁹ The Council has continued its sterling work in promoting this understanding, focussing in particular on the Arab and Muslim world.

31. Whenever we travel abroad as a Committee, we always try to visit the local British Council and this year have been privileged to see some of the work carried out by the Athens, Rome, Damascus and Tehran offices and meet some of their staff. As ever, we are impressed by the professionalism and dedication we see in those working to promote long-term ties of mutual understanding across national boundaries, especially among the young.

32. The Committee regrets that, owing to the pressure of other work this year, we have been unable to take oral evidence from representatives of either the BBC World Service or the British Council, as we have done previously.⁵⁰ We expect to be able to revive this practice next year.

46 House of Commons, Standing Orders of the House of Commons: Public Business 2003, HC (2002–03) 175, No. 152

47 Ev 111; also see: BBC World Service, *BBC World Service Annual Review 2002/03*, 2003

48 Ev 108; also see: British Council, *British Council Annual Report 2002–03*, 2003

49 *Ibid.*

50 For example, see: Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, Ev 8 and Ev 26.

33. We recommend that the FCO continues to fund both the BBC World Service and the British Council at a level which will enable both organisations to perform their invaluable roles for the UK with increasing effectiveness and widening coverage across the world.

Establishment of FCO posts overseas

34. The Annual Report notes the changing establishments of Foreign Office posts across the world.⁵¹ It shows that since 1997 the FCO has established 32 new posts (of which 13 had only locally-engaged staff), while in the same period only 8 were closed.⁵² While the Committee maintains a close interest in all aspects of the changing pattern of UK representation overseas, the FCO's work in three geographical areas has caused us particular concern during the course of this inquiry: Central America, West Africa and the Central Asian Republics (particularly Kyrgyzstan).

Central America and West Africa

35. In March 2003, the Foreign Secretary wrote to the Committee informing it of his decision to “make some changes to our diplomatic representation in Central America,” in response to “changes in our strategic priorities and in the pattern of British interests overseas.”⁵³ He believed that the Foreign Office no longer needed a small embassy in each Central American state and, therefore, proposed to withdraw the resident British Ambassadors in San Salvador, Nicaragua and Honduras. In each case alternative arrangements would be made to ensure a continued British presence in the country, either by the appointment of the senior DfID representative as a *Chargé d’Affaires*, or by the recognition of an honorary consul.⁵⁴ These changes have subsequently been made.⁵⁵

36. Later in the same month, the Foreign Secretary informed us of a similar, though smaller-scale, re-organisation in West Africa, again in response to changes in “our strategic priorities.”⁵⁶ The Embassy in Bamako, Mali, would be closed, a one-person office opened in Monrovia, Liberia, and the office in Conakry, Guinea, upgraded to an embassy.

37. During the oral evidence session with Sir Michael Jay, we raised our disappointment with him about the closure of the posts noted above and our wider concerns about the FCO's ability to represent UK interests overseas effectively without such missions. He told us that: “as we get increasing demands for opening new posts or strengthening posts in some parts of the world, then we are going to have to think of imaginative ways of ensuring that we have the global reach we need.”⁵⁷ He also told us that:

It is a necessary consequence of operating within finite budgetary constraints, that if you have demands to spend more on one part of the world and your budget is finite you have got to find something which is classified as a lower priority, which you do

51 Departmental Report, p 13

52 For further details, see: *Departmental Report 2003*, p 13.

53 Ev 30. The changes were subsequently announced to the House in a Written Ministerial Statement (HC Deb, 21 March 2003, col 57 WS).

54 For further details, see: QQ 74–79.

55 Ev 37 and Ev 84

56 Ev 35. Also see: HC Deb, 31 March 2003, col 43WS.

57 Q 66

not do; it does not mean to say it is not important but it is a lower priority. And that is something which we are having to do all the time.⁵⁸

To give a specific example, Sir Michael told us candidly that the Office would have preferred to have kept the Mali Embassy open, but that tough decisions and prioritisations had to be made.⁵⁹ There was, however, increasing scope for “flexible representation” across the world, which would extend the FCO’s “range but in a cost-efficient way.” This included basing offices in other countries’ embassies, as will be done in the French Embassy in Niamey, Niger, later this year with a reciprocal arrangement for the French to have an office in the UK High Commission in Freetown, Sierra Leone.⁶⁰

38. We conclude that the closure of a number of posts in Central America and West Africa is a deeply regrettable, retrograde step in promoting and protecting British interests overseas. We recommend that such closures be considered as the last resort when considering priorities for UK diplomatic representation overseas, and that all other viable alternatives be explored prior to such action being taken. We further recommend that, failing a decision to keep open a post, creative solutions be sought, including joint initiatives with one or more EU partners or with the EU Commission itself.

Central Asian States

39. In its Report on *South Caucasus and Central Asia*, our predecessor Committee in the last Parliament examined the role of the Foreign Office in “promoting British interests in, and relations with,” the newly independent states of that region.⁶¹ During the course of its inquiry, the Committee visited nearly all the countries of the region, including Kyrgyzstan (or the Kyrgyz Republic) and its capital Bishkek. As a result of the evidence it had taken, the Committee concluded that:

the opening of an embassy in Bishkek would send a valuable message to a government which is believed to be serious in its promotion of democratic reform and development. Bishkek is also developing as a regional centre for multicultural diplomacy, and the United Kingdom may suffer from not having a public profile or an information-gathering presence. We recommend that the United Kingdom open an Embassy to the Kyrgyz Republic in Bishkek.⁶²

In its reply to that recommendation, the Government stated that it would:

continue to review on a regular basis the scope for establishing a mission in Kyrgyzstan. Resources are, however, limited, and the advantages of opening a post in Bishkek need to be balanced against priorities elsewhere.⁶³

58 Q 68

59 Q 69

60 Q 69 (Jay) and Ev 84.

61 Foreign Affairs Committee, Sixth Report of Session 1998–99, *South Caucasus and Central Asia*, HC 349, para 2

62 *Ibid.*, para 152

63 Foreign and Commonwealth Office, *South Caucasus and Central Asia: Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 4458, October 1999, para 30

We are disappointed to note, therefore, that there is still no British presence in Bishkek four years after our predecessor Committee's Report was published (apart from an Honorary Consul). The United Kingdom's interests in Kyrgyzstan are still being handled by the Embassy in Kazakhstan.

40. The Committee discussed its concerns about the United Kingdom's representation in Kyrgyzstan with Sir Michael Jay. We highlighted the negative impact the absence of a British post in Bishkek was causing to our interests in this regional beacon of democracy and how this continuing neglect might be interpreted by the Kyrgyz government. We also noted that the British Ambassador to Kazakhstan is already responsible for a country roughly five times the size of France and that it is difficult to see how he could devote sufficient time or resources to his responsibilities in Kyrgyzstan. Sir Michael told us that: "a year or so ago, we did intend to open an Embassy in Kyrgyzstan, but we have had to conclude that the resource constraints and the demands that there are for opening elsewhere do not at the moment permit us to do that."⁶⁴

41. We conclude that it is wholly unacceptable that there is still no British Embassy in Kyrgyzstan, despite the clear damage this is doing to the United Kingdom's interests in that country and the region. We recommend that an Embassy be established in Bishkek as soon as possible.

Impact of developments in the EU

42. Something that will inevitably impact on decisions regarding the UK's diplomatic representation overseas, is the increasing role of the European Union in foreign policy matters. The European Commission already has 138 bilateral and 5 multilateral Commission delegations across the globe.⁶⁵ The forthcoming Inter-Governmental Conference (IGC), which will examine the draft constitutional treaty prepared by the Convention on the Future of Europe, is widely expected to herald an increase in the Union's competence over Common Foreign and Security Policy (CFSP) matters, with the appointment of a new "Union Minister for Foreign Affairs."⁶⁶ It is reasonable to suppose that this new office will increase the number of similar EU missions across the globe.

43. We have discussed the wider, political, implications of these developments elsewhere but they will also have an important practical impact on the Foreign Office's work.⁶⁷ Increased co-operation over premises and, possibly, personnel can be expected, with potentially significant savings. The Foreign Office will also need to consider how to gain the fullest benefits of closer co-operation with the UK's EU partners overseas, while retaining the ability to act independently when necessary. **We recommend that a section be included in the next Annual Report setting out how the Foreign Office envisages greater EU cooperation on foreign policy matters working in practice.**

64 Q 44

65 Foreign Affairs Committee, *Developments in the European Union—The Inter-Governmental Conference 2004*, HC 606-i, Ev 8, Q52, and Departmental Report, p 140

66 The European Convention, *Draft Treaty establishing a Constitution for Europe*, July 2003, p 23, www.european-convention.eu.int/docs/Treaty/cv00850.en03.pdf

67 Foreign Affairs Committee, *Developments in the European Union—The Inter-Governmental Conference 2004*, HC 606-i

Information and Communications Technology

Focus

44. This year's Annual Report describes how, in 2000, the Foreign Office set itself a "strategic target" of using Information and Communications Technology (ICT) to "transform ourselves from a headquarters with outstations into a single online global organisation."⁶⁸ One part of this strategy was the Focus programme, which aimed to, "provide the FCO with a new global registry and intranet, allowing more efficient management, sifting, storage and retrieval of information."⁶⁹

45. In December 2002, however, Bill Rammell MP, the FCO Minister responsible, gave the following response to a written parliamentary question regarding overspend on the Focus project:

A contract for £10.5 million was awarded to Fujitsu in January 2002, as part of an initial budgeted cost of £23 million over six years. This estimate has now risen to £42 million because of the increased scope of the project. Given the scale of this increase and other relevant factors the Secretary of State is conducting an urgent review of the whole future of this programme.⁷⁰

46. This was followed by a Written Ministerial Statement by the Foreign Secretary in April of this year, in which he told the House:

We reviewed all the FCO's Information and Communications Technology programmes earlier this year, in the light of the financial constraints we face. Given the relative low priority of the Focus Programme and a substantial increase in its estimated cost from £23.5 million to £42 million over six years (reflecting significant changes to the scope of the programme which involved a greater training requirement, enhanced security arrangements and, post-11 September, a considerable extra investment in Back-up and Disaster Recovery), we decided to negotiate the cancellation of the contract for the Focus Programme. Agreement was reached with Fujitsu and the cancellation took effect from 31 March 2003.

At the point of cancellation, the FCO had spent in the region of £9.5 million on the Focus Programme. From this expenditure, we will retain a global electronic Directory and a facility allowing on-line discussion groups to help cross-departmental team working. The Directory will provide the FCO with savings estimated at £2.5 million over the next five years. We will also be using one of the software licences bought as part of the Focus Programme to develop a new FCO Intranet.⁷¹

68 Departmental Report 2003, p 142

69 HC Deb, 12 December 2002, col 458W

70 *Ibid.*

71 HC Deb, 28 April 2003, col 1W5

47. In one of its memoranda to the Committee during the course of the inquiry, the FCO provided further details of the cancellation. It reported that it was only, “later in 2002, when the team leading the programme understood the full scope of the business change required to make best use of the Focus system, that the costs of training and business change could be accurately predicted.”⁷²

48. We raised the cancellation of the Focus project with the Permanent Under-Secretary and the Director General of Corporate Affairs, Mr Peter Collecott, when they gave oral evidence to the Committee.⁷³ The latter confirmed that the total outlay for the project, including the cancellation fee payable to Fujitsu, was £9.5 million. Mr Collecott, “reckoned that the assets that we had already obtained were worth £2.5 million, which means that there is a total deficit, if you like, of £7 million.”⁷⁴ Sir Michael Jay expressed his regret at the failure of the project and the impact this would have on the Office’s ICT modernisation programme. He indicated that the main reason for the unforeseen increase in the project’s cost was the impact of the events of September 11 2001 and the consequent need to re-examine the Office’s contingency plans and introduce business continuity plans.⁷⁵

49. We conclude that the cancellation of the Focus project and the consequent cost incurred by the Foreign Office was an extremely unfortunate incident. We recommend that, in its response to this Report, the Foreign Office set out:

- a) **what lessons have been learned from the cancellation of Focus for other, similar, ICT projects;**
- b) **what adverse impact is likely to result on the Office’s ICT “strategic target” (i.e. transforming from “a headquarters with outstations into a single online global organisation”); and**
- c) **how the services that the Focus programme was to have provided will now be delivered.**

50. We also noted with concern that there was no reference to the Focus project’s cancellation, or its cost, in the Annual Report 2003. In fact, the term ‘Focus’ was not used at all in the Report and mention was only made of the two systems that were ‘salvaged’ from the cancellation of the larger project, under the title “Knowledge management”.⁷⁶ In reply to a written question from the Committee, the Office admitted that the “more descriptive title was preferred once the decision was taken to cancel the main Focus project. On reflection, the drafting should have made this clearer.”⁷⁷ Given our comments above (see paragraph 9) about the need for candour in departmental reports, we agree with this reflection. **The Committee concludes that it is unacceptable for a loss of approximately £7 million of taxpayers’ money to be disguised in a departmental annual report. We recommend that any such losses in the future must be reported fully and candidly.**

72 Ev 66, para 28

73 QQ 35–43

74 Q 36

75 Q 41 and Ev 66, para 28

76 Departmental Report 2003, p 143

77 Ev 66, para 28

FTN

51. In our Report on last year's Annual Report, we registered our surprise that it contained no reference to the fact that in January 2002 Global Crossing, the PFI provider of the Foreign Office Telecommunications Network (FTN) programme, had filed for provisional liquidation in the US courts.⁷⁸ We were pleased to note, therefore, the more comprehensive account of developments in this matter in the 2003 Annual Report:

The parent company of our PFI supplier for FTN services, Global Crossing, is currently in Chapter 11 bankruptcy proceedings in the US. At the time of writing, US regulatory authorities are assessing the company's plans for restructuring and the prospects for it emerging from Chapter 11 look good. There is nevertheless a risk that Global Crossing UK may not be able to fulfil its contract with the FCO, though it is currently doing so. The FCO is monitoring the situation closely and is keeping in close touch with the company, its potential investors, other Whitehall customers and the US authorities to ensure we can respond swiftly to any change in the situation. It has prepared a detailed contingency plan to ensure no loss of FTN services in the UK or overseas should Global Crossing itself cease to be able to deliver the service.⁷⁹

52. The Committee remains concerned, however, that the FCO entered into a PFI contract with Global Crossing apparently unaware of the problems being experienced at that time by its US parent company, and the potential impact they could have on the success of this vital modernisation programme. It would certainly appear to raise serious questions about the original process of due diligence undertaken by the Foreign Office, and the role of the Cabinet Office in supervising that process. **We recommend that, in its response to this Report, the Foreign Office explain why it failed to identify the risk of Global Crossing's parent company facing bankruptcy, and the consequent impact on the delivery of the FTN programme, during the negotiation of the contract, whether private sector firms undertook due diligence work on behalf of the FCO before the contract was entered into, and, if so, whether the FCO considers it has grounds for initiating proceedings against any of the firms in question.**

78 Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, paras 67–69

79 Departmental Report 2003, p 143

Entry Clearance

53. One of the principal ways in which people come into contact with the Foreign Office and its staff is through its management of the United Kingdom's entry clearance service. The relevant chapter in the Annual Report 2003 on the Entry Clearance Services shows the increasing challenges faced by the FCO in this area.⁸⁰ In 2002, applications for visas increased by 9% worldwide to 1.94 million, with some of the busier posts, such as Moscow and Bangkok, seeing increases of up to 13%.⁸¹ Given this significant increase, we were not surprised that the Annual Report recorded that the Office was unable to meet its Public Service Agreement (PSA) target of clearing 90% of all non-residence (or non-settlement) visa applications requiring an interview within 10 days, and that several larger posts, such as Lagos (Nigeria), did not meet targets for queuing times over the busy summer months.

54. In response to a written question from the Committee during the course of the inquiry, the Office told us that it had put in place a number of measures to address this issue:

- “the allocation of seasonal relief officers to Posts has been reviewed to ensure that resources are directed where pressure is greatest;
- we are seeking to increase our “Floater” pool of Entry Clearance Officers to be able to respond quickly to unexpected increases in demand;
- operational reviews are being prioritised to focus on Posts where waiting times are causing most concern;
- our modernisation programme involving the streamlining of systems and procedures and the introduction of remote application methods such as couriers and application centres is designed to eliminate excessive queues in normal circumstances.”⁸²

We welcome these measures, and those that have been taken at a local level to tackle high demand at the busiest posts and look forward to a progress report in the next Annual Report.⁸³

55. In his oral evidence to the Committee, Sir Michael Jay was very frank about the challenges the Entry Clearance Service faced at that time. He also told us that: “There will always be a small number of cases which, for one reason or another, go wrong; we will do our utmost to minimise those, through proper training programmes and also through making sure that we have got enough visa ECOs [Entry Clearance Officers] in the posts concerned.”⁸⁴ He assured us, though, that the Office would make a “really good stab” at meeting its PSA targets, which had proved such an effective driver for improvement in the past.⁸⁵

80 Departmental Report, p 122 ff.

81 *Ibid.*, p19–22 and Ev 54

82 Ev 64, para 20

83 Ev 64, para 21

84 Q 80

85 Q 82

56. We conclude that the Foreign Office has undertaken a number of sound initiatives to respond to the unprecedented rise in visa applications in recent years. We record our thanks to those members of staff who work in this field, often in difficult and stressful conditions. We recommend that the Office continue to aspire to meet the challenging targets set in this area and to seek innovative solutions to the challenges it faces in dealing with the increasing demands on its operations.

Management of the overseas estate

Asset recycling programme

57. The Foreign Office's overseas estate consists of over 4,300 properties. Although 70% of these are leased, the Office still owned assets worth approximately £960 million worldwide as at March 2002.⁸⁶ Since 1998, the FCO, in agreement with HM Treasury, has been engaged in an 'asset recycling programme', under which future investment, primarily in ICT and the estate, is funded by the sale of FCO property at home and abroad. The process involves the Office identifying and selling properties that have become, "surplus through re-prioritisation, or which are not operationally effective or good value for money."⁸⁷ We have commented on this programme in our previous Reports on the Office's Annual Reports.⁸⁸

58. In the period 1999/00–2001/02, the FCO recycled £90 million of assets under this programme. The Office subsequently agreed with the Treasury in the Spending Reviews 2000 and 2002 (SR2000 and SR2002) that it could recycle £100 million of assets in the "triennium" 2001–04 and a further £100m in the period 2003–06. However, the 2003 Annual Report indicates that the FCO is experiencing difficulty in meeting its target of finding £100 million worth of property to recycle in the triennium 2001–04.⁸⁹ Apparently only £53 million had been identified at the time of printing. This shortfall was attributed largely to "downturns in the property market" across the globe.

59. The Annual Report makes clear the daunting task facing the FCO in meeting its targets of asset recycling:

we shall have to identify £100 million of disposals during the SR 2002 triennium from a remaining pool of £734 million of properties, many of which are performing well at present.⁹⁰ In order to sustain a beneficial programme of recycling in the third triennium, 2003–4 to 2005–6, without eroding our base of strongly performing assets, we are considering innovative ways of obtaining better value for money from the estate.⁹¹

60. In a memorandum to the Committee, the Office reported that it believed the, "release of 10% of the value of its £1 billion estate over three years," to be not "unreasonable".⁹² However, it also made clear the effect of a failure to identify sufficient assets to recycle:

In the event of a shortfall in asset recycling receipts the FCO would reprioritise in accordance with our Departmental Investment Strategy. The larger impact would be

86 Departmental Report 2003, p 138 ff.

87 *Ibid.*, p141

88 For example, see: Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, paras 53–62.

89 Departmental Report 2003, p 141

90 Also see: Departmental Report 2003, p 141.

91 *Ibid.*

92 Ev 65, para 24

on our estate programme, which is increasingly dependent on asset sale receipts. Projects would have to be postponed.⁹³

61. Sir Michael Jay confirmed in his oral evidence to the Committee that any shortfall in the asset recycling programme would have a knock-on effect on other aspects of the Foreign Office's work.⁹⁴ Mr Gass, Director of Resources, also made it clear that the programme's reliance on the international property market meant that it was far from being a "certain business."⁹⁵ He assured us, however, that there would be no question of carrying out some sort of "bargain basement sale on properties," while the international market was so depressed, merely to meet an artificial target.⁹⁶

62. During the course of this inquiry we examined the cases of two individual properties that have been "targeted" by the asset recycling programme (in San Francisco and Prague—see below). We were pleased to learn that the proportion of the scheme's proceeds going to fund the Office's ICT needs has been reduced, compared to re-investment in the estate.⁹⁷ It remains the case, though, that a significant proportion of the resources freed up by the sale of, what is in effect, the Foreign Office's 'family silver' is paying for ICT equipment that will be obsolete and require replacement in a matter of years. It appears to us patently wrong to replace appreciating assets with depreciating ones.

63. The Committee understands the need to review regularly the property requirements of posts overseas to ensure that the estate is "fit for purpose," and where decisions have been made purely on that basis, for example where an embassy is in the wrong location in a city, we support fully the changes made. However, the evidence presented to us during this inquiry, and elsewhere, indicates very clearly that FCO managers are being put under increasing pressure to identify properties for recycling 'come what may.' This pressure, in turn, is arising from the Office's increasingly desperate need to find the resources necessary to fund core programmes and activities such as vital repairs to what remains of the diplomatic estate and the urgent modernisation of out-of-date ICT.

64. We conclude that there are very grave concerns about the long-term impact the asset recycling programme is having on the FCO's overseas estate. There is a real danger that, in its attempts to take full advantage of the scheme agreed with HM Treasury, the Foreign Office is selling properties below their real value in order to meet a short-term target. We recommend that every precaution be taken to ensure that the asset recycling scheme takes full account of the overall, long-term value of properties before they are recycled. If necessary, the Office should be prepared to 'bite the bullet' and miss its target for the asset recycling programme in order to preserve the long-term value of its overseas estate and identify alternative sources of funding for future investment. We further recommend that, in its response to this Report, the Foreign Office sets out when it envisages that the scheme will cease to be viable, and how ICT and estate modernisation will be funded when that happens. The Committee concludes that as a direct result of the FCO's asset recycling programme irreplaceable UK

93 Ev 65, para 25

94 Q 86 ff.

95 Q 87

96 Q 88

97 Q 165 [Collecott]

Government property assets are being lost to the nation for ever for short-term and rapidly depreciating ICT gain. The Committee further concludes that this policy should be abandoned forthwith and that the proceeds of any further property sales should be used to improve and expand Britain’s diplomatic estate overseas.

65. We comment further on the level of resourcing received by the Foreign Office from HM Treasury below (see paras. 96–98).

Consul-General’s Residence in San Francisco

66. In 2001, the Foreign Affairs Committee raised the issue of the proposed sale of the Consul-General’s Residence in San Francisco with the then Permanent Under-Secretary, Sir John Kerr.⁹⁸ He told Members that he was not sure that the current house’s “home counties, 1920s atmosphere is exactly right for a Silicon Valley ... Maybe we are not quite right with our Great Missenden image in a San Francisco home.” This was in contradiction to a letter from the then Chief Executive of British Trade International (BTI), Sir David Wright.⁹⁹ He described the Residence as “an integral part” of BTI’s operations in the city, offering a useful venue for lunches, seminars, meetings, etc. (the Consular Office in San Francisco being too small for such events).

67. Earlier this year the FCO announced that the current property was to be sold and a smaller house purchased in another suburb of the city. In its memorandum to the Committee, the FCO said the current property was “oversize and does not provide value for money.”¹⁰⁰

68. A number of individuals and groups have lobbied forcefully for the retention of the Residence as part of the FCO estate, however, most notably the British American Chamber of Commerce.¹⁰¹ In April, it wrote to the Committee to protest against the purchase of this “much more inferior residence,” which they argued was more suitable as a “modest family residence” than a consular residence on a par with other delegations.¹⁰² It believed that the work of the Consul-General, and the UK’s image more generally, would suffer significantly by the sale and that it could ascertain little financial benefit to the FCO.

69. The Permanent Under-Secretary disagreed with the concerns raised by the British American Chamber of Commerce, and others, when he came before the Committee. He told us that:

The residence in San Francisco, the Consulate-General, the present one, is a large and rather splendid building; it is larger than we need, and we would not be able to keep it in the condition in which it would need to be kept if really it was to be a good advertisement for Britain. So I am quite clear in my own mind, having visited it, the

98 Foreign Affairs Committee, Ninth Report of Session 2000–01, *Foreign and Commonwealth Office Annual Report 2001*, HC 428, QQ 130–132

99 *Ibid.*, appendix 2

100 Ev 65, para 27 (also see Ev 84).

101 Ev 125 and Ev 126. Letters have also been received by the Committee and individual Members from other correspondents (not printed).

102 Ev 125

right thing to do is to sell it and to move into what we believe is a very good, fit for purpose but smaller building.

He also assured the Committee that the new offices which the consulate had moved into recently, were superior to the previous ones and would provide many of the facilities lost by the sale of the current residence.

70. Despite the Permanent Under-Secretary's evidence on the sale of the Residence, we remained concerned about the decision to sell the building and asked for further written and oral evidence from the Department. After two requests, we were eventually shown the discounted cash-flow analysis used by the FCO to assess the different options relating to the Residence (retain existing building, buy a new one or rent accommodation) and took oral evidence from the key officials involved on 14 October.¹⁰³ We also received a very helpful memorandum from the Comptroller and Auditor General on the matter.¹⁰⁴

71. From the evidence we saw, the Committee was able to conclude that the Office had acted with all propriety throughout the process of selling the old Residence and buying its replacement, with due regard for the guidelines set down by HM Treasury on such matters. We raised a number of concerns about the detail of the sale and the new building, for example about disabled access, and, on the whole, were satisfied by the answers we received.¹⁰⁵ We also note that the sale will free up approximately £2 million for immediate re-investment in the estate and ICT, and roughly £230,000 in annual costs; this is a significant sum for the FCO.¹⁰⁶

72. It remains true, however, that the sale of the Consul General's Residence in San Francisco represents a significant loss to the FCO's overseas estate and to its diplomatic representation in the USA. The new residence is smaller, less versatile, further from the city centre and a far less impressive building. It can only be seen as a downgrading of the status of the UK's presence in one of the most important cities in the USA for British trade and investment. The short-term savings that will be made do not make up for the loss of an appreciating asset that has been a prestigious part of the FCO's estate for 50 years and which, now sold, can never be regained.

73. We also note with concern that, in spite of assurances given to the Committee previously, simple finances seem to triumph over all other considerations in decisions made in the recycling programme. In its 2002 Report on the Annual Report, the Committee recommended that "the Government ensure that the contribution of a building or location to the effectiveness of British diplomacy is given paramount importance when deciding its future".¹⁰⁷ In its Reply, the Government assured the Committee that "all factors" were taken into account when considering which properties to recycle, including

103 Q 107 [Jay]; Ev 84; Ev 95; Ev 19

104 Ev 129

105 Q 144 [Coates]

106 Q 117 [Metcalfe]

107 Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, para 56

“intangible elements such as the historical associations of a building or how it is viewed by the local community”.¹⁰⁸

74. However, when the Committee raised this matter with the FCO earlier this year, Sir Michael stated in his reply that: “the intangible costs and benefits of making a move are not easy to quantify ... there is no precise mechanism for reaching a conclusion when subjective views differ”.¹⁰⁹ These were not included, therefore, in the financial comparison of the options shown to the Committee, and were apparently ignored in the decision whether or not to sell the Residence. We fear that this disregard for such key factors as the location, history or status is being repeated across the recycling programme.

75. We conclude that the sale of the Consul General’s Residence in San Francisco is another deeply regrettable result of the Foreign Office’s misguided asset recycling programme. FCO managers should not have been placed in a position where they had to sell this key diplomatic asset for short-term financial gain. The damage done to British interests in San Francisco, and the USA, will undoubtedly be significant and felt long after the lump sum gained for the Office by its sale has been spent.

British Embassy, Prague

76. During the course of its regular scrutiny activities, the Committee received reports that the FCO was considering the sale of its Embassy in Prague. This is currently housed in the 15th Century Thun Palace, in the centre of the city and its work was highlighted in this year’s Annual Report.¹¹⁰

77. We questioned Sir Michael about the veracity of these reports and were very disturbed to hear that the Embassy was indeed being examined as a possible target for the asset recycling scheme.¹¹¹ However, the Permanent Under-Secretary assured the Committee that no firm decision had been made at that time and that the need to have “good-quality, well-placed, centrally-located offices and residences around the world” would be given serious consideration.¹¹²

78. We strongly recommend that the current historic, irreplaceable, centrally-located Embassy building in Prague be retained as part of the FCO’s estate and not sacrificed to the asset recycling programme. Its loss would inevitably be a serious blow to British prestige and interests in this key European country and partner, which by May of next year will be a full member of the European Union.

79. It is of grave concern to this Committee that we only heard about the possible sale of the Prague Embassy by chance. Given our long-standing concerns about the asset-recycling programme, particularly as it has now reached the stage of considering the sale of assets that are “performing well at present,” we would hope to be fully informed in the

¹⁰⁸ FCO, Foreign and Commonwealth Office Annual Report 2002: Response of the Secretary of State for Foreign and Commonwealth Affairs, Cm 5712, p 6

¹⁰⁹ Ev 96

¹¹⁰ See: www.britain.cz/en and *Departmental Report 2003*, p 98

¹¹¹ Q 97

¹¹² Q 96

future.¹¹³ We recommend that the Foreign Office identify those properties which, like the Prague Embassy, are being considered as possible asset recycling targets and provide a full list, in confidence if necessary, to the Committee. We would expect this list to be updated by regular memoranda to the Committee in the future, say on a six-monthly basis.

Personnel

Locally-engaged staff

80. The Annual Report records that FCO posts around the world currently employ some 9,860 locally-engaged staff (including 730 working directly to other Government Departments), at a cost of about £130 million *per annum*.¹¹⁴ This represents an increase of 1,000 over the past two years, of whom a quarter have been employed as additional security guards post-September 11 and about 50 taken on at newly-established posts.¹¹⁵

81. We are pleased to note that, in accordance with our request last year, the 2003 Annual Report contains more information about the important role locally-engaged staff play in the Foreign Office than in previous publications.¹¹⁶ This reflects the clear commitment to these staff that the current Permanent Under-Secretary showed in his evidence to the Committee. In his supplementary memorandum to the Committee, he told us that: “We attract and retain many highly-talented and highly committed local staff. It is essential that these people are well-managed.”¹¹⁷ He provided details of how the ‘Charter of Principles,’ which governs the management of staff overseas, commits all those in the chain of command to good management practice. A number of posts are also applying for the ‘Investors in People’ accreditation, or have already gained it, thus ensuring that all those employed by the Office can enjoy the same standard of management.¹¹⁸ **We conclude that the commitment being shown by the management of the Foreign Office to its locally-engaged staff is very welcome indeed. We recommend that the Office continue to open up new opportunities to these staff and do everything possible to ensure that good management is practised across the entire department.**

82. Increasingly, overseas posts are not solely staffed by members of the Foreign Office. In a number of missions, several other Government departments are also represented—the Home Office, the DfID, or the Ministry of Defence (MOD), for example—and consequently employ local staff in the same way the FCO does (for example, as interpreters). We have received reports of some difficulties at posts resulting from this co-location, when locally engaged staff performing the same function for different departments, receive different rates of remuneration. In response to a written question from the Committee during the inquiry, the Foreign Office provided further details of this problem:

The convention has been that where an FCO Post is the largest employer, other Government Departments match the pay and conditions of their locally-recruited staff to those authorised by the FCO. In the few places where another Department is the largest (lead) employer, then the FCO’s employees will enjoy the other Department’s agreed pay and conditions.

¹¹⁴ Departmental Report 2003, p 157, table 40

¹¹⁵ Ev 85, Question 1

¹¹⁶ Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, para 78

¹¹⁷ Ev 84

¹¹⁸ For further details of the Investors in People (IIP) scheme see: www.iipuk.co.uk.

In recent years we have found that other Departments, with greater budgetary flexibility, have found the pay and conditions at a few Posts a constraint on their ability to recruit and retain the local personnel they need. There have in consequence been some instances of a Department going it alone.

The FCO is in discussion with the Departments concerned about maintaining uniformity of approach to pay and conditions for co-located, locally-engaged staff.¹¹⁹

83. The willingness of some departments to ‘go it alone’ must inevitably create tensions amongst local staff working side-by-side at the same post, and consequent difficulties for FCO managers. **We recommend that in its response to this Report, the Foreign Office set out the results of its negotiations with other Government Departments about the remuneration of locally-engaged staff at overseas posts, and whether it has secured their co-operation in not “going it alone” and setting their own pay scales.**

84. **We further recommend that the Foreign Office, perhaps using recently retired diplomats and management experts, carry out a general review of the role and terms and conditions of employment of locally-engaged staff, including comparative studies of the practice of other countries in this field.**

Retirement age

85. During the course of our inquiry, we were pleased to note the appointment of Sir Jeremy Greenstock as the UK’s Special Representative to Iraq. Sir Jeremy served with great distinction and as a good friend of the Committee as the UK Permanent Representative to the United Nations (UN) from 1998 to 2003 and will undoubtedly bring the skill and experience he has shown in that post to his new role in Baghdad. More significantly for this inquiry, however, Sir Jeremy is aged 60—the normal retirement age for the Diplomatic Service and the Senior Civil Service—and is one of only a few officials of his seniority to continue serving after that age.

86. In recent years, the Government has shown a significant commitment to ‘active ageing’ and an increasing readiness to re-examine traditional retirement ages.¹²⁰ In November 2000 it supported the acceptance of European Council Directive 2000/78/BC. This will prohibit direct or indirect discrimination on the basis of age by employers. One of its most significant effects will be to make it unlawful for employers to set compulsory retirement ages (save in exceptional circumstances).¹²¹ The Government has committed itself to implementing this directive by 2006.

87. The Foreign Office clearly recognises the impact this directive will have on its work, both immediately, in terms of personnel policy, and in the years to come. In his supplementary memorandum to the Committee, Sir Michael Jay told us that:

119 Ev 84

120 See, for example: Cabinet Office, *Winning the Generation Game: Improving opportunities for people aged 50–65 in work and community activity*, April 2000, www.cabinetoffice.gov.uk.

121 For further details see: EU Council, *Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation*, November 2000 (www.tcd.ie/Secretary/Policies/pdf/eudirect.pdf); and Department for Trade and Industry, *Equality And Diversity: Age Matters—Age Consultation 2003*, July 2003 (www.dti.gov.uk/er/equality/age_consultation.pdf).

Some of the issues which we shall need to address include:

- how to ensure fair competition at Appointment Boards;
- medical requirements for Diplomatic Staff posted overseas;
- the importance for the FCO of continuing to bring on talented people within the FCO and bring in talented people from outside;
- alternative employment opportunities for older staff who might wish to “trade down”—that is, find less demanding work at a lower grade; and
- helping staff find employment outside the FCO.”

These are complex and inter-related issues needing careful evaluation.

The Committee agrees.

88. We conclude that the European Council’s directive on retirement ages presents significant opportunities and challenges to the FCO, as it does to all employers. The benefits of retaining the skills and experience of older employees must be balanced against the need to encourage and develop new staff. We shall monitor the implementation of this directive across the Office in the coming years with interest.

Finance

Efficiency savings

89. The Annual Report records the Foreign Office's commitment to achieving efficiency savings of 3% *per annum* in 2003/4 and of 2.5% in 2004/5–2005/6, as agreed with HM Treasury in the two most recent Spending Reviews.¹²² We commented on these savings targets in our Report on last year's Annual Report.¹²³ At that time we registered our wholehearted support for the FCO's aspiration of operating as efficiently as possible, but expressed our concern that the target might lead to "cutbacks" in real terms.¹²⁴

90. Our concerns over the impact the efficiency savings are having on the Office's work have been heightened during the year. In April, the Office told us that:

The 2002 Spending Review provided funding for new FCO priorities but did not include an uplift to compensate for annual increases in UK inflation. This is mirrored in our internal resource allocation: directorates are given funds to meet new requirements and challenges but are expected to manage without compensation for inflation. ... Because the efficiency savings are already budgeted in, the savings are, for the most part, sure to be fulfilled—the only question is whether they are met through efficiencies or through cutting activity.¹²⁵

91. We raised the issue of whether efficiency targets were being achieved by genuine savings or real-term cuts in services with the Permanent Under-Secretary. He told us that at that time he was confident Directorates had not cut core activities but had "reviewed their activities in the light of their efficiency plans," and had, "identified activities which can be dropped without significantly jeopardising the desired outcomes."¹²⁶ However, he also told us that:

Unlike some other government departments the FCO is primarily a people operation. The level of administration spend is related directly to the achievement of outcomes. With relatively small programme and capital budgets, a large proportion of the efficiency savings fall to the Administration budget. It is extremely difficult to continue to find Administration budget efficiencies year after year without affecting the achievement of FCO policy objectives. inevitably the continued call by the Treasury to achieve significant efficiencies may mean cuts in FCO core activities.¹²⁷

This appears to confirm our fears that, if not at the present time, efficiency savings will in the near future effectively represent not savings but cuts in services.

¹²² Departmental Report 2003, p 23

¹²³ Foreign Affairs Committee, Twelfth Report of Session 2001–02, *Foreign and Commonwealth Office Annual Report 2002*, HC 826, paras 50–52

¹²⁴ *Ibid.*, para 52

¹²⁵ Ev 35

¹²⁶ Ev 87, paras 7–8

¹²⁷ *Ibid.*

92. We conclude that it is highly probable that in the very near future the efficiency savings agreed by the Foreign Office with HM Treasury will result in cuts in the core activities of the FCO. We recommend that in its response to this Report, the Foreign Office set out how it intends to ensure that the efficiency savings it has been set do not damage its core activities and state whether it will be seeking to re-negotiate these targets prior to the next Spending Review.

Impact of Iraq

93. One of the “highlights of 2002–03” referred to by the Annual Report is the Foreign Office’s work in relation to Iraq.¹²⁸ The FCO has naturally played a crucial role in all aspects of the pre- and post-conflict situation in Iraq, for example in its work at the UN, and this is reflected in several chapters of the Report. We have inquired into the detail of the Office’s work in this area elsewhere, and recorded our support for the highly commendable role played by its staff throughout the crisis.¹²⁹

94. However, the additional expenditure incurred as a result of the work arising from the Iraq crisis, has inevitably created severe strains on the Office’s financial resources. We were told, for example, that the FCO had had to redeploy five per cent of its London staff into Emergency Units to cope with the demands of the conflict.¹³⁰ The cost of establishing new diplomatic missions in Baghdad and Basra has also been, and will be, particularly significant.¹³¹ The knock-on effect of this additional burden on the rest of the FCO’s work was made clear to us.¹³²

95. In situations such as this, where a Department faces an unprecedented drain on its resources that it cannot meet from its agreed expenditure limits, it is usual for it to make a claim on HM Treasury’s ‘contingency fund.’¹³³ When we asked Mr Gass about this, we were told that the Office had indeed made such a bid to cover some of the pre-conflict costs but that the Treasury had, “met the claim in part, but not in full, and therefore we were left with a sum which was unfunded.”¹³⁴ He also told us that a similar bid was being prepared to cover the extra costs incurred in this financial year. The FCO subsequently confirmed that the bid would be in the region of £20–23 million.¹³⁵ We presume, however, that it is far from certain that this bid will be met in full either.

96. We conclude that the Foreign Office has performed extremely well in coping with the demands presented by the conflict in Iraq. We find it perverse, however, that in organisational terms as a consequence of its success, the FCO should have to cut core

128 Departmental Report, pp 7–8

129 For example, see: Foreign Affairs Committee, Tenth Report of Session 2002–03, *Foreign Policy Aspects of the War against Terrorism*, HC 405, paras 155–159.

130 Ev 84

131 *Ibid.*

132 Q 49 (Jay)

133 “The Contingencies Fund is used to meet payments for urgent services in anticipation of Parliamentary provision for those services becoming available, and to provide funds required temporarily by any Government Department for necessary working balances, or to meet other temporary cash deficiencies.” HM Treasury, *Contingencies Fund Accounts 2000-01*.

134 Q 72

135 Ev 84

activities elsewhere to meet the additional burdens it has encountered. We recommend that the Government meet the claim on the contingency fund prepared by the Foreign Office in full.

FCO resourcing

97. Throughout this Report, we have noted a number of instances where the good work of the Foreign Office is being severely undermined by a fundamental lack of resources—the closure of posts overseas, limits in the Global Opportunities Fund budget, the impact of the efficiency savings and so on. We frequently come across other examples in our regular scrutiny of the Office and its associated agencies.¹³⁶ It is clear that the Office, and its senior management in particular, are determined to gain the maximum possible benefit from the financial allocation they do have and to secure the greatest possible efficiencies in its work.

98. We applaud this stringent approach to the use of taxpayers' money. We are also well aware of the pressure to limit public expenditure that all governments face, and the hard decisions that this inevitably forces upon them. There can be no doubt, though, of the benefit that a well-conducted foreign policy brings to the UK. The terrible terrorist atrocities we have witnessed in the last few years illustrate vividly how global events affect all of us, however remote they may initially seem. This changing world environment inevitably places greater pressures and expectations on the work of the Foreign Office, which has seen increasing demand for all aspects of its work—export promotion, entry clearance, conflict prevention, travel advice, the promotion of inter-cultural understanding and so on. It is our inescapable conclusion that for the Office to maintain its standards in all these areas and meet the fresh challenges that regularly arise, there has to be a fundamental increase in the resources available to it.

99. We conclude that the Government must increase the allocation of resources available to the Foreign Office in the near future if it is to avoid doing lasting damage to the good work the FCO is doing in so many fields. Asset recycling, efficiency savings and continuous re-prioritisations can only go so far in meeting the increasing demands arising from new global challenges such as Iraq upon the Foreign Office's already over-stretched budget.

¹³⁶ See, for example: Ev 107 and Ev 36.

Formal minutes

Tuesday 4 November 2003

Members present:

Mr Donald Anderson, in the Chair

Mr Fabian Hamilton
Mr Eric Illsley
Andrew Mackinlay
Mr Bill Olnier

Mr Richard Ottaway
Mr Greg Pope
Sir John Stanley
Ms Gisela Stuart

The Committee deliberated.

Draft Report (Foreign and Commonwealth Office Annual Report 2003), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 3 read and agreed to.

Paragraph 4 read, amended and agreed to.

Paragraph 5 read and agreed to.

Paragraph 6 read, amended and agreed to.

Paragraphs 7 to 9 read and agreed to.

Paragraph 10 read, amended and agreed to.

Paragraphs 11 to 32 read and agreed to.

A paragraph—(*Sir John Stanley*)—brought up, read the first and second time and inserted (now paragraph 33).

Paragraphs 33 to 36 (now paragraphs 34 to 37) read and agreed to.

Paragraph 37 read, as follows:

“We conclude that the closure of a number of posts in Central America and West Africa is a deeply regrettable, retrograde step in promoting and protecting British interests overseas. We recommend that such closures be considered as the last resort when considering priorities for UK diplomatic representation overseas, and that all other viable alternatives be explored prior to such action being taken. We further recommend that, failing a decision to keep open a post, creative solutions be sought, including joint initiatives with one or more EU partners or with the EU Commission itself.”

Amendment proposed, to leave out from “**partners**” to end.—(*Sir John Stanley*).

Question put, That the Amendment be made.

The Committee divided.

Ayes, 1

Noes, 2

Sir John Stanley

Mr Eric Illsley
Ms Gisela Stuart

Paragraph agreed to (now paragraph 38).

Paragraphs 38 to 50 (now paragraphs 39 to 51) read and agreed to.

Paragraph 51 (now paragraph 52) read, amended and agreed to.

Paragraphs 52 to 60 (now paragraphs 53 to 61) read and agreed to.

Paragraph 61 (now paragraph 62) read, amended and agreed to.

Paragraph 62 (now paragraph 63) read and agreed to.

Paragraph 63 (now paragraph 64) read, amended and agreed to.

Paragraphs 64 to 94 (now paragraphs 65 to 95) read and agreed to.

Paragraph 95 (now paragraph 96) read, amended and agreed to.

Paragraphs 96 to 98 (now paragraphs 97 to 99) read and agreed to.

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

Ordered, That the Chairman do make the Report to the House.

Several Papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman.*)

[Adjourned till Tuesday 18 November at 2.30 pm

Witnesses

Tuesday 24 June 2003

Sir Michael Jay KCMG, Permanent Under-Secretary of State, **Mr Peter Collecott CMG**, Director General Corporate Affairs, **Mr Simon Gass CMG CVO**, Director, Resources, and **Mr Alan Charlton CMG**, Director, Personnel, Foreign and Commonwealth Office, examined.

Ev 1

Tuesday 14 October 2003

Mr Peter Collecott CMG, Director General Corporate Affairs, further examined, **Mr Julian Metcalfe**, Head, Estate Strategy Unit and **Mr David Coates**, Estate Modernisation Manager, Estate Strategy Unit, Foreign and Commonwealth Office (FCO), examined.

Ev 19

List of written evidence

Foreign and Commonwealth Office	
Consular Crisis Management	Ev 28
Further memorandum	Ev 28
FCO Security	Ev 29
Reorganisation of Diplomatic Representation in Central America	Ev 30
Guidance to Posts	Ev 31
Ambassador in Washington DC	Ev 34
Reorganisation of Diplomatic Representation in West Africa	Ev 35
FCO Service Delivery Agreement	Ev 35
FCO Support for English Language Training	Ev 36
Supplementary memorandum (Reorganisation of Diplomatic Representation in Central America)	Ev 37
Public Diplomacy Strategy Board	Ev 38
The Global Opportunities Fund	Ev 40
Exercise Blue Monday & Contingency Planning	Ev 54
Foreign and Commonwealth Office Annual Report	Ev 54
Democratic Republic of the Congo	Ev 83
Dublin: The Residence	Ev 84
Supplementary memorandum (Foreign and Commonwealth Office Annual Report)	Ev 84
Report by the Parliamentary Commissioner for Administration	Ev 90
San Francisco Residence	Ev 95
Supplementary memorandum (San Francisco Residence)	Ev 96
Saudi Detainees	Ev 97
Global Opportunities Fund Update	Ev 99
Further supplementary memorandum (San Francisco Residence)	Ev 104
The Management of IT Programmes and Projects in the FCO	Ev 105
The British Council	Ev 107, Ev 108
BBC World Service	Ev 111
Mr R G Rose	Ev 117
British American Chamber of Commerce	Ev 125, Ev 126
Diplomatic Service Families Association	Ev 127
Prospect	Ev 128
National Audit Office	Ev 129

Oral evidence

Taken before the Foreign Affairs Committee

on Tuesday 24 June 2003

Members present:

Donald Anderson, in the Chair

Mr David Chidgey
Mr Fabian Hamilton
Mr Eric Illsley
Andrew Mackinlay
Mr John Maples

Mr Bill Olnier
Richard Ottaway
Mr Greg Pope
Sir John Stanley

Witnesses: **Sir Michael Jay KCMG**, Permanent Under-Secretary of State, **Mr Peter Collecott CMG**, Director General, Corporate Affairs, **Mr Simon Gass CMG CVO**, Director, Resources, and **Mr Alan Charlton CMG**, Director, Personnel, Foreign and Commonwealth Office, examined.

Q1 Chairman: Sir Michael, we turn now to the Annual Report from the Foreign Office. This is, I think, the third time that you have appeared before us, with I think mostly a different team. You have come on this occasion with Mr Peter Collecott, who is the Director General, Corporate Affairs, Mr Simon Gass, who is the Director, Resources, and Mr Alan Charlton, who is the Director, Personnel. Let me begin this way. Would you feel any sympathy for those who, having read the Report, would say that perhaps it is too full of commendations of the FCO, that it is a sort of cross between Pangloss and Pollyanna, and that there is no attempt to debate or to set out any deficiencies?

Sir Michael Jay: I think it certainly tried to give a positive account of what was a fairly remarkable year, so to that extent I think that the tone in the presentation is one that I would support. I think there are some aspects of it in which there is recognition that things were not what they might have been, for example, in the discussion on Bali, the terrorist attack in Bali, and the lessons we learned from Bali. I think in some other bits, on personnel, it talks about how we are not yet up to the kinds of levels we ought to be on diversity targets. So I am not sure I would have a great deal of sympathy with those who thought it was too Panglossian, Mr Chairman. Though certainly I think that there are an awful lot of issues which we ought to debate and an awful lot of ways in which things are changing and things need to improve.

Q2 Chairman: But if there were to be a serious contribution to debate, for example, and your colleagues are mentioned in the Focus problem later, that there is no mention of this in the Report?

Sir Michael Jay: Well, there is no mention of it under that name, it is mentioned under the name of Knowledge Programme, which was an alternative name for Focus; but by all means let us discuss that.

Q3 Chairman: But it is your contention that the Report, in the round, shows an accurate assessment both of the successes and the setbacks?

Sir Michael Jay: I hope so. I do not deny that there have been setbacks during the year, but I think also there have been a lot of successes during the year, both in terms of some of the policy achievements of the Foreign Office, on, for example, EU and NATO enlargement, on some of the work that, let us say, Sir Jeremy Greenstock has done in New York over two pretty formidable resolutions in the UN.

Q4 Chairman: No doubt there have been major achievements, it is just that, for example, the casual reader, looking at what is said about the Common Agricultural Policy, would have the idea that that is proceeding smoothly, along lines approved by this Government?

Sir Michael Jay: I have to say, that view of the Common Agricultural Policy is not one that I share; so I accept your criticism.

Q5 Chairman: And then next time you will say so?

Sir Michael Jay: If that is the impression that it gives then I agree entirely that this is not the right impression. But let us try, if you would like us to, Mr Chairman, to be a little bit more self-critical next year, if the Committee would find that helpful.

Chairman: Yes.

Q6 Mr Olnier: You mentioned Bali, Sir Michael; would you like to bring us up to date on further changes you have made on travel advice issued by your Office since then?

Sir Michael Jay: Yes, Mr Olnier. I explained this in some detail when I appeared before the Committee a few months ago, but the main difference we have made is to revamp the way in which we present our travel advice. The travel advice to every country has been looked at very carefully again, has been redone in a new format, in order to bring out more clearly to the travelling public, first of all, what the risks are in travelling and, secondly, what our advice should be to people before they travel. There has been quite a fundamental review of the way in which it is set out.

24 June 2003 Sir Michael Jay KCMG, Mr Peter Collecott CMG, Mr Simon Gass CMG CVO
and Mr Alan Charlton CMG

Q7 Mr Olnier: And is that for all countries?

Sir Michael Jay: That is for all countries.¹

Q8 Mr Olnier: Can I ask then, you have the 'Know Before You Go' campaign, which is now in its second year, what improvements have you made since last summer?

Sir Michael Jay: In the 'Know Before You Go' campaign, one of the main developments has been an announcement which we have made today which is to focus on the issue of rape and sexual assault overseas, and this is being launched today, in order to draw attention both to the risks and to what people can do to protect themselves and what help they can receive if they are attacked. So that is one way in which the 'Know Before You Go' campaign has been extended.

Q9 Mr Olnier: So if you are just rolling that out now then obviously it has failed in the past?

Sir Michael Jay: No, I would not put it as 'failing in the past'. We are always looking for ways in which we can improve the service we provide for people. Our consular services have risen right up our agenda in the last year or so; services we provide to the British public are becoming more and more important to us as the FCO, and we are looking all the time at ways in which we can provide a better service and to draw people's attention to the hazards they face. So I see this as an extension, a development, of a system which we have had in place, the 'Know Before You Go' campaign, for a few years, not a recognition that some things have failed in the past.

Q10 Mr Olnier: I am sure most Members will recognise the fact that the consumer has a point of conflict between advice that is offered by yourselves and advice that is offered by the travel industry, they are not usually the same, are they?

Sir Michael Jay: The travel industry, increasingly, uses our travel advice. Perhaps, Mr Chairman, if that is all right, I could ask Mr Collecott to say a little bit more about that.

Mr Collecott: One of the features of the 'Know Before You Go' campaign of which we are rather proud is the very close relationship we have with the travel industry in generating this campaign.

Mr Olnier: Can I perhaps raise a caveat then, Mr Collecott, it is the travel industry and its insurers; my constituents sometimes have difficulty, when they decide not to go on something that has been booked, perhaps on your advice, they have great difficulty in getting the money back that they have paid.

Q11 Chairman: Can you comment on the insurance point?

Mr Collecott: The insurance point is one we are rather conscious of, obviously, and at some points it has created difficulty; but, I think, in most cases, the

situation is that both the travel industry and the insurers tend to look at the travel advice which the Foreign Office is issuing and are prepared to pay out for trips which are not taken when the Foreign Office travel advice advises against travel, or advises, for instance, against non-essential travel, that seems to depend from one insurance company to the next. Now, of course, there are bound to be cases where individual insurance companies may take a particular decision, and therefore it may be a problem for an individual traveller, an individual constituent; but, in general, I think they tend to follow the advice that we give, but that is a decision for them, it is not something which we can regulate in any way.

Q12 Sir John Stanley: Sir Michael, as you know, the son of a constituent of mine was amongst those British citizens, and indeed other citizens, who were murdered at Bali, five weeks after his marriage, and mercifully his young widow survived but was very seriously burned. Can you tell the Committee whether, following the new travel advice procedures that you have now brought into operation, based on the intelligence that you had at that time would your travel advice have been different, in relation to Bali, following the new procedures you now have in place?

Sir Michael Jay: I am afraid I cannot say whether it would have been different, given the new procedures that we have in place now.

Q13 Sir John Stanley: Why do you say that; why do you say that?

Sir Michael Jay: I am afraid, simply because I would need to go back and look at exactly what the advice was that we gave at the time, on the basis of the intelligence we had at the time, and to judge whether it would have been different advice or not. And, rather than commit myself to that, I think I would need to go back and look at the details.

Q14 Sir John Stanley: Will you come back to the Committee on that point?

Sir Michael Jay: I can come back to the Committee².

Q15 Sir John Stanley: Because, if the answer is that the travel advice would have been unchanged then perhaps that questions the adequacy of the new procedures; but you may say the intelligence was not sufficiently specific, that "It was impossible for us, even with the new procedures, to give a greater warning to stay away from Bali," I do not know. I am not going to anticipate what you are going to say, but could you look at it and come back to us?

Sir Michael Jay: I think I would need to go back and refresh my memory of exactly what the intelligence was on which we based the advice. And as to whether, under the new procedures, we would have given different advice, I would rather come back to the Committee on that point.

¹ Note by Witness: The FCO currently issues travel advice notices on 223 countries and territories; this includes nearly every independent country.

² Ev 88

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Q16 Mr Illsley: Can I raise two issues around crisis response, Sir Michael. The first issue, in relation to what has become known as a ‘flat-pack Embassy’, have you had a chance to gauge the success of the flat-pack Embassy in Baghdad?

Sir Michael Jay: Yes, we have. There are two things which I should distinguish between. One is the sort of container embassy, which is the initial embassy which, in the case of Baghdad, was sent to Baghdad immediately after the end of the conflict, so that our own team was there, I think, before anybody else was there. This was fully-equipped containers, I think five containers, which now enable our team there to live and work in fully-equipped conditions, with proper communications. And I was speaking to our Ambassador in Baghdad yesterday and I asked him how the system was working; he said that, in his judgment, this had been a success. So I think that the concept, which we discussed at this meeting last year, Mr Chairman, of having an instant facility which enables us to put a sort of mini-embassy instantly in place, has worked. The next stage, what we are calling the ‘flat-pack Embassy’, which is a much larger and much more complicated process, which will allow an embassy of up to about 30 or 40 people to operate for a period of three or four years, would then be put in place. That flat-pack Embassy is in the process of arriving now in Baghdad, I think the first containers have arrived from Kuwait in the last couple of days,³ that will be being set up as from now. The Ambassador, to whom I spoke yesterday, said he had been talking to the contractors, they had found exactly the spot where it would go, they will be in the process of installing it, and within a couple of months or so we would have a much more elaborate embassy, to enable FCO and other government departments to be properly represented in the compound there, from about, I think, the middle of August. So I think that both the instant embassy and the slightly more complicated embassy, which is an example of our ability to respond more quickly to crises, so far, have worked well.

Q17 Mr Illsley: I was just coming on to ask you about the timescales. Would that apply to the staff in Kabul as well?

Sir Michael Jay: One of the reasons why we moved to introduce these new arrangements was because of the difficulty we had in setting up in Kabul as quickly as we would have liked. Again, it is another example of trying to learn the lessons from things which do not go as perfectly as we would like them to. It was clear that we took too long to get our people into Kabul and to be properly equipped in Kabul; that we have avoided in the case of Baghdad, and we will now be able to replicate these elsewhere.

Q18 Mr Illsley: How well are the staff coping with that? I can imagine that the initial containerised embassy staff would be quite happy to put up with some sort of difficulties there, but to face four years

in limited accommodation, are the staff happy with that, or is the accommodation much better than it sounds?

Sir Michael Jay: It is not luxurious, to be honest, and nor is it at the moment. Our staff in Kabul, for example, are now living in containers in Kabul, and the staff in Baghdad, or the majority of them, will be living in containers when the flat-pack Embassy is in place. The answer is that they are a pretty enterprising lot; and when we asked for bids to go for a year to Baghdad, a few weeks ago, we had 78 responses overnight, people who are prepared to drop everything and go to Baghdad for a year. And this shows, I believe, a kind of welcome sense of enterprise and adventure; people know it is not going to be nice.

Q19 Mr Illsley: Talking about enterprise and adventure: Rapid Deployment Teams. The Rapid Deployment Team sent to Riyadh, what exactly did it do when it arrived in Riyadh in May?

Sir Michael Jay: Perhaps I could ask Peter Collecott to expand a little bit; but this was the first time that we had used one of our Rapid Deployment Teams. I think I have explained to the Committee before, the purpose of the Rapid Deployment Teams is to allow a team to go overnight, within 24 hours, to be in whichever part of the world British citizens are in difficulty, equipped with a mixture of consular experts, carers, communications people, put together to meet the particular circumstance. And we decided, as soon as we heard of the terrorist attack in Riyadh, that we should send out the Rapid Deployment Team to support the Embassy; the Embassy had its own consular people, who were immediately on the spot, and the Ambassador was there, and they were helping people, but we did not know at that stage whether this was going to be two or three British citizens who were killed, sadly, or more, and we thought it better to over-ensure. Which is another lesson we learned from Bali, because in Bali we did not respond quickly and substantially enough and send the team to Riyadh. And it supported the Embassy for a period of some 72 hours, working round the clock, and the Embassy was extremely grateful for the support it had. Peter, you may want to say a little bit more about the details.

Mr Collecott: I think, Chairman, that Michael Jay has covered the main thing, which is really that they are not doing anything substantially different from what the Embassy consular people are doing; they are there to support. They were doing the usual things which one has to do in a situation like that, which is actually to try to trace all the British citizens that we knew were living on the compound which had been bombed, to try to find out, to support the Metropolitan Police also, who were there, who were trying to establish liaison with the local authorities, and to establish what had happened, and all kinds of care which needed to be given both to the British citizens on the spot but also to ensure that links were established back, through the FCO, to their families

³ Note by Witness: The first “Flat Pack Embassy” containers arrived in Baghdad on 24 June 2003.

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in this country and that information was passed through. But, again, it is an expansion of what the Embassy was doing well already.

Q20 Mr Illsley: But you are happy with the way it deployed, the speed at which it deployed and what it was able to provide?

Sir Michael Jay: Yes; but we learn from every experience, and this was the first time it had deployed, and the first thing I said when it came back was: "I want a report from the head of the team; we need to learn the lessons from it." Because there will be lessons to be learned from every deployment of the Rapid Deployment Team, we will learn things.

Q21 Mr Illsley: The last time you were before the Committee, in February, we discussed the idea of a medical component to the RDT; has that been progressed, or is there any further progress with regard to a medical component?

Sir Michael Jay: There will not be automatically a medical component to the Team, but we will make a decision case by case as to whether we think there is a case for one. In the case of Riyadh, there were medical facilities available on the spot, and there was no need for a medical component. In other circumstances, there may be a case for one, in which case we will see whether we can provide one.

Q22 Mr Illsley: Could I ask now about Exercise Blue Monday, and could you tell the Committee whether that was successful, whether there were benefits derived from that particular exercise, and a word perhaps about what benefits you expect to derive from the 'live' exercise in Athens in December?

Sir Michael Jay: I found Exercise Blue Monday helpful. It was the first time we had had a counter-terrorism exercise of this sort, it was a table-top exercise rather than a full exercise, but it enabled groups of people, drawn from widely different parts of the Office, just to discuss amongst themselves how they would respond to a whole series, two, twin crises, as they evolved during the course of the day. And I think it threw up a number of questions, not least about how and when we would deploy the Rapid Deployment Team. So I think that it was useful, we have learned lessons from it, and we will need to expand further on those when we have the full exercise in Greece. Do you want to say anything about Blue Odyssey?

Mr Collecott: Clearly, the Blue Odyssey Exercise has got a dual function, if you like. Firstly, to enable the Greek authorities, in advance of the Olympics, to test some of their reactions to an incident which might go on; but then, secondly, for us to test our co-operation with the Greek authorities and how we would react to an incident like that, were it to be in Greece or were it to be anywhere else.

Q23 Mr Illsley: On the Response Centre, the 24-hour, seven days a week Response Centre, do you know when that will be up and running?

Sir Michael Jay: We hope it will be up and running by the end of August. We had hoped it would have been up and running by now; it was one of the casualties of the Iraq conflict, in that we had to put 5% of our total London-based resources into the Iraq emergency units, and inevitably that meant that certain things could not be done. And one of the things which we could not do was put the 24-hour/seven days a week Situation Centre into places as soon as we would have liked, but we hope it will be up and running by the end of August, and perhaps I could renew the invitation to the Committee, Mr Chairman, when it is up and running, perhaps after the recess, to come and visit it.

Chairman: Yes; keep in touch with our Clerk on that.

Q24 Mr Illsley: Finally, Chairman, the Foreign and Commonwealth Office helpline; how far are you now towards arrangements for a commercial call provider to deal with responses, and are you happy with the progress towards that?

Mr Collecott: Might I respond to that, Mr Chairman. The consular helpline, which I think you are talking about, does operate 24 hours a day, and is indeed outsourced, I think, a different place during the day and during the night, if I recall. I think that there was also a discussion we had last time, or perhaps in the intervening period, of another exercise that we have going, which is to provide, as a back-up perhaps, during silent hours of the night, a sort of voice-recognition helpline, which will allow people to hear the travel advice for a particular country, based on voice recognition techniques.

Q25 Mr Illsley: I think the one I was referring to was the one deployed in response to a crisis, information to relatives, this type of thing?

Mr Collecott: No; we do, as a rule. We have a contract now, a sort of call-off contract, with a call centre, and, if we believe that the crisis is going to generate a large number of calls, we do ask them, if you like, to be the first line of defence and to take the bulk of the calls, but, obviously, where the issues are difficult then they have to come to our consular people for that to be done.

Q26 Mr Illsley: Has that been tested yet, in relation to a crisis area, or would it be too soon to say whether you are happy with the way it is working?

Mr Collecott: I think, if I remember rightly, we did not have that in full operation during the Bali crisis, and previously to that, for instance, during 11 September, we had used the facilities of the Metropolitan Police. So I think it would be fair to say that in a full-blooded crisis we have not tested it; there have been times when we thought we might be getting into a crisis and have had them on stand-by, but not anything on the scale of Bali or 11 September.

Q27 Chairman: Sir Michael, it strikes me that, in response to the series of questions on the simulation exercise and counter-terrorism, rapid deployment,

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flat-pack embassies, and so on, you have a whole series of really innovative responses to the changing global environment. Are you considering also discussing this on a multilateral basis with key allies? At the moment, the response you have mentioned is purely national. Presumably given the counter-terrorism discussions at EU level, is there any attempt to put this on the agenda, as a concerted response by EU countries?

Sir Michael Jay: There have been discussions of this at EU level. I myself took part in it. There are meetings of EU Secretaries-General twice a year, and at the last meeting we had, in December, we were talking precisely about these issues, about travel advice, about rapid response, and as to how we can co-ordinate better. So, yes, there are discussions at EU level, there is an EU group which discusses these; do you sit on it?

Mr Collecott: I do not. At working level, at sort of heads of consular operations, there are indeed quite good discussions which take place, and we have been consulting in particular with our French and German allies over the last months to put forward an initiative into this group which deals with co-operation in helping mutually our citizens abroad, for instance, to try to address issues such as simple things like how we register our citizens, so that that kind of information could be transferable from one to the other.

Q28 Chairman: The only joint initiative at the moment is in respect of the Greek Olympics on a bilateral basis; is there planned, for example, any simulation exercise at an EU level, or with key EU partners, on these themes?

Mr Collecott: Not as yet, I think, is the answer.

Sir Michael Jay: Not that I am aware of, but I think it is something we should consider.

Q29 Chairman: May I give you advance notice that next year I shall ask the question?

Sir Michael Jay: Please; we shall make certain that we have had at least one between now and then, Mr Chairman.

Q30 Sir John Stanley: Sir Michael, with commendable frankness, you referred to the inadequacy of the Foreign Office's response to Bali, and I have to agree with what you said. Could you tell the Committee, that if Bali happened now, heaven forbid, what would the Foreign Office be doing differently than it did at the time?

Sir Michael Jay: You say "heaven forbid," Sir John, but we work on the basis that we may have at any time the next Bali, and I think there is no safe basis on which to operate except that.

Q31 Sir John Stanley: I agree.

Sir Michael Jay: What we would do now would be, first of all, to send the Rapid Deployment Team to be there within 24 hours, equipped to give whatever help they could or whatever help was needed. To go back one step; the first thing that we would do would be that I would learn of this and I would appoint a

crisis co-ordinator, at whatever time of the day or night it would be. We would then open our emergency unit in London straightaway, which would be staffed by people who are ready to staff it. We would then make a decision, clearly consulting Ministers throughout, on whether we should send the Rapid Deployment Team, and I think the answer in such a case would be, clearly, that we would send the Rapid Deployment Team straightaway. That is what we would do within the first 24 hours, or so, of responding to a crisis. Clearly, also, if it were outside the capital, our Ambassador and his consulate team would fly there, or get there as quickly as they could and stay there for as long as was necessary. So, by comparison with Bali; quite a lot went right with the response to Bali, but it was not enough, I think that is the point that I would make. There was some really very good response by some of the people in our Honorary Consulate, for example, in Bali, they did a fantastic job, but there was not a sufficiently prompt or large-scale response, and that is what we would try to ensure would happen in the future.

Q32 Sir John Stanley: As you know, Sir Michael, one of the desperate features of the Bali situation was that the very, very small, local hospital got totally overwhelmed with the volume of very, very seriously injured and burned people, and do you think you would be in a better position now to get emergency medical help to such a location than you were at the time?

Sir Michael Jay: I think we would have to make that decision case by case. We had some support from the Australians in the case of Bali. I hope that that would be an aspect that we would look at right from the very beginning, one of the things we would factor into the very first responses. What is the medical situation? Do we need to try to fly in doctors, medical aid? Do we need to try to get a 'plane to fly people out to the nearest hospital in the region? So from the beginning we would be trying to work out what was the best way of ensuring that people who had been hurt would get the medical treatment they needed. Exactly how you do that would have to depend on case by case; and I think we have to recognise that there would be some occasions, if it were a disaster in a remote part of the world, when we would not be able to provide exactly the medical treatment that everybody needed straightaway.

Q33 Mr Hamilton: Can I just take up a point on that, Chairman. Presumably following on, Sir Michael, from the response that the Foreign Office would have to that kind of crisis, should it, God forbid, happen again in somewhere like Bali, or somewhere remote, would you give consideration to any kind of regional hub, because clearly it is going to take a long time to get anybody from London out to somewhere as far away as Bali?

Sir Michael Jay: Yes; we have given thought to regional hubs and the question of stocking of medicines or equipment. So I think an awful lot of what we do, actually, the nature of the conduct of diplomacy, we are going to have to think a lot more

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about regional hubs and regional centres rather than doing everything from London, not just in this aspect but in other areas as well. Perhaps if I could give just one example of that. I was in Ethiopia at the weekend and we have a member of the British Embassy there, in Addis Ababa, who is a regional representative of the conflict prevention pools that operate trilaterally in London, DfID, FCO, MoD, and there are now people in three East African countries who have a regional responsibility for helping to work with others to prevent conflict.

Q34 Chairman: DfID operates as well in Africa?

Sir Michael Jay: Yes; and we are moving in that direction.

Q35 Andrew Mackinlay: The Foreign Office Report, quite naturally, is kind of a 'good news' report, but, I put it to you, one thing which you have omitted is actually very, very bad news and acutely embarrassing, and that is the failure of the so-called Focus Programme. If I remind you, the Focus Programme was to provide a global registry and intranet. There was an initial contract awarded in January 2002 for £10.5 million, and the initial cost was going to be £23 million over six years, but there was a re-examination of this when it was discovered that the cost had risen to £42 million. The Minister then told the House, in December 2002, that we were cancelling this; we had already spent £9.5 million⁴. Really the question I want to ask is, how on earth did we get into this position where we embarked upon this project, we spent the best part of £10 million, apparently, when the decision to cancel was brought about, the words of the Minister also say, well, it was not that important anyway, I forget his exact words, but I think I am paraphrasing, so we can do without it, presumably life goes on without it? And what you have not told us, and you can tell us now, is, in addition to the £9.5 million which was spent, how much was the cancellation cost?

Sir Michael Jay: I think I am right in saying that the 9.2 includes the cancellation costs, which we negotiated with the contractor.

Q36 Andrew Mackinlay: Are you sure about that?

Mr Collecott: Our total outlay, Mr Mackinlay, was £9.5 million, including the cancellation cost, and we reckoned that the assets that we had already obtained were worth £2.5 million, which means that there is a total deficit, if you like, of £7 million.

Q37 Andrew Mackinlay: Well, it is not peanuts. But how was this decision taken, one, in the first place, to go for this programme, and then, soon after the contract is let, there is an immediate review, leading to the cancellation? It just seems to me to be sloppy?

Sir Michael Jay: The basic concept of the Focus Programme, it is an important programme.

Q38 Andrew Mackinlay: Perhaps you can tell the Committee what it was designed to do, in layman's language, please?

Sir Michael Jay: It was designed to give us a much improved intranet, i.e. an internal communications system, and to provide us with a central global registry, which we do not have, and also to enable us to have much more flexible working arrangements. For example, to enable us to have people travelling with IT on their laptops, in order to be able to operate more flexibly around the world. So it was a very important programme. The estimated costs of the project as a whole, as you said, Mr Mackinlay, went up markedly, from £23 million to £42 million, and when we reassessed it and realised what the new costs were, it was clear we were not going to be able to afford it within our IT budget. At that stage we had to take a very difficult decision as to which of the IT programmes to which we were committed we were going to have to adjust, and we concluded that, although this was important, it was a less high priority than the other IT projects, including Prism, to which we are committed, and that, therefore, regretfully, we should cancel this, while trying to save those bits of it which we could save. And we negotiated with the contractors to continue, for example, to make use of the electronic directory, which was part of it.

Q39 Andrew Mackinlay: What is that?

Sir Michael Jay: It means that, instead of every single member of the Foreign Office having a big red book on their desk with all our staff members in it, all that is on screen, which is a very considerable saving.

Q40 Andrew Mackinlay: It is not a considerable saving, it cost £7 million; instead of a book, you paid £7 million to have something on the screen. I am not being sarcastic, that is the way I look upon it; am I wrong?

Sir Michael Jay: No. You are right that cancelling the project has cost us money, and we would much prefer that that had not happened; but what we have done is save some parts of it, so there are some benefits from the project, even though clearly they are not going to outweigh the costs.

Q41 Andrew Mackinlay: I could go on, but I might do it by Parliamentary Question. But, perhaps you could just explain to us, your colleagues, who must have assessed on your behalf and recommended this and looked at the contract, presumably they were not qualified to do this precisely, were they? Clearly, somebody, somewhere, not through any malevolence but simply was not qualified to make the assessment, to make these decisions, but they did?

Sir Michael Jay: One of the things which happened was that, after September 11, we needed to look at our contingency plans and introduce business continuity systems, so that if our systems fell in one

⁴ HC Deb, 12 December 2002, col 458W.

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part of London they could be replicated elsewhere. The effect of that was to increase the cost of the Focus Programme.

Q42 Andrew Mackinlay: Ah; but that has fallen off the table, we are not going to have that, are we?

Sir Michael Jay: We are going to have the business continuity, we are having the business continuity plan, but the effect of the business continuity plan, that would have increased the costs, was one of the factors which lay behind the increase in the cost of the Focus Programme.

Q43 Andrew Mackinlay: I think, Sir Michael, that, bearing in mind Parliament's historic and main function of looking at supply and scrutiny of expenditure, there really ought to be a full report about this whole matter to this Committee, if my colleagues agreed, but I hope you would volunteer that, because it does seem to me that really there ought to be disclosure as to what went wrong here, lessons to be learned. I will leave that thought with you, and will see what my colleagues have to say, but you might want to do that anyway. Can I move to the establishment of diplomatic posts. The Foreign Secretary, on a couple of occasions, has written to us about adjustments to our missions, the United Kingdom missions, particularly, I think, in the Americas, South America and Central America, and also when there has been a change of view he has explained why that is, because I realise that there are changes of view. But where we have not had a communication from is in relation to Kyrgyzstan. Now I raised that, I think in the previous Foreign Affairs Select Committee, Chairman, you will remind me, but I think your Report actually recommended that there should be a United Kingdom mission in Bishkek, the capital of Kyrgyzstan. We were then told there was going to be one. I certainly have had a Parliamentary Question down for that, but nobody has flagged up with either me or the Committee the fact that actually we have not opened a mission in Bishkek, which we were promised. The Ambassador to Kazakhstan, who is actually not in the capital of Kazakhstan, is covering Kazakhstan, a country the size of Europe, from, I think, London to Greece, so he is the British Ambassador in Kazakhstan, he is not in the capital of Kazakhstan, and also he is British Ambassador to Kyrgyzstan. Now it seems to me, bearing in mind the importance of this area, priorities are wrong?

Sir Michael Jay: You are right that we have not opened an Embassy in Kyrgyzstan, in Bishkek.

Q44 Andrew Mackinlay: No, and we have not been told?

Sir Michael Jay: I confess that I was not aware that there was an obligation to tell the Committee of this, but, no, we have not opened an Embassy in Kyrgyzstan. We have kept that carefully under review, and, a year or so ago, we did intend to open an Embassy in Kyrgyzstan, but we have had to conclude that the resource constraints and the demands that there are for opening elsewhere do not

at the moment permit us to do that. And it is represented from Almaty, which is the former capital, and I think I am right in saying that we are going to have a presence in Astana, which is the new capital of Kazakhstan, shortly. I think I am also right in saying that we are opening a trade office, or BTI are opening a trade office, in the west of Kazakhstan, because much of the important commercial and mineral wealth of Kazakhstan, in which there are some important British commercial interests, is in the west. So I am confident that we are properly represented in Kazakhstan. I would like us to be able to open a Mission in Kyrgyzstan as well, in Bishkek, but it is not something which we are considering at the moment because of our resource constraints.

Chairman: When the Ambassador moves to Astana, he will be a very long way away from Bishkek.

Q45 Andrew Mackinlay: Mr Chairman, you anticipated me. I want to go back to Sir Michael, because, Sir Michael, you are economical with the truth, we are not going to send our Ambassador to the new capital, are we? The phrase you used, "We're going to have a presence," basically that is an office; am I right or am I wrong? I am right, am I not? You see, Chairman, you missed this point. If you had focused up on this, it is a very interesting point. There is not going to be a British Ambassador in the capital of Kazakhstan, there is going to be an office? **Mr Collecott:** I think no final decision has been taken about that. We have already a so-called *Bureau de Passage*, which is shared amongst the Members of the European Community, which is a sort of joint office there. We are in the process of looking at having our own small office there, which I think we will establish fairly soon.

Q46 Andrew Mackinlay: But not with the Ambassador?

Mr Collecott: The Ambassador clearly will visit at times; but there has been no final decision whether it makes sense eventually to move the whole operation from Almaty to Astana, and that is in common with a number of our allies as well.

Andrew Mackinlay: Can I say to you, Sir Michael, it is perverse that in a country which distances from London to Greece we have an Embassy and we have an Ambassador, but he is not in the capital, and he is not going to be in the capital, also he covers another country where we have no office, in neither of the capitals is the British Council present; bearing in mind the political and economic interests over there, surely it is perverse? Can I say to you also that, in terms of Kyrgyzstan, which is one in the lead table of democracy, or it is probably top of the pile, and yet it is interpreted by their Government as acutely hurtful that the United Kingdom are not there. I have to say to you, gentlemen, as a legislator, I think your priorities fundamentally are wrong. I am amazed, bearing in mind if you look at all the other places around the world where we have missions.

Mr Illsley: Where was that again?

Q47 Chairman: Bishkek.

Sir Michael Jay: If I can pause for a moment on Kazakhstan, Mr Mackinlay, we are in Almaty at the moment. A new capital has opened in Astana, there is always in these circumstances a question as to what is the right moment to move from the old capital to the new capital, that is something which we would consider, along with our other partners. For example, we did not move immediately from Lagos to Abuja [Nigeria], and now the High Commissioner spends a lot of his time travelling between Lagos and Abuja. It is a hugely important country in which there are two main centres, both of which need the attention of the High Commissioner. The balance between our Ambassador being in Almaty and our Ambassador being in Astana is something which I think he will have to judge, given where he sees his presence as being most needed. I think, in many ways, as important as that is opening an office in the west of Kazakhstan. Certainly, in the conversations I have had with businessmen, what they have said is, "Where we need someone is in the west of Kazakhstan, because that's where the money is."

Q48 Andrew Mackinlay: Kyrgyzstan, what is your answer to that; there is absolutely nothing there, there is no British Council, there is no trade and there is no Embassy, and no full-time diplomat there at all, is there?

Sir Michael Jay: I do not think there is.

Q49 Andrew Mackinlay: A democracy, of five million people?

Sir Michael Jay: We do not have the resources to have a presence everywhere in the world that we would like one, we have to make difficult decisions, we have to prioritise. That is also what lay behind the decisions which the Foreign Secretary communicated to you about the rationalisation of our operation in Central America, about the closure of our post in Bamako, in Mali, and we would prefer not to have to do that. But there are new priorities arising all the time, the latest one clearly is Baghdad and possibly opening in Basra, and each time we open somewhere we have to reprioritise and close or scale down operations somewhere else, because we are operating within finite resources. So there are always difficult decisions to be made.

Q50 Andrew Mackinlay: I hope that, anyway, when we are told about Embassy changes, closures, and so on, it is not selective, because we were not told about this area at all and we have been told about other things, that is a matter of fact. On efficiency savings, I know my colleagues are going to ask about actual properties in a moment, but the way I understood your efficiency savings was that a deal was done with Her Majesty's Treasury that, in terms of the property portfolio, any savings which were made there you could use on IT, in simple terms that is, that is broadly correct, is it not?

Sir Michael Jay: What we were told was that we could make use of the proceeds of the sale of assets.

Q51 Andrew Mackinlay: Whereas, hitherto, it would have gone back to the Treasury?

Sir Michael Jay: It would have gone back to the Treasury; and then we had a certain sum of money for the first three-year period, then the second three-year period, and up until now that has been divided between reinvestment in the estate and also investment in IT. That will continue, although the balance will shift more in the future towards reinvestment in the estate and less in IT.

Q52 Andrew Mackinlay: But I understand that, it is not a rapid thing but in six, seven or eight years, the IT which you are installing now will have to be replaced; how are you going to fund it, because you will have done your property portfolio, will you not?

Sir Michael Jay: Yes. The recycling of assets has contributed towards our IT, but that is not the only source of funds for our IT. Now it is quite clearly in every bid we put to the Treasury, in every spending round, we are going to have to have an important bid to ensure that we do have the quality of IT that we need to operate as efficiently as we want to, that is going to be one of the important aspects of the bid which we will be preparing over the next year for the spending round next year. Mr Chairman, may I ask the Director of Resources if he would like to add anything on this.

Q53 Andrew Mackinlay: Because I am worried about massive cuts, five, six, seven years down the road, to fund the next generation of IT?

Mr Gass: Yes, I would be happy to answer that. Certainly, I think that if we were having to fund a complete, new IT programme from our existing budget, on top of what we are doing already, and if we did not have the comfort of asset sales, and I agree with you that they cannot go on for ever at the same level, then that is not the sort of thing which we could do without very deep cuts in our existing activity. Now clearly that is a point which we will have to make to the Treasury, as we are negotiating for future spending reviews, it is not the difficulty which we face immediately, but I agree that in the medium term it is a problem which we are going to have to grip with Her Majesty's Treasury. I might say, of course, that the problem of replacing IT is by no means unique to the Foreign Office, this is a general Whitehall problem and one which affects the spending patterns of a good many government departments in Whitehall.

Q54 Mr Hamilton: Can I just move us now to a different subject. It is clear from the Annual Report that the Foreign and Commonwealth Office, the British Council and the BBC World Service, are expending quite a lot of effort, time and energy on trying to improve the United Kingdom's relations with the Arab and Muslim world, especially the perceptions of the UK in those countries; and I

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wonder, with all the numerous initiatives that you have and the programmes that you have introduced, do you think you are achieving your aim?

Sir Michael Jay: I hope we will achieve our aim. The British Council has launched, I think, an important initiative, which is Connecting Futures, which is aimed at strengthening links with the Islamic world. We are ourselves clear that that should be a priority of our own public diplomacy, not just for the Arab world but also with the Muslim communities within Britain, and we have an outreach programme to develop our links with the Muslim communities, and indeed other ethnic minority communities, in the United Kingdom, which I think is important; that is bearing fruit. I visited the Islamic Foundation in Leicester a few weeks ago to give a talk there and meet people, and I think that that is an important aspect of our job. There is, of course, a risk that we will be disjointed, we are trying to overcome that risk, through the Public Diplomacy Strategy Board, which we have set up in the last year or so, which I chair, which brings together the British Council, the BBC World Service, BTI, in order to ensure that the public diplomacy that we are pursuing overseas, all of us, is consistent, and also we have the private sector and we have one or two NGOs who are part of that.

Q55 Mr Hamilton: Can I ask you then how you measure specifically the impact of the work that you are doing?

Sir Michael Jay: There are two answers to that question. First of all, we are going to focus on two or three campaigns. The campaign that we have focused on at the moment is the China campaign, 'Think UK', which is Britain in China, and there are two or three other campaigns which are going to be started in the next year or two. What we are doing also is going to launch what has been called a 'tracking study' this autumn, which will be funded jointly by the Foreign Office, the British Council, BTI and Visit Britain, which is what BTA has now become, which is going to look each year at how Britain is perceived around the world. And when that gets going we hope that is going to provide us, year by year by year, with a kind of assessment of how Britain is perceived, and that will give us also a way of tracking whether or not the campaigns which we are funding are having an effect on our image.

Q56 Mr Hamilton: Just for one second, Chairman, can I pursue the issue of relations with the Muslim world. Because on page 119 of the Report you highlight the example that you have funded and worked with Lord Patel of Blackburn, and I believe also Lord Ahmed of Rotherham, and other Muslim leaders and representatives of Muslim organisations, under the umbrella of the Hajj Advisory Group, and that you funded an official delegation to Makkah. It was reported in *The Independent* newspaper on 28 April, and it has not

been universally well received, I have to say⁵. For example, one anti-racism campaigner said the money would be better spent in Britain, promoting understanding between British Muslims and other racial and religious groups; she went on to say that the money should be spent on helping to accommodate Muslims in a secular society. What comment would you have to make on that?

Sir Michael Jay: The purpose of the support we give to the Hajj every year is to provide consular and other assistance to the very large numbers of British Muslims who travel to Makkah for the Hajj.

Q57 Mr Hamilton: And yet you do not support any other pilgrimages, Jewish, Christian, Hindu pilgrimages, for example?

Sir Michael Jay: I do not think there is anything which is of the same scale as the number of British citizens who go to one place for a religious purpose, regularly, each year. And I have not got the figures in my head but the number of people who need and get assistance from our Hajj Mission is very considerable, and I believe myself that actually it is an extremely useful function that we perform, and Muslim members of the Foreign Office who go, together with prominent members of the Muslim community, provide, I think, a very important service.

Q58 Mr Hamilton: Would you agree with Lord Ahmed that actually it saves the National Health Service, in the long run?

Sir Michael Jay: If you get seriously ill inside Arabia, I do not know. I do think it is worthwhile.

Q59 Mr Chidgey: Sir Michael, to change the subject, if I may. Turning to the Global Opportunities Fund, the Annual Report gives us some more details about that, and, obviously, you remember, it was established in 2002, and in the next three years the FCO has been allocated £120 million to "support existing programmes on human rights and legal reform, democracy and good governance, the environment and international security." I think you are going to get about £87 million over three years, in net terms. How exactly do you intend, if I may say so, with the greatest sympathy, the Global Opportunities Fund actually to make some difference, and why is it felt that it was necessary to create this new Fund, which, frankly, is just a drop in the ocean?

Sir Michael Jay: Our experience, from existing funds that we have, such as the Human Rights Project Fund, is that the expenditure of comparatively small sums of money, well targeted, can make a difference; and what we are trying to do with this Fund, which came out of the SR2002 negotiations, is to focus it on areas where we think it can make a difference. And I think the figures that you quoted are correct, it is £120 million over three years, although some of that, in fact, is going to be used for contributions

⁵ *The Independent*, 28 April 2003, "Britain has spent £100,000 on official delegation to Mecca".

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to international subscriptions and its own administration, so it comes down to 12, 29, 46, I think, over the three years.

Q60 Mr Chidgey: The point that really troubles me, Sir Michael, is that what seems to be happening is that money is being diverted from existing projects, for example, as you mentioned, the Human Rights Project Fund, and, of course, the Westminster Foundation for Democracy (WFD). That comes down to the fact that, for example, in the year 2003–04, while £6 million is being allocated to the promotion of democracy and good governance, which obviously is a fundamental aim, you might argue that £6 million is hardly going to make any difference worldwide, formerly it was actually coming from the WFD. So there is only £2 million of new money, £2 million worldwide for the promotion of democracy and good governance, when you have the whole continent of Africa which the Prime Minister tells us, in his support for NePAD, is our first priority⁶. I would not want to be in your shoes, quite frankly, I would feel somewhat frustrated about that.

Sir Michael Jay: Can I ask Mr Gass, Mr Chairman, just to explain a little bit about the philosophy underlying it; he has been very much involved in it.

Mr Gass: I would like to add a little bit to that, yes, thank you. There is the new money, to which you have rightly referred, Mr Chidgey; in addition, of course, there are the existing FCO programmes, and you referred to the Westminster Foundation, which is funded partially by the Foreign Office, and our Human Rights Project Fund. If you put all of that together, which we have done, into the Global Opportunities Fund, you end up with a sum of £27 million, £43 million and £61 million; so, if you look at the total, it certainly is not large in comparison with a development agency, but then clearly that is not our role in life. What we can do with that money is that we can fund small, high-value, low-cost interventions; and if I could give you just a couple of examples from my own experience, which was most recently in South Africa. The ability to fund, for example, a Treasury official to be seconded to the Minister of Finance, to help him with fiscal policy, is a tremendously useful tool; our ability to help some of the South African policy in combatting crime, by funding Metropolitan Police training. These are not, in themselves, hugely expensive things to do, but they do give very high-value returns, we believe. Certainly, we are not, in any sense, in competition with our colleagues in DFID in this business, and, for that reason, the large-scale interventions which they would be able to mobilise just are not really the purpose of the Global Opportunities Fund. Of course, the ability to which you can change the world in a major sense with this sort of money has to be limited, but individual interventions can be very important.

⁶ NePAD—The New Partnership for Africa's Development.

Q61 Mr Chidgey: I do not doubt the worthiness of the projects that you are able to undertake, Sir Michael, no question, obviously I have seen some of them in action, but DFID is spending nearly a billion pounds a year, we are talking about £87 million over three years, there is no comparison. My concern, frankly, is that, whilst these individual, small-scale projects no doubt are highly valuable and give you a very good return for the minimum investment that is being made, it hardly seems to me to support the Government's policy of addressing the issues of good governance, human rights, never mind worldwide, just in the one continent which is giving us so much concern at the moment. Surely, it is a question of putting your money where your mouth is, is it not, £2 million for good governance for the world, extra money?

Sir Michael Jay: As Mr Gass said, small sums of money, well targeted, can make a difference.

Q62 Mr Chidgey: But bigger sums of money, well targeted, can make an awful lot bigger difference?

Sir Michael Jay: We have not got the bigger sums of money.

Q63 Mr Chidgey: I am on your side, Sir Michael, I am trying to give you a boost here. I will not delay my colleagues any longer, I will move on. I have made the point, and I think you understand where I am coming from. Can I go on to pick up where Mr Mackinlay left off, on establishment of FCO posts. There is a particular question I would like to ask you regarding how the mechanics work, when you make a decision to close a post; what discussions would you have, under normal circumstances, with the country in question's Government?

Sir Michael Jay: Normally, we would make a decision ourselves, when I say "we" I mean officials and Ministers, on the basis of how best we should allocate our priorities, given the resources we have available, and then as soon as we had reached a decision we would communicate that to the country concerned.

Q64 Mr Chidgey: It appears those procedures were not carried out when the decision was announced to rearrange the UK's diplomatic representation to Nicaragua; is that right, was it altered subsequently at the request of the Nicaraguan Government?

Sir Michael Jay: No, we discussed it with the Nicaraguan Government. I think what changed was from where Nicaragua was going to be represented; originally, there was a suggestion that it should be represented, the original proposal as to where, as it were, the hub should be was changed after discussions with the Government.

Q65 Mr Chidgey: You mentioned earlier, in response to Mr Mackinlay, that you work from a finite pot, we understand that, of course, but inevitably that meant when you opened a post you had to close one, in general terms.

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Sir Michael Jay: It is a constant shifting of priorities.

Q66 Mr Chidgey: In fact, the Annual Report points out that in the last five years you opened 32 new posts across the world and closed eight, which seems to me that there is a demand for new offices continuing. My concern is how you are going to cope with that, if you are working from a finite pot; surely, if it is the policy of this Government, which we understand it is, to engage far more directly in the world than we did in the previous decades then you are at the front edge of this, you are literally the front line, and, above all, clearly, you need the resources to be able to follow through that policy?

Sir Michael Jay: Well, we do; and the answer to your question is, we are going to do it with great difficulty, because, as we get increasing demands for opening new posts or strengthening posts in some parts of the world then we are going to have to think of imaginative ways of ensuring that we have the global reach we need.

Q67 Mr Chidgey: You cannot clone people, can you, you need actually to have new people in post to do the job?

Sir Michael Jay: It is a constant judging of priorities. There are going to be some, and I can give no guarantee that we are not going to have to come up and say, in the next two or three years, "This post has now become just so much more that we don't think we should be keeping it open, given the demands to open elsewhere or to strengthen elsewhere." I think that is a reality of life, we are shifting priorities the whole time.

Q68 Mr Chidgey: I do not want to dwell on this point too long, but just one final comment on this point, before I move on to my last point. I cannot conceive of a situation where it is automatic that if our interests grow in one area of the world then we have to reduce our representation in another; that does not smack of sound foreign policy to me?

Sir Michael Jay: It is a necessary consequence of operating within finite budgetary constraints, that if you have demands to spend more on one part of the world and your budget is finite you have got to find something which is classified as a lower priority, which you do not do, it does not mean to say it is not important but it is a lower priority. And that is something which we are having to do all the time.

Q69 Mr Chidgey: A final question, and it is related to this. We were informed a while ago, I think by the FCO, of changes in West Africa, you have referred already to the closure of our post in Bamako, in Mali, and that is a consequence of the upgrading of our post in Conakry to Ambassador level, which I welcome, by the way, I think it is a very important move to make and it shows an engagement with Francophone Africa and western Africa that was not there before. But it comes back to this point, is Mali suddenly a country where we have less concern about developments, in terms of terrorism, in terms of good governance, in terms of human rights; how

are we going to represent British interests, not just British citizens, without a presence in that country, which is right at the heart of political developments in the sub-Sahara?

Sir Michael Jay: We would have preferred to keep it open. The judgment was that having an Embassy in Conakry, or raising the status of the Embassy in Conakry was more important, perhaps not a question of one being more important than the other but the rational look at our representation in West Africa as a whole led us to conclude that the right thing to do was to upgrade our Embassy in Conakry to a full Embassy and scale down our Embassy in Bamako. And also, depending clearly on the way in which the situation goes in Liberia, we are hoping to attach a political officer to the US Embassy in Liberia, which is another example of flexible representation. Also, I mentioned to the Committee last year, we are working with the French to enable us to have representation in their Embassy in Niamey, in Niger, and, in return, they have space in our High Commission in Freetown, which is a way, again, of extending our range but in a cost-efficient way.

Q70 Mr Chidgey: Can you tell us when the Ambassador to Conakry is likely to be appointed?

Sir Michael Jay: I cannot tell you, but I can write to you and let you know, certainly⁷.

Mr Chidgey: I would be very grateful.

Q71 Sir John Stanley: Sir Michael, can I just follow the points that have been made by both Mr Mackinlay and Mr Chidgey. I fully understand that you have got to operate within finite budgets where you have got a steady-state situation, but we all know that there is provision in the public expenditure mechanism that where government departments face exceptional requirements that essentially are unforeseen there is the ability to bid to the contingency fund. And, I must say, I was dismayed, in your reply to Mr Mackinlay, when you said that you were having to look to make economies elsewhere in the diplomatic representation simply because we have needed to establish, absolutely rightly, our Embassy in Baghdad, and possibly a base in Basra as well. And I do not understand why the Foreign Office is not doing what I am absolutely certain will have been done by the Ministry of Defence and also by DfID, to make a bid to the contingency fund to meet the quite exceptional needs that you are having to face. On a straightforward level, it seems to me absolutely ridiculous that the Foreign Office is having to pay a price of closing down some of its overseas representation because we have successfully managed to overthrow a tyranny in Iraq?

Sir Michael Jay: I will ask Simon Gass to comment on exactly where we are in our discussions with the Treasury. We did make a successful bid on the contingency fund to finance some of the

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preparations for conflict, before the conflict in Iraq, and we are considering a further bid and, indeed, I think discussing with the Treasury the possibility of a further bid in order to cope with at least some of the extra expenditure that we will incur as a result of our operations in Iraq. But, irrespective of Iraq, I think we have to recognise that we are entering a kind of period in which we are going to have to be looking constantly at high priorities and low priorities and looking at ways of doing things more efficiently.

Q72 Sir John Stanley: But why are you only considering making a bid to the contingency fund? I would have thought that, the day the war ended, or possibly before the war ended, if one was going to forecast the outcome, you would have been there and you would have your bid on Gordon Brown's desk the day after the war ended?

Mr Gass: Indeed, we did make a claim on the reserve in respect of the last financial year for the expenses which we had then incurred in respect of Iraq. The Treasury met the claim in part but not in full, and therefore we were left with a sum which was unfunded. We will enter a further claim on the reserve this year, undoubtedly, but part of our aim is to make sure that we have a full understanding of what all our costs are going to be this year. What I think it would be wrong to do would be to enter a series of sequential reserve claims with the Treasury, we would rather make sure that we have got a clear fix on our costs before we did that. If I may take one step back, I think that the linkage that because we have to do more in Iraq we close a post, or because we open a post we have to close another post, is more mechanical than actually it is. Of course, there are many areas in which we can make savings in the Foreign Office, and that indeed is what we are trying to do through our Efficiencies Programme, and, for example, the reorganisation of our services organisation, where we hope to save a substantial sum through smarter procurement over the next few years. So it is a question of the Foreign Office operating against a tight budget and really trying to do the best that it can with that.

Q73 Sir John Stanley: Could we have a note from you, Sir Michael, as to what are your estimates of what the capital costs that are going to be involved in creating a proper, long-term Embassy, on a permanent basis, in Baghdad, are going to be, and certainly you are going to want to establish a Consulate, I imagine, in Basra, and the costs of that, what your estimate is? And can you give this Committee a decision as to how much you are going for, in terms of a bid to the Treasury, before we conclude our report, please?

Sir Michael Jay: Certainly⁸.

Q74 Chairman: Sir Michael, creative and innovative representation, you have given some examples, a political officer of the UK in the US

Embassy in Monrovia, you have mentioned the linkage, France, Niamey and Accra; you did not mention any possible such initiatives in Central America. When we closed our posts in Tegucigalpa, in Managua and in San Salvador, did we then try to have similar, innovative, creative solutions in dealing with the US there, for example?

Sir Michael Jay: What we have done, I must get this right, we have reorganised our representation in three Central American countries; one of them we have closed and left with the local representation.

Q75 Chairman: That is Managua, I think?

Sir Michael Jay: I will just check; in Tegucigalpa and Managua, where there are DFID people, where there is a DFID office, we are going to appoint the head of the DFID office as a *Charge d'Affaires* in a British Development Office, and then we will be represented from one of the other regional capitals. In the case of San Salvador, we will have an Honorary Consul, who will be our own in-country representative. Now, we have not discussed, I think, in those cases, the possibility of co-location or joint representation with others, so that is something we do on other occasions.

Q76 Chairman: When we have the joint operation with the French in Niamey, and in Freetown, what are the financial implications for the French and ourselves?

Sir Michael Jay: I think I will need to send you a little note on that, if I may, Mr Chairman⁹.

Q77 Chairman: Thank you. A final point on this representation, before I pass to Mr Hamilton. There strikes out from this group in Central America the fact that we are keeping our High Commission in Belize; now is it still the view of the Foreign Office that all posts in the Commonwealth, effectively, should be kept open?

Sir Michael Jay: No. It is not a rule that all should be, Mr Chairman, there are one or two countries, certainly, Commonwealth countries, in the Pacific.

Q78 Chairman: Apart from the Pitcairn Islands and St Helena, and so on?

Sir Michael Jay: They are Overseas Territories.

Andrew Mackinlay: They are Overseas Territories; without representation, out of sight, out of mind. Sorry about that.

Q79 Chairman: Clearly, when you looked at Central America and the representation, the fact of there being one Commonwealth country, namely Belize, presumably was a factor in your keeping open that one?

Sir Michael Jay: Yes, it was a factor, because our interests there remain considerable. But this is not an absolute, because there are one or two Territories in the Pacific, I think I am right in saying, Kiribati is one, where we do not have full-time representation.

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So we do not have a policy that we should always have a High Commission operating in all Commonwealth countries.

Chairman: Thank you.

Q80 Mr Hamilton: That leads me neatly on to the point I want to discuss about entry clearance, because, obviously, unless we have a High Commission or an Embassy, it is much more difficult for us to organise visas and entry clearance procedures. Now in the Annual Report, and indeed in your supplementary memorandum, you draw attention to the huge increase, I think it is a 9% increase, in applications in 2002 for entry clearance in our posts abroad. To many of us in the House of Commons who represent a large number of British citizens who are of Pakistani, Indian, Caribbean, or African origin, maybe, these entry clearance procedures are critical, because, inevitably, our constituents have family coming from abroad who want to join them for holidays, or weddings, or funerals, or special events. And one of the biggest problems we have, in terms of time in dealing with constituents, certainly in my case, and many, many colleagues, and I think Mr Pope as well, in Hyndburn, is those constituents who are deeply unhappy that their relatives have been refused entry clearance, not, it seems, often, for good reasons, because we accept that there are good reasons for refusal, in some cases, but for spurious reasons. And very often we are asked to provide letters of support, which usually I say is a bit pointless because it does not figure in the calculations when an Entry Clearance Officer is looking at an application. So my question is, how are you going to deal with the increased demand, and how are you going to ensure that there is a greater fairness and transparency in the decisions that are made? And, clearly, we get only the decisions that have gone wrong, I accept, a huge number go through very, very easily, with no difficulty at all, and people come to Great Britain and leave when they are supposed to, and that is fine; we are pleased about that. But how are you going to cope with that increased demand, which has already happened and which is quite likely to increase over the next few years?

Sir Michael Jay: I think it will continue to increase, but I think you are right to say, Mr Hamilton, that the vast majority of cases are settled satisfactorily and are within the time-frame. We dealt with 1.94 million applications in 2002, which is a huge operation, the visa operation, and that was an increase of 9% on 2001, and 91% of our straightforward applications were resolved within 24 hours; so it is a huge and, I think, on the whole, very successful operation, and, I have to say, I am full of admiration for the staff that I meet around the world. I always visit visa sections when I travel anywhere in the world, because it is a hugely important part of our operation and I am very impressed by what they do. But there is a significant number of difficult cases, and a lot of interest, as we know, from Members of Parliament, because of the

letters we get, and, indeed, most of our ombudsmen cases are cases which derive from complaints against our visa system. There will always be a small number of cases which, for one reason or another, go wrong, we will do our utmost to minimise those, through proper training programmes and also through making sure that we have got enough visa ECOs in the posts concerned. And that is helped by the sort of self-financing arrangement, so these operations are not a claim on the rest of our budget, it is a self-financing operation, which Mr Gass could explain, if you would like him to. It is complicated further by the security situation; there are some parts of the world, like Pakistan for example, where it has been very difficult to maintain a full-time visa operation simply because of security concerns and the difficulty of allowing people to come into the High Commission. As a result of that, we have been looking at innovative ways of issuing visas, through courier services, which can reduce the need for people to come to the High Commission and Embassy, and we are opening a new network of ten visa application centres in India, for example, outside the traditional High Commission and Deputy High Commissions, which I think will enable us to provide a better service where people are, rather than expecting them always to come to the capital. So we do have a number of initiatives to try to improve the service, improve its transparency and ensure that we have the right number of people in the different countries; but I do not underestimate the difficulties of this. Again, I was very struck, being in Nairobi and Addis Ababa last week, by the huge difficulty at the moment over Somali applicants; there are very large numbers of visa applicants from Somalia who have no documentation and who, quite rightly, want to join their families here, and it is proving quite difficult to manage. Now we are going to focus resources on that particular issue because there is a difficulty there. So there are a number of initiatives we have at the moment to try to improve the system; but I do not pretend it is going to be easy, because it is a huge operation and it is going to become, I think, more difficult as time goes on.

Q81 Mr Hamilton: I understand, and I pay tribute certainly to your staff, who have improved dramatically over the years, certainly the six years that I have been a Member; and, Islamabad, I know the situation there in Pakistan, having spoken to our new High Commissioner. And I was intrigued to discover you are using a firm called Gerry's/FEDEX to courier around the applications, since the person who deals with my casework in that area is called Gerry, it was quite convenient really. But the other thing I wanted just to ask you about really was the very few cases where there are problems, and I appreciate that many of your staff are highly pressurised and that that is a problem that causes tempers to get raised, especially when you have awkward people trying to apply. I am not going to talk about individual cases, but, for example, in Bangkok recently, one constituent told me that staff there were quite rude to the person who was

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applying; now it may be that she was rude back, and I am not going to discuss the individual case, but I wonder, in those cases, where you have had a number of complaints in a particular post, whether you address those concerns and pinpoint them to individual members of staff and then help them with retraining?

Sir Michael Jay: Certainly, I hope we would do that. I cannot comment on individual cases, but certainly I would expect that the head of a consular or visa section, or indeed the head of post, to be aware of an increase in complaints, because, certainly, my experience as an Ambassador is that complaints come to you, as Ambassador, and if you notice that suddenly you are getting an increase, you think, "Hang on, there's something not quite right here," and talk to the Consul, talk to the Entry Clearance Manager, and say, "Look, have we got a bit of a problem here, is there somebody who's under a bit of pressure?" If so, take them off, or, if there is a problem, do some more training. So that, I think, I would hope, would be part of the good management of an Embassy and of a visa section.

Q82 Mr Hamilton: Finally, Chairman, can I just ask whether you are confident that you will be able to meet all your PSA targets in the area of visas and entry clearance in the next year?

Sir Michael Jay: I think we will make a really good stab at it. I cannot promise you that we will meet absolutely all of them. But we take the PSA targets extremely seriously, they really are, more than has been the case in the past, a driver for our activities and we will do our utmost to meet them.

Q83 Mr Pope: Just to follow on, briefly, from what Mr Hamilton was saying. First of all, a quick comment, to say, in my experience, it is hugely better now than it was just a few years ago. There has been a very rapid improvement in entry clearance, and, I must say, I would not want to be an Entry Clearance Officer, it looks to me an extraordinarily hard job. I have two quick questions. Can you say just a word about training for Entry Clearance Officers? Constituents come, and it does appear just inexplicable why they have been turned down; quite often you can see easily why somebody has been refused but sometimes it seems just really arbitrary, and I wonder if you could say something about the training? The second point is about Islamabad. I too have come across Gerry's/FEDEX. I am not sure 'innovative' is the word that I would have ascribed to this process. Clearly, there are massive problems in Islamabad, but it is causing a lot of difficulty in a country where there are a great number of people who wish to visit the UK. So I would be grateful if you could say just a few words about that, please?

Sir Michael Jay: I am afraid I have not; I do not know whether one of my colleagues has got details on the training available. If I could ask the Director of Human Resources to say a word about training.

Mr Charlton: Mr Pope, it is standard for Entry Clearance Officers to be trained before they go out to post, so that they receive a standard training

package which they are expected to pass before they go out. Obviously, once they are there, they work very much as a team, which probably you have seen, and they do look very much at their own performance and try to improve on the job. In areas where there are particular problems, the head of UK visas will go out routinely, with one or two of his trouble-shooters, where there are big queues, for example, I saw this happening in Lagos earlier this year, and try to sort that out, they are very alive to the customer care side of the operation.

Q84 Mr Pope: That is very helpful. The other problem is about Islamabad?

Sir Michael Jay: On Islamabad, I used the word 'innovative' because it is—

Q85 Mr Pope: It is a new Foreign Office word?

Sir Michael Jay: I will take that as a compliment. It was a new way of doing things, and, in fact, although it is not enabling us to provide as good and as fast a service as we would like ideally in Islamabad, given the demand and given the security situation, it has enabled us, I think, to provide a much better service than if we had not had that service and had still had the problems over access to the High Commission because of the security concerns. I should say that I know that the Foreign Secretary is very, very concerned personally about the whole question of visa operation and entry clearance services and follows these innovations and other departures extremely closely.

Mr Pope: I think we have some similar surgeries, yes.

Q86 Richard Ottaway: Chairman, just to add to my two colleagues; having a Croydon seat, where immigration matters are probably the number one issue, things have improved a lot, as far as your side of the operation is concerned, I wish I could say the same for the Home Office, but a satisfied customer from your perspective. Can I take your mind back, Sir Michael, to the dreaded question of resources and deal with property and assets. The Report, where you have an aim or an aspiration, an ambition, to recycle £100 million of your assets in the three years from 2001 to 2004, how are you getting on with that?

Sir Michael Jay: We did pretty well in the first year. Mr Gass can give you the detailed figures. We did not do so well last year, largely because the property market collapsed, particularly in the United States, where we had some properties we were trying to sell, and we are hoping to recoup in the current year, which is the third year of the present triennium, in the hope of reaching the £100 million. But it is not self-evident that we will reach that £100 million this year, at the end of this triennium, and that, again, will put pressure on the budget and lead us to look at economies elsewhere.

Q87 Richard Ottaway: Before Mr Gass answers the details, how will you make up the budget, if there is a shortfall?

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Sir Michael Jay: I cannot say that at the moment, it will depend on how much the shortfall is, it might be things that we would have to delay, projects that we would have to delay a bit, in order to make up the shortfall. I hope we will not have to do that, but the international property market is not as strong as we would like just at the moment. But perhaps I could ask Mr Gass to say a bit more.

Mr Gass: In the first three years in which we rolled this out, we had a target of £90 million, we met that; last year we achieved sales of £41 million. So that took us quite a substantial way over the three-year target of £100 million. Last year was disappointing, we sold only a bit more than £13 million last year, partly that was because some deals were delayed, because of property upsets in the post-11 September environment, and we have a plan which would help us to catch up with that; but it is not a certain business, that is absolutely clear.

Q88 Richard Ottaway: If there is a property downturn in other parts of the globe, would it be better to postpone generally until the market turns up, rather than flogging off the assets just for the heck of hitting a target?

Mr Gass: We are certainly not in the business of doing a sort of bargain basement sale on properties, no, but it does depend a lot on whether the property meets our requirements or not. Where we have poor properties, of which we still have some, there is then the dilemma, which is the classic stock market dilemma, do you hold on and hope that the property market will go up, having a property which is not really what you want, or do you sell it and then reinvest by buying a different property, possibly in the same city, at a lower cost. So it is a calculation which obviously we have to make case by case.

Q89 Richard Ottaway: I agree. I do not particularly see the Foreign Office as property speculators.

Mr Gass: Indeed, not.

Q90 Richard Ottaway: Can I take you to the very specific matter of the consular residence in San Francisco, clearly a matter you are well aware of; first of all, are there any plans to sell it?

Sir Michael Jay: Yes, there are. We have now completed the purchase of an alternative consulate and there are plans to sell the existing residence.

Q91 Richard Ottaway: You have actually completed the purchase of the new site, the new residence?

Sir Michael Jay: As I understand it, that has been completed.

Q92 Richard Ottaway: My next line of questioning is moderately academic, but are you well aware that the British-American Chamber of Commerce has described the new house as utterly inadequate for the type of operations that they would like to see conducted over there, and described it similar to the

type of house one would find in Acton or Ealing, “a far cry both in size and architecture from the type of house envisaged by your Committee”?

Sir Michael Jay: I am aware of their views, and I do not agree with them. The residence in San Francisco, the Consulate-General, the present one, is a large and rather splendid building; it is larger than we need, and we would not be able to keep it in the condition in which it would need to be kept if really it was to be a good advertisement for Britain. So I am quite clear in my own mind, having visited it, the right thing to do is to sell it and to move into what we believe is a very good, fit for purpose but smaller building. One of the concerns I know that the business community has had is that there is a conference room attached to the Consulate-General, which there will not be in the new one, that is true, but we are making arrangements to ensure that we can have access to a conference room next to the office itself, in order to make up for that. It was a difficult decision, this, and there was a lot of attachment, for reasons I understand entirely, to the residence in San Francisco, but I am clear in my own mind, as are our Ministers, that this is the right way to go.

Q93 Richard Ottaway: The Chamber of Commerce, in anticipation almost of your remarks, Sir Michael, sent us photographs of the new residence.

Sir Michael Jay: I have had them too, on my e-mail.

Q94 Richard Ottaway: In that case, you will be well aware that it is by far the most modest of all the residences in San Francisco now, in fact, it is really down on a par with the Swiss residence, everyone has got far superior buildings. Just to say that, if the community there says that they do not think it is up to much, if you have done the deal then I suppose that is it, but it is a matter of regret. How much money was actually made out of the two deals?

Sir Michael Jay: We have not yet sold, so we do not yet know, but we are confident that there will be positive returns, and also that we will be avoiding a heavy capital charge on the existing residence and avoiding heavy maintenance charges over the next few years. And I think the residence is fit for purpose, it is a good house, it can accommodate a sufficient number of people, businessmen and others, for dinners, and also we have very good, high-quality offices in San Francisco, which we have moved into fairly recently, and I think the combination of the two is what we need in San Francisco and gives a very good image of Britain.

Q95 Richard Ottaway: But, Sir Michael, Mr Mackinlay pointed out the losses on the Focus Programme earlier on. I venture to suggest, flogging off the family silver here, the sums you are going to raise do not even pay a small fraction of the sorts of losses you have got on some IT programmes, and yet the money you are meant to be gaining is meant to be going into IT programmes; so all that is happening is that assets are being sold and they are not even covering the losses on these IT programmes?

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Sir Michael Jay: We are selling them not just to raise money but we are selling them because what we need is an estate worldwide which really is fit for purpose, which is the right size, the right scale and enables us to carry out the functions we need. The San Francisco residence, we have rough targets for the size of residences in different countries, and the one in San Francisco is 350% over the sort of recommended scale, and the maintenance of something which is so much larger than what is regarded as a sensible norm, the cost of maintenance is just too great.

Q96 Sir John Stanley: Sir Michael, as you know, this Committee has been very robust in cautioning your Department in not flogging off the family silver, as Mr Ottaway rightly says. In most of these cases, these are irreplaceable buildings, and they are buildings that are irreplaceable not simply on cost grounds but very often in terms of the location and the facilities which they provide. I am sure like yourself, I come at this issue with a background of a very, very long period of time. For three years I was responsible for the diplomatic estate, as the PSA Minister, and it was the same story then, and this will be familiar to you. The Treasury, right back then, were trying to flog off our Embassy in Paris, in the *Rue St Honore*, and send you out to the Parisian equivalent of Ealing and Acton, which we successfully fought off, and it is the Treasury at the same game, all over again. And I must tell you, Sir Michael, that I was dismayed, as I know was our Chairman, when we were in Prague a few weeks ago, at the meeting of the NATO Parliamentary Assembly, to be told that our excellent Embassy, right in a key position in Prague, is apparently now threatened with being sold. You are shaking your head, I am delighted you are, and I hope you are going to be able to assure us that that is not going to happen. If I could ask you to respond to the general concern that the Foreign Office needs to have locations which reflect properly the importance that our country attaches to its diplomatic and commercial relations with the countries in question? And, whatever you say about San Francisco, these are the people on the ground, these are the people who are engaged in doing business between America and this country, and they are in no doubt that this marks a significant downgrading in the status of British representation in San Francisco. And if you do it elsewhere, in Prague, or elsewhere, the same will be true, it will be seen as a major downgrading, and the people who will rejoice will be our competitors, diplomatically and commercially, round the world?

Sir Michael Jay: I agree completely that we need to have really good-quality, well-placed, centrally-located offices and residences around the world, and that is what our aim is; but, equally, the aim is to have the right kind of residence, the right kind of office, and to have a constant programme of modernisation to ensure we have that. I think the decision that I have described for San Francisco was the right one. In Prague, which I visited recently, the

combination of offices and residence is an extraordinarily historic castle; it is not convenient, in terms of its layout, and it is very expensive to maintain, we spent £800,000 over the last two years in maintenance and refurbishment alone, and we have to take this into account. Now there has been no decision at all on Prague.

Q97 Sir John Stanley: Is it under threat?

Sir Michael Jay: We have to look at every property to make certain that they are paying their way and that we are going to be able to maintain them in order to make them efficient and effective; we have to do that.

Q98 Sir John Stanley: But, Sir Michael, you have been to Prague, you know it intimately as well; you understand totally that is an absolutely irreplaceable site.

Sir Michael Jay: I agree.

Q99 Sir John Stanley: And it speaks volumes for the importance that Britain attaches to its historical relationships with the Czech Republic, to a very, very important, new member of the European Union, and a new member of the European Union which will be of significant economic and commercial consequences. There is no way, if that Embassy is sold, that anything remotely equivalent in the centre of Prague is going to be obtained?

Sir Michael Jay: As I say, no decisions at all have been taken about that, and no decisions would be taken without consultation and agreement by Ministers, and I am quite certain that the factors that you have mentioned will be taken into account. It is a magnificent site.

Chairman: Well, the point is made. Sir Michael, we have three colleagues who want to come in on this, there is a block on locally-engaged staff and on retirement, and we have a major discussion afterwards; so can I ask colleagues to be brief on this.

Q100 Andrew Mackinlay: I am sure there is a danger of you bursting into tears with the question I am going to ask now, because it is so unfair, because you have been defending not selling; but one thing which has concerned colleagues, I think, over a number of years, when we have gone to the United Kingdom residence in New York for our Ambassador to the United Nations, is that that actually is woefully inadequate, and I think it is now time that we flagged that up. I am conscious of what was said, and I realise that, basically, at the end of the day, we vote through the money, but, surely, bearing in mind the things you said, it is long overdue that the residence of our Ambassador to the UN, frankly, had better premises, more spacious premises?

Sir Michael Jay: Yes, I think it is minimal, in terms of accommodation. Perhaps I could say, in fact, I am seeing our new Ambassador to the United Nations, I think, tomorrow, so perhaps I could pass on to him your concern.

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Chairman: Will you pass that on.

Sir Michael Jay: In the last two financial years.

Q101 Andrew Mackinlay: I need some brownie points with him anyway.

Sir Michael Jay: May I pass on your best wishes, Mr Mackinlay, to him?

Andrew Mackinlay: Yes, certainly.

Q102 Mr Chidgey: Just two quick points, Sir Michael. If you took that concept that you are lumbered with, of the asset charge, which basically goes with these incredibly prestigious buildings that we have had over the centuries, and therefore are of very high value now, if you take that any further and apply it to this place, the asset charge on that building there, we would be in an office block at Acton?

Sir Michael Jay: We do not take it to its logical extremes. Where we have a grand house which clearly is hugely prestigious and is serving a really good purpose for Britain, there would be no question of getting rid of it. We are not talking about those.

Mr Chidgey: Can I go then to something more modest, in a different part of the world. Recently I was in Trinidad, and I attended a reception with our High Commissioner there, who has a rather large bungalow, in a very good position, which everyone likes to come to for receptions, which is very good for networking, which is the whole purpose of the place. Now I understand that the grade of that post meant that when a relatively junior member of the Foreign Office went out to assess the property they told the High Commissioner that he was not entitled to the separate living-room that had been provided in that bungalow by somebody putting up a wall. Now this is just pedantry by junior members of the FCO, haranguing our staff there, doing their job, and being told, "Ah, but you can't have that room there, therefore we'd better get you a bungalow down the road."

Chairman: And your answer?

Mr Chidgey: You have not the faintest idea what I am talking about? Go and talk to them, because that is what is happening.

Q103 Chairman: You will undertake to go and talk to our High Commissioner?

Sir Michael Jay: I will. It is a long time since I stayed in the High Commission in Trinidad, but I will¹⁰.

Q104 Mr Oliner: The only thing, Sir Michael, I cannot understand is the property we have in Prague. You have just admitted that you have spent over the last 12 months £800,000.

Mr Oliner: Yes; but that is an awful lot of money, and it buys an awful lot of work, I would suggest, in Prague, to have the building altered or brought up to scratch. Now if it were sold you would never recoup that money, so, for goodness sake, why are we even contemplating it?

Q105 Chairman: Well, you will take into account the strong views expressed in the Committee?

Sir Michael Jay: Yes. I do, indeed, take account of that.

Q106 Chairman: We have two other areas of concern. One is locally-engaged staff; what I propose to do is submit to you various questions on that. The second, in terms of retirement, prompted by the rebirth of Sir Jeremy Greenstock, at the age of 60, as our representative in Baghdad. We are aware that the retiring age for our diplomatic staff is, I believe, certainly very much at the younger end; can you say what consideration, if any, is given, in terms of pension, in terms of promotion prospects, and in terms also of the government policy in that respect, and the active ageing policy of reviewing the current retirement age?

Sir Michael Jay: The present retirement age is 60. There have been occasional exceptions to that. Sir Jeremy Greenstock, in fact, is one. I will ask Alan Charlton to say a word about pension arrangements. But the big change, I think, which will be happening in the next few years, is the European Union Directive which, I think I am right in saying, will make compulsory retirement at any age illegal as from the end of 2006. And this is going to require the whole of the public service, and not just the Foreign Office, to reconsider present retirement ages and about the management of its staff.

Chairman: I am aware that this is a fairly technical matter; also I am aware that there is a division coming up very shortly. I think it would be helpful for the Committee if a note were to be produced, and perhaps we can explore it at the next meeting¹¹.

Q107 Sir John Stanley: Can I just ask, Sir Michael, one of the allegations made by the British-American Chamber of Commerce is that they say, as far as we can ascertain, no cost/benefit analysis of the San Francisco transaction has been carried out. Could you give us a note to say whether or not that is the case, and if the cost/benefit analysis was carried out could you provide us with a copy of it so we can see whether the predictions of the cost/benefits are fulfilled in practice?

¹⁰ Ev 89

¹¹ Ev 89

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Sir Michael Jay: Certainly¹².

Sir John Stanley: Thank you.

Q108 Chairman: Good; that will be helpful. I would like to call this meeting to a close and express my thanks to you and to your team. We look forward to a sheaf of notes, preparing us for next year's meeting on this topic.

Sir Michael Jay: Thank you very much, Mr Chairman. Could I offer you one other note perhaps on the subject which we did not get to, which is the management of local staff¹³. It is something to which I attach personally a huge amount of importance.

Chairman: Yes. Actually, what we intend to do is submit a series of questions which inform the basis of your note. Very many thanks.

¹² Ev 88

¹³ Ev 89

Tuesday 14 October 2003

Members present:

Mr Fabian Hamilton
Andrew Mackinlay

Richard Ottaway
Sir John Stanley

In the absence of the Chairman, Mr Fabian Hamilton was called to the Chair

Witnesses: **Mr Peter Collecott CMG**, Director General, Corporate Affairs, further examined, **Mr Julian Metcalfe**, Head, Estate Strategy Unit and **Mr David Coates**, Estate Modernisation Manager, Estate Strategy Unit, Foreign and Commonwealth Office (FCO), examined.

Q109 Mr Hamilton: Good afternoon. Welcome to this meeting of the Foreign Affairs Select Committee. The Foreign Affairs Select Committee has scrutinised the Foreign and Commonwealth Office's annual reports each year since 1991. This year the Committee continued the tradition of scrutiny and took oral evidence from the current Permanent Under-Secretary, Sir Michael Jay, on 24 June¹. Members covered a wide variety of issues during the session, including personnel matters, information technology, crisis response facilities and visa services. At the June session, the Committee also raised the issue of the Foreign and Commonwealth Office's decision to sell the current Consul-General's Residence in San Francisco. We took that up with Sir Michael. The Committee has taken evidence on this matter before, during its inquiry into the 2001 Annual Report, and members have received a number of letters concerning the Residence from a variety of concerned sources, principally from the British American Chamber of Commerce. The sale of the Residence has also been raised separately by, among others, Mr Derek Wyatt MP, who has tabled an Early Day Motion. This afternoon we are hoping to explore in more detail how the Foreign and Commonwealth Office reached its decision to sell the current Consul-General's Residence in San Francisco and purchase a new one; whether the sale of the old building represents a significant loss to the UK's diplomatic representation in the city; the suitability of the new building for its purpose; and whether the decision made by the FCO is justified in the long term. We might also wish to examine this afternoon what wider lessons can be drawn from the sale regarding the asset recycling programme. Could you start by introducing the officials appearing with you today, Mr Collecott, and say what connection you have all had with the current Residence in San Francisco and the purchase of its replacement?

Mr Collecott: May I first of all say that we welcome this opportunity to appear again before the Committee to explain in greater detail than was possible at the time of your hearing into the Departmental Report about the surroundings of the San Francisco sale, and in more general terms the asset recycling programme, which we shall be happy to go into. I am the Director General (Corporate Affairs) and as such take overall responsibility at Board level for estate issues and was therefore

involved in the detailed decision to sell the existing Residence in San Francisco and to purchase the new one. Julian Metcalfe, sitting on my left, is the Head of our Estate Strategy Unit in the FCO and under me takes responsibility for all estate issues, that is our worldwide programme of estate management and estate building, etc. On my right is David Coates, who is our Estate Modernisation Manager, with particular responsibility in the compass of his job for the asset recycling programme. David was the one who led the last team to San Francisco in March this year when he was looking for a new Residence to purchase, and the decision to purchase one was actually taken. The three of us have had a quite intimate connection with this subject over a number of months.

Q110 Mr Hamilton: Could you just clarify for the Committee the exact status of both buildings at present, both the new and the old Residences? Has the sale been made? Has the new building been purchased? Where are we up to in San Francisco?

Mr Collecott: On the new Residence, we have indeed completed the purchase, in June this year. We have had to do some work on it before it could be occupied. The new Consul General, who is Martin Uden, arrives in San Francisco this week and will move straight into the new Residence. I might note in passing that one of the nice things is that the Residents' Association of the Presidio Estate, where the new house is, have already organised a welcoming party for him. So he is a welcome addition to their number. We waited until we had purchased the new Residence before formally putting the old one on the market. That was done pretty promptly and we received offers for that and have just recently, last week, accepted an offer.

Mr Metcalfe: We have accepted an offer. I would prefer not to go into detail about the value because this could compromise our position. All I would say is that it vindicates the figures which have already been submitted to this Committee.

Mr Collecott: So the sale is in process and we have accepted an offer.

Q111 Mr Hamilton: And the new one in the Presidio estate is about to be moved into by the Consul General.

Mr Collecott: It is about to be occupied by the new Consul General.

¹ Ev 1

Richard Ottaway: May I start with a point of order? Given that Mr Metcalfe has said he cannot discuss the value, it is rather hard for us to go into detailed comparisons of the figures on the two properties. I wonder how we might get round this one.

Q112 Mr Hamilton: I think what he said—forgive me if I am wrong—was that expectations had been met. I do not know whether you can make any further comment on the point made by Mr Ottaway.
Mr Collecott: Obviously we are looking at it now with hindsight and the figures are vindicated by the sale price we have been able to achieve. Naturally, when we go through the process of taking decisions, which I think is the primary focus of the Committee's discussion, clearly we have to operate then on the basis of the best expert judgment of what properties are worth, and that is therefore the figure which we included in the documentation which you have in front of you.

Q113 Richard Ottaway: Let us see where we get to. You have very kindly made a number of figures available to us and it is much appreciated. If there were no recycling programme, would you have sold it?

Mr Collecott: Perhaps I may take an historical perspective on that.

Q114 Richard Ottaway: A yes or no would do.

Mr Collecott: The answer is yes. I would just add a gloss to that. Even before we had the asset recycling programme we did look at the question of whether Residences we had around the world were fit for purpose, whether they were over scale, whether in the right place. We did in some cases decide to sell them. One of the ones which came to my attention not long ago, because I was visiting there, was that in the mid 1980s we sold quite a large Residence in Madrid and purchased another, more modern, but equally fit for purpose Residence there. This process is clearly something which, in managing a very large estate—our estate worldwide is about £1 billion—one has to do continually. Perhaps my second gloss is only that with the existence of the asset recycling programme it gives us, as the FCO, the incentive to make rational decisions about the distribution of our assets and hence the sale of some properties, purchase of others, rent of others, precisely because we actually see the proceeds of the sale, rather than it going directly back to the Treasury as it used to.

Q115 Richard Ottaway: Just to confirm: it was not to do with the recycling programme. You would have made this decision anyway.

Mr Collecott: I think we would have made this decision anyway, because, as Sir Michael Jay put in one of his letters to the Committee, the house in San Francisco was rather grand and very large, but one of those places where it would have been very difficult for us, and indeed was very difficult for us, to maintain and use to the standard and to the style which might have been appropriate. We would have looked very hard at it in any case.

Q116 Richard Ottaway: I want to probe the cost benefit, even though you say that is not the reason. You seem to be saying that it is nothing to do with cost benefit.

Mr Collecott: No; on the contrary. The fact is that with a very large worldwide estate we have continually to look at the value for money we are obtaining from the estate and hence decisions on whether to sell, repurchase or how we organise the estate, is independent of the particular asset recycling programme we have. In each individual case of a decision, of course we are guided by value for money considerations as the overriding principle.

Q117 Richard Ottaway: That is helpful; thank you. I am told by those who understand these figures you have provided for us, that the actual saving boils down to a capital saving of about £2 million. Could you confirm that and perhaps just say briefly how that figure is arrived at?

Mr Collecott: I may have to rely on others to get into the details of how that figure is arrived at. It is true that our estimate, which I think will be borne out, is that there will be an upfront capital accretion to the FCO of approximately £2 million.

Mr Metcalfe: That is certainly right. Let us put that figure in context. That buys us a new embassy in Baku, Azerbaijan. In addition to that upfront capital gain which accrues to the Office, we also save on running costs. In the capital charge alone we will have made a saving on an annual basis of £230,000. That is the equivalent of giving us the ability to employ three or four US-based additional workers.

Q118 Richard Ottaway: You are getting into arguments here and I am trying to stick to the capital situation, though I take your point. Is this £2 million roughly within the limit that you cannot really divulge? It is the ballpark figure, is it?

Mr Metcalfe: Yes. The £2 million is certainly borne out by the offer we had which we have accepted.

Q119 Richard Ottaway: What are the savings in running costs?

Mr Metcalfe: On an annual basis they are around £230,000.

Q120 Richard Ottaway: Looking at these figures, that figure seems to be derived from a number of assumptions rather than actual figures.

Mr Metcalfe: That figure I have quoted to you is in fact the capital charge cost. We did look at the running costs of the two Residences and there probably is not a great deal of difference as you rightly point out. There are some assumptions in there which are fairly subjective, but the major saving derives from the lower capital charge which we accrue on the property.

Q121 Richard Ottaway: By that do you mean interest on £2 million?

Mr Metcalfe: No, by that I mean the 3.5% capital charge which we pay on any owned assets and the 2% depreciation which we also pay.

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Q122 Richard Ottaway: To whom do you pay the 3.5%?

Mr Metcalfe: To Treasury.

Q123 Richard Ottaway: You are paying Treasury 3.5%.

Mr Metcalfe: Under the discipline of resource accounting and budgeting.

Q124 Richard Ottaway: So this is just a book-keeping thing, it is not actual cash available for the Foreign Office.

Mr Metcalfe: No.

Mr Collecott: No, it is not entirely a book-keeping element, because as of this year this money becomes real money and to the extent that we can reduce our capital charge liability we can redirect those monies to other front-line activities.

Q125 Richard Ottaway: So a large chunk of the £230,000 is a payment to the Treasury.

Mr Metcalfe: It would reduce the liability of our payments to the Treasury, but in return we have the flexibility to use that money elsewhere to fund other activities and priorities.

Q126 Richard Ottaway: And not pay it to the Treasury.

Mr Metcalfe: Yes.

Q127 Richard Ottaway: So if you did not use it you would have to pay it to the Treasury. To have kept the embassy you would have had to make a payment to the Treasury.

Mr Metcalfe: Yes.

Mr Collecott: Yes.

Q128 Richard Ottaway: As you have now made a saving, you are allowed not to pay it to the Treasury, but use it on other things.

Mr Metcalfe: Let me be clear. We also own the new Residence, so that will count as a capital charge, but by virtue of its value being lower than the old Residence, the capital charge is lower. So we have the ability to keep the saving on the capital charge and to redirect those funds to other front-line activities.

Q129 Mr Hamilton: As well as the £2 million saving.

Mr Metcalfe: In addition to the £2 million which accrued to my budget, which I can re-invest in other properties without reference to the Treasury as we see fit.

Q130 Richard Ottaway: That has still left me a bit baffled. It still looks to me like book-keeping, but I will not press you at the moment. I understand that it is going to be necessary to hire facilities for entertaining. Is that figure taken into account in the savings?

Mr Metcalfe: We looked at the cost of hiring facilities to entertain. We also looked at the possibility of acquiring additional space in our existing Consul-General offices. We concluded that the latter option was the most sensible, both in

operational and value for money terms. We certainly looked at these secondary issues in reaching a judgment about whether we should acquire the new Residence.

Q131 Richard Ottaway: Are you going to have to hire premises for entertaining?

Mr Metcalfe: No, not unless we lay on a very, very large function, a function probably larger than has ever been held at the old Residence. Most unlikely.

Q132 Richard Ottaway: I understand that opinion in California is that this is not the same facility for entertaining purposes. You say that you can cope with everything the old building used to cope with.

Mr Metcalfe: I do not say we can cope with everything the old building could, because by its nature it is slightly smaller. We will not be able to hold such large dinner parties in the new Residence as we were able to hold in the old Residence.

Q133 Richard Ottaway: Does that mean we will not be holding such large dinner parties?

Mr Metcalfe: Yes, that is probably the case.

Q134 Richard Ottaway: You also said that some work needed doing to the building. How much is going to be spent on that?

Mr Coates: About £680,000 altogether.

Q135 Richard Ottaway: Is that taken into account in reaching the £2 million?

Mr Coates: We have made an assumption which is bigger than that in considering the cost of ingoings—as they are called. In fact we are spending slightly less than that.

Mr Collecott: In answer to your question, yes, it is taken into account, both in the calculation of the capital that we will make on the deal and also in the value for money.

Richard Ottaway: So the £2 million is a net figure. How can you spend £680,000 on that? This thing is a Swiss chalet.

Q136 Mr Hamilton: How can you spend £680,000 on that? Was it pounds or dollars?

Mr Coates: Pounds. It is a combination of things. It needs a bit more security because it is a diplomatic Residence rather than an ordinary house. It needs a bit of reconfiguration of guest bathrooms and one or two other things. It is not a lot compared with the value of the property and it will probably increase its value intrinsically to some extent. We also looked very hard retrospectively at the costs we would have incurred if we had stayed in Pacific Avenue. We came to the conclusion that we had been conservative in the other direction, that is we had underestimated what we would have needed to spend on things like very, very tired furnishings and some other things which needed upgrading if we had decided to stay in Pacific Avenue. The £680,000 includes, for example, a complete new set of soft furnishings. They are small things which add up. It is not £680,000 of curtains but a lot of individually

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small items and some professional fees, but again pretty small. There is no one dominating item which accounts for most of that money.

Q137 Richard Ottaway: Would it be possible to have a breakdown of that figure? It does sound an extraordinary amount.

Mr Collecott: I assume you would not want it down to the finest detail, but we can give you a breakdown in categories if you like².

Q138 Mr Hamilton: One of the key issues would be between furnishings, alterations and security. I think the Committee would be interested in the percentage spent on security; that seems to be very important.

Mr Collecott: Certainly.

Q139 Andrew Mackinlay: Apparently it is a matter of fact that Her Majesty's Ambassador in Washington DC was opposed to selling the existing property? Why was that?

Mr Collecott: One has to take as background that in the course of a global asset recycling programme, as we have, there is naturally a tendency for the incumbent, or somebody acting on behalf of an incumbent, to protect what they have. Christopher Meyer, who was then the Ambassador in Washington, expressed the view before the decision was taken that he was not sure this was the right thing to do, to sell the old Residence in San Francisco. When the decision was taken by the FCO Board in October 2000, he acquiesced in the decision and then it took quite a long time before that decision was actually implemented, because we needed to buy the new Residence.

Q140 Andrew Mackinlay: Presumably there was a minute or a letter where he listed his objections, a, b, c, d, was there?

Mr Collecott: Yes. I think some of it was in some of the papers we forwarded to you. If I can quickly find that, I will quote from a paper which was put to the FCO Board in October 2000³.

Q141 Andrew Mackinlay: I am open to correction. I noticed that he had objected, but I do not think it listed his objections. If it did, I have overlooked it.

Mr Collecott: Perhaps I might make one small quote which is HMA Washington, Sir Christopher Meyer. "I do not want to move the CG out of town. That would be a bad mistake". In fact neither the proposal nor the reality now is moving the Consul General out of town. That was the main quote. If you wish, we could go back and delineate more clearly what his other objections were⁴.

Q142 Andrew Mackinlay: I should be grateful if we could have his objections. I also notice in the minutes of the Board—and I do not know whether you were then a member of the Board—something which did create a wave of amber lights flashing at me. I understand that our colleague, Dr Jones Parry,

said that there should be a more general look at specifications for accommodation, given people's increasing reluctance to entertain at home. It seemed to me that by stealth there is a creeping change of policy. Presumably he is saying that some Ambassadors and/or subordinate diplomats, consular or chancery, are balking at entertaining at home. Is this so? It is the first I have heard of it. In my view if it is the case, it is something which is very interesting because it goes to the heart of whether or not we have to have accommodation to the extent you have anyway.

Mr Collecott: Indeed, it is a very fundamental question and quite a bit of work has been done on this since then. Perhaps I might explain that in a minute, but answer your first question first. I was not a member of the FCO Board at the time. I was present at that Board meeting because at the time I was Director Resources in the FCO and this was clearly of interest. What Dr Jones Parry was referring to at the time was the beginnings of a feeling that, not so much at Ambassador, Head of Mission or Head of Post level, but a more junior level, First Secretary and down, there was, in most places round the world but not all, a tendency not to do so much entertainment at home and where official entertainment needed to be done, to do this in other ways at restaurants, in other kinds of facilities. Therefore, this might, as you say, have implications for the type of accommodation we were providing overseas for our diplomatic staff. As a result of that, nine or 10 months ago, we asked a senior member of the service to take a look at this. Having visited various countries he wrote a report which did indeed come to the conclusion that patterns of entertainment, both in terms of what was actually done and what was required in order for the post to carry out its functions and achieve its objectives, had changed substantially over the last decade or two. Indeed, in most places, very little entertainment was being done at home by people of those ranks, mostly it was being done by Heads of Mission and their Deputies. He recommended a policy which had two halves, which we are in the process of adopting. One was that each post should define very much more clearly what its entertainment policy was. In other words, why it was putting on entertainment, what the objectives of that were, how it was going to help it achieve its objectives, and within that to designate those people who would be expected or needed to entertain at home. For those for whom that was not necessary, there might, over time, well be implications for the type of accommodation which was provided for them, both in terms of scale, style and often position within the city—it did not necessarily need to be so central. The other side of the policy was that in doing this we would hope to be a little bit more flexible in the type of accommodation we were able to give to people and to adapt that accommodation slightly more flexibly to the family circumstances of the individual. If they had children and wished to have a different kind of family accommodation slightly outside the centre of the city so they had a garden and more facilities, we would try, within economic

² Ev 104

³ Not printed.

⁴ Ev 104

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constraints, to accommodate that. Yes, that is, if you like, recognition of a change in entertainment patterns at those levels.

Q143 Andrew Mackinlay: I find that very interesting. I can understand the prudence of that examination taking place, but it does auger some major significant changes which we might return to in subsequent years when we look at the annual report. In a sense the PUS might want to note that. I am not critical of it at all, I find it very interesting. It seems to me—and I do make this assumption—that the post in San Francisco is always going to be a post where there would be a high expectation, not just of frequent entertaining, a core part of the duties in a way, but one of those where there will always be an expectation that there will be entertainment at home. That would be correct, would it not? If that is so—and I listened to what your colleague said implicitly and I think it would be fair to say he was saying that on the big occasions they were examining whether there might be more accommodation in the offices and I suppose, implicitly, for exceptional circumstances we hire elsewhere. It did seem to me that there is now a difference, is there not? If broadly the pattern of entertainment at home is not going to alter appreciably, it raises the question of good labour issues. I understand that this Presidio Estate—and I am delighted to hear what the residents' association are doing—are going to be concerned about high volume of parking out there on a frequent basis, are they not? Indeed, there might actually be restrictions, there might be covenants which limit that? Is that the case?

Mr Coates: On the restrictive covenants, we have consulted our legal adviser in San Francisco, who has looked into this very carefully and we are pretty confident that they cannot be changed to our disadvantage. Before we completed the purchase, the then Consul General talked to the Home Owners' Association about the parking problem and we also looked at various ways round it. Presidio Terrace is a gated community with a security patrol inside, so from some points of view it is a better security set-up than Pacific Avenue. There is also street parking outside it, which is not that far away. Purchasers for the old Residence were, incidentally, unable to park when they came to look at it in the San Francisco fog and we lost one set of potential purchasers because of the parking difficulties on one particular day, which was rather ironic. There is also some spare land on which to put cars and organise buses very close to Presidio Terrace, which is another possibility for a large event. We do think there are various ways round this. We have already had good contact between Martin Uden and the Home Owners' Association, and obviously we will want to adjust to make sure there are no inconveniences to neighbours, as you would in any situation.

Q144 Andrew Mackinlay: May I ask about the disability issue? Under Californian State law there is a very good disability act which requires non-discrimination. It has been suggested to us that

whilst there is access to people with disability, it is at the back or the side. What say you about that issue? Do you understand the point I am making?

Mr Coates: Sure. In terms of the American Disability Act, we have been keeping our honorary legal adviser busy on this too. He is extremely clear in a written opinion that it does not apply to a dwelling such as the Residence. In terms of law we are covered. It is mainly about things like dance halls, laundrettes, massage parlours and various other things. What is in effect a private residence, to which people come by invitation rather than by buying a ticket and having an automatic right of admission, is not covered. Our normal practice worldwide is, particularly when we have freedom of choice in constructing new building, to look at disabled access very carefully and try to provide it. When we are taking on an existing building, it becomes, I am afraid, like most things, a question of relative cost. Can we do it within a certain percentage? San Francisco being hilly, residential accommodation is not well served generally for disabled access. We looked around and none of the properties we saw and did not choose from the ones on the short list had particularly good disabled facilities, nor in fact does the present Residence. It has fewer steps at the entry, but it does not have a dedicated disabled set-up. What we have done is to concentrate our effort in this direction on ensuring that the new meeting room, which we take on next door on the same floor as the present office building, is going to be good for disabled access. The building is good and that individual meeting room will be good. If we do find ourselves in the position of inviting someone with a disability, we will hold the event there. We also asked our colleagues in practice in the last two or three years, in working memory, how many events they had held in Pacific Avenue to which disabled people were invited. They could not remember any. That does not prove no disabled people have been there, but at least it was not something which sprang into their minds as a frequent event.

Q145 Andrew Mackinlay: I have to be candid with you. I am not sure I go along with you on this, since the last argument you advanced is the argument which is always advanced by any organisation which is concerned because of the constraints of cost and so on. One has heard that countless times before and disability organisations say that.

Mr Coates: It does not necessarily make it untrue though. On the security side we have the same problem, that we cannot afford to provide the level of security in all cases which is the absolute maximum norm the Cabinet Office set, particularly in cases where we have offices in the centres of towns with fairly small streets. We face the choice of either moving way out into the suburbs and building a bunker, which we could not afford anyway, and which would not be much use for access, or doing what we can within the budget limitations.

Andrew Mackinlay: I understand the counter argument. I am saying that it does not impress me because relatively few London taxi drivers have

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people who require ramps and they advanced precisely the same argument you advanced when resisting parliamentary pressure that they should have the facilities on the modern taxi cabs. I just use that as an example. You ought to let us have some note about the disability access and the comparisons with the arrangements in the old Residence. I did note what you said that the house we are vacating was not fantastically good, but that is something which we cannot ignore and we have a duty to satisfy ourselves about that. I would ask that you give us a full note on that, because I am not comfortable about that at all.

Q146 Mr Hamilton: Is that something you can do for us?

Mr Collecott: Certainly⁵.

Q147 Andrew Mackinlay: Is there housekeeping accommodation in either the one we are vacating or the one we are getting?

Mr Coates: Yes, in both.

Q148 Andrew Mackinlay: Does that more or less keep the same status and facilities?

Mr Coates: Slightly improved in the new building, which makes it a bit more civilised. It has not been changed for some time.

Q149 Andrew Mackinlay: The other issue, which is probably a matter for the Board and you were not a member of the Board, is that the Foreign Affairs Select Committee expressed concern when Sir John Kerr came before us about the sale of the property. I put it to you that if Parliament expressly gives a view, expresses concern, do you not think that the Foreign Office, as a matter of courtesy to Parliament, should come back and say it has heard what we say but does not agree with us and is going to go ahead? Do you not think that when we raise issues specifically you guys should come back to Parliament? I do not want to drop you in it, but it occurs to me that this is what the whole question of accountability is about. Sir John Kerr has gone and Sir Michael Jay is here now and Sir Michael Jay is not before us now, but I put it to you that we must not tolerate this any longer. You guys must come back.

Mr Collecott: I think that was probably when Sir John Kerr appeared before you in the summer of 2001, was it not?

Q150 Andrew Mackinlay: Yes.

Mr Collecott: In which case I was at his side and I can remember it, even though I was not a member of the Board at the time and therefore do not take formal responsibility. Yes, I think perhaps with hindsight we might have kept you more closely informed than we did. I think, if one looks back at the record over the years, the issue of both San Francisco in particular and the asset recycling programme and therefore the sale of various residences is one which has come up regularly in the annual Departmental Report discussions and

certainly nothing has been hidden from you, which is evidenced perhaps by Sir John Kerr mentioning that in the summer of 2001, which was after the Board had taken the decision in February 2000⁶, but before anything had actually physically happened on the ground. Of course I agree, and I agree that we do take and must take very seriously the concerns which are expressed by Parliament and by others in representations to Parliament, which is of course why we try to respond in detail, for instance, to MPs letters to our Ministers stimulated by precisely these kinds of concerns. You would put us in a very difficult position if you were to say in future that every decision of this kind worldwide, however large, however small, needed to be subject to some kind of pre-decision discussion with Parliament.

Andrew Mackinlay: I do not want to labour this and my colleagues have been very patient, but may I just conclude? I am not saying that there should be a “pre-okay” from a parliamentary committee on the sale or purchase of our missions overseas. It is more the principle which I am trying to establish and which I think should be taken back to Sir Michael, that when the Foreign Affairs Select Committee expresses a view about a thing—it might not just be this, I shall give you one other example in a moment—of course he is the manager and the Minister ultimately and they can decide to ignore us, but it does seem to me that they have a duty to come back. I give you one other example to take back to your colleagues on the board, which I hope and suspect you will do. Some time ago the Foreign Affairs Committee expressed the view that there should be an embassy in Bishkek, which is in Krygystan. We were astonished and it was only through questioning during the hearing on the Annual Report that we discovered it was not going to take place when we had in fact been promised it. I want to ask in conclusion whether you will take it back to the Board that when there is an expressed view or wish, if that is rebutted or whatever, then I do think as a matter of courtesy to Parliament the Board should come back. In a sense I use you as the messenger. I hope I have made that point. That is all I want to ask.

Q151 Sir John Stanley: Was the purchaser of the existing Residence in San Francisco an individual company or a government?

Mr Collecott: I am afraid I do not know that.

Mr Metcalfe: An individual.

Mr Coates: An individual.

Q152 Sir John Stanley: Is the individual going to use the Residence as a private residence?

Mr Metcalfe: As far as we know.

Q153 Sir John Stanley: One takes it that this particular individual will be extremely well-heeled.

Mr Coates: I think he has some fine art he wants to display in the appropriate setting; some Old Masters.

⁵ Ev 104

⁶ Note by witness: October 2000 not February.

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Q154 Sir John Stanley: May I now turn to the visit to purchase the new Residence undertaken by the Foreign Office estates team? Can you tell us the dates on which that visit took place?

Mr Collecott: There were several, as you know. I suspect you are referring to the one in March this year.

Q155 Sir John Stanley: I am talking about the final one where the purchase was made.

Mr Collecott: It was in March this year. David Coates actually led that team, so perhaps I can ask him whether he remembers the exact date.

Mr Coates: It was 10 to 14 March, the working week.

Q156 Sir John Stanley: Were you set a finite date for your return before you left?

Mr Coates: I was not set it, but I assumed that if we could not do the business in a week and get to a position of identifying a property, not necessarily completing the whole transaction, there would not be much point staying on. We devised a very intensive programme which we carried out and kept to the timetable.

Q157 Sir John Stanley: When you took out this group of officials, was your remit to identify a property and reach an agreement on the purchase of that property, subject obviously to the legal work following subsequently?

Mr Coates: Not entirely. I set myself some parameters which I then checked with Peter, but I also asked him one other key question. The key question was whether, if we got there and did not find anything which was suitable, from a representational point of view, I was allowed to report that we had not found anything. He said yes.

Q158 Sir John Stanley: So you are saying that the claim which has been made by the British American Chamber of Commerce in a letter to our Chairman, that the team from the estate office came to San Francisco with a mandate to purchase a new Residence come what may, is wholly incorrect, are you?

Mr Coates: That is incorrect and also I would add that I had lunch with the Chamber on the Tuesday. I did not eat much lunch, but I certainly talked a lot and listened to their views very carefully. I slightly misjudged them. I thought they were not in agreement, but they recognised the larger context in which we were operating and I took away one key bit of advice from them, which was "Whatever you do, keep in mind the importance of a good location".

Q159 Sir John Stanley: Do you not think that in making a purchase of this sort and of this scale a week is not really a very satisfactory length of time in which to look at all the available options?

Mr Coates: For me, it was my first visit, but I would point out that my colleagues had been there and also the Estates Adviser had made previous visits to San Francisco and they were all very familiar with the market. Also, before we went out, we did talk to

property agents to try to pick up an impression of what was available at the time, just before we got there. When we were there, between us we saw about 30 properties, of which four emerged as front runners and those were the ones on which we concentrated in the final stages. The Consul General looked at all of them, was closely involved in what we were doing, as was Counsellor Management from the Embassy in Washington. Maybe it gives a slightly false impression to imagine that we started from zero on the Monday and came up with a conclusion on the Friday. There was a lot of previous knowledge there. Of course markets do change and people had been looking quite hard over two or three years and had not managed to find anything. We had to try to do it slightly differently, concentrate everything and clear out some problems ahead of time, such as making sure we knew exactly what our Security Strategy Unit would accept or reject in terms of security. A lot of preparation went into it, although the actual implementation of the first stage took place in that week. After that Belinda stayed behind to do some due diligence work with the lawyer and check a lot of things and commission professional advice on the structure, earthquakes and all the other things you do before completing a deal.

Q160 Sir John Stanley: Could you just explain how it was that the team on the ground there had not been able to find a suitable property for two years and you come out with a remit to try to do your best to conclude a deal in a week? You look at 30 properties of which four are possibly suitable.

Mr Coates: A bit of luck. They got close on earlier occasions. On one occasion, they were not able to move quickly enough to secure a property on which the Consul General and the Estate people were in agreement. This was before my time; I have been doing the job since November. On another occasion in March 2002, there was agreement on the property, but it failed the Security Strategy Unit scrutiny. This time the market had picked up a little bit. It sounds odd, but it was loosening up a bit and there were one or two more trades, which may have encouraged people to put a bit more on the market. In all these things you need a bit of luck and we had enough to find a good property. We also got a good deal. It had been advertised at a higher price, it had already been knocked down and we managed to talk them down a bit as well.

Mr Collecott: I just wanted to add one point, which has been partially anticipated by what David Coates has said. Over a couple of years, in my memory, we had been told that one of the major difficulties about selling and buying in San Francisco, and perhaps a reason why we should not even attempt to do it, was the speed with which the property market moved, that government decision making was too slow, and by the time we had found something and really made up our minds that was what we wanted and got all the approvals, the market would have moved on or somebody else would have snaffled it up. That partly explains why in this particular case we were very keen to have cleared away a lot of the brush work

and to be in a position to move rather quickly if David and his team found, as they did, something which met our criteria.

Q161 Sir John Stanley: Is it the normal practice of the Foreign Office to send a team out with a remit to conclude a major property deal substantially, it appears, from scratch within a week if they can? Or is this a wholly exceptional procedure which was followed here?

Mr Collecott: This was not wholly exceptional. We were very conscious of the speed with which the property market in San Francisco can move and therefore needed to be able to move rapidly. As David has explained, an awful lot of work had been done. There had been visits in March 2002, March 2001 and in the interim a deal of work had been done by the Consul General and his team in San Francisco looking for properties; ultimately unsuccessfully. Maybe we were lucky, but we really felt we had to make a real effort to see whether we could not, by a concentrated team having done their groundwork, take this through to fruition. We were not intending to do this at any price. It had to be a Residence which was fit for purpose, which would give us the right kind of representational platform which we continued to want in the San Francisco area.

Q162 Sir John Stanley: Was the timing of the date of this visit related to the fact that there was an interregnum as far as the occupation of the Embassy in Washington was concerned?

Mr Collecott: No, not at all. It was organised way before Sir Christopher Meyer left. I suspect it was even at a time at which his leaving date was perhaps not known precisely.

Q163 Sir John Stanley: So the fact that visit took place in that interregnum was purely a matter of coincidence, was it?

Mr Collecott: Yes.

Q164 Sir John Stanley: And the allegation that has been made by the British American Chamber of Commerce that it was significant that the estates office team arrived in San Francisco soon after Sir Christopher Meyer, HM Ambassador, retired, who was on record as being opposed to the sale of the residence, when the Ambassador designate was heavily involved as the Prime Minister's adviser on the Iraq war. From what you have said you indicate that is a completely false reason to attribute to the timing of this particular visit.

Mr Collecott: It is indeed. After the board decision in October 2000, Sir Christopher Meyer accepted that and both his people in Washington and people in San Francisco were actively engaged in the effort to try to find an alternative Residence, which would then allow us to sell the old one.

Q165 Sir John Stanley: The last area I want to cover is the wider policy context within the Foreign Office within which this is taking place. Mr Metcalfe referred earlier to the fact that the £2 million gain which is apparently going to be made is money

which could be put into financing an additional embassy somewhere else, though, as my colleague Mr Mackinlay has already pointed out, when we specifically referred to the absence of an embassy in Bishkek in Krygystan, when Sir Michael Jay came in front of us, I noticed that Sir Michael specifically attributed that to a lack of resources. I quote Sir Michael as saying "We do not have the resources to have a presence everywhere in the world that we would like one". So the idea that the money is necessarily going to be recycled back into new diplomatic estate provision is not necessarily the case. The point I want to put to you is that this drive on asset sales is being created, according to what you have put in front of us in your Departmental Reports over quite a period now, essentially to finance a major investment by the Foreign Office in IT. Would you just like to confirm that is indeed the case?

Mr Collecott: That was the case in the first triennium which started in 1999–2000. It was the case then that we had firstly a very large deficit in IT investment, which we needed to make up and there was a need to move from some bricks to some bytes, as Sir John Kerr put it. At that stage, it was decided that of the gross proceeds of asset sales 50% should remain in the estates area and 50% should move into investment in IT. Two things have changed since then. Firstly, we have made and continue to make a very substantial investment in IT systems, but perhaps the major hump of lots of programmes coming together is over. One has to say that IT is a little bit of a band and once you have joined you have to keep renewing it rather quickly. The second thing which has changed is the Treasury rules for accounting for IT investment, which means that a very large proportion of IT investment which used to be counted as capital, is now counted as running costs and therefore is not financeable from the proceeds of asset recycling. In the light of those two decisions we have taken a decision that in the future not 50% of the gross proceeds from asset sales but in fact 50% of the net proceeds, in other words after the replenishment or refurbishment or replacement of the asset, should go to IT.

Q166 Sir John Stanley: Is any consideration being given within the Foreign Office to the long-term sense of this policy, even making the net adjustment to which you referred, given the fact first that the Foreign Office has made some conspicuous multi-million pound losses on some of its IT investments and contracts, Global Crossing and others. Secondly, given the fact that this whole process is involving the surrender of long-term fixed and appreciating property assets belonging to the government and exchanging those for IT assets which have a massive depreciation charge and a huge replacement cost.

Mr Collecott: Perhaps I could leap to the defence of our contract with Global Crossing. Global Crossing has gone through a very difficult period in Chapter 11 in the US, the equivalent of bankruptcy proceedings. It is, partially thanks to the support which we have given, about to emerge from that. It

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is not correct, with respect, to say that we have lost anything on that. We have not. We have continued to have the service levels which we have contracted for at the price at which we contracted for them and expect to have that service in the future. It is true, as we discussed at the hearing into the Departmental Report, that there is one other IT programme which we discussed then which we had to cancel, but that was entirely because of budget pressures. It was not a failed programme, it was a programme which we wanted to go ahead with and a programme we needed and the investment we had made was in assets that we did want and did need. It was just as Michael Jay described it to the Committee: a decision that there was not enough money to go round for us to continue with all the major IT programmes that we had and one had to go. That meant we had to take a very difficult decision to take that loss. Perhaps as an aside I should say that part of the reason we did not have enough money was that we had not met our asset recycling targets for that year, or were not going to meet them for that year. Your more general point is a difficult one. It is clear firstly that asset recycling is not entirely about disposing of estate assets and purchasing IT assets and increasingly less about that, given the considerations I have described. It is also about ensuring that we have an estate worldwide which is fit for purpose and enabling us to adapt that estate, as we need to, to the style of diplomacy and where we wish to operate round the world in a way which is more flexible. One has to have a certain amount of churn to enable that to happen. Secondly, addressing your point about IT assets, it is difficult. It is undoubtedly true that IT assets last less long, they have higher depreciation charges and they need renewing. On the other hand, it is also undoubted, I put to you, that we need and needed and will continue to need, high class IT assets in order to run the type of diplomacy and the type of Foreign Office operation which we need now and will need in the future. Unless there is some other source of both capital and running costs to do that, we have very little option. I think I would argue that it is quite a natural progression over time, as we try to be a more flexible and adaptable organisation, to reduce the amount of fixed immovable assets we have and to have rather more flexible assets and movable assets

in a very physical sense. If you look at the operations we have had to go through in the last years, setting up in Afghanistan, setting up in Baghdad and Basra, it is precisely those flexible, movable, easily put in place assets that we have needed in those situations and will continue to need in the future.

Q167 Sir John Stanley: That to me makes the point I am putting to you. You have a huge requirement to have flexibility as to where the Foreign Office is disposed. There are places which are still grievously uncovered where we have serious diplomatic and commercial considerations. Why is the Foreign Office not considering ring-fencing its estate and its assets and making certain that 100% of it remains within the estate, given the demand there is for establishing new presences in places such as Iraq?

Mr Collecott: Because we have to make trade-offs between two categories, not both of which we can finance from the resources we are given by the Treasury.

Mr Hamilton: I am going to have to draw the session to a close. Before thanking you for giving evidence this afternoon, just my own observation that when assets are disposed of—and I look back maybe 40 years to the closure of some of the railway lines in this country, which once built over can never ever be recovered—I just hope that you will bear in mind that there may be certain buildings which once disposed of, in city centres or in prestigious places throughout the world, could never ever be replaced. The second point I would make—and I think I would reflect many of my colleagues in saying this and certainly what Sir John has just said and I am glad you mentioned information technology—is that as a former professional myself in IT, I know that IT is very often something which should be funded out of revenue income. I appreciate that when you do not have the revenue income that is a problem. Of course the value of IT to any operation these days is essential. You will bear in mind, as I am sure you do, that many of our assets appreciate and therefore increase in value over the years: IT never ever does but is simply a charge on all of us, although a very necessary one. Having said that, and I am sure you will relay that back to Sir Michael, thank you very much, gentlemen, for attending this afternoon. The session is now at an end.

Written evidence

Memorandum submitted by the Foreign and Commonwealth Office

CONSULAR CRISIS MANAGEMENT IN THE FCO

1. Our diplomatic missions overseas have contingency plans for handling consular emergencies. Traditionally, these have focused very largely on events such as natural disasters (earthquakes, floods, hurricanes), major civil disturbances leading to the evacuation of foreign nationals, and major accidents (rail, air, ferry) involving British citizens. But the terrorist attacks in New York and Bali, and the hostage-taking in a Moscow theatre introduced important new considerations. There is clearly a risk of further terrorist attacks world-wide that are designed to inflict massive civilian casualties. The FCO has therefore been reviewing as a matter of urgency how to ensure that our resources are used flexibly and to maximum effect by providing the highest possible level of consular assistance.

2. The ability of our Embassies and High Commissions to cope with emergencies depends on the nature of an event, its location and the Post's own resources: 57% of our overseas Posts have fewer than five UK-based staff, and some have none. There is a risk that even the largest Post could be overwhelmed. We have therefore set up the first of three Rapid Deployment Teams that can be despatched within twenty-four hours to support Posts when a major consular crisis occurs. The focus is on flexibility, whilst erring on the cautious side: It is better to have too many rather than too few staff on the spot. Numbers can be scaled back quickly if they are not required.

3. Each Rapid Deployment Team will be led by a senior Diplomatic Service officer and will comprise about eight staff, equipped with IT and other communications equipment. The precise size and composition of the team will depend on the circumstances, but they will include a core of staff with consular experience and organisational skills. Experts in counter-terrorism and security issues will reinforce the teams as necessary. The teams will be under the overall charge of the Head of Post. Their role will include providing help to British nationals affected by the incident, including the families of victims; establishing links with the local authorities and emergency services; and ensuring efficient co-operation with other British agencies such as the Police who may be called to the scene. If appropriate, a Police liaison officer will be included in the Rapid Deployment Teams.

4. A pool of volunteers is being established to staff the three teams. We are concentrating initially on people who already have the necessary skills and experience. Specific training is being designed so that more staff will be available to join the teams. Dry-run exercises and regular testing of equipment will be important components of this new structure.

We are also reviewing the structure for managing crises at the London end, to take account of the variety and number of events that can occur at any one time.

Foreign and Commonwealth Office

5 November 2002

Further memorandum submitted by the Foreign and Commonwealth Office

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
8 November 2002*

Over the course of this year we have been looking at how we can best project the United Kingdom overseas and to use public diplomacy tools to support policy goals.

A strong and positive image abroad can have a major impact on our ability to influence others, on the attractiveness of the UK to investors, tourists, scientists and students, and, ultimately on Britain's prosperity. We also need to ensure that our views on controversial issues are widely heard in other countries not least inside the EU. In the past, we have been too reliant on traditional government-to-government contacts. We must make a greater effort to win support overseas from others involved in the debate on major international issues—the media, NGOs, pressure groups and public opinion more widely.

Against this backdrop, we launched an internal review of the public diplomacy activities of the FCO, British Council and BBC World Service in the spring concluded that the Government needed an overarching public diplomacy strategy to provide a framework for collective efforts overseas aimed at projecting and promoting the UK. It recommended establishing a Public Diplomacy Strategy Board to develop this strategy and provide a co-ordinating mechanism for joined-up activity among the main bodies.

The Strategy Board met for the first time in late October under the chairmanship of Michael Jay. It is due to meet four times a year. Other Board members include Liz Symons and representatives from the British Council, British Trade International, the BBC World Service, the British Tourist Authority, the Department for International Development and the administrations of Scotland, Wales and Northern Ireland. There are also a small number of private sector representatives—both to ensure that what we are doing is coherent

with the activities of British business and to allow us to benefit from the best practice available in the private sector. These include John Sorrell, co-Chair of the former Britain Abroad Task Force, the work of which has been subsumed by the Strategy Board.

Among the objectives of the new Board will be to identify geographical and sectoral priorities for our public diplomacy work; to help our efforts to become more professional; and to advise us on the development of a programme of specific overseas campaigns in key target countries. In 2003, China is to be the focus of a major UK campaign.

The establishment of the Public Diplomacy Strategy Board marks a new phase in our efforts further to improve the cohesion, effectiveness and impact of our public diplomacy. I have every confidence that it will deliver.

Rt Hon Jack Straw MP
Secretary of State, Foreign and Commonwealth Office

November 2002

Exchange of correspondence between the Chairman and the Foreign Secretary regarding FCO Security

FCO SECURITY

Letter to the Secretary of State, Foreign and Commonwealth Office from the Chairman of the Committee, 24 December 2002

I and colleagues on the Foreign Affairs Committee were alarmed to read the enclosed report in *The Sunday Times* on 22 December¹.

I would be grateful to receive a note on the matters covered in this report, and setting out what steps the FCO is taking to deal with leaks of sensitive material. The Committee is content that the note should be classified, if necessary.

Chairman of the Committee

December 2002

Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office, 14 January 2003

Thank you for your letter of 24 December in which you asked for a note on press reports about leaks of FCO documents and alleged weaknesses in FCO computer systems.

The Sunday Times article is correct in saying that FCO document appeared on an American website on two occasions before December. The first occasion involved three internal minutes classified Restricted and Confidential recording meetings and discussions about FCO computer systems. The second occasion involved an FCO reporting telegram of a visit to London by the then Secretary of the Russian Security Council, Sergei Ivanov. On both occasions, the documents were more than two years old.

We take all security breaches seriously and this is no exception. The documents were widely available on the FCO central database but we are carrying out a detailed investigation to try to identify source of these leaks.

The Observer also published an article on 22 December containing allegations about FCO computer systems. The claims are vague, generalised and, in places plain wrong.

I attach a note on the allegations made in *The Observer* article², which might be of interest to the Committee. (Annex A)

Rt Hon Jack Straw MP
Secretary of State, Foreign and Commonwealth Office,

January 2003

¹ *The Sunday Times*, 22 December 2002, p3.

² *The Observer*, 22 December 2002, p1.

FCO IT Systems: Comments on Observer article

In 2000–01 the FCO undertook a major exercise to transform its IT platform from a UNIX based system called Aramis to a Windows based system, Firecrest. This was a complex undertaking. One of the more difficult aspects was the transfer of documents from the Secret Aramis system to Confidential Firecrest. The objective was to transfer only documents classified CONFIDENTIAL and below from Aramis to Firecrest. But existing technology is such that when documents are copied from one system to another, documents of a higher classification may also be transferred in the process. As part of the contingency plan in place to mitigate this risk, the Firecrest Help Desk conducted a spot check, and, in the process, found a small number of illegally-migrated documents in the new Firecrest Registry. These had been illegally transferred because they had been mistakenly registered on Aramis with the wrong classification. The Firecrest Registry Server was closed down for a few hours while these documents were deleted, but at no time was there a general system shutdown.

The FCO's response was rapid, positive and clear. The migration software was modified to ensure that subsequent document transfers excluded information classified above Confidential from Firecrest. And the Head of the Information Management Group wrote to all Heads of Departments asking that the Departmental System Administrator review the security classifications of documents registered on Firecrest.

The comments in the article about Aramis are confused. Aramis is capped at Secret. Top Secret work is carried out on Fortress. The Fortress user community is small and concentrated in those Departments that have a very good understanding of security. It is most unlikely that a Fortress user would deliberately classify a document at Secret rather than Top Secret in order that it could be processed on Aramis. If anything it is possible that a user would opt to classify at Confidential rather than at Secret and thus be able to use the many applications on Firecrest rather than the less user-friendly facilities on Aramis. There is no evidence that this has been happening. FCC staff have, on many occasions during the past few years, been reminded of the importance of correctly classifying information and ensuring that it is only transmitted over the correct, secure channels. They have been warned that failure to abide by these rules could lead to disciplinary action.

The allegation of weak physical and technological security and poor crisis management is another example of unfounded opinion rather than fact. The Firecrest system and its architecture has been designed to meet central Government security rules. It has been accredited as conforming to such by the FCO's internal security authorities and the UK National Authority. Firecrest operates at three levels, Confidential, Restricted and UBS. Only users with the necessary security clearance have access to Confidential Firecrest and there is a firewall boundary between the networks which conforms to national security standards. Access to the Firecrest Registry is indeed possible from any PC in the FCO and encourages the sharing of information throughout the organisation. But all Firecrest users with access to the Registry have the necessary security clearance and all PCs are protected with passwords which meet national security standards. All communications between UK Firecrest and Confidential Firecrest systems in Posts overseas are protected by encryption approved by the National Authorities.

Neither Fortress nor Aramis are equipped to send documents or electronic mail to an address that is not within their respective networks. Fortress terminals have removable hard disks, which are locked away overnight. Aramis servers are housed in secure cabinets. The terminals are again protected by an approved password system and are "dumb terminals" (they have no intelligence that would allow data to be recovered from them when they are not in use).

A great deal of effort has been put into improving the resilience of the Firecrest system, particularly in the aftermath of the 11 September attacks, and the FCO believes it now has a system which can withstand all predictable system failures, and which has appropriate security safeguards against unauthorised attacks.

Further memorandum submitted by the Foreign and Commonwealth Office

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
19 March 2003*

I am writing to inform you that in response to changes in our strategic priorities and in the pattern of British interests overseas I have decided to make some changes to our diplomatic representation in Central America. I enclose the written statement which I intend to put before the House on 20 March.

The situation in Central America has evolved since the period immediately following the devastating civil wars of the 1980s and I have concluded that we no longer need a small Embassy in every one of the seven countries between Mexico and Colombia. I am therefore proposing to close our Embassy in El Salvador and provide coverage from Guatemala City—only a few hours drive away to the north. I also believe that the offices which the Department for International Development maintains in Honduras and Nicaragua are the most important aspects of HMG's work in those countries. In those countries we therefore intend to

withdraw FCO personnel, but hope to appoint the senior local DFID representatives as Charge d'Affaires. The Ambassador in Guatemala City would be simultaneously accredited to these countries and we would appoint Honorary Consuls to deal with local emergencies.

I believe that this modest reorganisation of our work in Central America will allow us to respond to changing priorities without damaging the UK's influence or effectiveness in the region in any significant way.

REORGANISATION OF DIPLOMATIC REPRESENTATION IN CENTRAL AMERICA

Written Statement by the Secretary of State for Foreign and Commonwealth Affairs

Changing strategic priorities require the Foreign and Commonwealth Office constantly to adapt and amend its pattern of representation overseas. In order to free resources to strengthen the UK's diplomatic network in other parts of the world now more critical for UK interests, I have decided to make the following adjustments to our diplomatic representation in Central America. With effect from mid-summer, the Embassy in San Salvador will be closed. We intend to appoint an Honorary Consul and for HM Ambassador at Guatemala City to be simultaneously accredited to the Government of El Salvador. Later this year and early next year we intend to reorganise our representation in Honduras and Nicaragua. In each case, we propose to appoint a Charge d'Affaires. The Ambassadors will at the same time be withdrawn and HM Ambassador at Guatemala City will be simultaneously accredited to both capitals. The diplomatic representation in the other countries of the region will remain unchanged.

Rt Hon Jack Straw MP
Secretary of State, Foreign and Commonwealth Office

March 2003

Further memorandum submitted by the Foreign and Commonwealth Office

GUIDANCE TO POSTS

Letter to the Parliamentary Relations and Devolution Department, Foreign and Commonwealth Office, from the Clerk of the Committee, 3 March 2003

In recommendation "ff" of its Report on the FCO Annual Report 2002³, the Foreign Affairs Committee asked the Government to issue detailed guidance to its diplomats on how they should respond to requests from ministers that they should draft letters of support for companies seeking contracts abroad, when those companies are declared donors to a British political party.

In your letter to me of 18 October 2002 (published at page Ev 91 of the Report) you stated that the existing general guidelines from London provide a framework, that where there are grounds for concern or areas of uncertainty, only consultation with London can establish what would be appropriate, and that Ministers had therefore concluded that additional guidance would not materially help Posts. You enclosed with your letter a copy of Sir Michael Jay's telegram of 18 February 2002, and an extract from BTI Guidelines dated December 1999. In its response to the Report⁴, the Government reaffirmed that "Guidance exists to cover situations where [civil servants] are asked to act in a way that is, or which they believe may be, inconsistent with their duty of impartiality." It is not clear from the response exactly which "guidance" is being referred to at that point.

The Committee wishes to receive copies of all guidance issued to members of the diplomatic service which may be relevant to the question of how they should respond to requests from ministers that they should draft letters of support for companies seeking contracts abroad, when those companies are declared donors to a British political party. The Committee also wishes to receive a fuller explanation of why Ministers decided not to issue specific guidance on how to deal with such circumstances, when previous statements to the Committee had suggested that such guidance would be issued.

Clerk of the Committee

March 2003

³ Twelfth Report from the Foreign Affairs Committee, Session 2001–02, Foreign and Commonwealth Office Annual Report 2002, HC 826.

⁴ Government Response to the Twelfth Report of the Foreign Affairs Committee, Session 2001–02, Foreign and Commonwealth Office Annual Report 2002, CM 5712.

*Letter to the Clerk of the Committee from the Parliamentary Relations and Devolution Department,
Foreign and Commonwealth Office, 25 March 2003*

Thank you for your letter of 3 March seeking further information in response to recommendation “ff” of the Committee’s Report on the FCO Annual Report 2002. This related to guidance to diplomats on how they should respond to requests from Ministers to draft letters of support for companies seeking contracts abroad, when those companies are declared donors to a British political party.

The Committee asked to receive copies of all guidance issued to members of the Diplomatic Service that may be relevant to this question. The Committee has already received a copy of the telegram issued by Michael Jay on 18 February 2002 and the relevant extract from the BTI guidelines. Further material relates to guidance on the general duties, responsibilities, values and standards of Civil Servants and members of the Diplomatic Service. I attach relevant extracts from the Diplomatic Service Code and Regulations. These include guidance on action where an individual is asked to act in a way which they believe is inconsistent with their duty of impartiality.

The Committee also wished to receive a fuller explanation of why Ministers decided not to issue specific guidance on this matter. Consideration was given to whether further guidance would be helpful in clarifying the circumstances in which support should be offered to companies. The conclusion was that it would not. In an increasingly complex trade and investment environment whether there is a benefit to the UK from lending diplomatic support to a particular company, is a matter of judgement. In most cases the question of whether there is sufficient benefit to the UK will be self-evident and no further guidance is necessary. In a small number of cases at the margins, the issue will be less clear-cut, but the view was taken that it would be difficult to produce useful guidance to cover the very varied nature of such cases. That the existing material was in the form of “guidelines” rather than “rules” is itself indicative of the need for a flexible approach. Michael Jay’s telegram of 18 February reminded Heads of Posts of the importance of consultation with London where appropriate. Against this background it was decided that no change should be made to the existing guidance.

Parliamentary Relations & Devolution Department,
Foreign and Commonwealth Office

March 2003

EXTRACT FROM DIPLOMATIC SERVICE REGULATIONS

General Principles of Conduct

6.1 You are expected at all times to respect the law of the land. Against that background the following general principles govern your conduct as a member of the Diplomatic Service:

- (a) you must give your individual allegiance to the State on all occasions when the State has a claim on your services;
- (b) you must not subordinate your duty to your private interests, not put yourself in a position where your duty and your private interests conflict;
- (c) you must not use your official position to further your private interests, nor act so as to create a reasonable suspicion that you have done so;
- (d) you must not engage in heavy gambling or speculation;
- (e) you must not engage in private financial transactions in connection with any matter on which members of the Diplomatic Service might be suspected of having access to information which could be turned to private gain;
- (f) you must not engage in any occupation or undertaking which might conflict with the interests of the Diplomatic Service or be inconsistent with your position as a member of the Service;
- (g) you must not fall short of the professional standard expected of members of the Diplomatic Service or act in a way which might bring discredit upon the Service;
- (h) your behaviour, action or inaction must not significantly disrupt or damage the performance or reputation of the Diplomatic Service.

6.2 Special rules governing particular activities are contained in individual Regulations. However, it is not possible to cover in every activity and in circumstances not specifically covered you should use discretion in accordance with the above principles, and in accordance with the guidance contained in the Diplomatic Service Code of Ethics (Annex A to these Regulations), seeking advice from your superior officer or from PPU [Personnel Policy Unit] if you are in doubt.

6.3 Where you believe you are being required to act in a way which is illegal, improper, unethical, in breach of constitutional convention or a professional code, which may involve possible maladministration, or which is otherwise inconsistent with the Diplomatic Service Code of Ethics you may consult in confidence a member of a Selection Board, who will then take the matter up on your behalf. If the problem cannot be

resolved you may take the matter up with the Chief Clerk (now Director-General Corporate Affairs] and you also have the right, in the last resort, to have the matter referred to the Permanent Under Secretary/Head of the Diplomatic Service, through the Chief Clerk. [Emphasis added]

6.4 If after following the above procedure you are not content with the response you have received you may raise the matter with the Diplomatic Service Appeal Board (see DSR 20).

Annex A

DIPLOMATIC SERVICE CODE OF ETHICS

This Code of Ethics offers guidance on the constitutional framework within which all members of the Diplomatic Service work and the values and standards, which they are expected, uphold. Specific rules and principles of conduct, which reflect the standards of this Code, are laid down in Diplomatic Service regulations.

1. The constitutional and practical role of the Diplomatic Service is, with integrity, honesty, impartiality and objectivity, to assist the duly constituted Government, of whatever political complexion, in formulating policies of the Government, carrying out decisions of the Government and in administering public services for which the Government is responsible.

2. Members of the Diplomatic Service are servants of the Crown. Constitutionally, the Crown acts on the advice of Ministers and, subject to the provisions of this Code, Members of the Diplomatic Service owe their loyalty to the duly constituted Government.

3. This Code should be seen in the context of the duties and responsibilities of Ministers set out in Questions of Procedure for Ministers which include:

- accountability to Parliament;
- the duty to give Parliament and the public as full information as possible about the policies, decisions and actions for the Government, and not to deceive or knowingly mislead Parliament and the public;
- the duty not to use public resources for party political purposes, to uphold the political impartiality of the Diplomatic Service, and not to ask Members of the Diplomatic Service to act in any way which would conflict with the Diplomatic Service Code;
- the duty to give fair consideration and due weight to informed and impartial advice from Members of the Diplomatic Service, as well as to other considerations and advice, in reaching decisions; and
- the duty to comply with the law, including international law and treaty obligations, and to uphold the administration of justice;

together with the duty to familiarise themselves with the contents of this Code.

4. Members of the Diplomatic Service should serve the duly constituted Government in accordance with the principles set out in this Code and recognising:

- the accountability of Members of the Diplomatic Service to the Minister, as the case may be, the office holder in charge of their department;
- the duty of all public officers to discharge public functions reasonably and according to the law;
- the duty to comply with the law, including international law and treaty obligations, and to uphold the administration of justice; and
- ethical standards governing particular professions.

5. Members of the Diplomatic Service should conduct themselves with integrity, impartiality and honesty. They should give honest and impartial advice to Ministers, without fear or favour, and make all information relevant to a decision available to Ministers. They should not deceive or knowingly mislead Ministers, Parliament or the public.

6. Members of the Diplomatic Service should endeavour to deal with the affairs of the public sympathetically, efficiently, promptly and without bias or maladministration.

7. Members of the Diplomatic Service should endeavour to ensure the proper, effective and efficient use of public money.

8. Members of the Diplomatic Service should not misuse their official position or information acquired in the course of their official duties to further their private interests or those of others. They should not receive benefits of any kind from a third party which might reasonably be seen to compromise their personal judgement or integrity.

9. Members of the Diplomatic Service should conduct themselves in such a way as to deserve and retain the confidence of Ministers and to be able to establish the same relationship with those whom they may be required to serve in some future Administration. They should comply with restrictions on their political activities. The conduct of Members of the Diplomatic Service should be such that Ministers and potential future Ministers can be sure that confidence can be freely given, and that the Diplomatic Service will conscientiously fulfil its duties and obligations to, and impartially assist, advise and carry out the policies of the duly constituted Government.

10. Members of the Diplomatic Service should not without authority disclose official information which has been communicated in confidence within Government, or received in confidence from others. Nothing in the Code should be taken overriding existing statutory or common law obligations to keep confidential, or to disclose, certain information. They should not seek to frustrate or influence the policies, decisions or actions of Government by unauthorised, improper or premature disclosure outside the Government of any information to which they have had access as Member of the Diplomatic Service.

11. Where a Member of the Diplomatic Service believes he or she is being required to act in a way which;
- is illegal, improper, or unethical;
 - is in breach of constitutional convention or a professional code;
 - may involve possible maladministration; or
 - is otherwise inconsistent with the Code;

he or she should report the matter in accordance with the procedure laid down in departmental guidance or rules of conduct. A member of the Diplomatic Service should also report to the appropriate authorities evidence of criminal or unlawful activity by others and may also report in accordance with departmental procedures if he or she becomes aware of other breaches of this Code or is required to act in a way which, for him or her, raises a fundamental issue of conscience.

12. Where a Member of the Diplomatic Service has reported a matter covered in paragraph 11 in accordance with procedures laid down in departmental guidance or rules of conduct and believes that the response does not represent a reasonable response to the grounds of his or her concern, he or she may report the matter in writing to the Diplomatic Service Appeal Board.

13. Members of the Diplomatic Service should not seek to frustrate the policies, decisions or actions of Government by declining to take, or abstaining from, action which flows from Ministerial decisions. Where a matter cannot be resolved by the procedures set out in paragraphs 11 or 12 above, on a basis which the Member of the Diplomatic Service concerned is able to accept, he or she should either carry out his or her instructions, or resign from the Diplomatic Service. Members of the Diplomatic Service should continue to observe their duties of confidentiality after they have left Crown employment.

Foreign and Commonwealth Office

February 1996

Further memorandum submitted by the Foreign and Commonwealth Office

AMBASSADOR IN WASHINGTON DC

*Letter to the Secretary of State, Foreign and Commonwealth Office, from the Chairman of the Committee,
19 March 2003*

The Foreign Affairs Committee has asked me to write to you to express its concern that the United Kingdom's most important Post overseas is without an Ambassador, and will be without one apparently for some time to come. The fact that the Post is in the hands of a very capable Chargé does little to diminish our concern that this of all Posts should have no Ambassador at a time when the transatlantic relationship can rarely have been more central to this country's vital interests.

The Committee wishes to know why this situation arose, and when it will end.

Chairman of the Committee

March 2003

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
26 March 2003*

Thank you for your letter of 19 March.

Christopher Meyer had pressing reasons relating to his further career for leaving at the end of February. In David Manning, I believe that we have a very strong successor. As you will understand, the Prime Minister requires David to remain by his side for the coming months. That is not ideal. But I judge that it is sustainable. I agree with you that our Chargé is very capable. And we are of course continuing very close direct contacts at Ministerial and senior official level between London and Washington.

Rt Hon Jack Straw, MP

Secretary of State, Foreign and Commonwealth Office

March 2003

Further memorandum submitted by the Foreign and Commonwealth Office

*Letter to the Clerk of the Committee from the Parliamentary Relations and Devolution Department,
Foreign and Commonwealth Office, 28 March 2003*

REORGANISATION OF DIPLOMATIC REPRESENTATION IN WEST AFRICA

I am writing to inform you that in response to changes in our strategic priorities and in the pattern of British interests overseas the Foreign Secretary has decided to make some changes to our diplomatic representation in West Africa. I attach the written statement (Annex A) which he intends to put before the House on 31 March.

In West Africa we are constantly reviewing our network to ensure that resources are deployed where they are most needed. As part of this reorganisation, we intend to close the Embassy in Bamako, but retain a UK office, in order to reconfigure other parts of our African network. Given the importance the UK attaches to stability and promoting peace in the Mano River Region, we intend to open a one-person office in Monrovia later this year and to upgrade our office in Conakry to an Embassy.

We believe that these small changes to the reorganisation of our work in West Africa will allow us to respond to changing priorities without damaging the UK's influence or effectiveness in these regions in any significant way.

Parliamentary Relations & Devolution Department,
Foreign and Commonwealth Office

March 2003

Annex A

Foreign and Commonwealth Office Written Ministerial Statement, 31 March 2003

REORGANISATION OF DIPLOMATIC REPRESENTATION IN AFRICA

The Secretary of State for Foreign and Commonwealth Affairs (Mr Straw):

Changing strategic priorities require the Foreign and Commonwealth Office constantly to adapt and amend its pattern of representation overseas. In order to free resources to strengthen the UK's diplomatic network in other parts of the world now more critical for UK interests, I have decided to make the following adjustments to our diplomatic representation in West Africa. With effect from early summer, the Embassy in Bamako will be closed. We intend to retain a UK office there. Given the importance the UK attaches to stability and peace in the Mano River region, we intend to open a one-person office in Monrovia later this year, and upgrade our office in Conakry to an Embassy.

Further memorandum submitted by the Foreign and Commonwealth Office

FCO SERVICE DELIVERY AGREEMENT

*Letter to the Parliamentary Relations and Devolution Department, Foreign and Commonwealth Office,
from the Clerk of the Committee, 3 March 2003*

In its Report on the FCO Annual Report 2002⁵, the Foreign Affairs Committee asked the Government to set out what progress the FCO has made towards identifying areas in which its 2.5% efficiency savings per annum target for 2004–06 can be made, and how the target will be met in full if the areas identified do not produce the required efficiency savings.

In its response⁶, the Government gave some examples from “a wide range of ideas” but did not provide a full list of the areas of expenditure in which the savings are expected to be achieved. Neither did it answer the Committee's question about how the target will be met in full. This information does not appear to be available elsewhere: the FCO Autumn Performance Report 2002, published at the end of last week, deals with Public Service Agreements (PSAs) but not with Service Delivery Agreements (SDAs); the FCO website appears to have no scorecards for this SDA.

⁵ Twelfth Report from the Foreign Affairs Committee, Session 2001–02, Foreign and Commonwealth Office Annual Report 2002, HC 826.

⁶ Government Response to the Twelfth Report of the Foreign Affairs Committee, Session 2001–02, Foreign and Commonwealth Office Annual Report 2002, CM 5712.

I would be grateful to receive, not later than 24 March, a fuller statement on exactly where and how the FCO intends to achieve its 2.5% efficiency savings per annum target over the period 2004 to 2006, and what plans it has to meet the target in the event that the areas identified for those savings do not produce them.

Clerk of the Committee

March 2003

*Letter to the Clerk of the Committee from the Parliamentary Relations and Devolution Department,
Foreign and Commonwealth Office, 2 April 2003*

Thank you for your letter of 3 March asking for a fuller explanation of how the FCO intends to achieve its annual efficiency target of 2.5% over the period 2004–06, and what plans we will put in place to meet the target if efficiencies are not realised.

The 2002 Spending Review provided funding for new FCO priorities but did not include an uplift to compensate for annual increases in UK inflation. This is mirrored in our internal resource allocation: Directorates are given funds to meet new requirements and challenges but are expected to manage without compensation for inflation. This means that, in effect, the 2.5% efficiency savings are budgeted in—Directorates will need to achieve annual efficiency savings of about 2.5% if their budgets are not to be eroded in real terms by rising prices.

It is therefore for each Directorate to decide how best to achieve 2.5% efficiency savings each year. Directorates have produced efficiency plans which show how they plan to meet the target. Some of the measures proposed include:

- Streamlining overseas entry clearance operations thereby allowing more entry clearance applications to be processed within existing resources;
- Leasing cheaper properties and using them more efficiently;
- Refocusing of publications and TV products on strategic messages;
- Telephony installation costs to be contained within budget—no uplift for inflation;
- Reduction in the use of agency staff through more efficient deployment of existing staff;
- Surrender of staff slots for redeployment elsewhere following the introduction of new IT equipment.

Because the efficiency savings are already budgeted in, the savings are, for the most part, sure to be fulfilled—the only question is whether they are met through efficiencies or through cutting activity. The aim, of course, should be the former; and efficiency plans will be monitored to encourage Directorates to achieve savings while maintaining or increasing outputs. The outputs themselves will be monitored through our performance management system, the results of which are reported routinely to the Treasury and to Parliament in the Departmental and Autumn Reports.

The centrally held UK pay budget reflects activity levels in the Directorates, which are, as explained above, already subject to efficiency targets. Application of separate Efficiency Targets to the pay budget would therefore be double counting and would mean that we would be unable either to meet the demand for new activities, which remains high, or fund the 2002 pay settlement, which was agreed with the Treasury and was necessary for FCO remuneration to remain competitive.

Over the next three years the FCO will also undertake a rolling programme of efficiency studies to identify further potential savings across the organisation. Examples include savings on residential accommodation overseas, procurement and ICT working methods. FCO Services (the support arm of the FCO) is also in the midst of a comprehensive business transformation programme which should improve performance and achieve efficiency savings.

Parliamentary Relations & Devolution Department,
Foreign and Commonwealth Office

April 2003

Further memorandum submitted by the Foreign and Commonwealth Office

FCO SUPPORT FOR ENGLISH LANGUAGE TRAINING

*Letter to the Secretary of State, Foreign and Commonwealth Office, from the Chairman of the Committee,
11 December 2002*

The Foreign Affairs Committee has been very supportive of the Government's programmes for English language training for military and other services in countries in central and eastern Europe and in central

Asia. I believe that these programmes, funded jointly by the Ministry of Defence and the Foreign and Commonwealth Office, have made a real difference in the countries concerned, as well as making an important contribution towards meeting some of the Office's PSA targets.

I am therefore concerned to hear that the FCO may be unable to continue its present level of funding for these programmes. Specifically, I understand that that part of the funding for the Peacekeeping English Project which is drawn from the budget of the FCO's International Security directorate may be in jeopardy.

I would be grateful to be reassured that there is no threat to the level of funding of the Peacekeeping English Project.

I am copying this letter to Geoff Hoon and to Bruce George.

Chairman of the Committee

December 2002

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
8 May 2003*

I am sorry to have taken so long to reply to your letter of 11 December last about the future funding of the Peacekeeping English Project (PEP) in Central and Eastern Europe. I wanted to be clear about the FCO's financial commitment to the project before replying and this involved resolving various outstanding questions about the Resource Allocation Round for the financial year which has just started.

I fully share your views on the importance of this activity. Helping members of the armed forces in the new EU and NATO countries learn English is key to allied interoperability and effectiveness and an important tool in security sector reform.

That said, you will understand that public spending pressures mean all aspects of FCO expenditure have to be kept under careful review and constant new demands on resources require us to look for potential savings among even higher priority activities. The Peacekeeping English Project was no exception.

However, having examined all the competing priorities, I am now glad to tell you that an agreement has been reached which will ensure FCO funding for this programme for at least the next three years.

Rt Hon Jack Straw MP
Secretary of State, Foreign and Commonwealth Office

May 2003

Supplementary memorandum submitted by the Foreign and Commonwealth Office

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
12 May 2003*

When I wrote to you on 19 March about this subject⁷, I said we expected to be able to cover El Salvador, Honduras and Nicaragua from Guatemala City.

Since then, the Nicaraguan Government have told us that it would rather we reverted to the coverage we operated prior to opening an Embassy there twelve years ago. That means instructing the Embassy in Costa Rica to take on the non-resident responsibility for Nicaragua. We asked our colleagues in the Department for International Development whether they would have a problem with coverage instead from Costa Rica: they said they would not want to go against the wishes of the Nicaraguans.

The purpose of this letter therefore is to advise the Foreign Affairs Committee that we have decided to accede to the Nicaraguan request. We shall seek the host government approval for the Ambassador in San Jose to be accredited additionally to Nicaragua, and likewise approval for the Ambassador in Guatemala City to be accredited additionally to El Salvador and Honduras as planned.

In both Nicaragua and Honduras the DFID offices will remain.

Rt Hon Jack Straw, MP
Secretary of State, Foreign and Commonwealth Office

May 2003

⁷ Ev 30

Further memorandum submitted by the Foreign and Commonwealth Office

PUBLIC DIPLOMACY STRATEGY BOARD

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
22 May 2003*

I wrote to you in November last year about the establishment of the new Public Diplomacy Strategy Board under the Chairmanship of Michael Jay. I thought you might welcome a brief summary of what the Board has achieved so far.

The Board has agreed an overarching Strategy for our public diplomacy activities overseas. I enclose a copy. The Strategy provides a framework and common agenda for our collective efforts to understand and improve foreign perceptions of the UK. The list of countries in the strategy is not meant to be prescriptive, but to indicate the broad geographical areas where we aim to focus our activities.

The Strategy is a living document and will be kept under review by the Board. It will also be informed by data from a new international tracking study. This study is being funded jointly by the FCO, the British Council, British Trade International and Visit Britain. It will provide a global snapshot of people's attitudes towards the UK. It will allow us to track on an annual basis how perceptions are changing and to identify areas or issues on which we need to concentrate our efforts.

The Board is also developing ideas on a series of public diplomacy campaigns. As you know, this year's campaign in China is already underway. Unfortunately we have had to scale down or postpone several events in May and June given the possible public health risks from the SARS virus. But the campaign will run until the end of the year and many elements of it are still on track to deliver maximum impact, including a series of TV documentaries which will be shown on the national TV network with an expected audience of over one hundred million. In 2004 the focus will be on the EU accession states and on Science and Technology in North America. In addition, we are using the Strategy Board to ensure that our efforts to break down the barriers of misunderstanding between the West and Islam are taken forward in a coherent and joined-up way, designed to maximise our collective impact.

I would be very happy to arrange for one of my officials to brief the Clerk in more detail on the Strategy Board's work, if the Committee would find that helpful. I know Michael Jay would be happy to brief the Committee, too, when he appears before you to discuss the FCO's Departmental Report on 24 June. I also have it in mind to arrange a seminar to explain the work we are doing to promote the UK overseas to MPs and Peers and to draw on their ideas and experience. I would welcome your thoughts on this; and how we might best ensure that the time devoted to such a seminar is used productively.

Rt Hon Jack Straw, MP
Secretary of State, Foreign and Commonwealth Office

May 2003

PUBLIC DIPLOMACY STRATEGY

1. Purpose

The purpose of this strategy is to inform activity by public diplomacy partners and identify a common agenda around which they can focus their collective efforts. Some of this activity will be joint; much will be separate but complementary. The aim is that the overall impact of this activity should be more than the sum of the parts.

2. Strategic Objective

To understand and improve foreign perceptions of the UK

- so that we are increasingly seen and appreciated as modernising, diverse, creative, successful and relevant
- with a lively, inclusive, open and welcoming people
- in order to underpin our political and cultural influence, commercial competitiveness, and ability to attract visitors, students, investment and talent.

3. Core Narrative

Information services, promotion of the UK and policy presentation should be informed by, and seek to communicate, the following two key messages about the UK:

- (i) We are building dynamically on our traditions, renewing and modernising our society through our:
 - Creativity and innovation, including in the creative industries, arts, sciences and industry.

- Openness to new ideas and new people.
 - Regional, national and cultural diversity.
 - Institutional adaptability, as seen in devolution and constitutional change.
- (ii) We are principled and professional, as shown in our:
- Global engagement in the UN, EU, Commonwealth, international peacekeeping and more generally.
 - Reliability, straight dealing and trustworthiness in business and international affairs.
 - Commitment to justice, human rights, the rule of law and international security.

4. *Key Audiences*

We want perceptions overseas to be as up-to-date and positive as possible generally, and in particular amongst influential, informed and educated people.

There is no single global audience for HMG's collective public diplomacy efforts. For example, the FCO and British Trade International will often wish to focus on business and political opinion formers and decision-makers; the British Council on the successor generation; and Visit Britain on those who might visit the UK. But these audiences overlap; and there will be considerable scope for joint action on specific public diplomacy projects and campaigns.

5. *Geographical Priorities*

- Major transitional countries (eg China, Brazil, India, Russia, South Africa).
- EU accession states (in Central and Eastern Europe).
- Key Islamic countries (eg Egypt, Saudi Arabia, Iran, Pakistan, Indonesia).
- Major developed countries (eg Japan, France, Germany).
- The USA (which is sufficiently distinct from other major developed countries to warrant its own category).

6. *Priority Themes (in the forthcoming three years 2003–06)*

- The UK as a principled player in the international arena, with a strong civil society, active NGOs and a commitment to individual liberty.
- The UK as a business, political and governance partner of choice in a globalising world (particularly in the EU accession states and major transitional countries).
- The UK as a modern, diverse and innovative country, with devolved systems of government allowing the different parts of the UK to play to their strengths.
- The UK as a world leader in science and technology (particularly in the USA and other major developed countries).
- The UK as a world class destination for study, training and tourism (in major educational and tourist markets).

7. *Key Operating Principles*

We shall:

- A. clarify the comparative strengths of the public diplomacy partners, identify overlaps and maximise complementarity.
- B. listen and work together on public diplomacy priorities where value is added by a joined-up approach.
- C. work with others, including the business and diaspora communities and NGOs.
- D. base what we do on research, build in performance measures at the design stage, monitor implementation and evaluate results.
- E. plan ahead, so that major public diplomacy initiatives meet strategic priorities.

Foreign and Commonwealth Office

May 2003

PUBLIC DIPLOMACY STRATEGY: ACTION PLAN

The Public Diplomacy Strategy Board will oversee the following activities:

1. *A joint programme of tracking research*

Project Group established March 2003. Tender process is underway: contract to be awarded in July, fieldwork to be completed before Ramadan, first survey to be complete by end December 2003.

2. *A joint programme of major campaigns*

John Sorrell and David Green to organise a workshop (preferably before the PDSB meets in July) to share understanding on the strategic priorities and comparative strengths of each organisation, to draw up a set of criteria to help us decide on our future programme of campaigns and to generate ideas for possible campaigns in 2005–07.

3. *A single database of positive stories about the UK to underpin the core narrative*

Work is ongoing. Secretariat is to coordinate.

4. *A grid of future public diplomacy activities in the key countries*

Circulated April 2003. Secretariat is to update.

5. *Sufficient funds to implement this*

Action plan for dialogue with Regional Development Authorities and others agreed at PDSB, 1 May.

6. *Communication*

Board members to communicate strategy to internal audience from 9 May; communication to wider audience to be kept under review.

Foreign and Commonwealth Office

May 2003

Further memorandum submitted by the Foreign and Commonwealth Office

THE GLOBAL OPPORTUNITIES FUND

*Letter to the Chairman of the Committee from the Secretary of State, Foreign and Commonwealth Office,
6 June 2003*

As you know, the FCO was given funding in the last spending review to set up a Global Opportunities Fund. You will, I am sure, have seen the Written Statement I made to the House on 8 May formally launching the Fund. For ease of reference, I enclose a copy of that Statement (Annex A), and copies of a Guidance Telegram to Posts explaining the Fund, the amount of money available under it and how that money will be allocated, and copies of the following telegrams setting out frequently asked questions and key contact points (Annex B). I also enclose a copy of the Global Opportunities Fund Strategy which we have agreed with the Treasury and No 10 (Annex C).

I would be happy to arrange for one of my officials to brief the Clerk, if the Committee would find that helpful. If you wish, I would also be willing to let the Committee have a report after the first year's operation of the GOF.

Rt Hon Jack Straw, MP

Secretary of State, Foreign and Commonwealth Office

June 2003

Annex A

Foreign and Commonwealth Office Written Ministerial Statement, 8 May 2003

GLOBAL OPPORTUNITIES FUND

The Secretary of State for Foreign and Commonwealth Affairs (Mr Jack Straw): I am today launching the Foreign and Commonwealth Office's Global Opportunities Fund (GOF) to support the Government's key foreign policy objectives. The Fund was established in the last spending review with an allocation of £120 million for the next three years.

The GOF will be used to support existing programmes on human rights and legal reform, democracy and good governance, the environment and international security. The GOF will also support our growing science and technology work overseas.

In this first financial year, we will be launching five new GOF programmes. These reflect the FCO's Public Service Agreements for 2003–06 as well as the emerging conclusions of the FCO's longer-term strategic review. The new programmes are:

- Governance in EU accession and candidate countries and near neighbours.
- Counter-terrorism.
- Engagement with the Islamic world.
- Climate change and energy.
- Strengthening our relations with emerging markets.

The Fund will bring together the resources of the Human Rights Project Fund, the Environment Fund, the Counter-Terrorism Assistance Fund and the Westminster Foundation for Democracy to ensure that long-term investment is better co-ordinated and focussed.

Investing in positive change of this kind has never been more important. By tackling terrorism and threats to our security, promoting good governance and human rights, and addressing injustice, poverty and conflict we promote the interests of the citizens of Britain and elsewhere. In doing so, we can only contribute to a safer, fairer and more prosperous world.

Annex B

GLOBAL OPPORTUNITIES FUND: FREQUENTLY ASKED QUESTIONS

Q1. Will we be able to bid for other programmes, or are these five "it" for the next three years?

A1. That's it for year one. But Directorates wishing to bid for new programmes will have a chance to do so in the run-up to year two. There will be a lot more funding available in years two and three. We need to start thinking now about to use it.

Q2. Does that mean we'll be launching lots of new programmes in year two, and lots more in year three?

A2. No. It may just mean more spending on the existing five programmes. We will be open to bids for new programmes, but we intend to remain selective.

Q3. How will you define the boundaries between the five new programmes and decide who participates on the programme management teams?

A3. The five programme managers will need to think about this as they work up their bids, consulting with each other and with strand leaders. The GOF Steering Group will use its meeting on 15 April to review the proposed focus of each programme, decide allocations between them, and resolve any ambiguities.

Q4. Once you've allocated funds to these programmes, can the programme manager just do whatever he/she wants?

A4. No. He/she must involve the rest of the programme management team. If other members think the programme is going astray, they can convey their concerns to the Global Issues Director. The Steering Group will review programmes once a quarter and may claw back funds from those that are under-performing or under-spending.

Q5. Once programme allocations are agreed, how will Posts bid for projects within these programmes?

A5. Programme management teams will need to sort out the details, within some general parameters. There will be a (short) standard form which Posts will use to submit project bids to the relevant programme manager. If the programme manager thinks the project is better suited to one of the other GOF programmes, he/she can forward it to the appropriate person.

Q6. Can outside organisations bid directly to the programme manager for funding, or must they always channel their proposals through Posts?

A6. We do not expect all bids to come from Posts. Programme managers might well fund projects submitted directly by outside organisations (eg NGOs), particularly those in the UK. For organisations outside the UK, we would normally expect bids to be submitted via the local Post and would always want the Post to be consulted.

Q7. What sort of projects are allowed?

A7. Up to each programme management team to decide. We expect a wide range (eg NGO projects, technical assistance to foreign governments, funding for UN activity). Programme management teams will need to work out ways of commissioning project proposals (eg by publishing their programme strategies on the Internet). Procedures will vary from case to case (eg less transparent for counter-terrorism).

Q8. Who monitors progress and reports to the GOF Steering Group?

A8. The programme manager produces quarterly narrative and financial reports, based on individual project updates by relevant Posts. Programme managers are supported by a GOF Central Management Unit (soon to be established in Global Issues Directorate), which serves as Secretariat to the Steering Group.

Q9. Who sits on the GOF Steering Group?

A9. Four Directors (Global Issues, International Security, Resources, Strategy and Innovation), plus the five strand leaders and representatives from DfID and British Council (the latter to be excluded where there is a conflict of interest). The Global Issues Director chairs the Group.

Q10. What criteria will the Steering Group apply in reviewing programme bids?

A10. See the GOF Strategy for details. In short: clear link to PSA targets; specific, measurable outcomes; real potential to set change in motion; evidence of how GOF activity adds to existing efforts; serious commitment by the Directorate/Posts involved to run the programme effectively.

Q11. Do we have enough expertise to handle programmes on this scale?

A11. We recognise the demands, and have been discussing them with our attaches and advisers, as well as with DfID. The GOF Central Management Unit will provide guidance to programme managers on issues such as financial control, contracting and procurement. It will also co-ordinate training. A training needs analysis is being undertaken as the basis for a new course on programme and project management (likely to be launched in May).

Q12. How can we avoid the usual end-of-year scramble to spend money?

A12. GOF programmes can be multi-year and we are exploring scope for rolling over unspent funds from one year to the next. In practice, we do not expect much End-of-Year flexibility and will need to ensure spending proceeds without delay.

Q13. Why aggregate some budgets with GOF, while keeping others separate (eg Drugs and Crime Fund, Conflict Prevention Pools)?

A13. We have gone for aggregation wherever possible, to maximise the strategic impact of GOF and avoid duplication. DCF/CPB are managed through special arrangements involving DfID, MOD and other Departments.

Q14. This is going to place an extra burden on already over-stretched staff. Can't we exchange GOF for a bigger administrative budget?

A14. No. This has never been an option. But the GOF-funded slots will reinforce Directorates/Posts facing extra demands. Directorates/Posts that do not see a need for GOF are under no pressure to bid. In some countries we may be able to achieve more by helping DfID spend its money well rather than running our own programmes.

Q15. Why are our Command Programme Budgets (CPB) being reduced? Has the money been taken to fund the GOF?

A15. No. A review of FCO programme budgets concluded that we needed more rigorous prioritisation of CPBs and greater flexibility to respond to unforeseen events. The measures taken in response, including creation of an FCO reserve, have meant reducing CPBs by 30%. The rest has been allocated to your Directorate as normal. Had we not been able to use GOF to contribute to the reserve fund, the pressure on CPBs would have been even greater.

Q16. It all sounds terribly complicated. Can't you make it simpler—just give the money to geographical Directorates and let them get on with it?

A16. We believe the new approach will put Directorates in the driving seat. Several of the programme managers will be members of geographical Directorates. But we also want functional Departments like HRPD to be consulted, through participation of the strand leaders in the programme management teams, to ensure that funds are used in a way that supports the GOF Strategy.

Q17. I'm still confused. What should I do?

A17. Contact one of the GOF Managers (see MIFT), or the Global Issues Director.

GLOBAL OPPORTUNITIES FUND: WHERE TO GET MORE INFORMATION

1. The following documents will be posted on the Intranet by 26 March (go to the Global Issues Department area, or look in A-Z Topics for “Global Opportunities Fund”).

- GOF: Initial Proposals (paper by Michael Arthur)
- GOF Strategy (Draft dated 14.03.03)
- GOF Management (Draft dated 12.03.03)
- GOF programme bidding form
- Worked example of a GOF programme bid (“Reuniting Europe”)

2. If you do not have access to the Intranet, you can obtain these documents from any of the people listed below.

3. Programme managers:

- Engagement with the Islamic world: Rosemary Waugh (MED)
- Strengthening our relationship with emerging markets: Graham Minter (EcPol)
- Counter-terrorism: Alex Budden (CTPD)
- Climate change and energy: Rob Mason (EPD)
- Governance in EU applicant countries and near neighbours: Alex Ellis (EUD)

4. Strand leaders:

- Human rights and legal reform: Barbara Woodward (HRPD)
- Democracy and good governance (political and economic): Barbara Woodward (HRPD) and Tristan Price (EcPol)
- Environment and energy: Louise De Sousa (EPD)
- International security, particularly counter-terrorism: Martyn Warr (CTPD)
- Miscellaneous, including science and technology: Richard Jones (STU)

5. Pending creation of the GOF Central Management Unit, other enquiries should be directed as follows:

- Budgetary issues: Neil Holland (RBD) and Justine Allan (RMO/GID)
- Training: Bonny St John (PPD) and Scott Smith (TD)

Annex C

GLOBAL OPPORTUNITIES FUND—STRATEGY

1. The 2002 Spending Round allocated £120 million over the next triennium (FY 2003–06) for the new Global Opportunities Fund (GOF). Allowing for some deductions (eg contributions to the FCO reserve), the amount available for new programme activity over the next three years is around £87 million (£12 million/£29 million/£46 million). This will substantially increase the FCO’s ability to pursue key policy objectives.

2. To increase the impact of GOF and avoid duplication, we will integrate it with some existing budgets: Human Rights Project Fund, Westminster Foundation for Democracy, Environment Fund, Counter-Terrorism Fund. These will bring in additional funding of around £46 million (£15 million/£15 million/£16 million) and make GOF the FCO’s main funding source for global issues work. (But not the only source: a number of other budgets will continue to be run along existing lines, notably the Conflict Prevention Pools; Drugs and Crime Fund; scholarships/public diplomacy budgets; other Command Programme Budgets, including sponsored visits.)

3. This Strategy paper sets out our policy priorities for GOF activity, based on the FCO’s Public Service Agreements (PSAs) for 2003–06. The Strategy has been discussed with Other Government Departments (including DfID). As stipulated under SR 2002, we will review and clear it annually with No 10 and the Treasury.

4. The Strategy includes only a brief discussion of how GOF will be administered in practice. For more on this, see the companion paper on GOF Management.

Principles—the need for a GOF strategy

5. We need to ensure a tight link between GOF programmes and FCO policy priorities. This is essential because:

- We want GOF to be used to maximum effect. This means focusing on a limited range of key policy areas where the FCO can make a real difference.

- While £120 million is big money by FCO standards, it is far less than the budgets of donors like DfID (Which will soon be spending over £1 billion in Africa alone). We must avoid duplication and build on existing efforts—including those the FCO itself is already supporting through the Conflict Prevention Pools, the Drugs and Crime Fund and other budgets.
- The Treasury will be monitoring GOF closely and will expect evidence of how we have used it to deliver our PSAs.
- Running programmes involves time and effort. It is only worth doing it if helps us achieve our policy objectives. We don't want hard-pressed staff to be doing work that isn't a priority, or investing a lot of time working up project bids that fail to secure funding.

Overall aim

6. The purpose of GOF is to promote action on global issues in areas of strategic importance to the UK. We will use it for integrated programmes of assistance closely linked to our foreign policy priorities. These must add value to the Government's existing support for poverty reduction, conflict prevention and combating transnational crime.

Subsidiary objectives

7. To achieve this aim, we will use GOF to promote:
- Respect for human rights, including better justice systems.
 - Democracy and good governance (political and economic).
 - Sustainable management of environmental and energy resources.
 - Action to combat global security threats, particularly international terrorism.
 - International collaboration on science and technology.

Approach

8. We will use GOF in a way that:
- Maximises the strategic impact: By directing funds towards programmes clearly linked to FCO policy objectives and PSAs, and avoiding duplication with other budgets.
 - Minimises the administrative burden: By avoiding nugatory bidding and giving priority Directorates/Posts as much flexibility as possible, within the limits of accountability and quality control, to use GOF to achieve their objectives.

9. The need to link resources to priorities means it is not possible to just divide GOF up equally between all Directorates/Posts. Some regions/countries are higher priorities than others. Nor can we just allocate GOF to a few priority Directorates and exclude the possibility of good bids from others. We need some competition to ensure quality. High priority Directorates must show they have concrete plans for using GOF; lower priority Directorates should have the chance to submit good bids.

10. We therefore propose:
- Bottom-up bidding within top-down strategies: We will define in advance the priority themes and regions for GOF activity under each of the five "strands": human rights (HR), democracy and good governance (DGG), environment and energy (EE), international security (IS), science and technology (S&T). These strand strategies (see Appendix A) should form the basis for bids from Directorates. Bids covering more than one strand are welcome.
 - Bidding for programmes as well as projects: Directorates and/or Departments will be encouraged to work up proposals for programmes consisting of a range of discrete projects linked to a single objective. Some of the projects may be clearly defined in advance, others can be worked up once the programme has been earmarked for funding. Bidding for individual projects will still be permitted, but the emphasis on programmes will allow more flexibility and enable Directorates to plan sensibly.
 - Reinforcing administrative capacity to run programmes: Running GOF programmes is time-consuming. Directorates will receive additional staff to help run GOF programmes. They can use these as they see fit: in London or in the region, for UK-based or for LE staff. But these resources will not be equally distributed: they will flow disproportionately to Directorates running large GOF programmes.

Priority themes/regions

11. See Appendix A for full details. Several themes cut across the five strands. It may be helpful, for illustrative purposes, to pick out from Appendix A some likely areas of GOF activity. This is not an exhaustive list and the themes are set out in no particular order of priority. It is intended simply as a basis for Directorates to start thinking about how they might use GOF. Each theme is listed together with the GOF strand(s) to which it relates and the priority countries for such work (some countries fit into several categories, eg both Islamic and an energy producer).

- Promoting core human rights freedoms, rights of minorities and women’s and children’s rights (mainly HR, but also IS). Global, but with particular focus on the Islamic World and Asia.
- Human rights monitoring and awareness raising (mainly HR, but also aspects of EE and IS).
- Legal/penal reform at national level to ensure compliance with international human rights obligations and respect for contracts (HR, DGG, EE, IS). Islamic World, current/future EU candidates, FSU.
- Developing the machinery of international justice, eg ICC. (HR). Islamic World, Africa, Balkans.
- Building participatory democracy and strengthening political oversight. (DGG). Islamic World, current/future EU candidates, FSU, G20 and selected other emerging markets, Africa.
- Strengthening civil society, including independent media. (DGG, EE). Islamic World, FSU, East Asia, G20 and selected other emerging markets.
- Economic reform, including reducing barriers to trade and investment, better competition regulation, energy sector reform, labour market reform. (DGG). Current/future EU candidates, FSU, Islamic World, G20 and selected other emerging markets, energy producers.
- Tackling corruption. (DGG, EE). FSU, Islamic World, G20 and selected other emerging markets, energy producers.
- Corporate social responsibility. (DGG, EE). Energy producers, G20 and selected other emerging markets, failing states.
- Strengthening administrative capacity, including capacity to access funds from big donors (eg EC, World Bank). (DGG, EE). Current/future EU candidates, FSU, Islamic World, G20 emerging markets, failing states, Overseas Territories.
- Promoting adoption of new technology, eg clean fuels. (EE, S&T). G20 and selected other emerging markets, energy producers.
- Improved management of natural resources, eg forests, water, oil/gas. (DGG, EE). Energy producers, East Asia, Latin America, Current/future EU candidates, FSU, Overseas Territories, Africa.
- Operational counter-terrorism training, eg CT policing skills, aviation security, crisis management training. (IS). SE Asia, South Asia, Middle East, North Africa.
- UNSCR 1373 Capacity Building CT Assistance, eg strengthening legislation, combating terrorist financing, improving regulation of charities. (IS). Focusing on major sources of threat to the UK (Middle East, North Africa, SE Asia, South Asia) but with potential for global reach—particularly those countries not on DCF’s priority list and potentially vulnerable to terrorist activity.
- Law enforcement capacity building (police, customs, immigration) and improved border management. (HR, DGG, EE, IS). Asia, Islamic World, current/future EU candidates, FSU, failing states—if not already covered by CPP and DCF.

Funding criteria

12. It will be for Directorates and Posts to decide, in light of their objectives and existing programme activities and through close liaison with functional departments, which themes to pursue through GOF. They may wish to focus narrowly on a single strand (eg counter-terrorism), or develop a broader programme cutting across several strands (eg legal reforms that help encourage foreign investment in the energy sector and thus promote economic growth). Where in doubt, they should consult the “strand leaders” in the relevant functional Departments (HRPD, CTPD etc)—who will coordinate among themselves to ensure there is a proper read-across between strands.

13. A GOF Steering Group will meet quarterly to decide the allocations between strands and which major programmes should receive support. It will be guided by the recommendations of the strand leaders, who will also have authority to take decisions on funding of individual projects and small programmes. See the GOF Management paper for details.

14. In reviewing bids for funding, the Steering Group will focus on the programme’s importance in contributing to GOF’s objectives. They will be looking for programmes with a clear link to strand strategies and PSA targets; specific, measurable outcomes; and real potential to break frontiers and set change in motion.

15. Other funding criteria will include:

- The Directorate/Post's commitment to using GOF strategically. Is their bid underpinned by a clear strategy for using GOF in their region? Have senior, as well as junior staff made time for GOF in their job descriptions?
- Quality of the programme bid. Does it provide a clear analysis of the current situation and what we hope to achieve? Do the project activities make sense? What would success look like? Is there an exit strategy?
- Capacity of implementing organisation(s). Will they require micro-management by the FCO? If so, are Directorates/Posts prepared to make the effort?
- Is the programme linked to a broader international strategy that already has a head of steam (eg initiatives agreed by the G8), thereby reducing the burden on the UK and increasing the chances of success?
- Is GOF the best funding source? Could the programme be funded from the Conflict Prevention Pools, Drugs and Crime Fund or other FCO budgets (see Appendix B for list of current CPP strategies). Does it complement other FCO-funded activity (including British Council and other public diplomacy?) Does it offer good value for money?
- Complementarity with other donors. Is the bid clear on what others (eg DfID, European Commission) are doing and how FCO support would add value? Is there a risk of duplication?

Other issues

16. Regional priorities. All Directorates/Posts will be eligible to bid for programmes, but it is clear that some regions/countries will be priorities, eg Arab World, current/future EU candidates, FSU, G20 and selected other emerging markets. Many of these are middle income countries (where DfID is less active). Failing states may also be a priority (where not covered by Conflict Prevention Pools).

17. Matching funds. We may be able to use GOF to leverage more international spending by OGDs (eg Home Office on migration, DTI on energy), or more spending on UK priorities by other donors (eg European Commission). We should do so where possible, but not if it is unduly time-consuming.

18. Size of programmes. We need to be able to demonstrate real impact. This, plus the economies of scale in running larger programmes, suggests we should avoid a proliferation of micro-programmes. In general, we should not be funding projects with budgets under £20,000 unless they are clearly linked to a larger programme. However, we should allow strand leaders to waive this rule in exceptional circumstances where small projects could have a big impact.

19. Attitude to risk. DfID is focusing increasingly on countries that are committed to reform. This may also be a valid rule for some GOF programmes if we are to show success. But GOF is about minimising threats as well as capturing opportunities. We should be prepared to take risks where we have real interests at stake, eg supporting reformers in authoritarian countries, tackling terrorist threats in failing states.

20. UK profile. GOF programmes may have public diplomacy benefits, helping to improve perceptions of the UK. We should make the most of such opportunities, but should not put the pursuit of publicity ahead of other objectives. We want GOF programmes to be recognised for their inherent quality, not because they carry a UK flag. Sometimes it may be better to keep a low-profile (eg counter-terrorism training).

Appendix A—1: Human Rights Strategy

21. The human rights strand (£7/10/12 million) will act as a catalyst for change in human rights and for complementary changes which enhance the UK's security and prosperity. For example, the breakdown or absence of the rule of law can threaten UK and international security (Afghanistan, Iraq, Kashmir) or prosperity (access to resources, influxes of refugees, security of British investments).

22. The overall aims for 2003–06, in support of PSA 7, are to:

- Increase the number of functioning democracies in the world from 95 in 2003 to 105 in 2006;
- Secure the ratification of any of the six core human rights treaties by 25 additional states by 2006;
- Increase the number of countries with fully independent and impartial judiciaries from 90 in 2003 to 95 in 2006; and
- Increase the effectiveness of the machinery of international justice, in particular the ICC, ICTY, SCSL and the African Court of Human Rights.

23. Depending on the country or region concerned, work in this stream may include:

- promoting the UN core freedoms (thought, conscience and religion, association, and expression); rights of minorities (at the root of many destabilising regional conflicts); women's and children's rights (including in conflict and post conflict situations);
- strengthening HR monitoring and awareness raising initiatives;

- development of justice (training law enforcement bodies/agencies, the judiciary and lawyers, reform of constitutional law and primary legislation to ensure compliance with international human rights obligations and respect for contracts), and international justice (including international criminal courts).

24. Approach: There are numerous large donors working on human rights, including the UN, OSCE, EU and DfID, with significantly larger budgets (to which the UK contributes) than the GOF. Based on the experience of the HRPF, the GOF is likely to achieve maximum impact by funding small projects that either:

- Set change in motion;
- Complement the work of other donors;
- Break new frontiers;
- Require rapid reaction; or
- Provide support on issues that are unpopular with other funders or locally but nonetheless are deemed a priority.

25. The small project approach will work best because:

- The UK has comparative advantage in this area: we have a well developed civil society accustomed to developing high impact projects; eg Afghanistan.
- The UK has trained staff to handle small projects (although more training will be needed).
- It is a niche market: few other donors can meet NGOs' needs for small programme funding although this is the most effective.
- Few other funders react as quickly as the FCO.
- It is a flexible area, well suited to niche opportunities and cooperation with other international organisations and donors (eg UN, OSCE) (eg the UK could offer police training which another organisation might complement with equipment).
- Best practice can be easily replicated across borders (eg police training).
- It complements other GOF priorities security and good governance.
- It has a positive effect on the business climate.

26. Specific objectives/outcomes 2003–06 are (detail to come from geographical directorates):

- To strengthen the court system in the Arab world, including the possible establishment of an Arab League Court of Human Rights (Strategy for the Arab World, paragraph 19).
- To improve the status of women in the Arab World, guaranteeing equality of rights, an action programme to eliminate female genital mutilation, promoting literacy and basic education for women (Strategy for the Arab World, paragraph 19).
- Helping China to develop an effective, efficient, transparent and professional . . . legal system which protect and promote individuals' rights and the rule of law and encourage UK investor confidence (UK China Strategy, Administrative and Legal Reform, Objective 1 and China Strategy paragraph 8).
- Central Asia /rule of law? OSCE?
- [India: Delhi declaration to come]
- African Court of Human and People's Rights established and becoming functional by end 2006 (PSA 7), SC SL is a PSA target—link to NEPAD strategic objective?
- Balkans NB: ICTY is PSA target

27. Strategy for 2003–04:

Next FY's indicative allocation for this funding stream (£7 million) will be fully allocated through existing HRPF procedures under the published criteria. Over the year, we will be developing our human rights advisers network (FCO and non-FCO staff, including those with a regional remit in Africa) to develop a strategic approach to GOF project development and sharing best practice.

We do not envisage GOF funding capital costs, welfare projects, humanitarian assistance or duplicating work already covered by other donors. In particular, we will want to make sure our work is complimentary with that of DfID in countries of shared concern (eg we have done this successfully in Burma, Uganda, India and Nepal). A clear division will need to be drawn in some areas where there is a risk of overlap between GOF's HR strand and the GOF DGG strand, eg freedom of expression (HR) and support for the media (DGG); support for the work of NGOs in promoting and protecting HRs (HR) and civil society development per se (DGG).

Appendix A—2: Democracy and Good Governance Strategy

Objective

28. To promote democracy and good governance (DGG). This is in the UK's interest: democracies tend to be stable, secure trading partners. Some 43% of the world's population do not live in a fully democratic country, including all of the Arab world which is a major source of direct threats to western security. Sixty-one countries, with 38% of the world's population do not have a free press, an essential concomitant of democracy. More than three quarters of the 47 democracies which have come in to being since 1980 have not made a full transition to democracy.

Sustained economic growth can relieve poverty and encourage the emergence of countries that can be trade and investment partners of the UK. But growth relies on good governance. This is needed for governments to make robust decisions, for which they are accountable, and that take into account all relevant competing domestic and international interests.

This GOF strand strengthens FCO activity in delivering PSA 7 and 8, notably in:

- Increasing the number of functioning democracies in the world;
- Encouraging steps towards the Millennium Development Goal of open, rules-based and predictable international trading and financial systems;
- Increasing implementation of international standards on investment, corruption, tax and money laundering;
- Improving economic governance in states where it is failing;
- Helping Turkey make progress on its Accession Partnership with the EU;
- Enabling former Yugoslav countries to sign formal agreements with the EU.

Strategy

29. The GOF will focus on middle income countries in regions of strategic importance to the UK, though will in some cases be used to complement DFID activity in poorer countries where we have vital foreign policy interests (eg administrative reform in China). Regions might include Middle East, Asia and EU candidates. Priority themes revolve around building capacity in states to take and implement decisions that lead to durable growth. These themes are: building participatory democracy, developing political oversight; stimulating independent media; tackling corruption; and economic reform, including removal of barriers to trade and investment, better competition regulation, and labour market reform.

There are complementarities between different GOP strands. The DGG strand includes activity on support for the media and the development of civil society per se. Activity on freedom of expression and support for the work of NGOs in promoting and protecting human rights falls into the GOF strand on Human Rights. The Human Rights strand will also include a programme on ensuring access to efficient and impartial systems of justice, which underpins democracy and good governance.

Funding and delivery

30. Next FY's indicative allocation for this funding stream is £6 million. The bulk of this (£4 million) will be used by WFD for democracy building.

Projects in these areas could be delivered by international financial institutions, international NGOs and OGDs. The strand would aim to leverage the resources directly available to the FCO by attracting suitable partners, including amongst those who might deliver the desired outputs. Possible partners could include DFID, British Council, Bank of England, the European Commission, UN (UNDP), OSCE, EU, USAID and the World Bank (via loans) and other multilateral development banks.

31. Priority activities and areas 2003–06:

	<i>FSU</i>	<i>Current & future EU candidates</i>	<i>Arab world</i>	<i>G20 emerging markets</i>	<i>Asia</i>	<i>Africa (NEPAD)</i>
Political pluralism: modernisation of political parties (WFD interest)			→			
Strengthening civil society						
Independent media			→		→	
Political oversight: parliamentary practice, local authority, elections (focus of WFD activity)	→	→				→
Public expenditure and administrative reform	→	→		→		→
Macroeconomic and financial framework		→	→	→		
Action on corruption	→		→	→		
Improving the environment for investment		→	→			→

32. Examples of specific projects

- Financial support for political parties and NGOs in the Arab world that support gradual introduction of democracy from the bottom up (civil society) and an increasing role for Parliaments and elected governments (Strategy for the Arab World, paragraph 19).
- Getting BBC Arabic service on FM; subsidising weekly Arabic versions of western newspapers (Strategy for the Arab World, paragraph 19).
- Support media in anti-corruption campaigns by running workshops in Egypt to help journalists working in difficult circumstances report on anti-corruption issues.
- Provide training to central bank staff in the FSU and the Balkans in banking supervision.
- Secondment of officials to Cabinet Office equivalents in current and potential EU candidates to help develop structures to absorb EU financial and technical assistance.
- Technical assistance to stimulate financial services in Morocco.
- Investment Compact for the Near East (including Turkey) to stimulate regional integration and promote flows of inward FDI.
- Provide technical assistance to current and potential EU candidates and China, for them to design strategies for labour market reform.
- Support administrative reform to enable China to play a constructive part in the international community and open China's markets.

Appendix A—3: Energy and Environment Strategy*Objectives*

33. This strategy will support FCO Objective 3, PSA 7, and in particular “better environmental governance” and “enhanced security of energy supplies”.

Work in this stream will be integrated with that of the governance and democracy stream, with which there are strong synergies on democracy building, combating corruption and management of natural resources as a part of good economic governance. It will also complement work on the FCO's wider security objectives, eg through the Conflict Prevention Pools, by helping to reduce tensions over scarcity or abundance of natural resources.

Funding

34. The indicative allocations for this funding stream from 2003–04 to 2005–06 are £5 million/£9 million/£13 million. This incorporates the existing Environment Fund (£3 million/£3 million/£3 million). Of the 2003–04 allocation, £1.2 million is committed to ongoing EF projects, including on renewable energy (£0.3 million). A further £1.8 million will be allocated through the existing EF arrangements, focusing on projects that will support PSA 7 and should fit within the GOF priorities. From 2004–05, all new projects will be selected through the GOF processes.

35. There is some relevant HMG funding outside the FCO. DfID supports energy and environment projects in the poorest countries, although they are increasingly pulling out of sector-specific programmes and turning to budgetary support mechanisms. DEFRA supports some international work, notably on biodiversity (the £7 million Darwin Initiative) and climate change. DTI/BTI are supporting nuclear clean-up work in Russia (£84 million) and other energy-related work. British Council has a Science, Engineering and Environment programme (£8 million in 2002–03).

Energy

36. Aim: to promote a step change in the governance of international energy resources and systems in order to help secure the UK's medium-term environment and energy security objectives as articulated in the Energy White Paper. GOF will be used to support a concerted programme of work which increases international and regional collaboration on energy sector governance. This will include:

- A step change in engagement with key governments on energy issues and UK initiatives through a network of cross-cutting energy teams in posts, AMED and EPD, both through political dialogues eg UK-US energy dialogue, and development of activities using GOF funds, such as promoting sustainable energy policies in oil/gas producing regions eg west Africa.
- Developing the Renewable Energy and Energy Efficiency Partnership (REEEP) launched at WSSD into a truly global partnership which accelerates the use of low carbon technologies. Expanding membership (now includes Japan, Italy, Indonesia, Brazil, South Africa, Mexico, Shell, BP, WWF), leveraging in £40 million in matching funding and building on the political consensus around the WSSD Renewable Energy declaration in other international fora.
- Initiating a focused set of initiatives and activities on energy security, power sector reform and low carbon energy through international processes and institutions such as the International Energy Agency and World Bank. This would include complementary funding with OGDs, eg DTI/OST on the low carbon initiative, in order to stimulate political activity and consensus.

Environmental governance

37. Aim: improved environmental governance at the global, regional and country levels in order to secure the UK's environmental and sustainable development goals, including implementation of WSSD commitments on reversing negative environmental trends and decoupling economic growth from environmental degradation. GOF-funded activity will complement political and diplomatic work to build influence and consensus on governance reform with key UN member states, especially in the G77. It will be carefully coordinated with DfID and DEFRA. Key themes will be:

- Environmental democracy: covering access to information, public participation in decision-making and access to justice. GOF funding will be targeted on the Access Initiative, a global coalition of NGOs; the WSSD Partnership for Principle 10 (of the Rio Declaration, on environmental democracy), which brings together NGOs and governments; and extension of the legal principles enshrined in the UNECE Aarhus Convention, the only multilateral legal instrument in the field. GOF support would help develop an effective integrating framework, with a geographical focus initially on the newly independent states of the UNECE region, Latin America and South East Asia.
- Governance of natural resources: priorities would be forest law enforcement and governance (including tackling illegal logging) and management of transboundary water resources. Geographically, the focus would initially be on West and Central Africa, China and South East Asia (eg through the Africa and Asia Forest Law Enforcement and Governance processes), and Amazonia. In 2004–05 and 2005–06, work could expand into the UNECE region (eg through the proposed UNECE Environment Strategy for Eastern Europe, Caucasus and Central Asia).
- Capacity-building for better governance, including implementation of multilateral environmental agreements: GOF funding will be used to develop strategic partnerships with leading organisations in the field, both NGOs and multilateral institutions. Wherever possible, GOF programmes would work with and build on WSSD multi-stakeholder partnerships such as the Sustainable Tourism Initiative to capture the economic benefits of good environmental governance. GOF support would be targeted on implementation of key MEAs promoting better management and improved access to the benefits of natural resources, including through economic means eg Kyoto, Cartagena Protocol on Biosafety, CITES, and Aarhus. Funding would be targeted on developing countries critical to achieving the objectives of the MEAs, and the Overseas Territories through the framework of the OT Environment Charters agreed following the 1999 White Paper.

Appendix A—4: International Security Strategy

38. The International Security (IS) strand of the Global Opportunities Fund (GOF) has been established to support FCO Objectives 1 and PSAs 1, 2 and 8. Activity under this strand will take place within the strategy detailed below with programmes being agreed between CTPD, Geographical Departments and Posts overseas.

The bulk of the funds available (£4 million in FY 2003–04) will be allocated to CT Assistance programmes designed to develop CT capacity through enhanced bilateral dialogues with third countries, and through the UK's key role in multilateral organisations (UN, EU, G8) as a leading player in wider, international CT efforts.

Counter-Terrorism Assistance (CTA)

39. CTA is primarily delivered within the context of an established and ongoing counter-terrorism dialogue with key partner states in support of HMG's wider counter-terrorism strategy. CTPD, along with geographic departments and Posts, is establishing these relationships within four priority geographic areas. Prioritisation is determined by the threat to UK interests. Most of our CTA will therefore be delivered within these regions:

- South East Asia.
- South Asia.
- Middle East.
- North Africa.

There is also a requirement to ensure that targeted assistance can be delivered outside of established dialogues where an immediate need arises, as with terrorist attacks or recent activity (eg Mombasa).

40. Within the strategy there are three main strands of activity that can be considered for funding. The first two areas are CT specific and will receive the majority of funds available. The third area is non-CT specific but will have a direct impact upon counter-terrorism issues. Programmes within this area may require distinct funding from the CT stream, joint funding from the CT and an alternate stream (eg human rights training), or merely feed the CT strategy from a related thematic programme (eg good governance).

Operational Counter-Terrorism Assistance

41. This is primarily delivered bilaterally, government-to-government given the nature of the assistance. Programmes result either from needs assessment visits or from direct requests from third countries. Typical assistance of this sort is listed below. Provision is limited only by existing UK capacity:

- CT Law Enforcement.
- CT Crisis Management Training.
- Aviation Security.
- Hostage and Crisis Negotiation Training.
- Improvised Explosive Device Disposal Training.

UNSCR 1373 Counter-Terrorism Assistance

42. As part of the UK's commitment to support the work of the UN Counter-Terrorism Committee and assist state's to meet the requirements of UNSCR 1373 and raise global standards of CT capacity in these areas, the UK is working with key partners to develop and deliver thematic CTA programmes. Present programmes focus on Stage A priorities as set by the CTC (CT legislation and Terrorist Financing). These include:

- Counter-Terrorism Legislation and Administrative Measures.
- Combating of Terrorist Financing Assistance.
- Charity Regulatory Mechanisms.

Future programmes will need to continue and/or build on these themes and progress onto assisting states to develop capacity in Stage B priorities as set by the CTC, including law enforcement capacity building (police, customs, immigration) and improvements in border management.

Wider capacity building assistance and reform programmes

43. The sustainability of any specific CTA programme depends heavily upon the wider capacity of the government or organisation to which it is being delivered. For example specialist CT training for police units will only deliver long-term benefit if the wider police force is well trained and managed and CT legislation will only be implemented properly if the government concerned has developed an efficient judicial system.

It is beyond the scope of the CTA strategy to tackle these issues across the board. However, in specific countries there may be a requirement to deliver targeted assistance programmes to address some of these in support of specific CT projects (when funding from alternate streams is not available) eg wider police training or reform programmes, or to achieve larger objectives, one consequence of which might be a reduction in the threat from terrorism.

Existing commitments

44. FY 2003–04 funds under this stream will be required to finance the following existing international security/counter-terrorism commitments, all of which are consistent with the principal objective to build international CT capacity.

- Counter-Terrorism Exercises—both domestic and international, including substantial work with the Greek government in respect of security for the 2004 Olympics.
- UK support for the successful bringing to justice of the murderers of Brigadier Saunders and the eradication of N17 terrorists in Greece.
- Capacity building of NATO aspirant countries through English Language Training to enhance interoperability, which has important CT consequences.

Appendix A—5: Science and Technology Strategy

Relevant FCO Objectives

45. Science and technology (S&T) contributes to the following FCO Objectives:

FCO Objective 2

- Enhanced competitiveness of companies in the UK through overseas sales and investments; and a continuing high level of quality foreign direct investment (delivered through British Trade International.)

FCO Objective 3

- Increased prosperity and a better quality of life in the UK and worldwide, through effective economic and political governance globally.

FCO Objective 5

- International decisions and actions which advance UK objectives and interests. Authoritative advice and support to the whole of Government on international issues. Positive foreign perceptions of the UK and the Government's policies.

Existing Activity Funded by FCO or Others

46. There is currently no major FCO source of programme funding for S&T work. The FCO works with DTI/BTI to promote British commercial interests in high-tech fields. The British Council supports £8 million of international research collaboration including two interdependent programme areas ("Excellence in International Science" and "Understanding Science in Society") and promotes networking of young scientists.

47. The Office of Science and Technology (OST) has networking funds of £0.7 million to the best UK scientists to enable them to meet and network with opposite numbers overseas. The Royal Society deploys around £6 million to stimulate international collaboration through networking funds, fellowships and travel grants. The Research Councils support UK scientists in some international collaboration that is in support of their overall objectives.

A number of Government Departments (eg DfID, MoD) undertake a significant amount of research, which includes international collaboration. Organisations with non-public sector main funding sources (eg Wellcome Trust, Royal Academy of Engineering) also support international collaboration. Funding for large-scale multinational projects is available through the EU under the Framework programme.

48. The above sources of UK funding tend to be focused on the excellence of the science to be undertaken, not necessarily the international relationship that the FCO might wish to promote. The activities tend to be run responsively, offering support in response to specific individual needs from within the UK science and engineering research community, rather than proactively in pursuit of an international goal. Whilst there are a number of sources of funding for initial visits and networking, sources of project funding for international partnerships are more limited. There is a gap between funding available for initial visits and funding available for longer term established programmes. There are few sources to help build a relationship following an initial visit, until the partnership is established and can apply for longer term funding. The UK is often not the partner of choice because of the limits of funding available for international research collaboration.

New Activity We Might Wish to Fund through GOF

49. Up to £1million will be available for S&T work in FY 2003–04. We will use this to:

- Promote the UK as international partner of choice, secure UK influence and promote UK interests in negotiations;

- Pump prime commercially edged high technology collaboration by promoting international linkages;
- Assist access/remove barriers to international collaboration which matches or complements existing or potential UK strengths;
- Focus on the priority regions/countries agreed with Whitehall stakeholders. These are USA, Europe, Japan, Russia, India, China, Brazil, South Africa, Australia, Canada and Korea, Israel and Taiwan.

Applications must show how GOF support will add value to the UK science and industry base and facilitate longer-term international relationships.

Key Departments

50. The FCO's Science and Technology Unit co-ordinates the network of overseas science attaches. EcPol, EPD and AMED also have an interest. The DTI, BTI, OST, British Council, Royal Society and Research Councils all work with FCO on S&T through CSAIC and a BTI-led committee on wealth creation aspects of S&T.

Appendix B—CPP Strategies with Allocations for FY 03/04

51. Afghanistan: Support to security sector environment; conflict resolution and prevention dialogue good governance/rule of law programmes (£16.5 million).

Strengthening the United Nations: Capacity building with UN for conflict prevention and peacekeeping; work with peacekeeping providers to improve numbers and quality of troops available (£10.5 million).

Small Arms Light Weapons: Strategy announced at 2001 UN conference on small arms to implement programme of actions. Targets: implementation of regional norms on SALW, including national legislation on improving exports, registrations etc. Specific programmes in Africa, Latin America (£9.25 million).

Central and Eastern Europe: Stabilisation, democracy building including SSR support for new and aspirant EU and NATO countries. Ministers have asked for a graduation plan for the strategy to wind down over next few years (£4.8 million).

The Balkans: Supporting SSR, national safety, security and access to justice, and strengthening democracy and inter-ethnic relations (£11.2 million).

Russia/FSU: Aimed at reducing potential for renewed fighting in the frozen conflicts of Russia/FSU including promotion of democracy and rule of law, reduction of ethnic, religious and political tensions, SSR and reduction of tensions over territory and natural resources (£11.16 million).

Nepal: Aimed at developing peace process between Nepalese government and Maoist insurgents, including through military advice and training, development programmes to provide alternative means of revenue, international pressure and development of peace process (£6 million).

Middle East: To increase chance of peace settlement and improve internal and external security of countries across region, through identifying non-traditional actors, CBMs peace conference, supporting security sector programme in Gulf states (£5 million).

Security Sector Reform: To develop approach to SSR, improve spread of best practice and support SSR projects in countries covered by Global and Africa (£4.75 million).

Indonesia/East Timor: To tackle underlying reasons for conflicts, promote community reconciliation through SSR in Indonesia, and support conflict reduction in and develop ET defence force, police service and judiciary, promote post conflict reconciliation (£1.48 million).

Belize/Guatemala: To support acceptance of facilitators recommendations on Belize/Guatemala border dispute and promote implementation (£1.5 million).

India/Pakistan/Kashmir: To promote a final settlement of Kashmir issues in a way that reduces risk of military (including nuclear) conflict between India/Pakistan through promoting governance and human rights in Kashmir, supporting normalisation of India and Pakistan, bilateral relationship and supporting civil society conflict resolution and peace building capacity in India (£2 million).

OSCE/COE: Enhance COE and OSCE capacity in conflict prevention work through improving quality of relevant OSCE staff, promoting stability in FSU and Balkans (£1 million).

Sri Lanka: Supporting LTTE/Sri Lanka peace process (£1.1 million).

EU Civilian Crisis Management: Strengthen EU capacity to deliver coherent civil crisis management policies and interventions (£0.5 million?).

Tackling Economic and Financial Causes of Conflict in Africa: Sever links between resource extraction and violent conflict, eg by creating an international framework to promote transparency in payment of revenues generated by natural resource extraction (£0.2 million?).

Building African conflict prevention/peacekeeping capacity: Enhance peacekeeping capacity of African armed forces through: support for peacekeeping training programmes; development of regional centres of excellence; strengthening regional and sub-regional organisations (£5.9 million).

Sierra Leone: (£27.5 million).

Great Lakes (DRC, Burundi, Rwanda, Uganda): (£5.6 million).

Angola: Improve relations between GoA and UNITA, coordinate an effective response to UNITA personnel in quartering camps and promote an inclusive political dialogue leading to the establishment of a legitimate, constitutional political authority in Angola, which is elected, respects human rights and exercises full control over its territory (£0.3 million?).

Sudan: Work with the US, Norway and other partners to achieve an agreed and inclusive settlement of civil war in Sudan (£5.5 million).

Nigeria: Support to Security Sector reform in order to promote democratically accountable armed forces and support community peace building initiatives (£1.5 million).

Ivory Coast: Support to ECOWAS monitoring force (£2 million?).

Foreign and Commonwealth Office

March 2003

Further memorandum submitted by the Foreign and Commonwealth Office

EXERCISE BLUE MONDAY & CONTINGENCY PLANNING

It might interest the Committee to know that the FCO held its first counter-terrorism tabletop exercise on 10 March in our Main Building. Post 9/11 and Bali, the FCO recognises how important it is to test our contingency plans and response to a serious incident overseas, which as lead Department the FCO would be charged with co-ordinating. Highlighting to a senior audience the Office's revised plans and procedures was the key objective of the exercise.

"Blue Monday", as the exercise was named, involved a group of over 80 FCO officials from many parts of the Office working through a notional scenario involving two major, simultaneous terrorists incidents against British interests overseas (an explosion at a British Embassy in a remote African country and a hostage-taking incident aboard a passenger cruise-liner in a foreign port). It was not a live exercise where participants simulate what would happen in real life. Rather, the tabletop format allowed "players" in small syndicate groups to discuss specific questions at each stage of the scenario, presenting their conclusions to the wider group along the way. The day was interspersed with short speaking slots from senior Metropolitan Police Service, Special Forces and FCO colleagues. One of the key issues that came up was the establishment of our new Rapid Deployment Teams (RDTs) as part of our revised contingency plans post-Bali. As a matter of interest, we responded to the Riyadh compound bombings on 12 May by sending a RDT—the first such time one has been deployed. The RDT dealt with 101 cases of actual or reported British nationals and their dependents who might have been affected by the attack.

So the exercise was well timed and achieved the objective of highlighting the importance of speedy and effective crisis management response. But it is not our intention to stop there. We will be holding a large, "live" CT exercise in Athens in December with the Greek authorities to test their and our contingency plans for dealing with an incident during the Olympics next year, the security of which we have been working closely with the Greeks on. And, resources permitting, we intend looking afresh at the contingency planning we do and intensifying the number and scope of exercises, in London and across the network of FCO Posts. The FCO Board expects to take a paper on all of this in July. We will keep the FAC closely informed as decisions are taken and work is progressed.

Foreign and Commonwealth Office

June 2003

Further memorandum submitted by the Foreign and Commonwealth Office

FOREIGN & COMMONWEALTH ANNUAL REPORT

Thank you for your letter of 27 May. Michael Jay is looking forward to his evidence session with the Committee on 24 June and has agreed the following replies to the Committee's questions.

1. *What options are being considered for meeting the total additional cost of £30 million for the UK's presidencies of the European Union and the G8 in 2005? (page 22)*

The figure of £30 million covered the FCO's preliminary estimates of the costs of the main events of what would be workmanlike, but professional, Presidencies. That amount would not provide for, say, G8 Presidency events on the scale of this year's Evian Summit. It does not include associated costs that would fall to other government departments (eg policing). The FCO is working up more detailed costings and options as the basis for application to the Treasury for access to the Reserve.

2. *Could you provide the Committee with further details of the Global Opportunities Fund, updating the information the Office supplied in its Response to the Committee's Report last year (Cm 5712)? For example, how will projects be co-ordinated with the DfID, how will Posts apply for funding, what criteria will be used to assess which projects are funded, when will the first projects financed under the Fund be up-and-running? (page 23)*

The Global Opportunities Fund (GOF) is being administered on the basis of an overall strategy agreed by the FCO Board and Ministers. The strategy emphasises five main strands of activity under GOF for the initial three-year period (2003–06): human rights and the rule of law, good governance (political and economic), environment and energy, international security, and science and technology. Funds are allocated through a two-stage process: first to programmes and then, through these, to individual projects.

Five GOF programmes are being launched this year (2003–04):

- Good governance in EU accession countries and near neighbours;
- Counter-terrorism;
- Climate change and energy;
- Engagement with the Islamic world;
- Strengthening our relations with emerging markets.

Before any programme can be launched, the programme manager must produce a proposal clarifying the objectives, target countries, criteria for assessing projects, total funding required, and complementarity with existing donor efforts. These proposals are screened by a GOF Steering Group, which decides how much funding to earmark for each programme.

Once programme allocations are agreed, programme managers work with Posts and others to invite and screen bids for individual projects based on the agreed criteria. The procedures vary between programmes, for example to allow for the sensitivity of counter-terrorism work. But all programme managers are required to consult widely and involve key stakeholders inside and outside the FCO in assessing project bids.

Three programmes have been agreed by the GOF Steering Group. The other two ("Islamic world" and "Emerging markets") will be launched soon. Some projects are up and running, particularly in areas where the FCO was active before GOF (eg tackling climate change, support for EU enlargement).

The five programmes are in addition to the work the FCO is supporting through the Human Rights Project Fund, the Environment Fund and the Westminster Foundation for Democracy. These funds will be brought together under GOF by next year to simplify administration and maximise overall impact. We will ensure this is done in a way that preserves the FCO's commitment to key areas of work.

DfID were consulted on the GOF strategy and are represented on the GOF Steering Group (as are the British Council). DfID participate (along with other Government Departments) in some of the programme management teams, and are consulted on projects bids by Posts. We are determined to ensure that GOF programmes add value to the existing efforts of DFID and others.

3. *What was the efficiency saving achieved in 2002–03 and how did this compare with the agreed target? (page 23)*

The efficiency savings for the financial year 2002–03 were set at 3%. The 3% was deducted automatically from each Directorate's budget allocation at the beginning of the financial year. Directorates were expected to manage within budget, less efficiency targets.

4. *Why is the planned resource budget allocation for 2004–05 and 2005–06 significantly lower than that for 2003–04 in each objective area? How will this reduction in spending be achieved: efficiency savings, asset sales, cuts in programmes, etc.? (page 25)*

There is an apparent dip in the FCO's total resource DEL in years 2004–05 and 2005–06 because the FCO's bids for peacekeeping funds are made and voted annually, so only those for 2003–04 have been

incorporated into table 4. If we assume that the FCO will be voted funds for peacekeeping which are of the same order as for 2003–04, then the total FCO resource budget would be:

	<i>£m</i>	
2003–04	2004–05	2005–06
1,651	1,701	1,768

We will find a clearer way of presenting these figures in the 2004 Departmental Report.

5. *How does the financial information contained in table 6, and the subsequent tables at the beginning of each chapter, relate to that contained in tables 4 and 5? (p32)*

Tables 4 and 5 show the effect on FCO resources of the 2002 Spending Review. The figures therefore show the Spending Review settlement in different ways. The Spending Review settlement represents the money that the FCO receives direct from the taxpayer in order to meet its objectives.

The aim of table 6 and subsequent tables at the start of each chapter is to link outputs with the total resource that the FCO is able to devote to each Objective. The figures therefore include not only the Spending Review settlement but also receipts such as visa fees and the proceeds of asset recycling.

6. *What percentage of oil, gas and mining companies targeted by the Voluntary Principles on Security and Human Rights scheme, for companies operating in areas of conflict, have signed up to the scheme? (page 63)*

The Voluntary Principles on Security and Human Rights were developed through a collaborative process between the UK and US Governments, the private sector and civil society groups. Four UK and four US companies joined the Voluntary Principles group when it was set up though two of the US companies, Chevron and Texaco, subsequently merged. Since then a further four companies have joined. All decisions on taking forward the Voluntary Principles, including new members, are taken by consensus. The Voluntary Principles group does not target companies as such but interested companies, whether or not they are formal members of the group, are encouraged to implement the Principles.

7. *What percentage of United Nations member states have ratified the UN Convention Against Torture? (page 66)*

133 members have ratified the UN Convention against Torture out of a total of 192 members. This is around 69%. We aiming to increase this to over 70% by the end of the financial year.

8. *Could you provide a break-down of the national contributions to the running costs of the International Criminal Court? When does the Court anticipate being able to commence its first prosecution? (page 70)*

I attach a breakdown of assessed national contributions for the first Financial Period of the Court (1 September 2002–31 December 2003). (Annex A)

With the swearing-in of the Prosecutor (Ocampo of Argentina) on 18 June 2003, the Court will be in a position to announce its first investigations. The first realistic date for a prosecution (as against investigation or the issue of an indictment) may be late 2004 or 2005.

9. *What is the estimated amount of opium currently being cultivated in Afghanistan, compared with the last three years? How are these estimates calculated? (page 77)*

The United Nations Office on Drugs and Crime (UNODC) conducts an annual survey into the level of opium poppy cultivation in Afghanistan. The survey relies upon a combination of ground based census methodology, remote sensing and random sampling to estimate the area cultivated with opium poppy in Afghanistan. The survey reported that the level of cultivation was 82,000 hectares in 2000, 8,000 hectares in 2001, and 74,000 hectares in 2002. The UNODC is in the process of carrying out the 2003 survey. Its results will be published in the autumn. In March 2003, the UNODC published an Opium Rapid Assessment Survey for Afghanistan. This gave an early insight into the pattern of opium poppy cultivation for the 2002–03 growing season but did not predict the level of opium poppy cultivation for 2003 or beyond. It did find however that there was a trend for farmers to cultivate opium poppy in increasingly remote and inaccessible areas. Best indications available suggest that this year's opium crop will be similar in size to last year's.

10. *Why does it appear that letters from Members of Parliament are answered more slowly than those from other correspondents? (page 82)*

The FCO has a good record of prompt replies to correspondence—whether from MPs/Peers or members of the public. In 2002, 86.1% of MPs' and Peers' letters were replied to within the target of 20 working days (15 for visa-related letters), a high percentage for a department which last year received over 25,500 letters from MPs and Peers. This compares well to other Government Departments. It also represented an improvement over our performance in 2001, when we replied to 78.5% of MPs'/Peers' letters within the target period.

Our record on replies to public correspondence is also improving. In 2002–03, we replied to 92.5% of the 43,939 public correspondence items received that year within 20 working days, up from 88.2% in 2001–02 (33,790 items received).

There are several reasons why our response time to letters from MPs and Peers is slightly slower than that for members of the public. These include the additional sensitivity that often surrounds ministerial correspondence, and the fact that standard replies tend not to be used—as they are for public letter writing campaigns, for example. For visa correspondence, casework information is required and Posts are consulted. This adds to the time taken to reply. But in all cases, every effort is made to reply as quickly as possible.

We will continue to keep our performance in replying to all correspondence under close review, and to consider new measures to improve our response times. We encourage people to use our website, as an alternative—and instant—way of obtaining information about foreign policy issues.

11. *What is being done to meet the target of the FCO being in touch with 60% of Chevening scholars from 1992? (page 82)*

With the support of the FCO, Posts are intensifying their efforts to maintain contact with former Chevening scholars, through:

- the development of alumni associations, several of which are now flourishing;
- the organisation of conferences, workshops and debates for former students;
- invitations to special receptions and other activities including events surrounding Royal or Ministerial visits.

Some posts invite former scholars to sit in on interview panels for new scholars. Examples of best practice are circulated to the global network of posts. New technology and the recently established Chevening alumni website enable staff to keep in touch with former students. The current review of the Chevening scheme by external consultants is examining ways in which follow-up work with scholars can be further strengthened.

12. *What “generic” radio and TV programming was cut in order to establish the new £5 million Public Diplomacy Programme Fund? Could you provide us with further details of the campaigns in China to be funded later this year from the new Public Diplomacy Programme Fund? Why was China chosen as a priority target for the fund? What criteria were used to make decisions on how the Fund was allocated? (p 83)*

Cuts to generic radio and TV programming

In September 2002 the FCO closed down the following generic TV and radio productions:

- London Radio Service—an international radio service which supplied free to air audio news and features in six languages to radio stations world-wide. Annual cost: £1.8 million;
- UK Today—a monthly magazine programme made up of five stories a month on aspects of contemporary Britain. Annual cost: £0.5 million;
- The Edge—12 x 30 minute programmes promoting British achievements in science and technology. Annual cost: £0.6 million;
- British Satellite News Service—a free television news service providing overseas broadcasters with coverage of world-wide stories from a British perspective. This service was maintained but streamlined at an annual saving of £1.25 million;
- The duplication, distribution and marketing operation of the TV programmes was closed down at an annual saving of £0.75million.

The Think UK Campaign in China

(i) Further details of the campaign

The Think UK campaign in China brings together the following stakeholders: the FCO, the British Council, Trade Partners UK, Invest UK, the China Britain Business Council, the British Chamber of Commerce in China, the Great Britain-China Centre and key private sector partners. The objective of the campaign is to improve perceptions of the UK amongst China's "successor generation"—educated 16–35 year-olds in the four major cities (Beijing, Shanghai, Guangzhou, and Chongqing). The campaign seeks to gain wider recognition that the UK is good at the kind of innovation and original thinking relevant to China's needs.

It will involve a wide range of projects in many different fields, all highlighting British creativity and innovation in science and technology, culture, design, fashion, education, sport, industry and environmental protection. Core projects include: an interactive exhibition on DNA; a major sculpture installation—Asian Field—by Antony Gormley; an environmental film-makers competition; the Design Council's Great Expectations exhibition; and a range of innovative commercial events. The other core campaign projects (all highlighting British creativity and innovation in a range of fields) are:

1. Writers' Train—Five Chinese writers and five British writers of different genres undertake a train journey through China and collaboratively produce a new work inspired by their journey. Published initially on website, then as book. Shanghai Documentary Channel are filming event.

2. Learning from the source: English from Britain—a multimedia exhibition providing active participation in English language learning.

3. English Taxi—a new computer game which depends on the player's successful manipulation of English.

4. Chinese version of British Council Football Culture website.

5. UK China Challenge—adventure game TV series involving mixed teams of young Chinese and young British players who are set a number of creative, physical and intellectual challenges. Shot in the UK for transmission on CCTV.

6. Creative Robotics—competition to produce home-designed and built robots and exhibition demonstrating robot technology in the UK.

7. Science Showcase—exhibition on UK involvement in Mars Express mission plus lectures, events and competitions with a space theme.

8. Opening of new Clean Energy Research Centre at Tsinghua University.

9. Climate Change televised debate, chaired by Professor David King and involving leading Chinese and British experts.

10. Enterprise competition—young people invited to devise a business plan for taking an innovation through to commercial application. Prize of £100,000 to winning candidate to take project to practical implementation.

11. Young Scientists—20 British scientists in early stages of their careers meet their Chinese counterparts. Based in Shanghai.

12. Hometown—an exhibition about contemporary British domestic architecture and design.

13. Wireless without Limits—interactive exhibition showcasing UK's strengths across the ICT industry.

14. Financial Services Challenge—interactive learning competition on Think UK website.

15. CEO interviews—series of media interviews with CEOs of top British companies and televised discussion panel of British and Chinese counterparts on issues including CSR.

16. Passion for Fashion—Fashion design competition for young Chinese designers who will work with leading British designers and showcase their results in a catwalk show in Shanghai.

17. CSR: Making Good Money—Five short films covering different aspects of corporate social responsibility.

18. 50 x 5 minute TV features promoting aspects of contemporary UK to be made available free to Chinese broadcasters.

19. Chevening Scholars Events Programme—a range of Think UK seminars and networking events.

The campaign was due to be launched in April 2003. But owing to the SARS outbreak, the campaign has been provisionally re-scheduled to run from late June to December 2003.

(ii) Why was China chosen?

Think UK is intended to raise awareness of the strength of contemporary Britain among an increasingly affluent and influential segment of Chinese society: young, educated professionals living in major cities. Opinion surveys show that members of this group are more confident and outward looking than their seniors. They tend to look to the US and Japan for innovative and creative ideas, and recognise few of the UK's recent successes in the arts, science or business. We believe that improving perceptions of Britain among this group would benefit the UK's political and commercial interests and contribute to the long-term development of mutually beneficial UK/China relations.

(iii) What criteria were used to make decisions on how the Fund was allocated?

The decision to allocate funds took into account the importance of the UK's relationship with China; the government's strategic intention to increase engagement with China at all levels; surveys of public opinion identifying areas where perceptions of the UK were out-of-date or inaccurate; the potential for co-operation on cultural, scientific, media and commercial projects with lasting impact; and the new opportunities brought about by the development and opening up of Chinese society, for example in the media, travel and education.

13. *What "scientific and analytical" process will the FCO employ to gauge perceptions of the UK abroad? (p83)*

The FCO is commissioning an international tracking study, jointly funded by the FCO, British Council, BTI and Visit Britain. The study will provide a global snapshot of attitudes towards the UK (based on a representative sample of 15 countries) and will allow us to track, on an annual basis, how perceptions are changing. This data will help us to target our effort in areas or on issues where perceptions of the UK are out of line with the realities of contemporary Britain and thus contribute to the achievement of the objectives set out in our Public Diplomacy Strategy.

The study will be carried out by an experienced public opinion polling company. The contract will be awarded in July and the first survey report delivered by the end of December 2003. The survey will be conducted using a representative sample of at least 500 well-educated respondents, aged 18–40, in each country. The countries listed below have been selected for the study (the selection guided by the geographical priorities identified in the Public Diplomacy Strategy).

Brazil	India	Poland
China	Indonesia	Russia
Egypt	Japan	South Africa
France	Nigeria	Turkey
Germany	Pakistan	USA

We will also compare attitudes towards the UK with those towards a group of "comparator" countries—China, France, Germany, Japan and USA.

In addition, we will be using polling and evaluation to assess the impact of individual Public Diplomacy Campaigns—starting with Think UK in China.

14. *Could you provide us with a breakdown of the students currently in receipt of Chevening Scholarships by gender and nationality? (p87)*

Listed below is a combined breakdown by country of the 2002–03 Chevening Scholars. The total is 2,451.

This comprises:

- 1,909 Core Scheme Scholars who started in 2002–03;
- 63 Core Scheme Full Continuers in 2002–03; and
- 479 Centrally Joint-Funded Scholars who started in 2002–03.

The gender breakdown of the total of 2,451 was:

- 1,360 male (55%) and
- 1,091 female (45%).

The scholars came from a total of 152 countries:

Afghanistan	34
Albania	11
Algeria	5
Andorra	1
Angola	1

Argentina	25
Armenia	17
Australia	28
Austria	1
Azerbaijan	8
Bahamas	3
Bahrain	24
Bangladesh	16
Barbados	13
Belarus	10
Belgium	3
Belize	6
Bolivia	5
Bosnia	11
Botswana	9
Brazil	66
British Virgin Islands	1
Brunei	2
Bulgaria	29
Cambodia	4
Cameroon	6
Canada	14
Caribbean Overseas Territories	6
Chile	16
China	231
Colombia	13
Costa Rica	3
Croatia	24
Cuba	5
Cyprus	22
Czech Rep.	13
Denmark	8
Dominica	1
Dominican Republic	7
East Jerusalem	10
East Timor	7
Ecuador	5
Egypt	43
El Salvador	2
Estonia	14
Ethiopia	8
Fiji	8
Finland	4
France	6
Gambia	2
Georgia	12
Germany	1
Ghana	21
Greece	3
Guatemala	3
Guyana	7

Honduras 1
Hong Kong 59
Hungary 20
Iceland 8
India 147
Indonesia 74
Iran 38
Ireland 4
Israel 15
Ivory Coast 5
Jamaica 7
Japan 19
Jordan 16
Kazakhstan 9
Kenya 14
Kosova 10
Kuwait 4
Kyrgyzstan 5
Latvia 11
Lebanon 9
Lesotho 4
Libya 8
Lithuania 13
Luxembourg 7
Macedonia 10
Madagascar 2
Malaysia 68
Mauritius 7
Maldives 2
Malta 12
Malawi 10
Mexico 69
Moldova 8
Mongolia 12
Morocco 8
Mozambique 4
Namibia 6
Nepal 6
Netherlands 5
New Zealand 10
Nicaragua 2
Nigeria 47
Norway 5
Oman 16
Pakistan 58
Panama 2
Papua New Guinea 5
Paraguay 3
Peru 9
Philippines 15
Poland 38

Portugal	11
Qatar	3
Romania	22
Russia	66
Rwanda	3
St Helena	1
Saudi Arabia	14
Senegal	6
Seychelles	2
Sierra Leone	4
Slovakia	11
Slovenia	12
Singapore	13
Solomon Islands	2
Somalia	1
South Africa	33
South Korea	85
Spain	1
Sri Lanka	6
Sudan	15
Swaziland	5
Sweden	2
Switzerland	4
Syria	24
Taiwan	29
Tajikistan	3
Tanzania	7
Thailand	25
Tonga	1
Trinidad & Tobago	5
Tunisia	8
Turkey	49
Turkmenistan	6
Uganda	15
Ukraine	27
United Arab Emirates	3
Uruguay	7
Uzbekistan	16
Vanuatu	3
Venezuela	16
Vietnam	24
Yemen	5
Yugoslavia	18
Zambia	12
Zimbabwe	22
TOTAL	2,451

15. *Where does the FCO anticipate the extra £11 million will come from to complete the expansion of the Chevening scholarship programme? (p89)*

£11 million is the estimated cost of expanding the programme to achieve the Prime Minister's target if all extra scholars were to study for a one year Master's degree course. External consultants are reviewing ways to maximise the impact of the FCO's investment in the Chevening Scholarships Scheme, considering how the benefits might be enhanced, as well as examining strategies to meet the Prime Minister's target. The reviewers are looking at a range of options to meet the funding shortfall, including:

- providing more short courses to reduce unit costs;
- capping scholarships at a fixed level;
- maximising efficiency savings in managing the scheme, including using internet-based application procedures;
- allowing the private sector and educational institutions to take on more of the management and funding of parts of the scheme; and
- appointing a private sector champion to raise more funds from the private sector.

We are also encouraging OGDs to maintain and/or increase their contributions.

16. *The Annual Report stated that: "By the end of 2002, the UK had over 50 UK civil servants working on twinning projects full-time in candidate countries. In the 2002 round, we won 31 new projects." Could you provide comparative figures for the French, German, Italian and Spanish foreign services? (p99)*

These figures are as follows:

Number of Member States' civil servants working on twinning projects full time in candidate countries

UK:	51
Germany:	over 100
France:	over 60
Spain:	over 60
Italy:	about 30

Note: Once a twinning project has been awarded, a covenant must be produced before the Pre-Accession Adviser can start work in the Candidate Country concerned. The process of putting together the covenant varies between 6–12 months. We do not have comprehensive data on when PAAs from other Member States have commenced their respective projects.

Number of projects won by MS in the 2002 twinning round (as lead and junior partner)

UK:	33 (NB this number is slightly different from that provided earlier due to selection now being completed)
Germany:	55
France:	26
Spain:	28
Italy:	14

17. *How has the impact of the "Know Before You Go" campaign been measured? (p111)*

We are committed to monitoring the impact of the "Know Before You Go" campaign to ensure value for money. We have commissioned targeted public opinion research to survey and track attitudes and future intentions towards travel preparedness and to inform the design of the campaign. The programme has included six-monthly omnibus research (benchmark questions) of UK adults to capture behavioural change as and when it happens. We also plan to conduct focus groups among specific sectors of traveller. In 2002, we saw a 2% increase in the number of travellers taking out insurance. Our research also demonstrated a 15% increase among those surveyed of the need to engage in a significant level of preparation ahead of a visit overseas. Added to the research programme, we have measured the performance of the campaign in terms of increased traffic to the "Travel" area of the FCO website—a key campaign aim (the estimated total of page views rose from 642,000 in June 2002 to 812,000 in October). We have also evaluated success through media take-up (the launch of our "Youth" mini-campaign in late April was widely announced on TV, in print and on national and local radio) and the extension of our travel industry partnerships (now over 160).

18. *Does the FCO provide levels of support similar to the British Hajj Delegation to any other religious festivals abroad? (p119)*

The FCO does not provide similar support to other religious festivals abroad at present. The Hajj is a unique event which merits special attention. It is an obligation for all Muslims (one of the five pillars of Islam) and it takes place under extremely demanding and difficult conditions, with millions of pilgrims (including approximately 20,000 British Hajjis) congregating in Mecca over a two-week period.

The British Hajj Delegation provides much needed consular and medical assistance to these British pilgrims. The delegates themselves are volunteers and many have made considerable financial sacrifices to participate. Foreign Office funds cover some of the travel and accommodation costs of the Delegates, the costs of the FCO Consular staff accompanying the Delegation, and the costs of the Hajj Advisory Group Secretariat based in London. The Delegation is also part funded through sponsorship.

19. *Why is the term “non-residence visa application” used in the PSA target for FCO Objective 8, while “non-settlement application” is used in the corresponding performance assessment? (p122)*

The two terms are synonymous. We often use the less technical term “non-residence” in public documents.

20. *What is being done to meet the target of 90% of all non-residence visa applications being interviewed within 10 working days? (p122)*

We have put in place a series of measures to address this issue:

- The allocation of seasonal relief officers to Posts has been reviewed to ensure that resources are directed where pressure is greatest;
- We are seeking to increase our “Floater” pool of Entry Clearance Officers to be able to respond quickly to unexpected increases in demand;
- Operational reviews are being prioritised to focus on Posts where waiting times are causing most concern;
- Our modernisation programme involving the streamlining of systems and procedures and the introduction of remote application methods such as couriers and application centres is designed to eliminate excessive queues in normal circumstances.

These measures are paying dividends. Performance against this target for the financial year 2002–03 has increased to 86%.

21. *What are the targets for queuing times at Posts for visa interviews? By how much were these exceeded during the summer of 2002 at larger posts? Could you provide us with details of the queuing time experienced by applicants at the three busiest posts during the last year? (p123)*

- Target times at Post are in line with PSA targets:

Target 1 requires 90% of straightforward applications to be decided within 24 hours.

Target 2 requires 90% of non-settlement interviews requiring interview to be decided within 10 days.

Target 3 provides for a target time for settlement applications of 12 weeks in the majority of posts. Due to the large volume and variety of such applications received in some of the busier Posts (eg Dhaka, New Delhi, Mumbai) applications are sub-divided in order to prioritise them as follows:

Sub-category 1: Right of Abode and dependant relatives over 65—target 12 weeks.

Sub-category 2: Spouses and children under 18—target 12 weeks.

Sub-category 3: Fiancé(e)s and other first-time applicants—target 24 weeks.

Sub-category 4: Re-applicants—target 36 weeks.

- Performance at our four highest volume Posts was as follows:

New Delhi—Met targets 1 and 2 every month. Met all settlement targets with the exception of sub-category 3 in October (27 weeks).

Lagos—Failed to meet target 2 at all. Waiting time ranged from 70 to 101 days. Met settlement target in three out of 12 months. Waiting ranged from 10 to 19 weeks. But Lagos has experienced a major growth in applications for several years averaging over 30% a year. The 2002 figure was 34%. A range of measures has been put in place to reduce the delays including more streamlined working procedures and the use of drop boxes for frequent travellers. The queue for non-settlement applications was eliminated by the end of February 2003. Post is now addressing the settlement queues. But, when demand rises on such a scale it is difficult to maintain service standards, especially where, as in Lagos, the space available to the visa section is finite.

Mumbai—Met all targets every month.

Beijing—Met all targets every month.

- A number of Posts experienced particular pressure during the months of June to September, failing to meet target 2 of 10 days for non-settlement applications requiring interview;

Moscow—waiting times ranged from five to 32 days. Post had reduced the queue to five days by September. Queues built up due to summer peak in applications. Applications increased by 13% over previous year.

Bangkok—waiting times ranged from nine to 15 days. Queue reduced to nine days by August. Again, build up due to summer peak—but applications in 2002 also rose by 13%.

Dhaka—waiting times ranged from 0 to 12 days. Queue reduced to two days by August and eliminated by September.

Accra—waiting times ranged from 0 to 32 days. The queue was reduced to 10 days in July and eliminated in August.

22. *How will the accumulated loss of £3.7 million on entry clearance operations from 2000–02 be financed? (p124)*

The accumulated loss of £3.7 million arose following a re-basing of UK visas costs by the FCO in 2001. A number of measures have been taken designed to cut UK visas costs and recover the deficit. These include:

- Measures to cut costs including a reduction in the number of new staff appointed;
- Steps to increase productivity including more streamlined processes and improved IT;
- A fee increase on 1 July 2002, which included a special Section 102 Order to recover post deficits.

These measures, which form part of the Deficit Recovery Plan, should enable UK visas to repay the deficit and return to a self-financing position by the end of Financial Year 2003–04.

23. *Where will the staff for the Centre of Excellence be drawn from? (p139)*

Four people are being drawn from existing FCO personnel to staff the Centre (which we are calling the Programme and Project Management Group). The Head of the Group has been chosen for his professional skills and project management experience. Two of the four staff will work half-time on this task. Once the Centre is up and running and we have been able to identify possible skills gaps, we will consider recruiting and additional member of staff who can bring additional specific skills from outside the FCO.

We also hope for one additional part-time staff member joining the Centre from the British Council or the BBC World Service, although this is still being discussed.

To help get the Centre get off the ground we have employed two consultants, both of whom will be replaced by FCO staff over the next few months.

24. *How was the SR2002 target of recycling £100 million of assets agreed upon with HM Treasury? On what basis did the FCO decide that it had a further £100 million worth of “under-performing assets”? (p141)*

The target of £100 million for SR 2002 was a roll-forward of the same target for SR 2000. Formally, it is a limit within which sales receipts can be retained by the FCO, and a commitment to a particular level of receipts.

The FCO considers that release of 10% of the value of its £1 billion estate over three years is not unreasonable. This is required to enable the estate to adapt to changing requirements, as well as releasing funds for investment in ICT.

The FCO assesses its estate against KPIs on a regular basis. Some assets are “underperforming” because they are no longer fit for purpose; others because they are relatively expensive, or because there is substantial latent development potential.

25. *What impact would a failure to meet the SR2000 goal have upon planned estate and ICT improvement projects? (p141)*

In the event of a shortfall in asset recycling receipts the FCO would reprioritise in accordance with our Departmental Investment Strategy. The larger impact would be on our estate programme, which is increasingly dependent on asset sale receipts. Projects would have to be postponed.

26. *Could the FCO provide the Committee with a list of all properties in the overseas estate sold or offered for sale in the financial year 2002–03, as the Office did last year, with corresponding details on valuation, price, receipts, etc? (p141)*

I attach the list (Annex B).

27. *What is the current situation regarding the proposed sale of the Consular Residence in San Francisco?*

The current Residence in San Francisco is oversize and does not provide value for money. The FCO has agreed to purchase a new Residence which is fit for purpose and better value for money. The current Residence will then be sold. The transactions will provide a net contribution to FCO finances.

28. *Why is the FOCUS programme not referred to in the Annual Report? What caused the cost of the programme to rise from an estimated £23 million in January 2002 to £42 million in December that year? What impact will the programme's cancellation have on the Office's "efficient management, sifting, storage and retrieval of information" (written answer, 12 December 2002, col. 460W)? Why was the programme felt to be a "low priority" despite the investment of £9.5 million in its success (written ministerial statement, 28 April, col. 2WS)?*

The Focus Programme is covered on pages 142–143 of the report under the title "Knowledge Management Programme". This more descriptive title was preferred once the decision was taken to cancel the main Focus project. On reflection, the drafting should have made this clearer.

A number of factors led to the projected increase in costs. In particular, in the light of the events on 11 September 2001 and the FCO's review of its contingency plans, it was decided that a faster recovery of the system's full functionality would be needed in the event of a major disaster affecting FCO buildings. This added to the development, hardware and support costs for the system. It was only later in 2002, when the team leading the programme understood the full scope of the business change required to make best use of the Focus system, that the costs of training and business change could be accurately predicted.

The FCO continues to have an effective electronic records management system which complies with PRO standards. What we do not have, nor will have for some time, is a single global pool of information. It will continue to be stored in separate registries around the organisation. To help staff handle information overload, we still need a more effective intranet and better registry.

The increase in the projected cost of Focus could not be met from our IT budget without curtailing other key projects. We therefore reviewed our IT spending priorities. Top priority had to be given to keeping our existing desktop and communications systems (Firecrest and FTN) fully operational, and to replacing the financial and personnel resources systems (Prism) which were the weakest part of the existing structure. With resources constrained, our prioritisation meant that new applications such as Focus had to wait until we knew we could afford them, even though we recognised the significant benefits they would bring.

29. *Why was the need to transfer funds from the capital to the administration and programme budgets, following the introduction of resource accounting, not foreseen? (p144)*

Under resource accounting, we are required to follow fixed asset/capitalisation conventions defined by accounting standards and generally accepted accounting practice. These are disciplined and subject to rigorous balance sheet audit, which was not the case under cash accounting.

The scale of the differences in treatment of capital between the old cash vote and resource accounting were not appreciated until a detailed survey of all of the FCO capital spend.

In addition, UK building standards and minimum security requirements are applied to our overseas estate projects, but this is not always valued in the local market. In some instances, this leads to significant write-downs, which were included in the reclassification exercise.

30. *How did the Office gauge the value for money of the Europe United Masters Football Match (October 2002)? (p145)*

The Europe United football tournament formed part of a wider effort to raise UK public awareness of the candidate countries and their accession to the EU. We therefore judge its effectiveness by looking at the amount of media coverage (and what it would have cost to pay for the equivalent in advertising—a common measure of outcome in the communications industry) and the level of public involvement.

The attached table sets out the full range of editorial media coverage achieved (Annex C). The entire tournament was broadcast live on Sky Sports and repeated daily for one week and again on New Year's Eve 2002 with an estimated audience of 800,000 people.

In addition, a wide variety of media were targeted, including national broadcast and print, web-based, sports, children/ youth and culture specialists and foreign media. In total, there were 111 items of media coverage. This was the first time the FCO was able to reach a sports audience through media such as Talksport radio, Shoot Magazine, the Independent Sports supplement, The People and through football club websites/ programmes. The table shows the cost of equivalent media space if bought through advertising for each item of editorial coverage received.

The FCO and the European Commission Representation to the UK share the objective of raising UK awareness of EU enlargement. The Europe United tournament was the first joint-funded EU enlargement project by the FCO and the Commission. In addition, City University Business School contributed £7,000 worth of sponsorship towards the event, the Turkish Tourist Office £3,000 and Czech Airlines £1,500.

The total cost to the FCO was therefore £96,871. Given the audience achieved and the comparison with spending the money through advertising, we consider the event demonstrated value for money.

31. *When does the Office believe it will be able to meet its SDA targets for diversity in its Senior Management Grade? (p148)*

We believe that the FCO is likely to meet its 2005 target of 2% of staff in the SMS to be of minority ethnic origin. Progress to date has been relatively slow. But 2002 saw staff from minority ethnic groups move into the SMS for the first time; and 15% of our policy stream entrants were of minority ethnic origin (these are the people whom we would expect to get to the top of the organisation).

At present rates we are unlikely to meet the 2005 target for women. But we expect to continue to make steady progress towards this target, as we have in recent years (the number of SMS women has increased from 6% in 1999 to 13% now). Our 2002 recruitment figures were encouraging: 48% of policy stream entrants were women.

On disability, we are unlikely to meet the 2005 target. But we believe that this is partly a question of under-reporting and we are seeking to improve the accuracy of our statistical information in this area and use it to make faster progress towards our targets, in collaboration with our colleagues in the Cabinet Office.

We are taking a number of short and long-term measures to make faster progress towards diversity targets in general. These include:

- Linking diversity explicitly into our business processes in the new FCO Strategy.
- Increasing inward and outward secondments, particularly at senior levels.
- Family-friendly policies which apply to all staff, to reduce the obstacles posed by our global mobility obligation.
- Promoting flexible working to all staff, including those at SMS level. We have some examples of SMS women working flexibly: part-time, compressed hours, regularly from home, and so on. We also have successful examples of flexible working patterns in the UK and overseas. This is an area in which we have made rapid progress in the last few years and we expect the number of flexible workers, and flexible working opportunities, to increase relatively quickly.
- Positive action programmes for some under-represented groups: we participate in the Cabinet Office Pathways Scheme (for those from minority ethnic groups with leadership potential) and its Leadership Development Programme for Disabled Civil Servants.
- Training for all FCO staff, including the Board and Ministers, in Valuing Diversity.
- Better monitoring for under-represented groups of all aspects of our employment processes: appraisal, promotion, progression, training, resignations.

32. *Could you provide further details of how the Charter for the Management of Staff Overseas has been implemented in the period 2002–03? (p 157)*

The paucity of complaints from local staff to London indicates that the great bulk of posts and managers are following Charter principles. We take very seriously any occurrence of bullying, harassment, or discrimination that does arise. There has been one such case recently, of sexual harassment, which resulted in disciplinary action (final written warning). Another case, of alleged bullying by a senior UK-based officer, is currently under investigation.

Local Staff Management Unit proactively disseminate to Posts best practice in procedures for grievance handling, discipline and recruitment. They also ask Management Consultancy Service and Internal Audit to check when they visit Posts that proper procedures exist.

We propose to conduct a survey of posts to check that they have suitable procedures in place, and that all line managers and local staff are aware of the Charter of Principles.

We also plan to stress once again to Heads of Mission the importance of the Charter of Principles, in pursuing consultation with them about an approach to local staff management and pay setting that is sustainable in the FCO's budget position.

33. *Could you update the information you provided last year on the FCO's liability for terminal benefits for locally-engaged staff with the latest available data?*

We still await data for 2003 from a few Posts (nine out of 66). Accordingly we have for the time being re-used their 2002 figures. Adding those to the updated figures from the bulk of Posts which have provided them gives a global total of £23,277,667.

That gives a close approximation to the final updated total for 2003. Since the sub-total of re-used 2002 figures, £1,517,556 is just 6.5% of the estimated global total, the final figure should differ little from that.

34. *For how long has the Chairmanship of the Foreign Compensation Commission been vacant, and when is a replacement expected to be appointed? What impact has the vacancy had on the Commission's work? (p175)*

The Chairmanship of the Foreign Compensation Commission (FCC) has been vacant since December 2001. Under Section 1(1) of the Foreign Compensation Act 1950, the Lord Chancellor's Department (LCD) is responsible for appointing a new Chairman through open competition. A final decision is not currently expected before late 2003–early 2004. In the interim, a part-time secretary (Wednesday to Friday) has been handling FCC business on a care and maintenance basis. The vacancy has had minimal impact on the Commission's work because there have been no claims to adjudicate during this period.

Could we also have a copy of the following documents referred to in the Report:

results of the Stakeholder Survey and Employee Opinion Survey commissioned in 2002 (pp 18–19);

We have previously sent copies of these documents to the Committee. We would be happy to supply further copies if required.

the new medium-term strategy for the FCO, if available (p19); and

The strategy is not yet available but Michael Jay would be happy to brief the Committee on progress and emerging conclusions at the evidence session.

a classified version of the PSA and SDA “scorecards” (p28).

I attach copies of the SR2000 PSA⁸ and SDA scorecards (Annex D). Please note that the former is classified Restricted.

Parliamentary Relations & Devolution Department,
Foreign and Commonwealth Office

June 2003

⁸ Not printed.

Annex A

Breakdown of assessed national contributions

INTERNATIONAL CRIMINAL COURT BUDGET FOR THE FIRST FINANCIAL PERIOD
REQUIREMENTS FOR 2002: 7,723,375 EUROS

	2002 UN scale of assessment	UN scale adjusted to reflect the number of States Parties (b)	Share of total costs (c) (rounded)
States Parties			
Andorra	0.004	0.00822	635
Antigua and Barbuda	0.002	0.00411	317
Argentina	1.159	2.38222	183,988
Australia	1.640	3.37088	260,346
Austria	0.954	1.96086	151,445
Belgium	1.138	2.33906	180,654
Belize	0.001	0.00206	159
Benin	0.002	0.00411	317
Bolivia	0.008	0.01644	1,270
Bosnia and Herzegovina	0.004	0.00822	635
Botswana	0.010	0.02055	1,587
Brazil	2.093	4.30198	332,258
Bulgaria	0.013	0.02672	2,064
Cambodia	0.002	0.00411	317
Canada	2.579	5.30091	409,409
Central African Republic	0.001	0.00206	159
Costa Rica	0.020	0.04111	3,175
Croatia	0.039	0.08016	6,191
Cyprus	0.038	0.07811	6,032
Democratic Republic of the Congo	0.004	0.00822	635
Denmark	0.755	1.55184	119,854
Dominica	0.001	0.00206	159
Ecuador	0.025	0.05139	3,969
Estonia	0.010	0.02055	1,587
Fiji	0.004	0.00822	635
Finland	0.526	1.08115	83,501
France	6.516	13.39308	1,034,398
Gabon	0.014	0.02878	2,222
Gambia	0.001	0.00206	159
Germany	9.845	20.23555	1,562,867
Ghana	0.005	0.01028	794
Greece	0.543	1.11609	86,200
Honduras	0.004	0.00822	635
Hungary	0.121	0.24871	19,208
Iceland	0.033	0.06783	5,239
Ireland	0.297	0.61046	47,148
Italy	5.104	10.49083	810,246
Jordan	0.008	0.01644	1,270
Latvia	0.010	0.02055	1,587
Lesotho	0.001	0.00206	159
Liechtenstein	0.006	0.01233	953
Luxembourg	0.080	0.16443	12,700
Mali	0.002	0.00411	317
Marshall Islands	0.001	0.00206	159
Mauritius	0.011	0.02261	1,746
Mongolia	0.001	0.00206	159
Namibia	0.007	0.01439	1,111
Nauru	0.001	0.00206	159
Netherlands	1.751	3.59903	277,967
New Zealand	0.243	0.49947	38,576
Niger	0.001	0.00206	159
Nigeria	0.056	0.11510	8,890
Norway	0.652	1.34013	103,503
Panama	0.018	0.03700	2,857
Paraguay	0.016	0.03289	2,540
Peru	0.119	0.24459	18,891
Poland	0.319	0.65568	50,640
Portugal	0.466	0.95782	73,976
Romania	0.059	0.12127	9,366
San Marino	0.002	0.00411	317
Senegal	0.005	0.01028	794

	2002 UN scale of assessment	UN scale adjusted to reflect the number of States Parties (b)	Share of total costs (c) (rounded)
Sierra Leone	0.001	0.00206	159
Slovakia	0.043	0.08838	6,826
Slovenia	0.081	0.16649	12,859
South Africa	0.411	0.84478	65,245
Spain	2.539	5.21870	403,060
Sweden	1.035	2.12735	164,304
Switzerland (d)	1.274	2.61860	202,244
Tajikistan	0.001	0.00206	159
The Former Yugoslav Republic of Macedonia	0.006	0.01233	953
Trinidad & Tobago	0.016	0.03289	2,540
Uganda	0.005	0.01028	794
United Kingdom of Great Britain and Northern Ireland	5.579	11.46715	885,651
Uruguay	0.081	0.16649	12,859
Venezuela	0.210	0.43164	33,337
Yugoslavia	0.020	0.04111	3,175
TOTAL	48.652	100.00000	7,723,375

(a) List of States Parties as at 3 September 2002.

(b) 2002 United Nations Scale of Assessments adjusted to the number of States Parties that ratified the establishment of the International Criminal Court (ICC).

(c) The share of total costs (in euros) is based on the United Nations Scale of Assessments and the list of States Parties provide by the Office of Legal Affairs (OLA).

(d) Newly admitted member state. This is an indicative assessment rate used to calculate Switzerland's assessments as a non-member state prior to its admission on 10 September 2002.

INTERNATIONAL CRIMINAL COURT BUDGET FOR THE FIRST FINANCIAL PERIOD REQUIREMENTS FOR 2003: 23,170,125 EUROS

	2003 UN scale of assessment	UN scale adjusted to reflect the number of States Parties (b)	Share of total costs (c) (rounded)
States Parties			
Andorra	0.00400	0.00822	1,904
Antigua and Barbuda	0.00200	0.00411	952
Argentina	1.14900	2.36064	546,963
Australia	1.62700	3.34270	774,508
Austria	0.94700	1.94563	450,804
Belgium	1.12900	2.31955	537,443
Belize	0.00100	0.00205	476
Benin	0.00200	0.00411	952
Bolivia	0.00800	0.01644	3,808
Bosnia and Herzegovina	0.00400	0.00822	1,904
Botswana	0.01000	0.02055	4,760
Brazil	2.39000	4.91029	1,137,721
Bulgaria	0.01300	0.02671	6,189
Cambodia	0.00200	0.00411	952
Canada	2.55800	5.25545	1,217,695
Central African Republic	0.00100	0.00205	476
Costa Rica	0.02000	0.04109	9,521
Croatia	0.03900	0.08013	18,565
Cyprus	0.03800	0.07807	18,089
Democratic Republic of the Congo	0.00400	0.00822	1,904
Denmark	0.74900	1.53883	356,550
Dominica	0.00100	0.00205	476
Ecuador	0.02500	0.05136	11,901
Estonia	0.01000	0.02055	4,760
Fiji	0.00400	0.00822	1,904
Finland	0.52200	1.07246	248,490
France	0.52200	13.28450	3,078,036
Gabon	0.01400	0.02876	6,665
Gambia	0.00100	0.00205	476
Germany	9.76900	20.07057	4,650,377
Ghana	0.00500	0.01027	2,380
Greece	0.53900	1.10738	256,582
Honduras	0.00500	0.01027	2,380

	<i>2003 UN scale of assessment</i>	<i>UN scale adjusted to reflect the number of States Parties (b)</i>	<i>Share of total costs (c) (rounded)</i>
Hungary	0.1200	0.24654	57,124
Iceland	0.03300	0.06780	15,709
Ireland	0.29400	0.06403	139,954
Italy	5.06475	10.40561	2,410,994
Jordan	0.00800	0.01644	3,808
Latvia	0.0100	0.02055	4,760
Lesotho	0.00100	0.00205	476
Liechtenstein	0.00600	0.01233	2,856
Luxembourg	0.08000	0.16436	38,083
Mali	0.00200	0.00411	952
Marshall Islands	0.00100	0.00205	476
Mauritius	0.01100	0.02260	5,236
Mongolia	0.00100	0.00205	476
Namibia	0.00700	0.01438	3,332
Nauru	0.00100	0.00205	476
Netherlands	1.73800	3.57075	827,347
New Zealand	0.24100	0.49514	114,724
Niger	0.00100	0.00205	476
Nigeria	0.06800	0.13971	32,370
Norway	0.64600	1.32722	307,518
Panama	0.01800	0.03698	8,569
Paraguay	0.01600	0.03287	7,617
Peru	0.11800	0.24243	56,172
Poland	0.37800	0.77661	179,941
Portugal	0.46200	0.94919	219,928
Romania	0.05800	0.11916	27,610
San Marino	0.00200	0.00411	952
Senegal	0.00500	0.01027	2,380
Sierra Leone	0.00100	0.00205	476
Slovakia	0.04300	0.08834	20,470
Slovenia	0.08100	0.16642	38,559
South Africa	0.40800	0.83824	194,222
Spain	2.51875	5.17481	1,199,011
Sweden	1.02675	2.10947	488,768
Switzerland (d)	1.27400	2.61745	606,467
Tajikistan	0.00100	0.00205	476
The Former Yugoslav Republic of Macedonia	0.00600	0.01233	2,856
Trinidad & Tobago	0.01600	0.03287	7,617
Uganda	0.00500	0.01027	2,380
United Kingdom of Great Britain and Northern Ireland	5.53600	11.37380	2,635,325
Uruguay	0.0800	0.16436	38,083
Venezuela	0.20800	0.42734	99,015
Yugoslavia	0.02000	0.04109	9,521
TOTAL	48.67325	100.00000	23,170,125

(a) List of States Parties as at 3 September 2002.

(b) 2003 United Nations Scale of Assessments adjusted to the number of States Parties that ratified the establishment of the International Criminal Court (ICC).

(c) The share of total costs (in euros) is based on the United Nations Scale of Assessments and the list of States Parties provided by the Office of Legal Affairs (OLA).

(d) Newly admitted member state. This is an indicative assessment rate used to calculate Switzerland's assessments as a non-member state prior to its admission on 10 September 2002.

ADVANCES TO THE WORKING CAPITAL FUND FOR THE INTERNATIONAL CRIMINAL COURT

	<i>2002 UN scale of assessment</i>	<i>UN scale adjusted to reflect the number of States Parties</i>	<i>Share of total costs (rounded)</i>
States Parties			
Andorra	0.004	0.00822	158
Antigua and Barbuda	0.002	0.00411	79
Argentina	1.159	2.38222	45,636
Australia	1.640	3.37088	64,576
Austria	0.954	1.96086	37,564
Belgium	1.138	2.33906	44,809

	<i>2002 UN scale of assessment</i>	<i>UN scale adjusted to reflect the number of States Parties</i>	<i>Share of total costs (rounded)</i>
Belize	0.001	0.00206	39
Benin	0.002	0.00411	79
Bolivia	0.008	0.01644	315
Bosnia and Herzegovina	0.004	0.00822	158
Botswana	0.010	0.02055	394
Brazil	2.093	4.30198	82,413
Bulgaria	0.013	0.02672	512
Cambodia	0.002	0.00411	79
Canada	2.579	5.30091	101,550
Central African Republic	0.001	0.00206	39
Costa Rica	0.020	0.04111	788
Croatia	0.039	0.08016	1,536
Cyprus	0.038	0.07811	1,496
Democratic Republic of the Congo	0.004	0.00822	158
Denmark	0.755	1.55184	29,729
Dominica	0.001	0.00206	39
Ecuador	0.025	0.05139	984
Estonia	0.010	0.02055	394
Fiji	0.004	0.00822	158
Finland	0.526	1.08115	20,712
France	6.516	13.39308	256,571
Gabon	0.014	0.02878	551
Gambia	0.001	0.00206	39
Germany	9.845	20.23555	387,652
Ghana	0.005	0.01028	197
Greece	0.543	1.11609	21,381
Honduras	0.004	0.00822	158
Hungary	0.121	0.24871	4,764
Iceland	0.033	0.06783	1,299
Ireland	0.297	0.61046	11,695
Italy	5.104	10.49083	200,973
Jordan	0.008	0.01644	315
Latvia	0.010	0.02055	394
Lesotho	0.001	0.00206	39
Liechtenstein	0.006	0.01233	236
Luxembourg	0.080	0.16443	3,150
Mali	0.002	0.00411	79
Marshall Islands	0.001	0.00206	39
Mauritius	0.011	0.02261	433
Mongolia	0.001	0.00206	39
Namibia	0.007	0.01439	276
Nauru	0.001	0.00206	39
Netherlands	1.751	3.59903	68,947
New Zealand	0.243	0.49947	9,568
Niger	0.001	0.00206	39
Nigeria	0.056	0.11510	2,205
Norway	0.652	1.34013	25,673
Panama	0.018	0.03700	709
Paraguay	0.016	0.03289	630
Peru	0.119	0.24459	4,686
Poland	0.319	0.65568	12,561
Portugal	0.466	0.95782	18,349
Romania	0.059	0.12127	2,323
San Marino	0.002	0.00411	79
Senegal	0.005	0.01028	197
Sierra Leone	0.001	0.00206	39
Slovakia	0.043	0.08838	1,693
Slovenia	0.081	0.16649	3,189
South Africa	0.411	0.84478	16,183
Spain	2.539	5.21870	99,975
Sweden	1.035	2.12735	40,754
Switzerland	1.274	2.61860	50,164
Tajikistan	0.001	0.00206	39
The Former Yugoslav Republic of Macedonia	0.006	0.01233	236
Trinidad and Tobago	0.016	0.03289	630
Uganda	0.005	0.01028	197
United Kingdom of Great Britain and Northern Ireland	5.579	11.46715	219,676
Uruguay	0.081	0.16649	3,189

	<i>2002 UN scale of assessment</i>	<i>UN scale adjusted to reflect the number of States Parties</i>	<i>Share of total costs (rounded)</i>
Venezuela	0.210	0.43164	8,269
Yugoslavia	0.020	0.04111	788
TOTAL	48.652	100.00000	1,915,700

List of States Parties as at 3 September 2002.

2002 United Nations Scale of Assessments adjusted to the number of States Parties that ratified the establishment of the International Criminal Court (ICC).

The share of total costs (in euros) is based on the United Nations Scale of Assessments and the list of States Parties provided by the Office of Legal Affairs (OLA).

Newly admitted member state. This is an indicative assessment rate used to calculate Switzerland's assessments as a non-member state prior to its admission on 10 September 2002.

FCO Estate: Property Sales 2002–03

Annex B

<i>Post and Property</i>	<i>Background to the decision to sell</i>	<i>Consequences for Post</i>
ALEXANDRIA: Surplus land at BCG AMMAN: Mufti House	Land. Surplus to requirements. Not fit for purpose.	No consequences for Post. New leased property more suited to needs of Post.
BEIRUT: Abey Hse Amenity	Surplus to requirements.	No consequences for Post.
BRIDGETOWN : 95 Ocean View	Disposed of in estate rationalisation programme. Replaced with post hiring.	No consequences for Post.
BRIDGETOWN : DS 10 Hse 4square	Disposed of in estate rationalisation programme.	No consequences for Post.
BRIDGETOWN : Fan Ling	Disposed of in estate rationalisation programme.	No consequences for Post.
BRIDGETOWN : Top Roc Hse	Disposed of in estate rationalisation programme.	No consequences for Post.
BUDAPEST : Flat 1 Kikelet	Inflexible Accommodation.	No consequences for Post.
BUDAPEST : Flat 2 Kikelet	Inflexible Accommodation.	No consequences for Post.
BUDAPEST : Flat 3 Kikelet	Inflexible Accommodation.	No consequences for Post.
BUENOS AIRES : SMS Flat Apt 15 Floor D Austria 2660	Overscale. For disposal as part of the estate rationalisation programme. Withdrawn from the market. Sale postponed due to economic climate	To be replaced with more suitable property.
BUENOS AIRES : C4 Flat Apt 15 Floor B Austria 2666	Overscale. For disposal as part of the estate rationalisation programme. Withdrawn from the market. Sale postponed due to economic climate	To be replaced with more suitable property.
BUENOS AIRES : Guido	Overscale. For disposal as part of the estate modernisation programme. Withdrawn from the market. Sale postponed due to economic climate	To be replaced with more suitable property.
BUENOS AIRES : Las Heras	Overscale. For disposal as part of the estate modernisation programme. Withdrawn from the market. Sale postponed due to economic climate	To be replaced with more suitable property.
CANBERRA : Unit 10 Sherwood Gardens 14 Marr St	Surplus to requirements.	No consequences for Post.
“CANBERRA : Unit 20 Blue Range Park, 32 Bunbury St”	Surplus to requirements.	No consequences for Post.
CARACAS : Office Torre Las Mercedes	Move to new offices November 2002. Agents to be appointed. Waiting for economic conditions to improve.	Significantly improved and operationally more effective accommodation.
DAKAR : 23 Franklyn Roosevelt	Surplus to requirements following staff reduction.	No consequences for Post.
DUBLIN : 21 Gleanageary Woods	Estate modernisation programme.	No consequences for Post. Replaced by more suitable leased property.
DUBLIN : 54 Mount Albanys	Estate modernisation programme.	No consequences.
DURBAN : 11 Wattle Rd	Health and safety problems and uneconomic to maintain.	Replacement with safer and more economic property.

<i>Post and Property</i>	<i>Background to the decision to sell</i>	<i>Consequences for Post</i>
GOTHENBERG : Residence Stenkleviden GUATEMALA : Old Residence Avenida 7ta	Localisation of Post. Residence no longer required. Estate modernisation programme. New Residence acquired.	No consequences for Post. New Residence acquired with savings in running costs.
KAMPALA : 28 Prince Charles Drive (Lower flat)	Inadequate for family occupation.	Reprovision of one (larger) property more suited to operational needs (see below).
KAMPALA : 28 Prince Charles Drive (Upper flat)	Inadequate for family occupation.	As above.
KIEV : Plot Redboutnaya Street 9	Surplus to requirements.	No consequences for Post.
KUALA LUMPUR: 432 Jalan Tun Razak Balance of lease (16 yrs)	Surplus to requirements. Not yet sold. Sale subject to agreement of ground landlords.	No operational consequences. Savings on running costs.
LAGOS 14 Osborne Road	Surplus to requirements.	No consequences for Post.
LILONGWE : Plot 10/146 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LILONGWE : Plot 10/176 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LILONGWE : Plot 10/274 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LILONGWE : Plot 10/337 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LILONGWE : Plot 10/437 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LILONGWE : Plot 10/443 Transfer to Difid	Surplus to requirements. Formerly leased to DFID.	No consequences for Post.
LIMA : Office Plaza Washington	Estate modernisation. Move to new Office in February 2003.	Significantly improved and operationally more effective accommodation.
LUSAKA : 4901 Los Angeles Blvd	Surplus to requirements.	
LYON : Residence Clos de Pins	Estate modernisation programme. New Residence acquired.	Replaced by more suitable Post hiring.
MADRID : Avda Ahones 9	Estate modernisation programme.	No consequences for Post.
MADRID : Cerro de Valdematin	Estate modernisation programme.	No consequences for Post.
MADRID : Chalet 33 La Moralejo	Estate modernisation programme.	No consequences for Post.
MADRID : Flat 4 floor 4 Cerro de Castanar	Estate modernisation programme.	No consequences for Post.
MADRID : Flat 4 floor 5 Cerro de Castanar	Estate modernisation programme.	No consequences for Post.
MUSCAT : 12A Road F Madinat Qaboos	Surplus to requirements.	No consequences for Post.
MUSCAT : 15 Road E Madinat Qaboos	Surplus to requirements.	No consequences for Post.
NAIROBI : 2 Kenya Rd	Surplus to requirements due to staff reduction. Sale delayed in case site was needed for the new visa office.	No consequences for Post.

<i>Post and Property</i>	<i>Background to the decision to sell</i>	<i>Consequences for Post</i>
NAIROBI : 3 Kenya Rd	Surplus to requirements due to staff reduction. Sale delayed in case site was needed for the new visa office.	No consequences for Post.
NAIROBI : Maji Mazuri Rd	Surplus to requirements.	No consequences for Post.
NAPLES : Office & Residence Sell (& reprovide)	Localisation of Consulate General.	No requirement for Residence.
NEW YORK : CG's Residence 4 East 66th St	Estate modernisation programme. New Residence occupied.	"New, modern Residence with savings in running costs."
OSLO : 21 Crevegarden	Became vacant.	No consequences for Post.
OTTAWA : Apt 1201 QE Towers	Disposed of in estate rationalisation programme.	No consequences for Post.
PARIS : Flat 140 - 34 Marc Chagall	Estate modernisation programme.	Replaced by more suitable Post hiring.
PARIS : Flat 148 - 34 Marc Chagall	Estate modernisation programme.	Replaced by more suitable post hiring.
PARIS: Flat 1 - 6 Rue Gateceps	Estate modernisation programme.	Replaced by more suitable Post hiring.
PORT LOUIS : Trent Lodge	Security concerns. Located in deteriorating area.	Replacement with more secure accommodation.
PORT OF SPAIN : 36 Elizabeth St	Overscale property.	Replaced by Post hiring.
PRETORIA : 72 Marion Rd	Surplus to requirements.	No consequences for Post.
PRETORIA : Lyndwood site	Surplus to requirements.	No consequences for Post.
REYKJAVIK: Thorsgata 12	Unsuitable for family.	Replaced by Post hiring with greater flexibility.
SANTIAGO : 4074 Eduardo Marquina	Estate modernisation. Overscale property.	Replaced by more economic post hiring.
STRASBOURG : Residence Rue Melanie	Surplus to requirements due to staff reductions.	No consequences for Post.
TEL AVIV : 1 Pasternak St	Surplus to requirements.	No consequences for Post.
TUNIS : Part of Habous Field	Surplus to requirements.	No consequences for Post.
WASHINGTON : 2836 Ellicott	Disposed of in estate rationalisation programme.	Replaced by more economic post hiring.
WASHINGTON : 76 Kalorama Drive	Overscale property.	Replaced by more economic post hiring.
WASHINGTON : Apt 516 Battery Lane	Disposed of in estate rationalisation programme.	Replaced by more economic post hiring.
WASHINGTON: Apt 611 Chelsea Towers	Disposed of in estate rationalisation programme.	Replaced by more economic post hiring.

Annex C**Europe United Masters Football Match—editorial media coverage**

<i>Publication Name</i>	<i>Date</i>	<i>Circulation/ reach</i>	<i>Readership/ OTS</i>	<i>Frequency</i>	<i>Notes</i>	<i>Content</i>	<i>Rate Card Equivalent £s</i>	<i>Gross Value £s</i>
Entertainment News	22.07.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
Simon Mayo Show—Radio 5	23.07.02	6,538,000	6,538,000	Weekly reach		Interview with Peter Hain	2,150.00	6,450.00
Skysports News	23–26.07.02	600,000	600,000	Daily	Show min 10 times	Interview with Gary Mabbutt and coverage of photocall	27,360.00	82,080.00
10 Downing Street News	23.07.02	30,000	30,000	Online		EU enlargement messages and countries listed		
Talksport	24.07.02	2,248,000	2,248,000	Weekly reach	5 minutes (approx) duration	Including key messages and event details	3,000.00	9,000.00
Financial Times	24.07.02	474,395	1,431,381	Daily		EU enlargement mentioned	1,107.16	3,321.48
FT.com	24.07.02	128,000	128,000	Online	55.5 million page impressions a month	EU enlargement mentioned	1,905.00	5,715.00
Southwark News	25.07.02	4,800	14,400	Weekly		Action shot with perimeter board in background	387.50	1,162.50
Skysports.com	26.07.02	246,000	246,000	Online	42 million page impressions a month	All information including key messages and images	2,200.00	6,600.00
Essex Chronicle	26.07.02	49,005	147,015	Weekly		Image and key messages	286.20	858.60
Capital Radio	29.07.02	5,254,000	5,254,000	Weekly reach	30 seconds (approx) duration	Interview with Gary Mabbutt	1,134.00	3,402.00
Sponsorshipnews.com	01.08.02	7,255	7,255	Online		Event details, key messages and countries listed	400.00	1,200.00
Entertainment News	29.07.02	5,000	125,000	Weekly	Event listings	Event details	40.00	120.00
The Wharf	01.08.02	40,000	120,000	Weekly		Interview with Gary Mabbutt and mention of EUMF	357.00	1,071.00
Iethewharf.co.uk	01.08.02	60,467	60,467	Online		Interview with Gary Mabbutt and mention of EUMF	900.00	2,700.00
Essex-fa.org	02.08.02	25,578	25,578	Online		EU enlargement mention	150.00	450.00
Entertainment News	05.08.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
London at Large	07.08.02	3,500	8,750	Weekly	Event listings	Event details	40.00	120.00
Maldon Burnham Standard	08.08.02	11,110	35,097	Weekly		Image and key messages	441.00	1,323.00
Hot Tickets	09.08.02	432,477	1,297,431	Weekly		Magnum photo led with mention of EUMF	3,781.20	11,343.60
Entertainment News	12.08.02	5,000	12,500	Online	Event listings	Event details	40.00	120.00

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Sportcal	12.08.02	42,786	42,786	Online		EU enlargement messages and tournament info	789.00	2,367.00
News Shopper	14.08.02	319,987	959,961	Weekly		Competition inc EU enlargement messages	1,047.90	3,143.70
Newsshopper.co.uk	14.08.02	119,786	119,786	Online	Competition	Competition inc EU enlargement messages	1,200.00	3,600.00
Guardian (local newspapers)	12.08.02	233,436	700,306	Weekly		Competition inc EU enlargement messages	278.25	834.75
Entertainment News	19.08.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
London at Large	21.08.02	3,500	8,750	Weekly	Event listings	Event details	40.00	120.00
Football Insider	22.08.02	5,000	12,500	Monthly		Foreign Office mention and event date	150.00	450.00
Match	24.08.02	70,323	211,194	Monthly		Competition inc EU enlargement messages	1,000.00	3,000.00
The Independent—Sport	24.08.02	227,905	569,763	Daily		British Masters promotion inc EUMF perimeter board	4,700.00	14,100.00
The Independent—Sport	25.08.02	236,199	590,498	Weekly		British Masters promotion inc EUMF perimeter board	4,000.00	12,000.00
Entertainment News	26.08.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
PR Week	26.08.02	17,020	51,060	Weekly		Magnum photo led with mention of EUMF	565.48	1,696.43
Totallyjewish.com	26.08.02	50,432	50,432	Online		Competition inc EU enlargement messages	989.45	2,968.00
Enfield Gazette	28.08.02	150,000	450,000	Weekly		Competition inc EU enlargement messages	411.75	1,235.25
Teletext (Channel 4 event listings) page 466	28.08.02	60,000	60,000	Daily	Event listings	Event details	145.00	435.00
Shoot Monthly	01.09.02	50,303	125,758	Monthly		Competition inc EU enlargement messages	1,000.00	3,000.00
The People	01.09.02	1,393,630	4,180,890	Weekly		Competition inc EU enlargement messages	5,555.20	16,665.60
Entertainment News	02.09.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
The People	08.09.02	1,393,630	4,180,890	Weekly		Competition inc EU enlargement messages	4,166.40	12,499.20
Entertainment News	09.09.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
London At Large	11.09.02	3,500	8,750	Weekly	Event listings	Event details	40.00	120.00
Enfield Advertiser	11.09.02	150,000	450,000	Weekly		Competition winners	585.60	1,756.80
Youngscot.org	12.09.02	27,786	27,786	Online	Event listings		40.00	120.00

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Evening Standard Hot Tickets	13.09.02	432,477	1,297,477	Weekly		Competition	446.74	1,340.21
Independent on Sunday	15.09.02	242,614	606,535	Weekly		Barbican festival led with mention of EUMF	1,430.00	4,290.00
Independent.co.uk	16.09.02	111,783	111,783	Online		Barbican festival led with mention of EUMF	1,512.00	4,536.00
Entertainment News	16.09.02	5,000	12,500	Weekly	Event listings		40.00	120.00
London At Large	18.09.02	3,500	8,750	Weekly	Event listings		40.00	120.00
Sunday Times: Funday Times	22.09.02	1,391,458	4,174,374	Weekly		Competition inc EU enlargement messages	1,792.74	5,378.23
Bristolcity.co.uk	22.09.02	7,067	7,067	Online		Tournament info and EU enlargement messages	550.00	1,650.00
Entertainment News	23.09.02	5,000	12,500	Weekly		Event details	40.00	120.00
Besotted.com	24.09.02	15,786	15,786	Online		Tournament info and EU enlargement messages	675.00	2,025.00
4thegame.com	25.09.02	1,172,896	1,172,896	Online		Competition inc all info and EU messages	2,978.00	8,934.00
East London Advertiser	26.09.02	17,128	42,820	Weekly		All info including EU enlargement messages	276.00	829.00
The Wharf	26.09.02	40,000	100,000	Weekly	Interview	Event details. Interview with Ray Wilkins and competition	714.00	2,142.00
Hackney Gazette	26.09.02	38,428	115,284	Weekly		Competition inc all info and EU messages	397.50	1,192.50
London Jewish News	27.09.02	40,000	120,000	Weekly		Competition inc all info into and EU messages	221.98	665.95
Independent: Sport	28.09.02	227,905	569,763	Daily		Competition inc all info and EU messages	4,700.00	14,100.00
Independent: Sport	29.09.02	236,199	590,498	Weekly		Competition inc all info and EU messages	4,700.00	14,100.00
Entertainment News	30.09.02	5,000	12,500	Weekly	Event listings	Event details	40.00	120.00
Youngscot.org	03.10.02	27,786	27,786	Online		Competition inc all info and EU messages	700.00	2,100.00
The Wharf	03.10.02	40,000	100,000	Weekly	Interview	Tournament info	700.00	2,100.00
Speak Out Guide	04.10.02	5,000	12,500	Yearly		Interview, EU enlargement and tournament info		
Four Four Two	05.10.02	67,246	168,115	Monthly		EU enlargement mentioned	589.00	1,767.00
Skysports.com	05.10.02	246,000	Online			Competition inc all info and EU messages	4,400.00	13,200.00

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Sport First	06.10.02	100,000	250,000	Weekly		Competition inc all info and EU messages	315.00	945.00
Sky Sports News	07.10.02	600,000	600,000	Daily		Paul Gascoigne announcement	13,680.00	41,040.00
Sky News	07.10.02	850,000	850,000	Daily		Paul Gascoigne announcement	5,400.00	16,200.00
Football365	08.10.02	356,000	356,000	Online	Ticket offer	All info including key messages and images	2,500.00	7,500.00
Entertainment News	09.10.02	5,000	12,500	Weekly	Event listings		40.00	120.00
The Sun	08.10.02	3,508,754	10,526,262	Daily	Sports section	Gascoigne led, tournament mention	984.85	2,954.55
4thegame.com	08.10.02	1,172,896	1,172,896	Online	Ticket offer	Inc full press release info	2,500.00	7,500.00
Talksport	08-11.10.02	2,248,000	2,248,000	Weekly reach	9 mins 10 secs duration	Ticket competitions with all EU enlargement messages	6,700.00	21,100.00
London at Large	09.10.02	3,500	8,750	Weekly	Event listings	Stop Press inc EU mention	40.00	120.00
Time Out	09.10.02	86,653	316,633	Weekly	Sport listings	1/4 page in EU Messages and tournament info	900.00	2,700.00
Metro Life— Evening Standard	10.10.02	432,477	1,081,193	Weekly	Sport listings	Lead item, 1/3 page inc EU messages and tournament info	2,667.00	8,000.00
The Wharf	10.10.02	40,000	100,000	Weekly		Gascoigne mention and event details	200.00	600.00
Channel 5—Live with Chris Moyles	11.10.02	1,081,541	1,081,541	Viewing figures	John Barnes as EUMF rep. 1 min approx duration	Key messages and tournament info	48,000.00	144,000.00
Capital Radio	11.10.02	5,254,000	5,254,000	Weekly reach	1 min (approx) duration	Interview with Gary Mabbutt	2,268.00	6,804.00
What's On TV	12.10.03	1,709,092	4,272,730	Weekly	TV listings		274.00	823.00
Daily Mail Weekend	12.10.02	2,436,375	6,090,938	Weekly	TV listings	Sports Extra	2,278.00	6,835.00
TV Times	12.10.02	688,556	1,721,390	Weekly	TV listings	Today's Sports Choice inc EU messages	1,880.00	5,640.00
TV Quick	12.10.02	553,148	1,382,870	Weekly	TV listings		123.00	370.00
Radio Times	12.10.02	1,264,315	3,160,788	Weekly	TV listings		132.00	396.00
TV Choice	12.10.02	751,618	1,879,045	Weekly	TV listings		243.00	729.00
Evening Express (Aberdeen)	12.10.02	62,764	156,910	Daily	TV listings		100.00	300.00
TV & Satellite Week	13.10.02	250,301	625,753	Weekly	TV listings		64.00	193.00
Sunday Times	13.10.02	1,412,322	3,530,805	Weekly		Comprehensive write-up inc interview and key messages	13,680.00	41,040.00
The People	13.10.02	1,393,630	4,180,890	Weekly	TV listings		337.00	1,011.00
Sunday Express	13.10.02	870,068	2,175,170	Weekly	Sports section	Gascoigne led, tournament mention	560.00	1,680.00

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London 94.9	13.10.02	256,000	256,000	Weekly reach	15 mins (approx) duration	Live match updates from the Arena	1,600.00	4,800.00
Heart 100.7FM	13.10.02	1,663,000	1,663,000	Weekly reach	1 min (approx) duration	Tournament mention on breakfast show	600.00	1,800.00
Skysports	14.10.02	600,000	600,000	Viewing figures		Inc Tony Banks interviews. Approx 3 mins and 3 repeats	24,624.00	73,872.00
Daily Express	14.10.02	955,256	2,865,768	Daily	Sports section	Gascoigne led, tournament mention	960.00	2,880.00
Daily Mail	14.10.02	2,484,975	6,212,438	Daily	Sports section	Gascoigne led, tournament mention	1,080.00	3,240.00
The Wharf	16.10.02	40,000	100,000	Weekly	front page flash, back page and centrefold DPS	Post match write-up and pics of Tony Banks	5,500.00	16,500.00
Sport First	20.10.02	100,000	250,000	Weekly		Gascoigne pic and caption	100.00	300.00
When Saturday Comes	01.11.02	25,571	63,928	Monthly		Inc Tony Banks interview	1,500.00	4,500.00
FourFourTwo	TBC			Monthly		Paul Gascoigne interview and tournament mention		
Cities to Cities	TBC			Monthly				
East London Advertiser	TBC			Weekly		Penalty shoot-out coverage		
Newham Recorder	TBC			Weekly		Penalty shoot-out coverage		
Maltese TV and press	TBC			Daily				
Newsweek	TBC			Weekly				
BBC Slovenia section	TBC			Daily				
LIG TV	TBC			Daily				
Kanal Day TV Turkey	TBC			Daily				
O Globo	TBC			Weekly				
Totals		58,381,895	105,206,353				241,395.90	724,191.35
Sky Tournament Broadcast	13-20.10.02 and 31.12.02	800,000	800,000	Viewing figures	159 mins duration x 8 repeats	Live transmission and repeats	17,808	53,424

Annex D**SERVICE DELIVERY AGREEMENT****SCORECARD MEASURES**

SDA 1. Increased international security through effective controls on the proliferation of nuclear, chemical and biological weapons, and reductions in destabilising levels of arms.

- Improved policing of the transfer of small arms by March 2004. Non-Proliferation Department
- Signature of the CTBT by 90% of the 38 remaining non-parties by March 2004. Non-Proliferation Department
- Universal adherence to, and full implementation of, the Chemical Weapons Convention by all states by March 2010. Non-Proliferation Department

SDA 3. British business better able to exploit and enhance its competitiveness, especially in knowledge-based sectors (high-tech, financial services, etc) and British interests in science and technology advanced internationally.

- Meet the outcomes, at an international level, of the government wide review of Science and Technology work. Science and Technology Unit.

SDA 4.1. Effective international action to protect the environment, consistent with sustainable development.

- Increased protection of endangered species by March 2004. Environment Policy Department
- International Commitment to combat climate change by March 2004. Environment Policy Department
- More effective global regulation of all uses of the oceans and protection of the marine environment by March 2004. AMSED

SDA 4.2. Reduced drugs and crime threat to the UK (also relates to cross-cutting review on drugs).

- Four anti-drugs/crime MOUs signed per year. Drugs & International Crime Department
- 18 more key countries ratify the three UN Drug Conventions by April 2004. Drugs & International Crime Department
- Ensure that the development of European Drug Flow models matches the requirements and targets set in the UK Drug Strategy (Cross Cutting measure). Drugs & International Crime Department
- UNDCP to have in place a project monitoring/evaluation mechanism by end 2002, producing by 2004 project reports against which we can assess the value derived from UK inputs. Drugs & International Crime Department
- Successful resolution of all international terrorist incidents involving British interests. Counter-Terrorism Policy Department

SDA 5.1. Improved Parliamentary, Government, British public and media access to and understanding of, overseas considerations affecting the UK; improved response to their concerns.

- Improvement in levels of service provided to Parliament and parliamentary bodies, measured by the timely response to requests and adherence to deadlines. Parliamentary Relations Department
- Response times of substantive reply to telephone requests from diplomatic correspondents of two hours. News Department
- 90% of feedback from visitors to open days and the Information Centre indicates their perception of the FCO has been positively influenced. Public Diplomacy Department
- On line file output to grow by at least 10% per annum. Public Diplomacy Department/BBCM
- 33% growth by April 2004 in packages on special topics and events. Public Diplomacy Department /BBCM

Improve response rate to MPs and Member of the Public Letters. Quality & Efficiency Unit

SDA 5.2. Perceptions of the UK overseas improved; in particular, increased respect for British policies and values and recognition of the excellence of British education, science and creative industries, resulting greater use of British goods and services.

- Number of Chevening scholars in position of influence (and in contact with us) after 10 years increased to 30% by March 2004. Cultural Relations Department
- 1.25 million hits on Planet Britain 2000 website by April 2004. Public Diplomacy Department

SDA 6.1 Greater UK influence with our EU partners and the applicant countries.

- Implementation of Action Plans with candidate countries by 2002 which improve their quality of life and security and their ability to take on the obligations of EU membership. Central and North West Europe Department

SDA 6.2 A robust European Common Foreign and Security Policy.

- An effective and proactive CFSP making full use of the new structures in Brussels delivering results in support of the UK's foreign policy objectives. Common Foreign & Security Policy Department
- The development and maintenance of a structured step-change programme with EU partners. Common Foreign & Security Policy Department

SDA 6.3 More effective EU external programmes promoting development, reconstruction and democratic values (with DFID and other Whitehall Departments).

- Balkans. European Union Department (External)
- FSU. European Union Department (External)

SDA 8.1 Visa operation self-financing, with no increase in the real level of the visa fee.

- Reduction in number of gratis visas issued. Joint Entry Clearance Unit

Foreign and Commonwealth Office

June 2003

Further memorandum submitted by the Foreign and Commonwealth Office

DEMOCRATIC REPUBLIC OF THE CONGO

*Letter to Bill Rammell MP, Foreign and Commonwealth Office, from the Chairman of the Committee,
21 May 2003*

I am sure you are no less concerned than I to see the latest distressing reports from Congo of mass killings and brutality against the civil population. Much of this violence appears to be rooted in long-standing conflicts between different ethnic groups. Last week, Carla del Ponte suggested that the violence amounts to genocide. As you well know, in cases of genocide the international community is under an obligation to do what it can to protect the victims and bring to justice the perpetrators.

I and my colleagues on the Committee would be grateful to learn from you whether the FCO believes what is happening in the DRC constitutes genocide; what legal and moral obligations the FCO understands the United Kingdom and other developed countries to be under in relation to the DRC arising from the present situation; and what action the United Kingdom will take.

Chairman of the Committee

May 2003

*Letter to the Chairman of the Committee from the Minister for Africa, Foreign and Commonwealth Office,
17 June 2003*

Thank you for your letter of 21 May to Bill Rammell about your concerns over the situation in Democratic Republic of Congo (DRC). I am replying as Minister for Africa.

We too are very concerned about the situation in the DRC, especially recent events in the Ituri region. We have been actively engaged with our African, EU and UN partners in promoting a peaceful resolution to the conflict in the DRC.

You have asked specifically about what action the UK is taking in the DRC. You have also asked if the FCO believes what is happening in the DRC is Genocide and what the UK legal and moral obligations would be if this were the case.

On the question of the legal aspect of genocide and the UK obligations, we are consulting with our legal advisers. I will provide you with a substantive reply shortly. But on the issue of what action the UK is planning to take. I can confirm that the UN Secretary General has asked the UK and others to participate in a French-led rapid reaction force to stabilise the situation in Ituri. The Prime Minister has committed the UK to contribute to this Interim Emergency Multinational Force and we are working closely with France and other EU partners on the issue.

The Military deployment will only have a sustainable impact if there is progress on a political solution to the DRC's problems. This is moving forward. Since agreement on the establishment of a transitional national government (TNG) was reached on 2 April in Sun City (South Africa), progress has been made on its formation and we understand installation is envisaged in the course of next month.

We will continue to play our part, as a member of the International Committee for Support to the Transition, which is tasked with supporting the transitional process in the DRC, leading to elections in 2 years.

As part of our overall strategy, Britain has already provided people and money for the military, political and peace observation aspects of the 1999 Lusaka Peace Agreement, including:

- 6 British Military Liaison Officers to the UN observer operation for DRC.
- £160,000 to help get the Joint Military Commission, responsible for supervising the Lusaka cease-fire and military disengagement plan, up and running.
- Over £250,000 for the talks, which concluded on 2 April 2003 including an expert to work with the Facilitator, former President of Botswana, Sir Ketumile Masire.

Chris Mullin MP

Minister for Africa, Foreign and Commonwealth Office

June 2003

Further memorandum submitted by the Foreign and Commonwealth Office

DUBLIN: THE RESIDENCE

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 18 June 2003

I want to let you, and your colleagues, know that we have decided that it now makes sense for our Ambassador at Dublin to remain at his current Residence, Glencairn, rather than move to Marlay Grange, the property we acquired in early 2000. Since this decision is likely to attract some press interest, I should like to brief the Committee on the background.

In 1999, my predecessor, with the agreement of Ministers, authorised the sale of some 35 acres of land adjoining the house at Glencairn. The land was surplus to our operational needs, and was not necessary on security grounds. By virtue of a more permissive planning environment the area in question had acquired huge developmental value. We were able to sell the land for £24.3 million. The sale made a major contribution to the FCO's Asset Recycling Programme and enabled us to boost our investment in much needed IT and Estate Modernisation.

We decided, at the time, that we should also dispose of the house itself. Members will recall the tragic death of Christopher Ewart Biggs in 1976. In 1999 Glencairn was regarded by our security experts as vulnerable, not least because there was only one access route from the Residence to the offices. There were also concerns that, having sold the land adjoining the Residence, the developer concerned might pursue a high-density development strategy surrounding Glencairn. We therefore decided that we should seek to identify a new Residence for our Ambassador. We examined a very wide range of options.

Finding a suitable replacement for Glencairn proved difficult, not least because of the strict security criteria we needed to heed. In 2000 we identified the Marlay Grange property. We were also fortunate in being able to agree with the purchaser of Glencairn that we could retain the house itself for as long as it took to refurbish Marlay Grange.

In accordance with best practice stipulated by the Office of Government Commerce, I am required regularly to review our estate investment decisions to ensure that they still best meet our business needs and represent value for money. Officials recently carried out such a review on Glencairn/Marlay Grange, rather than remaining at Glencairn, does neither best meet our operational needs, nor represent value for money for the British taxpayer. Infrastructure changes around Glencairn mean that the Ambassador now enjoys the benefit of several routes from his Residence to the office. Equally, we deem that recent developments have made Marlay Grange less attractive from a security point of view: the local authority has authorised the presence of large-scale pop concerts in the vicinity. From a financial point of view, our analysis also suggests that the strategy to develop Marlay Grange would be more expensive than remaining at Glencairn. So there is a strong value for money argument to remain there.

The decision to remain at Glencairn will, of course, in no way detract from the fact that we have already made over £24 million out of our estate in Dublin. But, in deciding to remain there the taxpayer will also be £1.6 million better off.

Given the security concerns pertaining in 1999 I am sure it was right to decide that we should move out of Glencairn. But I am equally convinced, given the very different circumstances that now prevail, and having visited both properties myself, that it makes sense for us to reverse that decision and stay at Glencairn.

I shall be happy to discuss this issue in more detail when we meet on 24 June.

Sir Michael Jay KCMG,

The Permanent Under Secretary of State, Foreign and Commonwealth Office

June 2003

Supplementary memorandum submitted by the Foreign and Commonwealth Office

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 15 July 2003

1. Thank you for your letter of 25 June, enclosing questions which we did not have time to discuss at my evidence session on the FCO Departmental Report at the Committee on 24 June.

As requested, this letter also covers the supplementary material I promised during the evidence session.

2. I mentioned at the evidence session a number of FCO achievements over the past year. In particular:

- We have made a huge effort on Iraq. We redeployed 5% of our London staff into Emergency Units, and we were one of the first countries to send diplomats back to Baghdad. The United Kingdom's Special Representative, John Sawers, is playing a key role alongside Iraq's civil administrator, Paul Bremer;
- We continue to play a major role in the fight against terrorism: Sir Jeremy Greenstock's chairmanship of the UN Counter-Terrorism Committee; and helping Greece to defeat N17—the group responsible for the murder of Brigadier Saunders;
- We are working for peace in the Middle East: the conference hosted in January helped pave the way for Abu Mazen's appointment as Prime Minister and the publication of the Road Map.

3. Aside from the foreign policy field, we are delivering high quality commercial, consular and visa services:

- BTI are increasingly successful in their support for UK companies abroad and bringing foreign investment into the UK;
- UK visas is responding well to a growing demand, handing almost two million visa applications last year, up 9% on the previous year;
- We help over 53,000 British nationals each year, and cover over 1,000 new consular cases each week.

4. Our responses to the questions in your letter are as follows:

Question 1: The Annual Report shows that the Department now employs nearly 10,000 locally-engaged staff. This is an increase of some 1,000 over the past two years. Why have the numbers increased and how do you ensure that these staff are appropriately rewarded and managed while they are employed at the Posts?

The increase in local staff numbers over the last two years is primarily a reflection of tighter reporting requirements. Since 2000–01, Posts have for the first time been required to include staff employed on behalf of other government departments in statistics. There have also been increases in FCO-funded staff, most significantly in the area of security where, since 9/11, large numbers of guards hitherto employed on contract or casual terms (and not featuring in statistics) have been taken on as Posts' direct employees. There has also been an increase in local staff numbers working in Entry Clearance, Consular and Commercial work, reflecting a trend towards localisation of jobs hitherto done by UK-based officers and additional visa regimes. Fee-bearing work of Consular and Entry Clearance Sections are intended to be self-funding.

All locally-recruited staff appointed to an established job at one of our Posts are paid at the rate appropriate to their grade. World-wide, there are five LE grades (LEI-LEV) with subdivisions at LEV (drivers, cleaners, guards, messengers) and, at a few posts, at LEIII (secretarial, clerical). Grade nomenclature may vary, for example, in the US, but the structure remains the same.

In accordance with Treasury guidelines, pay scales are matched to the local going rate to recruit, retain and motivate staff, measured against one or more similar market organisations, employing staff undertaking comparable work. Conditions of service are set by reference to local law and again by comparison with the generality of local practice. It is the responsibility of UK-based Management Officers, acting under the supervision of Heads of Post, to undertake the necessary local research and seek approval from the FCO for salary enhancements, and to set conditions of service. Posts enjoy local discretion as to where to pitch salaries within the approved maxima.

However, Heads of Post will shortly be given greater autonomy in setting the pay and conditions package of their local staff within budgetary limits set by London at the beginning of the Financial Year. The criteria to be adopted will be affordability and sustainability, with resources tailored closely to the motivation of staff and achievement of objectives.

The Management of Staff overseas is governed by a Charter of Principles and written Guidance issued by the FCO to all Posts. All local staff, irrespective of grade and function, are part of a management structure governed by the achievement of agreed objectives, and subject to a personal appraisal system. Line managers may be local or UK-based staff depending on the size and structure of the Post concerned.

In recognition of the increasingly important role being played by Local Staff, the FCO will be investing more resources in developmental training.

Question 2: How are pay and conditions set for locally-engaged staff employed at your posts by other Government Departments (MOD, DfID etc)? Is there a danger that two members of staff doing exactly the same job at a post, such as a driver or guard, could be paid differently because they are employed by different offices? Does this create difficulties?

The convention has been that where an FCO Post is the largest employer other Government Departments match the pay and conditions of their locally-recruited staff to those authorised by the FCO. In the few places where another Department is the largest (lead) employer, then the FCO's employees will enjoy the other Department's agreed pay and conditions.

In recent years we have found that other Departments, with greater budgetary flexibility, have found the pay and conditions at a few Posts a constraint on their ability to recruit and retain the local personnel they need. There have in consequences been some instances of a Department going it alone

The FCO is in discussion with the Departments concerned about maintaining uniformity of approach to pay and conditions for co-located locally-engaged staff.

Question 3: Aside from the rights of some staff to receive terminal benefits when they leave, do any of your locally-engaged staff belong to funded pension schemes for which the Department would have to make up any financial shortfall where the value of scheme assets did not cover its estimated liabilities? What is the total current value of assets and liabilities for any such schemes?

Yes. Defined Benefit Pension Schemes are in place in a few countries. Up to date actuarial valuations for the four largest schemes are set out below. The data has been received from Independent Actuaries for the year indicated, adjusted to reflect exchange rates at the year-end:

	<i>Date of Valuation</i>	<i>Fair value of assets</i>	<i>Present value of Future liabilities</i>
Canada	2002	£ 3,555,000	£ 3,503,000
South Africa	2003	£ 3,285,000	£ 1,401,000
USA	2002	£25,301,000	£36,274,000
Irish Republic*	2001	£ 1,477,000	£ 1,677,000

* Exchange rate adjusted only from last year

The FCO is reviewing the implications of new accounting standards for the future treatment and management of defined benefit pension schemes.

Question 4: What recourse does a locally engaged member of staff have if he or she feels that they have been unfairly dismissed? Can they have their case heard at a UK employment tribunal?

The FCO as a matter of policy requires Posts to offer conditions of service which conform to local labour law, and to have clearly defined disciplinary procedures. If a locally engaged member of staff has a grievance s/he should in the first instance pursue it through the Post's management chain. There is no formal channel of appeal to London since Posts employ staff on the basis of local law, but staff are free to raise cases with management in London. Any member of staff who has a grievance concerning the grounds for his or her dismissal has recourse to the courts of the country in which they are employed. It is our policy that our Posts should not seek to shelter behind diplomatic privilege if confronted by a claim for unfair dismissal.

It has been determined by Employment Tribunals in the UK that they do not have jurisdiction to hear cases involving locally employed staff at our Posts where it has been made clear in the "contract of employment" that local employment law obtains (but see the second paragraph of our response to Question 5 below).

Question 5: During the last year, on how many occasions have locally-engaged staff sought recourse to an employment tribunal following their dismissal?

Within the last year our Posts in Brasilia, Riga, Rome and Dusseldorf have reported that dismissed members of staff have started legal proceedings against them. Not all these cases will be through a "Tribunal" mechanism.

Six cases have been brought to an Employment Tribunal in the UK (the Posts concerned: Rome, Hong Kong, Kingston, Berne, Colombo and Dubai). All have been "frozen" pending the outcome of an Appeal hearing in one case. The Appeal body has just decided that UK Employment Tribunals have no jurisdiction where unfair dismissal or discrimination has been claimed. However, the Appeals hearing concluded that where there is a breach of contract (common law) then a Tribunal may in some circumstances take jurisdiction, or alternatively a case may be brought in the country concerned.

The case of Mr Raul Fernandes (Dubai), referred to in the final paragraph of your letter, is amongst those "frozen" pending the outcome of the Appeal referred to above. I shall write to you separately about his case.

Question 6: How will EU Council Directive 2000/78/EC affect the FCO? What planning is being done now to plan for its impact?

The Committee is right to highlight the significance of EU Council Directive 2000/78/EC of 27 November 2000 (establishing a general framework for equal treatment in employment and occupation). There is already provision for staff in the FCO Delegated Grades (those below the Senior Management Structure) to be able by mutual agreement to work beyond 60 (the most junior band up to 65 and other bands up to

63). As I told the Committee on 24 June (Q 106), the present retirement age is 60 for staff in the FCO's Senior Management Structure. The raising or abolition of the retirement age will have considerable structural implications, particularly for the Senior Management Structure.

As an initial response to the Directive, we carried out an internal scoping review to identify its implications for the FCO and possible approaches both in the management of late career (flexible) options and in assisting staff in making end-career decisions. It was not possible, however, to take this work further before Government thinking on retirement and pension ages for public servants had developed. The situation is now clearer as a result of the publication of the DTI Age Consultation Document (Equality and Diversity: Age Matters) on 2 July 2003, and the Department for Work and Pensions (DWP) response to the Green Paper on Occupational Pensions (Simplicity, Security and Choice: Working and Saving for Retirement—Action on Occupational Pensions), published on 11 June 2003.

Some of the issues which we shall need to address include:

- how to ensure fair competition at Appointment Boards;
- medical requirements for Diplomatic Staff posted overseas;
- the importance for the FCO of continuing to bring on talented people within the FCO and bring in talented people from outside;
- alternative employment opportunities for older staff who might wish to “trade down”—that is, find less demanding work at a lower grade;
- helping staff find employment outside the FCO.

These are complex and inter-related issues needing careful evaluation. The FCO Board intends to look at the way forward later this year.

Question 7: In the memoranda submitted to the committee before yesterday's session, you confirmed that the 3% efficiency savings agreed with the Treasury for 2002–03 were “deducted automatically from each Directorate's budget allocation at the beginning of the financial year”. You also told us that, as the savings were thus achieved automatically, “the only question is whether they are met through efficiencies or through cutting activity”. How were they achieved?

Question 8: How do you monitor the way savings are made across directorates and ensure that short-term savings are not being made at the expense of longer-term projects?

Responsibility for FCO expenditure and related efficiency targets is devolved to Directorates. These Directorates draw up and monitor efficiency plans having agreed them with Finance Directorate. Finance Directorate, through Quality and Efficiency Department, also review Directorate Efficiency Plans with Resource Management Officers every six months. The expenditure decisions are made by each Directorate on the basis of what each Department and Post has bid for in the Resource Allocation Round (RAR). It is therefore the responsibility of the Directorate and Departments/Posts to decide where the funds should be expended, and where savings are to be made within their area of responsibility. They are in the best position to judge on the disbursement of the funds allocated. Decisions on long term projects that impact on the work of the FCO are made at Board level, endorsed by Ministers where necessary.

Directorates have achieved the efficiency savings demanded of them from a wide range of measures covering many types of expenditure. Some of the efficiency measures taken during the 2002–03 have been:

- Absorbed increased workload within existing resources in both Consular Directorate and UKvisas.
- Obtained better deals on leasing properties through stronger negotiation.
- Rationalisation of training courses and negotiated cost reductions from training organisations.
- Procurement savings on contracts.

Directorates have not cut core activities but have reviewed their activities in the light of their efficiency plans. They have identified activities which can be dropped without significantly jeopardising the desired outcomes.

Unlike some other government departments the FCO is primarily a people operation. The level of administration spend is related directly to the achievement of outcomes. With relatively small programme and capital budgets, a large proportion of the efficiency savings fall to the Administration budget. It is extremely difficult to continue to find Administration budget efficiencies year after year without affecting the achievement of FCO policy objectives. Inevitably the continued call by the Treasury to achieve significant efficiencies may mean cuts in FCO core activities.

SUPPLEMENTARY INFORMATION

5. *Bali Travel Advice*

In their report into the terrorist bombings on Bali, the Intelligence and Security Committee (ISC) acknowledged that the FCO Travel Advice was “proportional to the then current Security Service assessment”. In subsequent reports, both the ISC and FAC commented that FCO should continually review Travel Advice and ensure that “each new Advice is checked for clarity, consistency and accuracy before publication”. It is in response to these and other comments that the FCO introduced the new measures to which I referred during my evidence session on 24 June.

The Safety and Security section of Travel Advice now focuses primarily on a factual description of the risks or dangers in the country concerned. Where there is a recommendation against travel, it includes a description of recent incidents or threats that underlie this recommendation. The language is as clear and universally comprehensible as possible, following advice from the Plain English Campaign and others. Together with the improvements in the assessment of intelligence through the creation of the Joint Terrorism Analysis Centre (JTAC), we believe the result has been a more direct and focused product. The travel industry has welcomed these changes.

It is difficult to answer the hypothetical question of how this would have affected the advice we issued on Indonesia before the Bali bombing. That attack itself changed our perception of the threat, as well as causing us to look again at our internal processes. It is reasonable to assume that the format and wording of the FCO Travel Advice would have been more user-friendly. But as the Foreign Secretary said to Parliament at the time, we had no intelligence which would have led us to warn people against going to Bali.

6. *Conakry Ambassador*

We have nominated a person and are now seeking agreement from the Government of Guinea. Once this is given, we shall announce the appointment through our Press Office in the usual way. We expect the new Resident Ambassador to be in place by late August.

7. *Baghdad, Basra and Reserve Fund*

The “flat-packed” Embassy in Baghdad, which is still being assembled, should last for at least five years, and could probably be used for longer if necessary. But we have a good freehold site and would expect in due course to build permanent Mission premises because the old Embassy buildings, which date back to the 19th century, are beyond economic restoration. It is too soon to take decisions on the eventual size of an Embassy in Baghdad. Once some staff accommodation is included, we could be looking at investing over £10 million.

Similarly, I cannot yet say that we will definitely maintain a Consulate in Basra in the longer term. If we do, we would probably aim to establish a presence in a leased villa or suite of offices, and also lease our UK-based staff accommodation. The cost of fitting out leased offices for a Basra Consulate is impossible to forecast without knowing how large the offices would be, or what kind of building might be leased but, with associated security work, they might be in the region of £1 million.

We are still in the process of compiling a bid to the Treasury Reserve of Iraq-related costs which we cannot meet from our Departmental Expenditure Limits settlement. I expect this bid to be the region of £20–23 million.

8. *Joint Operations with France in Niamey and Freetown*

We expect to open a new office in Niamey based in the French Embassy later this year. It will be staffed by a member of the Abidjan Embassy (who will spend the first week of each month in Niamey, with a local staff member providing cover for the remainder of the month). We estimate a start-up cost of around £10,000, and annual running costs, excluding rent, but including travel, local staffing and utilities of around £22,000. The office rent is not yet finalised.

France opened an office in our High Commission in Freetown in January this year. They pay an annual rent for this office of £2,400 which includes electricity. They pay all other running costs separately and supplied their own furniture and office equipment.

9. *San Francisco Residence*

We carried out our usual discounted cash flow analysis comparing the costs of retaining the current Residence, purchasing a new Residence, and leasing a new Residence. We prefer not to release these figures at this stage; to do so might compromise our chances of achieving the best price on the sale of the present Residence. We are appointing brokers to market the present Residence in September.

The four houses short-listed for the new Residence were assessed against a set of criteria covering issues such as distance from the office, quality of location, image, security, the size and suitability of the public rooms and related facilities, and the cost of acquiring and adapting the properties.

The Committee may also wish to know that we expanded the existing Consulate-General offices in 2000 to accommodate an increase in staff numbers and to improve the working environment. We are negotiating with the landlords to acquire additional space that would enable us to improve the facilities for conferences and receptions within the Consulate-General offices.

10. *Port of Spain Residence*

We are unaware of any recent discussion between a member of the Foreign Office in London, and the High Commissioner at Port of Spain, in which the disposal of the present Residence has been discussed. We have no plans at present for replacing the Port of Spain Residence and have only recently built new quarters for the High Commissioner's domestic staff. I shall discuss this issue with the High Commissioner.

11. *Management of Local Staff*

At the end of the Committee meeting, I offered to provide a note on the management of Local Staff, which is essential in delivering the government's agenda and services overseas. In answering your subsequent written questions, particularly No 1 (above), I have explained something of what we are doing in this field. We attract and retain many highly-talented and highly-committed local staff. It is essential that these people are well managed. That is why we have the "Charter of Principles", mentioned in the answer to Question 1. It commits Heads of Posts and managers down the chain of command to good management practice. Local staff should have a clear understanding of what is expected of them, and what they can expect from their managers.

In our drive to raise management standards further we have been conducting a pilot project in a number of Posts to test whether we can aspire to achieving "Investor in People" accreditation worldwide. A number of Posts (British Consulate General New York, Prague, The Hague, Stockholm, Ashgabat, Muscat and Belmopan) have met the standard this summer. We have found the Investor in People principles highly beneficial in London. We want to ensure our local staff are managed at no less a standard than applies to our UK-based staff.

The Committee has remarked upon the growth of local staff numbers over the last two years. There is a long-established trend towards greater reliance on, and confidence, in locally-recruited expertise; but it is also a reflection of the economic realities facing the FCO. We need to get the very best out of local staff in the future; and to this end they both need and deserve the very best management. That is why I shall be keeping developments in this area under close scrutiny.

Heads of Post will in future have responsibility for deciding, within budgets set by Directorates, the best package of pay kind conditions which they can set to help meet FCO objectives. This innovation will require effective performance management of individuals, founded on objective setting at all levels and annual appraisal and a keen eye for affordability and sustainability.

12. *Diplomatic Representation in Central America*

Finally, I should like to update the Committee on the arrangements for restructuring our representation in Central America—San Salvador, Tegucigalpa and Managua.

San Salvador will officially close to the public in mid-July. Two UK-based officers will remain in Post until the end of August to supervise the closure. Tegucigalpa will cease frontline activity in November 2003; and Managua in February 2004.

The British Ambassador in Guatemala will be accredited to El Salvador and Honduras. Nicaragua will be covered by our Ambassador in Costa Rica. In addition, in both Honduras and Nicaragua, the senior DfID representative will be appointed as Charge D'Affaires, supported by an Honorary Consul. In El Salvador, an Honorary Consul will be appointed as our in-country representative.

Sir Michael Jay KCMG,
The Permanent Under Secretary of State,
Foreign and Commonwealth Office

July 2003

Further memorandum submitted by the Foreign and Commonwealth Office

Letter to the Permanent Under Secretary of State, Foreign and Commonwealth Office from the Chairman of the Committee, 16 July 2003

The Committee was concerned to read the attached article in *The Guardian* on Monday 7 July⁹, concerning a report by the Parliamentary Commissioner for Administration criticising the Office for a “Refusal to release details of individuals seconded to the Foreign and Commonwealth Office from private companies”. (Annex A)

I would be most grateful if you could set out the details of the matter in a memorandum to the Committee, explaining what happened, why the systems guaranteeing freedom of information apparently broke down and what steps you have taken to prevent a repeat of this incident in the future.

I look forward to your reply in the near future.

Chairman of the Committee

July 2003

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 23 July 2003

Thank you for your letter of 16 July asking for more details of the case reported in *The Guardian* on 7 July about an Ombudsman’s report on FCO handling of a request for information under the Code of Practice on Access to Government Information.

The facts of the matter are set out in the enclosed Ombudsman’s report, from which you will see that the position is not entirely as *The Guardian* reported it. In particular the report did not find the FCO “guilty of maladministration”, although it did fairly criticise the FCO’s handling of the case in respect of time taken to deal with the request, identification of the wrong exemption and initial shortfall of information provided. Remedial action taken by the FCO was welcomed by the Ombudsman as a satisfactory outcome to a justified complaint.

As the Ombudsman’s report acknowledges (paragraph 30), the request for information on individuals seconded to the FCO was both complex and resource intensive to handle. The FCO has now disclosed most of the information sought by the applicant and the Ombudsman has upheld the FCO’s position that the Data Protection Act prevents further disclosure without the consent of the individuals concerned. The FCO has actively sought this consent and where we have it, we have released information to the applicant.

In order to release information on secondees more efficiently in future, the FCO now seeks consent to disclosure of information about individuals and organisations at the outset of a secondment. This move was welcomed by the Ombudsman who recommended that the applicant in the present case was given a copy of the new standard letter (paragraph 24). This has been done.

As a result of this case, all FCO staff were reminded of the importance of meeting Code deadlines and of the wider requirements of the Code (paragraph 31 of report). I enclose a copy of the Office circular and a new leaflet which we are about to issue as part of an ongoing campaign to raise awareness of obligations and commitments for greater transparency in the run up to full implementation of the Freedom of Information Act in 2005.

Sir Michael Jay KCMG,
Permanent Under Secretary of State,
Foreign and Commonwealth Office

July 2003

Annex A

REPORT BY THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION (THE OMBUDSMAN)

1. Mr Evans complained that the Foreign and Commonwealth Office (FCO) refused to supply him with information that should have been made available to him under the Code of Practice on Access to Government Information (the Code). He further complained about the delays in responding to his requests for information. I have not put into this report every detail investigated by the Ombudsman’s staff but I am satisfied that no matter of significance has been overlooked.

⁹ <http://www.guardian.co.uk/guardianpolitics/story/0,3605,992815,00.html>.

The complaint

2. On 11 December 2001 Mr Evans wrote to FCO and requested, under the Code, a list of staff who had been seconded to FCO by outside organisations and private companies since 1 January 1999. In each case he wanted to know; the name of the secondee; the name of the organisation from which they were seconded; the directorate or division of FCO within which the secondee was placed; a brief description of the responsibilities of each of the secondees; and the date on which each secondee started and ended their secondment. He asked for the information to be provided within the 20 working days required by the Code.

3. FCO acknowledged receipt of the request on 18 December and, in response to an e-mail from Mr Evans they said, on 6 February 2002, that they hoped to be able to reply soon. On 27 February Mr Evans asked for an indication of when his request would be answered.

4. On 13 March 2002 FCO replied substantively to Mr Evans's request and apologised for the delay in doing so. They said that, for the period requested, FCO had a total of 267 staff seconded from outside organisations and private companies. They said that the non-disclosure provisions of the Data Protection Act 1998 prohibited the disclosure to third parties of personal data such as the names of staff, whether they were permanent or seconded, or details of their employment, without the individual's consent. They said that it was not practical to seek the consent of each individual and they were, therefore, unable to disclose that information to Mr Evans. They said that they had considered the release of the remainder of the information requested under the Code but had decided that responding to it would require an unreasonable diversion of resources: they cited Exemption 9 of the Code. FCO informed Mr Evans of his right to seek an internal review of their decision and of his right to make a complaint to the Ombudsman if, after the review process, he remained dissatisfied.

5. On 22 March 2002 Mr Evans requested an internal review of FCO's decision. He also modified his request to exclude the names of the secondees. He said that he did not believe that the Data Protection Act 1998 could be held to apply to the remaining information if the names of the secondees were not being disclosed. He also asked FCO to reconsider their position regarding Exemption 9. He highlighted the fact that the Department for Trade and Industry had compiled a list of 104 of their secondees (House of Commons Written Answers, Official Report—28 June 2001, column 143W), and demonstrated that FCO had been willing to provide this type of information in the past (House of Commons Written Answers, Official Report—12 May 1998, column 109; and 9 December 1998, column 223). FCO acknowledged receipt of Mr Evans's request on 10 April.

6. On 11 May 2002 Mr Evans complained to FCO about the time it was taking to review their earlier decision and noted that their target time for completing internal reviews under the Code was 20 working days. He also asked them to take into account the guidance issued by the Lord Chancellor's Department to government departments on how to respond to requests for information about secondments. That guidance was issued by the Freedom of Information unit of the Lord Chancellor's Department on 7 January 2002 and said that; "Departments receiving requests are advised that information about secondees' identities and roles should be disclosed and that the individual concerned should be asked for their consent to the disclosure. The information should only be withheld in exceptional circumstances."

7. On 15 May 2002 FCO wrote to Mr Evans and said that they had reconsidered his information request in terms of the modifications he had made to his initial request. They said that the names of organisations from which an individual was seconded and the dates of their secondment constituted data which still fell within the scope of "personal data" as defined in the Data Protection Act 1998. They noted that the Act specifically defined "personal data" as:

“. . . data which relates to a living individual who can be identified

(a) from those data, or

(b) from those data and other information which is in the possession of, or likely to come into the possession of, the data controller."

FCO said that removing the names of the secondees did not necessarily make individuals unidentifiable. They regretted, therefore, that they were unable to disclose the information Mr Evans had requested. They said that details of the functions of each job were not held centrally and were also "personal data" set by the jobholder and their line manager. They had, however, examined the centrally held data available to them and had produced some statistics on the type of work undertaken by the 267 secondees referred to in their previous correspondence, 87 of whom worked in the UK and 180 overseas. They enclosed a table which showed how many of the 267 secondees worked in each of the following areas: Aid, Defence, Political, Consular, Visa and Commercial. They reminded Mr Evans of his right to make a complaint to the Ombudsman if he remained unhappy with the findings of their review.

8. On 28 May 2002 Mr Evans told FCO that he wished to restrict his request for information still further to individuals who had been seconded to FCO from private companies since 1 January 1999. He clarified that his request was now for; the list of the private companies from which each secondee came; the dates on which each secondee had started and ended their secondment; and a brief description of their work while at FCO.

9. FCO replied on 10 June 2002. They said that, since January 1999 they had taken on 51 secondees to the FCO from private companies and organisations. They provided the names of the companies from whom 11 of those individuals had been seconded but said that they were still seeking the agreement of other companies for details of the remaining 40 to be disclosed: the names of those companies were provided on 28 June. FCO said that the individuals seconded from these organisations were all employed in commercial work either in the UK or overseas. They informed Mr Evans of his right, if he remained dissatisfied with their response, to make a complaint, via a Member of Parliament, to the Ombudsman.

Departmental comments on the complaint

10. The Permanent Secretary of FCO said that Mr Evans's request had been carefully considered against the provisions of both the Code and the Data Protection Act 1998. He apologised for the fact that Mr Evans did not receive a reply to his original request of 11 December 2001 until 13 March 2002 but said that they had not been able to collate the information and assess the various issues raised within the target of 20 working days. However, he said that Mr Evans had been kept informed of progress regularly during this period. He said that his staff had made every effort to meet Code deadlines and he had reminded them of the importance of doing so.

11. As regards the information requested by Mr Evans, the Permanent Secretary said that his staff considered that the Data Protection Act 1998 prohibited them from disclosing the names of staff and details of their employment without the consent of the individuals concerned. He said that it was not practical to seek such consent from 267 officers. He said that other aspects of Mr Evans's complaint, such as the identification of organisations that had seconded individuals to FCO and their place of employment while working there, were considered to fall under Exemption 9 of the Code as collation of the information for 267 secondees would have required an unreasonable diversion of resources.

12. The Permanent Secretary said that when Mr Evans narrowed his request for information to include only those individuals seconded to FCO from private companies this so changed the nature of his request that they took it as a new one, rather than as one requiring internal review. He said that the delay in responding to the request was caused by the time taken to obtain the companies' consent to this disclosure. He said that, in future, the consent of such companies to the disclosure of this information would be obtained at the outset of an individual's secondment to FCO. The Permanent Secretary said that the remaining information sought by Mr Evans was not held centrally for all 51 secondees and it would have been an unreasonable use of resources, and caused further delay, to attempt to compile it. Again, Exemption 9 of the Code applied. He said that it was also relevant that, under paragraph 4 of the Code, departments were not required to acquire information they did not possess in order to answer a request. He regretted that this had not been referred to in the replies sent to Mr Evans on 10 and 28 June.

THE CODE OF PRACTICE ON ACCESS TO GOVERNMENT INFORMATION

13. Paragraph 4 in Part I of the Code reads as follows:

“There is no commitment that pre-existing documents, as distinct from information, will be made available in response to requests. The Code does not require departments to acquire information they do not possess, to provide information which is already published, or to provide information which is provided as part of an existing charged service other than through that service.”

14. Paragraph 8 in Part I of the Code is headed, “Relationship to statutory access rights” and reads:

“This Code is non-statutory and cannot override provisions contained in statutory rights of access to information or records (nor can it override statutory prohibitions on disclosure). Where the information could be sought under an existing statutory right, the terms of the right of access takes precedence over the Code.”

15. Exemption 9 in Part II of the Code is headed, “Voluminous or vexatious requests” and reads:

“Requests for information which are vexatious or manifestly unreasonable or are formulated in too general a manner, or which (because of the amount of information to be processed or the need to retrieve information from files not in current use) would require unreasonable diversion of resources.”

16. Following the Ombudsman's intervention, FCO also quoted Exemption 12 of the Code, which is headed, “Privacy of an individual” and reads:

“Unwarranted disclosure to a third party of personal information about any person (including a deceased person) or any other disclosure which would constitute or could facilitate an unwarranted invasion of privacy.”

17. Although not quoted by FCO, I have also considered Exemption 15 of the Code, which is headed, “Statutory and other restrictions” and reads:

- “(a) Information whose disclosure is prohibited by or under any enactment, regulation, European Community law or international agreement.
- (b) Information whose release would constitute a breach of Parliamentary Privilege.”

INVESTIGATION

18. When providing his comments on the complaint the Permanent Secretary of FCO enclosed all of their papers relating to Mr Evans's request for information. One of the documents contained within those papers was entitled "Private Sector Secondments into the FCO January 1999–June 2002". Although this document did not include the names of the secondees, it did include the name of the company from which each of the 51 secondees came as well as their grade, their job title and the start and end dates of each secondment. In the light of this document, and FCO's statement that it would take an unreasonable diversion of resources to compile such a list, I asked FCO to clarify their reasons for not providing this information to Mr Evans.

19. I also asked FCO to explain exactly how difficult it would be to compile the remaining information sought by Mr Evans, ie a brief description of the work undertaken by each of the 51 secondees. In doing so I pointed out that, in providing a response to similar requests for this information, other government departments had provided the job title of the secondee and their posting (eg First Secretary Financial, Tokyo). (Note: I asked Mr Evans to clarify exactly what information he was seeking when he asked for "a brief description of the responsibilities of each of the secondees" (paragraph 2). On 15 November 2002 he confirmed that he was seeking the secondee's job title and posting and said that this was the information that had been provided by other government departments and by FCO previously (paragraph 5)).

20. In reply, FCO said that they had reviewed their original decision and decided that they would release the information requested by Mr Evans where Exemption 12 of the Code did not apply and where they were able to do so without breaching the provisions of the Data Protection Act 1998. They said that there seemed to have been an initial misunderstanding about the kind of information Mr Evans had asked for as they believed that he had wanted the job descriptions of each secondee; these were agreed between each individual and their line manager, and were not held centrally. FCO said that they were now happy to give Mr Evans a brief description of the duties of each of the 51 secondees, based on their job titles, their location and also the dates covering their secondment to FCO. They said that this information was held by British Trade International (BTI), a joint FCO and Department for Trade and Industry organisation, who were responsible for arranging secondments to FCO and BTI. They said that BTI were seeking the consent of the companies concerned to release this information, although they thought that, in view of the time that had elapsed since January 1999, they might not be able to make contact with all of the individuals concerned. They also said that, if consent was withheld, the Data Protection Act 1998 would inhibit the release of information about individuals and that Exemption 12 would apply.

21. Having received this response from FCO I asked exactly what information the secondees were being asked to agree to release and when FCO expected to be in a position to provide Mr Evans with the information he had requested. In response, FCO said that BTI were asking consent to disclose; the name of the secondee (in line with Mr Evans's original request); the name of the seconding organisation; their job title; and the dates of the secondment. The names of the seconding organisations had already been released to Mr Evans but they said that, if consent was withheld (or not obtainable) for one or more of the remaining pieces of information, they would not be able to release it to Mr Evans as they considered it to be personal data. They said that this was in accordance with the broad definition of personal data in the Data Protection Act 1998. They also considered that Exemption 12 of the Code was relevant.

22. FCO said that, although it would be difficult to put a timescale to this task, they hoped to be able to give Mr Evans a full reply by early 2003. They said that they were happy to collate the replies and send him one response or provide the information piecemeal as and when consent was received by BTI.

Assessment

23. Mr Evans's original request for information was for details of all the secondments to FCO from outside organisations and private companies (paragraph 2). He then narrowed that request to exclude the names of the secondees (in an attempt to circumvent the terms of the Data Protection Act 1998) and then narrowed it even further to include only those secondments from private companies. His final request, therefore, was for the following information:

- (a) a list of the private companies who had supplied the secondees to FCO since 1 January 1999;
- (b) the dates on which each of the secondees started and ended their secondment;
- (c) a brief description of their work at FCO.

24. On 10 and 28 June 2002 FCO released a list of the names of the seconding companies. Following the Ombudsman's intervention FCO have now also decided to release the remaining information, subject to the agreement of the individuals and companies concerned. I welcome that decision and I shall leave the details of how that information is to be released to Mr Evans and FCO. I am also pleased to note that, in future, FCO will seek the consent of individuals and their seconding organisation to disclose this information at the outset of their secondment to FCO. I have seen a copy of the letter that FCO intend to send to the seconding organisations seeking such consent and I believe that it would be helpful if Mr Evans was also able to see that letter: I see no reason why it should not be released to him, and I so recommend.

25. There is, however, the outstanding matter of the details of those secondees who refuse to provide consent or who cannot be contacted due to the passage of time since they were on secondment. In both cases, FCO have made it clear that in their view the Data Protection Act 1998 inhibits the release of that information because they consider it to be personal data as defined by that Act. In taking this line I believe that they have taken this matter outside the scope of the Code. That is because the Code is non-statutory and cannot override provisions contained in statutory rights of access to information or records, or statutory prohibitions on disclosure (paragraph 14). The Data Protection Act 1998 thus takes precedence over the Code and if Mr Evans is now denied any of the remaining information that he is seeking because consent has not been given then this is a matter for the courts, not the Ombudsman.

26. As FCO have now agreed to release the information sought by Mr Evans, subject to the consent of the individuals concerned, it seems to me that no value would be gained by considering whether or not the exemptions they cited could have been successfully applied to the information requested had they continued to withhold it. Nonetheless, there are several aspects of the way in which FCO responded to Mr Evans's request for information that I feel I should draw attention to.

27. The first is FCO's continued use of the Code to justify non-disclosure of the information sought by Mr Evans even though they considered the information to be personal data for the purposes of the Data Protection Act 1998. Paragraph 8 in part I of the Code (paragraph 14) sets out the relationship between the Code and statutory rights of access to information and, as I have said above, the terms of the Data Protection Act 1998 take precedence over the non-statutory Code. A closer look at the Code would have shown that Exemption 15 (paragraph 17) relates to statutory restrictions on the disclosure of information. Where there is a statutory restriction on the disclosure of information, that is the only Code exemption that need be applied. In such cases a department should cite Exemption 15 and make it clear at the outset that an approach to the Ombudsman would be unlikely to succeed because the law takes precedence over the Code. The Ombudsman's role in such cases is limited to confirming that a department was not falsely claiming that the information requested fell within the area covered by the statutory prohibition. All I can say in this case is that the details of an individual's secondment to FCO do, in principle, fall within the broad definition of personal data as set out in the Data Protection Act 1998.

28. The second issue is FCO's use of Exemption 9 of the Code (paragraph 15). There are two strands to this exemption: the first relates to the amount of information sought, and the second to any difficulties that there may be in identifying, locating or collating the information requested. In each case the test is whether or not these factors would mean that meeting a request for access to information would require an unreasonable diversion of resources or otherwise undermine the work of the department. FCO's argument was that the information sought by Mr Evans was not held centrally and that it would have taken an unreasonable use of resources to compile it. Having received FCO's internal papers, therefore, I was surprised to find that much of the information sought by Mr Evans had already been put together (paragraph 18). In response to my request for clarification, FCO said that there had been a misunderstanding about the kind of information Mr Evans was seeking regarding the job description of the secondees (paragraph 20). I have considered FCO's explanation for this misunderstanding but I have to say that I am baffled as to how it could have occurred. In an attempt to highlight inconsistencies in the release of secondment details throughout Whitehall, Mr Evans had indicated to FCO the type of information that several other government departments had released into the public domain (paragraph 5). Indeed, Mr Evans had also pointed out to FCO details of secondments they had issued in May and December 1998. In most of those instances the information provided about the job description of the secondee was the job title and posting, information that FCO have now agreed to release to Mr Evans (subject to the consent of the secondee). To my mind FCO should have been aware of the type of information Mr Evans was seeking. Had they considered this issue more carefully, and made appropriate enquiries, it is clear to me that FCO could have provided Mr Evans with the information he was seeking much sooner than he will now receive it. I am critical of FCO's actions in this regard.

29. I also note that the Permanent Secretary referred to paragraph four of part I of the Code (paragraph 13), in particular that part which states that departments are not required to acquire or create information they do not possess. However, as all of the information requested by Mr Evans was held either by BTI, for whom FCO have partial responsibility, or (potentially) by one or more of FCO's consulates or embassies abroad, I do not consider that paragraph four can be held to be relevant to this information.

30. As to the general handling of Mr Evans's request for information, I am concerned by the time taken by FCO to respond to his request. I acknowledge that his original request was not a simple request for information, which the Code recommends should be responded to within 20 working days of receipt, and that there was a significant amount of information that needed to be collated. FCO also had to wait for central government guidance on how to deal with requests for this type of information (paragraph 6). However, it is disappointing to note that it took FCO over three times as long as recommended by the Code to reply to Mr Evans's first request for information and nearly twice as long as recommended to reply to his request for a review. Commendably, Mr Evans was kept informed of developments and I note that FCO responded to his revised request for information well within the target of 20 working days. Nonetheless, I am critical of that final response because, although FCO provided the first part of the information requested (paragraph 23), they failed to address Mr Evans's request regarding the second and third parts, neither providing the information nor explaining why they could not do so.

31. While I am pleased to note that the Permanent Secretary has reminded his staff of the importance of meeting Code deadlines, in the light of the comments I have made above, I believe the Permanent Secretary should also remind his staff of the wider requirements of the Code. Of particular relevance to this case is that, while all requests for information should be considered under the terms of the Code, there are occasions when those terms are overtaken by statutory rights of access to information and statutory prohibitions on disclosure.

32. In reply, the Permanent Secretary said that he was pleased that we had agreed that some of the information sought by Mr Evans was outside the scope of the Code, since it was personal data covered by the Data Protection Act 1998. He said that they had now obtained consent to the disclosure of this information from most of the individuals concerned and this had enabled them to provide it to Mr Evans without breaching the non-disclosure provisions of the Data Protection Act 1998. The Permanent Secretary agreed to provide Mr Evans with a copy of the standard letter which they send to individuals at the outset of their secondment to FCO seeking consent to the disclosure of details of their secondment (paragraph 24). He also agreed to remind all members of his staff of the importance of the Code, its wider requirements and the time limit that it stipulates for responding to requests for information.

Conclusion

33. While I am pleased that FCO have agreed to release the information sought by Mr Evans, I have criticised them for several aspects of the way in which they handled his request for information. The Permanent Secretary has said that he will use this opportunity to remind his staff of the requirements of the Code and I see that, and the release of the information requested, as a satisfactory outcome to a justified complaint.

Senior Investigation Officer

Parliamentary Commissioner for Administration

February 2003

Further memorandum submitted by the Foreign and Commonwealth Office

Letter to the Permanent Under Secretary of State, Foreign and Commonwealth Office from the Chairman of the Committee, 29 July 2003

Thank you for your reply to my request for further information on matters related to the 2003 Departmental Report. These will be very useful in compiling our final report.

The Committee was disappointed, however, that you were unable to fulfil your promise to send us a copy of the cost/benefit analysis used to inform the decision to sell the current San Francisco Residence. If it is really thought necessary for the analysis to remain confidential, I would be grateful if you could send the Committee a full copy of the document, which we shall use to inform our deliberations but refrain from publishing.

Chairman of the Committee

July 2003

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 27 August 2003

Thank you for your letter of 29 July in response to my own providing further information on the 2003 Departmental Report. I am glad you found it useful.

On the question of providing the discounted cash flow analysis for comparing the options in San Francisco, the main concern is that any public reference to our figure could reduce our ability to obtain the best price from the sale of the current residence. In particular the analysis includes assumptions on the current value of the Pacific Heights property. However, in view of the Committee's wish to see the calculations, I have decided on this occasion to provide the papers you requested on the basis that the Committee will treat them as if they were classified "Restricted" and will not allow them to enter the public domain. I would be particularly disappointed if Ministers or my colleagues were to receive further letters from members of the public interested in the case drawing on either the figures or the methodology provided to the Committee.

I therefore enclose a copy of the comparison between the purchase of the new property at Presidio Heights and retention of the present residence¹⁰. There is also an analysis of the rented option but in practice the team were unable to find a rented property suitable for use as a Residence. The figures should be treated as a tool to help decision-makers rank options.

You might also be interested to know that as part of their normal audit function, the NAO have examined the process followed by the FCO in purchasing a new residence for the Consul General in San Francisco. They were satisfied that the decision to sell and the purchase of the replacement had been handled properly.

Sir Michael Jay KCMG,
Permanent Under Secretary of State,
Foreign and Commonwealth Office

August 2003

Supplementary memorandum submitted by the Foreign and Commonwealth Office

SAN FRANCISCO RESIDENCE

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 26 September 2003

Thank you for your letter of 9 September about the Residence of the Consul General in San Francisco¹¹.

I have provided the answers to your questions 1–5 on the cash-flow analysis in annex A¹².

On question 6, the intangible costs and benefits of making a move are not easy to quantify. The guidance on “costs and benefits not easily valued” in the HM Treasury Green Book of 1997, which was the document prevailing at the decision was taken in principle to sell, was aimed more at the evaluation of large public sector infrastructure projects in the UK such as road construction. For cases such as the change of Residence in San Francisco, there is no precise mechanism for reaching a conclusion when subjective views differ.

On 27 October 2000 the FCO Board of Management took a decision that San Francisco should be included in the list of sales prospects, in the general context of asset recycling. Sir David Wright, the then Chief Executive of British Trade International, was present at the meeting and subsequently commented that he was skeptical about the debate by saying that any change of Residence must not hurt British interests but that we could not simply preserve our estate in aspic.

Thereafter attention focused on what would constitute a suitable replacement for the Pacific Heights Residence. In reaching that decision, we decided to look for a property which reflected more closely a modern image of Britain and accepted that the replacement might not offer the same provision for in-house entertainment as Pacific Heights. The brief for an FCO visit in March 2002 specified that the net internal area should be around 280 square metres. During the visit, the Post suggested for purchase a property which was approximately the same size as the newly purchased Presidio Terrace house, but this was subsequently rejected by our Security Strategy Unit on security grounds.

Before leading the team in March this year which identified the present house, the Estate Modernising Manager spoke to those responsible for North America in both TPUK (as was) and Invest UK to seek their view on the entertainment requirement for the San Francisco post. It was clear in those conversations, and from the subsequent submission recommending purchase of the Presidio Avenue property, that any replacement would be on a smaller scale. The only way to have a house the size of Pacific Heights but at significantly less cost would have been to choose a location too far from the San Francisco business district. There was consensus that this should be avoided.

This means there is no further document which will provide a detailed financial or statistical breakdown to help the Committee understand the background to official and Ministerial decisions. As usual in these matters, it was a question of balancing conflicting factors and taking into account the space guidelines for Heads of Posts property at that particular grade. Ultimately the decision is a matter of practical judgement rather than a set of easily quantifiable figures.

You ask about the position on the two properties. We completed the purchase of 12 Presidio Terrace on 20 June. It is being prepared for occupation for Martin Uden, the new Consul General, in late October. He has told me that he is confident that he will be able to use Presidio Terrace in a manner which ensures that the UK maintains a high profile in San Francisco. Our broker began marketing 2516 Pacific Avenue actively in early September. There have already been several indications of serious interest.

¹⁰ Not printed.

¹¹ Not printed.

¹² Restricted—not printed.

I enclose extracts on San Francisco from the paper put to the board in October 2000¹³ including an annex relating to Boston and San Francisco¹⁴ and the minutes relating to San Francisco (Annex B).

Sir Michael Jay KCMG,

Permanent Under Secretary of State, Foreign and Commonwealth Office,

September 2003

Annex B

Extracts from the Board of Management Meeting Minutes (27 October 2000) relating to San Francisco

11. Mr Fall said the targets for this triennium were achievable but difficult decisions were required by the Board now, particularly on the San Francisco and Boston residences and Buenos Aires garden. He also aimed to sell the Singapore residence garden this financial year but it was likely to slip to 2001-02. Mr Collecott had confirmed that resources were likely to become available for replacement hirings in San Francisco and Boston this financial year. Mr Fall noted that Sir C Meyer had recently written effectively acquiescing in the sale of San Francisco. He recommended that preparations for selling San Francisco should not await the procurement of alternative accommodation. The Board would need to decide whether the specific arguments for retention of Boston outweighed the wider asset recycling objectives.

12. Mr Westmacott said that if Sir C Meyer was content the San Francisco sale should go ahead now. He thought Boston was a real proposition and the arguments about its history should not outweigh the aims of the sales strategy. Selling any part of Buenos Aires would be much more complicated. Dr Jones Parry and Sir D Wright said Buenos Aires might well require a more radical solution than selling part of the garden, considering the state of disrepair of the house. Sir D Wright thought Boston might require a more cautious approach. Mr Metcalfe said that options for Buenos Aires may need to take in the office since it was so close to the Residence. Mr Hum noted that Directors, including Mr Wilkinson (Director Americas), were not opposed to the strategy provided that the balance of advantage on each sale was got right. Dr Jones Parry said there should be a more general look at specifications for accommodation given people's increasing reluctance to entertain at home. The PUS concluded that the Board wanted to press ahead with Singapore. San Francisco and Boston, although the latter might require a more cautious approach. They also wanted preparations for selling part of the Buenos Aires garden to go ahead, but before a decision was taken to sell the Board should be able to consider advice in parallel on the rest of the estate and whether a more radical solution was needed. The Board also endorsed Mr Fall's wider outline strategy.

Foreign and Commonwealth Office

October 2000

Further memorandum submitted by the Foreign and Commonwealth Office

Letter to the Parliamentary Relations and Devolution Department, Foreign and Commonwealth Office from the Clerk of the Committee, 23 September 2003

The Committee wishes to receive a memorandum on the services provided by the FCO to the six British nationals who recently returned from Saudi Arabia, following their arrest, conviction and subsequent pardon for serious offences, which they have denied committing. In particular, the Committee wants to know what support was given to these men while they were in custody, when they were allegedly subject to torture and when confessions were extracted from them under duress; and what representations were made to the Saudi authorities.

The Committee would hope to receive the memorandum not later than Wednesday 8 October.

Letter to the Clerk of the Committee from the Parliamentary Relations and Devolution Department, Foreign and Commonwealth Office, 13 October 2003

Thank you for your letter of 23 September, which requested a memorandum on the services provided by the Foreign and Commonwealth Office to the British nationals who recently returned from Saudi Arabia, and on the representations made to the Saudi authorities.

I enclose a memorandum. We understand that the Committee might in due course publish this. As the memorandum refers to the men's consular matters, we would like to provide them with a copy of the memorandum now. It is very likely that the men would seek to make the content of the memorandum public as soon as they have a copy. We would be grateful for your views on this.

¹³ Restricted—not printed.

¹⁴ Restricted—not printed.

SAUDI DETAINEES

SUMMARY

1. One of the Foreign and Commonwealth Office's core functions is to provide consular assistance and support to British nationals overseas, and information and advice to their families. In the case of the British men recently returned to the UK after being detained in Saudi Arabia, we provided consular assistance and support to them and their families throughout their detention. In doing so, the Government made repeated and vigorous representations to the Saudi authorities at official levels and at the highest political levels in Saudi Arabia and in the United Kingdom. The men's welfare was our paramount concern throughout.

CONSULAR SERVICES

2. The Foreign and Commonwealth Office is guided by the Vienna Convention on Consular Relations of 1963, in providing consular services to British nationals overseas. This provides for a right for British consular officers to have access, and provide consular assistance, to British nationals in detention in their consular district, who wish it. The Vienna Convention on Consular Relations, to which Saudi Arabia and the UK are both parties, enables consular officers to check on the welfare of British nationals in detention and assist them to appoint a lawyer.

3. Following a bombing in November 2000, which killed a British national, a number of British men were detained in Saudi Arabia. Further bombings and detentions followed. On first learning of these detentions, we immediately sought consular access to the men. We pursued our right to consular access through official level contacts with the Saudi authorities both in person and through formal diplomatic notes, and through high level political contacts both in Saudi Arabia and in the United Kingdom. British Embassy consular officials visited the men as soon as they were allowed access.

4. Consular access was only secured after repeated representations. It was restricted in terms of the length of the visits and of the range of topics which could be discussed. We complained about these restrictions to the Saudi authorities in Saudi Arabia and the United Kingdom, in official level and political contacts, in person and via formal diplomatic notes. British Embassy consular officials visited the men regularly throughout their detention and acted as a channel of communication between the men and members of their families. Foreign and Commonwealth Office officials in London and Riyadh kept in close contact with their families and briefed them on consular visits.

5. We raised with the Saudi authorities on many occasions a variety of specific concerns about the men's case and repeatedly asked the Saudi authorities to explain the reasons for the men's detention. We sought clear information about the judicial process and its outcome; and raised with the Saudi authorities our concerns about its lack of transparency.

6. The Foreign and Commonwealth Office's remit is to provide consular services to British nationals overseas. However, on the men's return to the United Kingdom, the Foreign and Commonwealth Office offered further assistance on an exceptional basis.

REPRESENTATIONS TO THE SAUDI AUTHORITIES

7. Throughout this case, the British Government made representations to the Saudi authorities at all levels, official and political. The men's case was raised by many, including:

- the Prime Minister, repeatedly and at the highest levels in person and through messages;
- the Foreign Secretary, in detailed discussions with senior members of the Saudi government;
- Foreign and Commonwealth Office Ministers and senior officials—including Baroness Scotland, Baroness Amos, Brian Wilson, Mike O'Brien and Baroness Symons—with the Saudi Ambassador to London, and when they met senior Saudis in London or elsewhere;
- the Defence Secretary, HRH the Prince of Wales and Members of Parliament;
- HMA Riyadh, unrelentingly with senior members of the Saudi government;
- HM Consul in Riyadh and British Embassy officials, tirelessly with Saudi officials.

CONSULAR RESPONSIBILITIES

8. During this time, consular assistance and support was also provided to a significant number of other British nationals in Saudi Arabia, including some detained or questioned by the Saudi authorities.

9. Helping British nationals in distress overseas is one of the most important elements of this Government's foreign policy. Our work in providing assistance and support to the men detained in Saudi Arabia and their families reflects the significance the Government places on dealing with consular cases.

Foreign and Commonwealth Office

October 2003

Supplementary memorandum submitted by the Foreign and Commonwealth Office

GLOBAL OPPORTUNITIES FUND UPDATE

1. The Global Opportunities Fund has been in operation for just over 6 months and in line with the GOF Strategy is funding a wide variety of projects that support its key aim and objectives.

The one core change has been the way in which the GOF infra-structure has organised itself to deliver on those objectives. It was initially envisaged that the budget would be divided up between 5 Strand allocations (representing the objectives):

- Human Rights
- Democracy and Good Governance
- Environment and Energy
- International Security
- Science and Technology.

Shortly after the release of the draft Strategy, the FCO Board decided it would be more practical and effective to allocate the budget across (initially) 5 Programmes that would support clusters of projects in priority countries. The Programmes would have to meet one or more of the above objectives. Subsequently the following were agreed:

2. *Climate Change and Energy Programme (located in the Environment Policy Department, Global Issues Directorate)*

To promote change in the governance of international energy resources and systems to help secure the UK's medium-term global climate change objectives.

Target Countries: China, India, South Africa, Mexico, Russia, Nigeria, Angola and Kazakhstan.

3. *Engaging with the Islamic World Programme (located in the Middle East and North African Directorate)*

To strengthen the rule of law, to promote good governance and to increase the participation of women in decision making in matters that affect their lives.

Geographic Scope: Islamic World, in particular Middle and Near East (to expand in subsequent years).

4. *Strengthening Relationships with Emerging Markets Programme (located in the Economic Policy Department, Global Issues Directorate)*

To strengthen economic governance, democracy and respect for human rights in the countries concerned and to work more effectively with them in pursuit of shared interests.

Target Countries: China, India, Brazil, Russia, South Africa, Argentina, Indonesia, Nigeria, South Korea and Mexico

5. *Re-Uniting Europe Programme (located in the EU Directorate)*

To invest in and support those countries on the path to EU membership while they are most open to change, in order to further the UK's overall EU policy objectives.

Geographical Scope of Programme: The 10 EU accession countries, Bulgaria, Romania, Turkey, Western Balkans, Ukraine, Moldova and Belarus.

6. *Counter-Terrorism Programme (located in the Counter-Terrorism Department, International Security Directorate)*

To increase international capacity to counter terrorism and other threats in support of UK bilateral and multilateral security objectives.

Geographical Scope: Middle East, North Africa, South East Asia, East and Horn of Africa and South Asia.

Fuller briefs on the 5 GOF Programmes follow on from this update.

As the GOF evolves, it is envisaged that other Programmes may be added. It has been agreed that a *6th Programme, Human Rights, Democratisation and Good Governance will be added in FY 2004/05.*

All GOF Programmes are administered by Programme Teams who in turn are monitored by the GOF Central Management Unit (CMU). The CMU reports to the GOF Steering Group (made up of FCO Directors, DFID/British Council representatives and other interested parties) on a quarterly basis.

CLIMATE CHANGE & ENERGY PROGRAMME

OBJECTIVE OF PROGRAMME

7. To promote change in the governance of international energy resources and systems to help secure the UK's medium-term global climate change objectives.

TARGET COUNTRIES

8. The key programme countries are China, India, Brazil, South Africa, Mexico, & Russia. Philippines, Nigeria, Angola and Kazakhstan are second tier countries with an emphasis on reform in the energy sector. The intention is not to exclude projects in other countries. However, in order to ensure the programme makes an impact, funding for other countries would be for projects that are designed to have a clear regional impact on climate change or energy policy, or have a global demonstration value.

SUMMARY OF PROGRAMME

9. To undertake a concerted programme of work which increases international and regional collaboration on energy sector governance in support of the UK's climate change objectives.

Three main outcomes are envisaged:

- Key countries and businesses agree need to increase investment in developing new low carbon technologies in order to both improve energy security and tackle climate change in the longer term.
- Acceleration in the global use of renewable energy and energy efficiency technologies, particularly in rapidly industrialising countries critical to the success of international efforts to tackle climate change. Including through the UK Renewable Energy and Energy Efficiency Partnership (REEEP) as a vehicle to create open markets and support regulation at the national and international level.
- New strategic dialogues and programmes on energy efficiency and renewable energy with key countries result in improved management of resources and risks and better willingness to engage in discussions on action to tackle greenhouse gas emissions.

FUNDS AVAILABLE

The budget for Financial Year '04-'05 will be approximately £2,000,000.

COUNTER-TERRORISM PROGRAMME

OBJECTIVE

10. The CT programme is designed to support the Foreign and Commonwealth Office's Strategic Objective No.1: *To increase international capacity to counter terrorism (CT) and other threats in support of UK bilateral and multilateral security objectives.*

PRIORITY COUNTRIES/THEMES

11. Target countries have been identified according to the current threat posed to UK interests from terrorism. Priority regions are;

- Middle East and North Africa
- South East Asia

- East and Horn of Africa
- South Asia

In addition the programme will also address specific thematic issues of global concern including those covered by UNSCR 1373 and the work of the UN Counter-Terrorism Committee (CT legislation, combating the financing of terrorism and border control), aviation and maritime security, anti-kidnap training and counter-proliferation. In all cases, account should be taken of the value of Counter Terrorism Assistance (CTA) to forestall future terrorist threats.

PROGRAMME DETAILS

12. The programme will be focussed on those countries and thematic issues which are assessed to present the greatest threat to UK interests and where the UK can add most value to the co-ordinated international activity in the field of counter-terrorism. The programme will primarily seek to support sustainable CT relationships with key countries to develop their long-term counter-terrorism capacity.

13. Within the programme there will be three main strands of project activity:

- **Operational CT Assistance:** primarily delivered bilaterally by UK counter-terrorism experts in government, the police and military. Typical assistance projects include CT law enforcement, CT crisis management, aviation security, hostage and crisis negotiation training and bomb disposal.
- **UNSCR 1373 CT Assistance:** In support of the work of the UN Counter-Terrorism Committee, assistance programmes are delivered to raise global standards of CT capacity in the areas of CT legislation, combating the financing of terrorism, charity regulation, border control and counter-proliferation.
- **Wider capacity building:** The sustainability of aspects of the programme will often depend upon wider capacity building initiatives across the security sector. It will be appropriate therefore for programme funds to support and promote such activity. This may include wider police training and other security sector work.

14. Programme funds will also be used to help develop the UK's capacity to deliver overseas CT assistance projects. Presently CT Assistance funded by the FCO is delivered by a limited pool of operational CT units, all of whom are already stretched by our present demands on their time. The Programme will be used to widen the available net of experts through the identification and training of additional expert consultants and advisers.

CONTACT DETAILS:

Gofcounterterrorism@fco.gov.uk

ENGAGEMENT WITH THE ISLAMIC WORLD PROGRAMME

15. *FCO objective(s), PSA target (s) to which Programme relates:*

FCO objectives 1, 3, 5

PSAs 1, 4, 6, 9

Key target regions: Islamic World, in particular Middle and Near East in FY 2003–04 To expand cover in subsequent years.

OBJECTIVE OF PROGRAMME:

- To strengthen the rule of law;
- To promote good governance (including through economic and administrative reform and through the oversight of government);
- To increase the participation of women in decision making in matters that affect their lives.

Through such engagement to underpin a moderate version of Islam and greater understanding between Islam and the West.

We have agreed an incremental budget of £1.5 million FY 2003–04 and £3 million 2004–05.

16. Each programme will be actively monitored at all stages for an impact assessment.

The programme is designed to deliver:

- Greater political pluralism and a stronger rule of law;
- Increased political and social participation by women in the Islamic world;
- Better conditions for economic prosperity in the region through reform of key institutions and the bureaucracy;

- Improved oversight of government including by the media and a strengthened civil society;
- Through such reform to develop a strong dialogue in support of a moderate version of Islam and help minimise anti-Western sentiment and the threat from terrorism.

The main means of delivery will be through available experts whether from within the region or from the UK.

INDICATORS OF SUCCESS

17. An increase in the representation of women in national and local government as well as in civil society and international organisations;

Growth of institutions underpinned by international standards and the rule of law;

Strengthening of civil society measured by development of indigenous NGOs, enhanced legislative process, strengthened public administration/civil service;

Legal and penal reform at national level measured by the extent to which an independent and impartial judiciary are operating in accordance with UN principles.

EXIT STRATEGY

18. The programme is initially designed to run for three years. But this is a long term exercise in cultural change. We are unlikely to see significant outcomes in 3 years and the impact of the GOF programme will be a small when measured against the broader objectives in the regions. Where projects were yielding significant results we would seek further funding while drawing to a close those where outputs were more limited.

PROGRAMME TIMELINES AND EXAMPLES OF BEST PRACTICE

19. The deadline for bids was 8 September 2003. A Programme Selection Committee considered the bids and met on 24 September to make the first selection.

Project funding was allocated in September and examples of best practice will follow after implementation has started.

LOG OF SUCCESSFUL PROGRAMME BIDS

20. This list gives an indication of the type of bids that were successful in the first round;

Training of selected senior officials on human rights: e.g. Attorney General's Office in Oman. The expectation is a long-term change within existing systems and responds to a request from Oman that fits with FCO objectives.

A high level conference with influential decision makers on reform in Saudi Arabia following on from a Ministerial visit. This is a good example of a short-term individual event which clearly works in support of existing objectives to promote dialogue on opportunities for change.

Creation of a new high level skills course for women. E.g. in Yemen to support the creation of an accessible certified management training course.

Training judges on human rights instruments. E.g. in Egypt training 720 trainee lawyers on civil and political rights so that they can defend these rights when they qualify.

STRENGTHENING RELATIONS WITH EMERGING MARKETS

21. The Emerging Market Programme was approved on 16 June 2003. The programme aims to support the achievement of FCO objective 3:

“increased prosperity and a better quality of life in the UK and worldwide, through effective economic and political governance globally.”

and the delivery of FCO PSA 7:

“to make globalisation work for sustainable development in the UK and internationally (particularly in Africa) by promoting democracy and the rule of law, good economic and environmental governance, and security of long term energy supply, measured by specific underlying targets.”

22. The programme focuses on ten priority countries which are seen as strategic partners for the UK on global issues.

Priority A: China, India, Brazil, Russia, South Africa

Priority B: Argentina, Indonesia, Nigeria, South Korea, Mexico

23. The objective of the programme is:

“to strengthen economic governance, democracy and respect for human rights in the countries concerned and to work more effectively with them in pursuit of shared interests.”

Projects will not necessarily be funded in all 10 countries. Projects will be incorporated into country sub-programmes which will provide a strategic framework for all project activity in each of the countries concerned.

24. In the first year, the programme is focusing mainly on helping to strengthen governance within the priority country. Key themes include economic reform to ensure sustainable growth and stability, promoting corporate social responsibility, combatting corruption, building participatory democracy, strengthening civil society and human rights, promoting adoption of new technology and improved management of natural resources.

In subsequent years, this work will continue, but will increasingly be accompanied by activities aimed at building strategic relationships with the priority countries to have a positive impact on regional or global issues. There is also scope for regional initiatives involving one or more of the priority countries and States within their sphere of influence.

REUNITING EUROPE PROGRAMME

25. To invest in, and support, those countries on the path to EU membership while they are most open to change, in order to further the UK's overall EU policy objectives. Geographical and thematic priorities will be reviewed in each funding year to take account of the EU accession process and other developments in the region.

GEOGRAPHICAL SCOPE OF PROGRAMME

- The 10 EU accession countries (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia & Slovenia);
- The 3 candidate countries (Bulgaria, Romania and Turkey);
- Western Balkans (Albania, Bosnia & Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia, Serbia & Montenegro);
- Ukraine, Moldova & Belarus;

Priority will be given to applications covering the following: Bulgaria, Croatia, Cyprus, Poland, Romania, Serbia & Montenegro (SaM), Turkey and Ukraine in the first year. This focus is likely to shift as the Enlargement process develops.

SUMMARY OF PROGRAMME

26. Priority themes are as follows:

- (i) Better conditions for economic growth through policy reform and more effective judiciary and bureaucracy.
- (ii) Better co-operation on Justice & Home Affairs (JHA) issues to help reduce cross-border crime and illegal immigration.
- (iii) Stronger democracy and rule of law.

27. The emphasis will vary depending on the region concerned. In 2003–04 there will be a focus on political and economic good governance for accession countries; on human rights for Turkey; on political/economic governance, and legal reform and Justice and Home Affairs for the candidate countries; and on JHA, economic reform and improved governance for Moldova & Belarus. Allocation for 2003–04 is £2.1 million.

The programme is designed to complement the work of other donors active in the region (eg the European Commission, particularly in niche areas where UK assistance can provide value-added, where we have a comparative advantage or where we can apply leverage for more substantial (eg EC) funding.

Foreign and Commonwealth Office

October 2003

Further supplementary memorandum submitted by the Foreign and Commonwealth Office

SAN FRANCISCO RESIDENCE

Letter to the Chairman of the Committee from the Permanent Under Secretary of State, Foreign and Commonwealth Office, 28 October 2003

In the course of the Evidence Session on 14 October, the Foreign Affairs Committee requested some additional information about the sale of the Consul-General's Residence in San Francisco.

As requested, I attach a note (Annex A) summarising the costs of ingoings for the new Residence at Presidio Terrace. Both the work contracts and consultant's commissions were competitively tendered. As you will see, a large proportion of the costs relate to health and safety and security. Other costs were also necessarily incurred in order to adapt the house to the representational needs of the Consul-General. We have deliberately invested sufficient resources in the new Residence to ensure that it achieves a high representational standard, and also to reduce future maintenance costs. The final cost outturn is likely to be in the region of £640,000 compared to an earlier estimate of £680,000. As you will know, both these figures are somewhat less than our first estimate of the likely costs of ingoings contained in the financial analysis which informed the decision to change Residences: this initial estimate was £750,000.

The Committee also expressed interest in Sir Christopher Meyer's views about the sale of the Residence. I attach a note which sets these out in some detail (Annex B).

Finally, the Committee requested further information on how disabled access to the new Residence compared with arrangements at the old house. I can confirm that the old Residence (Pacific Heights) made no provision for the disabled. The Committee will recall that it is our intention to add a new conference facility to our existing offices in San Francisco. Increasingly, we try to achieve complementarity between the facilities offered by the office and Residence in any Post. This new conference suite will cater fully for the needs of the disabled. Our new Consul-General, Martin Uden, expects to use this facility extensively. So the replacement of the conference facility in Pacific Heights with a new conference suite in the offices will, in fact, improve our ability to cater for the needs of the disabled.

Sir Michael Jay KCMG,

The Permanent Under Secretary of State, Foreign and Commonwealth Office

October 2003

Annex A

SAN FRANCISCO: COSTS OF NEW RESIDENCE FIT-OUT

	£
<i>Works</i>	
Health and Safety	158,000
Security	20,000
Refurbishment	149,000
New works	53,000
	380,000
<i>Other works</i>	
Temporary accommodation for Consul General and moving costs	36,000
<i>Fees</i>	
Project management and consultants	116,000
<i>Furnishings</i>	
Curtains, carpets, new furniture and repairs to old furniture	108,000
<i>Project Total</i>	640,000

Foreign and Commonwealth Office

October 2003

Annex B

**NOTE ON SIR CHRISTOPHER MEYER'S OBJECTIONS IN 2000 TO THE SALE OF THE
CONSUL-GENERAL'S RESIDENCE IN SAN FRANCISCO, AS RECORDED IN FCO
CORRESPONDENCE**

1. Sir Christopher Meyer based his approach on three principles: public diplomacy formed a large part of the diplomatic effort across the United States; both offices and Residences mattered; and we needed real value for money from capital assets.

2. Sir Christopher drew attention to the importance of San Francisco, deriving from its proximity to Silicon Valley, and as a financial services centre. He thought it would be "irrational" to undermine the ability of the Consul-General and his team to achieve their objectives. A move to the suburbs would be hard to

explain; he objected to any suggestion of choosing a house located across the Golden Gate Bridge. He was concerned about the amount of time already spent by the then Consul-General in looking for alternative accommodation; and that the then Consul-General not be moved before his retirement in July 2001. He agreed, however, that there was potentially a resource accounting and budgeting case for selling the current house and renting an adequate “downtown” alternative.

3. After the Board meeting in October 2000, Sir Christopher confirmed his willingness to examine alternatives to the then residence in San Francisco but only if a suitable property could be found. He was pessimistic about the time needed to do so.

Foreign and Commonwealth Office

October 2003

Further memorandum submitted by the Foreign and Commonwealth Office

Letter to the Rt Hon Michael Ancram QC MP, from the Secretary of State, Foreign and Commonwealth Office, 28 October 2003

In April you tabled a number of Questions about the decision to cancel the Focus programme, which had been designed to provide the FCO with an integrated, knowledge management system. In one of my answers, I explained that we were undertaking a review of the lessons learned from the Focus programme, and other comparable programmes, to provide guidance to those managing such programmes in future.

As promised, I enclose a copy of that review (Annex A). It outlines what we are doing to ensure that we learn the lessons from past programmes and embed improved processes in the FCO to try to ensure that projects are well run in the future.

I am copying this letter and the review to Donald Anderson, as the Focus programme also came up during Michael Jay’s evidence to the FAC in June¹⁵.

Rt Hon Jack Straw MP,
Secretary of State, Foreign and Commonwealth Office

October 2003

Annex A

The Management of IT Programmes and Projects¹⁶ in the FCO—Learning the lessons

1. INTRODUCTION

It is crucial that, as an organisation as well as individuals, we learn the lessons from our experiences of managing projects and programmes. Knowing what has worked before and what hasn’t gives us a much better chance of managing today’s projects to successful conclusions. In an organisation like the FCO, where many staff move every few years, this is even more important. This paper draws on the experience of FCO programme and project managers, and of the Office Of Government Commerce (OGC), to identify the key lessons and outlines the approach we are taking to embedding those lessons in our structure, working practices and culture. It includes the lessons learnt from the Focus Programme, following the decision to halt the programme because of the increase in projected costs. Following OGC best practice the FCO has established a programme and project management Centre of Excellence which we have named the Programme and Project Management Group (PPMG). The PPMG together with the IT Strategy Unit is overseeing these actions.

¹⁵ Ev 1

¹⁶ a project as referred to here is a managed set of activities aimed at delivering some new capability while a programme is a portfolio of projects which achieves strategic organisation change. A project finishes when it has delivered the specified new capability. The programme finishes when it has demonstrably achieved the benefits from the planned organisational change

2. THE KEY LESSONS AND HOW WE ARE RESPONDING

<i>Lessons</i>	<i>Responses</i>
<p>A. Take the necessary time at the start of a Programme/Project to make sure it is clearly defined. The objectives, outcomes, benefits, costs, risks, dependencies, management structures and resources must be established. Wherever possible aim for delivery in incremental steps—be clear about what is driving the timescale for each step. Get the project team in place as early as possible to ensure the project definition stage is properly resourced. Establish the correct fit for the programme/project within the wider portfolio of ICT programmes/projects and ensure that Inter-dependencies are clearly identified and understood (see also Change Control at J below). Look for potential security issues to avoid running into them unexpectedly later on. Remember that IT projects are not just about IT—the reason for doing them is to bring about change, so think of them as change projects that are IT-enabled.</p> <p>B. Make sure that the right level of contingency is built into timescale and budgets. No project ever costs what the preliminary estimate said it would. The vast majority of such estimates are optimistic (hence the move by HM Treasury to apply a correction for “optimism bias” to all project proposals). Keep the project plan up to date so that an assessment can always be made about whether there is adequate contingency. Beware of scope creep eating up the contingency.</p> <p>C. Make sure there are enough people with the right skills and experience to staff the project bearing in mind the other work going on at the same time. This doesn’t just apply to core project team members. Significant “user” input is always needed, but these people have a full-time day job too. This is not just a question of grabbing the right people for one project. The FCO’s HR strategy needs to plan how to instil project and programme management expertise in sufficient numbers or staff to meet expected demand. Put the effort into getting the right people onto the project and be prepared to move out those who don’t fit. And identify early those outside the project (OGC, other government departments, and private sector contacts) who can offer relevant advice.</p> <p>D. Make sure changes to key personnel (e.g. Programme/Project Manager or SRO) mid-project are kept to a minimum. Secure the necessary commitments to ensure the project retains key staff. Put the effort into succession planning to ensure the negative effects of key staff turnover are minimised.</p>	<ul style="list-style-type: none"> — Standard format for programme and project initiation documents covering all key aspects of project/programme definition, to be made mandatory. — Approving body to withhold authorisation to proceed until it is satisfied that all aspects have been defined. — Include explanations of project definition process in induction pack for new project/programme managers and for SROs (Senior Responsible Owners). — Completion of OGC Project Profile Model (PPM) to be mandatory for all Projects to establish the overall risk rating of the project. — Explore applicability of formal project estimating techniques, and if found to be suitable, introduce them via project management guidance. — Apply appropriate correction for optimism bias in all project estimates. — Compile historical data on comparisons between estimates and actual project spend and use this to reline optimism bias correction and to guide subsequent estimates. — FCO HR Strategy to identify how to instil project management skills more generally into FCO staff. (Including investigating the feasibility of mentoring by experienced Programme Managers). — Introduction or induction packs and clearly defined training programmes for new Programme Managers and SROs. — Centrally coordinate resource plans for all IT programmes and other major change initiatives within IT Strategy Unit to identify resource conflicts. — SRO to ensure key user resources are signed-up for the project. — Use Capability and Capacity assessment tool, currently being developed by Programme and Project Management Group, to assess whether there are sufficient people with the right skills to allow another programme or project to be undertaken in addition to the existing portfolio. — Personnel Directorate adopt policy that project/programme managers are assigned for the duration of the project. — Avoid long projects—break them down into smaller chunks. (Include in guidance to project/programme managers the need to succession plan for key team members. — Mitigate the effect of key staff turnover by ensuring key information is written down and remains accessible, and project procedures are documented.

<i>Lessons</i>	<i>Responses</i>
E. Take OGC best practice guidelines, make them specific to FCO circumstances and make them mandatory. And check regularly that people stick to them. Maintain a regular dialogue with OGC.	<ul style="list-style-type: none"> — IT Strategy Unit to take project and programme management guidance being produced by PPMG (Project and Programme Management Group)—the FCO’s centre of excellence in project management, and endorse it as mandatory standards. — Internal Audit Department to continue to check adherence to standards. — PPMG and project managers to maintain contact with OGC staff.
F. Make sure that senior management have taken ownership of the project. Preferably appoint the key senior manager with an interest in the outcome of the project as Senior Responsible Owner (SRO). For missioncritical and high risk projects get the appropriate Minister engaged early on. Report progress to them regularly and accurately.	<ul style="list-style-type: none"> — As per OGC guidance, ensure a Minister is appointed to oversee mission critical and high risk projects. Continue to widely report monthly progress for all key projects in a simple and clear format. — Continue to ensure SROs are in place and understand their obligations.
G. Make sure that all the key stakeholders have been identified and are suitably engaged. Make sure their needs are understood and communicate regularly with them. Appoint the right stakeholders to the Project Board.	<ul style="list-style-type: none"> — Include guidance on stakeholder analysis and stakeholder management in project/programme management guidance (a Best Practice Guidance Note has already been produced by Programme and Project Management Group). — Compile a checklist of typical stakeholder groups for FCO IT projects.
H. Establish at the outset how the necessary independent assurance of the project will be provided. This will include appointing individuals with specific assurance responsibilities as well as planning in Gateway Reviews.	<ul style="list-style-type: none"> — SRO to check specifically how independent assurance will be provided. — Gateway and assurance arrangements to be documented in project/programme initiation documents.
I. Pay close attention to the relationship with key suppliers and contractors. Evaluate prospective suppliers’ fit with FCO culture as well as their capability. Get to know the market. Get the contract right but don’t rely on it to resolve problems. Understand what, other than immediate profit, motivates prospective suppliers.	<ul style="list-style-type: none"> — FCO’s Procurement Policy Department to continue to advise project managers and project boards on procurement matters. — Produce additional guidance on supplier relationship management.
J. Evaluate proposed changes fully before changing the project/programme scope. Use the agreed change control procedure and be clear about the effect of the change on the business case for the project (costs and benefits and risks) and on interdependencies with other programmes/projects before deciding whether to adopt it.	<ul style="list-style-type: none"> — Change control procedure documented in all project initiation documents, based on a common format explained in project management guidance.

Memorandum submitted by the British Council

*Letter to the Chairman of the Committee from Mr David Green, Director-General, British Council,
5 December 2002*

Thank you for your letter of 2 December regarding the ASSIST programme. I am sure that you will already be aware of much of what is happening, but the following should complete the picture.

ASSIST no longer exists but the programmes it was supporting are being carried on through other sources of funding, including the Global Conflict Prevention Fund.

The Peacekeeping English Project is a programme of support to strengthen English language training for military and other services. It operates in 24 countries in Central and Eastern Europe and Central Asia and has been managed, but not funded by, the British Council since 1996.

The programme supports the FCO strategic objective of creating “a secure UK within a more peaceful and stable world” and the following PSA targets:

- Stability in Eastern Europe, the Balkans and Central Asia.

- Modernised NATO improving European security.
- Improved effectiveness of HMG's contribution to conflict prevention and management.

It supports the MOD's Outreach Programme aims to assist development of:

- inter-operability and increased regional capacity for multinational peace support operations.
- better disciplined and more effective forces, capable of the restraint, judgement and responsiveness required for peace support operations.

It does this by delivering English language training to 25,000 military and other security forces; supporting the development of sustainable local systems; training local teachers and trainers; and developing specialised curricula, materials and tests for military, police and borderguards.

The programme is funded from three sources:

MOD bid to Global Conflict Prevention Fund	£1,500,000
FCO bid to Global Conflict Prevention Fund	£160,000
FCO SECPOL funds	£1,200,000 (previously ASSIST funds)

A serious funding problem was communicated orally by FCO two weeks ago related to the 40% (£1.2 million) of the total budget which comes from FCO's International Security Directorate. This could lead to premature termination of projects in three NATO countries (Poland, Hungary, Czech Republic) and three countries accepted for NATO accession in 2004 (Bulgaria, Romania, Slovenia) and a 50% reduction in levels of activity in Estonia, Latvia, Lithuania and Ukraine.

I understand the issue is still under consideration within the FCO.

David Green
The British Council

December 2002

Further memorandum submitted by the British Council

1. Continuing international tension and the rise of intolerance have made improved inter-cultural understanding between nations and peoples an issue of critical importance, particularly for the United Kingdom as one of the most prominent players on the international stage.

The British Council plays a fundamental role in building long-term relationships with other countries in ways which can withstand political disruption and in winning recognition abroad for the UK's values, ideas and achievements. It does this through both its network of 216 offices and teaching centres in 109 countries, and its rapidly expanding range of web-based products and services.

2. REACHING YOUNGER, WIDER AUDIENCES

Nurturing relationships on behalf of the UK with those with the potential to become future decision-makers and opinion-formers in their own societies is one of the most important contributions the British Council makes to future international stability.

This has become even more important since September 11, 2001, the war in Afghanistan, the conflict in Iraq, and differences in the Middle East, have polarised public opinion globally. The UK's standing with the public in many parts of the world can no longer be taken for granted. How we interact with those who will shape their societies' attitudes towards us in the future is fundamental to Britain's capacity to influence the international agenda.

Three years ago, the British Council embarked on an ambitious five-year strategy to reach younger audiences, understand their aspirations, and deliver products and services for them which would enhance the UK's reputation as a modern, dynamic country of relevance to them.

It has shifted resources into transitional and developing countries, particularly in central and eastern Europe and in the Arab and Muslim world, where impact with students and young professionals has been increased. It has used resources from the 2000 Spending Review to make a quantum leap in its reach in China and Russia, where by satisfying demand for access to educational opportunities, it is simultaneously improving perceptions of the UK among the aspiring young.

3. EXPLOITING NEW TECHNOLOGY TO EXPAND THE UK'S REACH

Extending the reach and impact of its work through a combination of IT-based and face-to-face services is fundamental to the British Council's success.

It is transforming its public face in the world's largest cities through the creation of a network of 50 ICT-based Knowledge and Learning Centres offering on-line services and video-conferencing facilities which expand distance learning opportunities for the young. Subject areas include management, IT, English language learning, literature and the arts.

Six centres are now open, and the initial experience from cities as varied as Delhi, Cairo, Belgrade and Kuala Lumpur demonstrates they are attracting larger numbers of users with an improved, younger age profile than the traditional library facility. Where security or political reasons have impeded contact between young people, the British Council has developed a network of video-conferencing facilities, for example in the Palestinian territories and across the Green Line in Cyprus.

Working with strategic partners is also expanding the Council's reach. The *in2english* project establishing Centre for English Language Learning Support in China, was launched by the Culture Secretary, Tessa Jowell, last November. Run jointly with the BBC and China's central radio and television university, the initiative reached 370,000 users in its first four months.

A similar project is now being developed for learners of English in the Arab world, based in the Council's new Knowledge and Learning Centre in Cairo and for Hispanic learners of English through the British Council in Mexico.

4. TARGETING ADDITIONAL RESOURCES TO TRANSITIONAL AND DEVELOPING COUNTRIES

The value of the British Council's role was recognised by the Government in the 2002 Spending Review, which increased its grant-in-aid from £156.5 million in 2002–03 to £184.7 million in 2005–06—a cash terms increase of £35 million over the spending review triennium.

The additional funding has been allocated for strengthening our activities in transitional countries and the developing world. Additional resources have been committed to the Connecting Futures initiative, a five-year programme dedicated to improving mutual understanding between young people in the UK and in the Arab and Muslim world.

Extra resources are also being used for civil society and leadership development for young future leaders in Africa, in support of the New Partnership for Africa's Development (NePAD). From 2004–05, extra funding will help strengthening civil society and stability in the countries bordering the European Union after expansion in 2004.

Funding has also been made available to increase the British Council's support for the Prime Minister's initiative for the recruitment of fee-paying international students to the UK. The initiative is on track to meet its ambitious targets of an additional 50,000 students in higher education and 25,000 in further education.

Additional funding from the 2000 spending review has resulted in a major expansion of our services in Russia. It has enabled the Council to increase the UK's work in reaching some 35,000 teachers in educational curriculum reform. Every second schoolchild in Russia now studies English from the New Millennium English textbook produced by the British Council. By 2005, we forecast there will be 400,000 users of the Council's 15 centres across the Federation, compared to 250,000 in 2000–01.

In China, extra resources have enabled the Council to expand its activities from the main four provinces to an additional 10 middle-sized cities and provinces. British Council marketing of UK education has helped increase the numbers of Chinese fee-paying students studying in the UK have risen from 3,000 in 1997–98 to 28,000 in 2002–03, making the UK the first choice for studying abroad. The council's target is to make the UK the most important and respected partner in education and training for China by 2006.

5. COMMITMENT TO JOINED-UP APPROACH TO PUBLIC DIPLOMACY

Improving the standing of the UK in the current global climate will only be achieved by a co-ordinated approach to public diplomacy. To achieve maximum impact, the British Council is committed to ensuring that its activities complement those of other players, notably the Foreign and Commonwealth Office, British Trade International, Visit Britain and the devolved administrations. The British Council, along with all these players, is concerned with ensuring there is a real long-term improvement in the public image of the UK in key countries abroad.

The Council has made a major contribution to the Think UK campaign in China, aimed at improving perceptions of the UK by highlighting British innovation and creativity to China's successor generation. Although a number of the activities have been delayed by the onset of SARS, others—notably the imaginative initiative of involving 300 local people in Guangzhou in constructing Antony Gormley's Asian Field project—have captured considerable attention and publicity in China.

The British Council is working closely with the FCO and other public diplomacy players within the framework of the Public Diplomacy Strategy Board to identify appropriate countries for future campaigns aimed at improving overall perceptions of the United Kingdom.

6. REBUILDING PARTNERSHIPS WITH IRAQ

There is an urgent need for the United Kingdom to re-establish its educational and cultural links with Iraq. Iraq's once-strong university sector has suffered from years of neglect and lack of contact with the outside world, while its further education sector is in urgent need of capacity building if the country is to be able to build a viable economic base.

In the 1980s the UK played to host to some 1,600 Iraqi post-graduate students a year. Links with medical colleges were particularly strong before the first Gulf war. The challenge now is to re-establish the UK as the partner of choice in education. Since 1991, an entire generation of young people has grown up without contact with the outside world. We need to address these two issues as rapidly as possible if the UK is to make a serious contribution to change and to improving economic prospects and long term stability. It is now essential that access to educational opportunities and to cultural contact with the UK and other democratic countries is created.

The British Council has co-ordinated the creation of an overall strategy for education and training in Iraq: this sets out how UK expertise can be used to help satisfy immediate needs and offer support, rebuilding relationships for the short to medium term, and establish long-term partnerships for sustainability. It is important that the long-term bi-lateral strategy between the UK and Iraq is based upon principles of mutuality, inclusion and understanding.

Education should be seen as fundamental building-block in establishing long-term economic stability in Iraq, through the empowerment of networks of professionals and administrators instrumental to shaping reform. The strategy draws on the UK's particular expertise in curriculum reform, re-skilling the workforce for economic growth, educational publishing, teacher training and professional development, and student and teacher exchange.

The British Council will re-establish its own operation in Iraq as soon as the security situation permits. Before the first Gulf war, the operation in Iraq was one of the largest in the Middle East, with a thriving teaching centre and outreach activities in Mosul and Basra. While it will be some years before there is sufficient demand for paid services for English language teaching and examinations, it is important that relationships are re-established and nurtured through grant-funded activities as soon as this can practically take place. To this end, the British Council is planning the re-allocation of £1 million for 2003–04 to ensure that its office in Baghdad can be reopened and initial activities started (security situation permitting). It is now recruiting a Director Iraq who will work with networks of Iraqi professionals and influencers before setting up the operation in Iraq itself.

7. SUPPORTING THE REFORM PROCESS IN THE MIDDLE EAST

Research undertaken through the British Council's Connecting Futures initiative in attitudes of young people towards the UK and other industrialised western countries demonstrated that people aged between 18 and 35 in the region retain a broadly positive view of the UK despite the fierce opposition they expressed to the political stances taken by the US and some of its allies.

The research indicated that there was a strong appetite among relatively well-educated young aspirant professionals in the region to engage with the UK through wider access to English language learning and other educational opportunities.

Following publication of the UN's First Arab Human Development Report, the British Council is increasing its engagement with change agents in the region, particularly in encouraging more accountable governance, reform of education system and greater access to English language skills.

8. ARTS FOR A DANGEROUS WORLD

Arts continue to be a fundamental way of reaching out across cultural divides. The British Council brought the first UK theatre production to Iran for 25 years with the Dundee Repertory Theatre staged a production of *The Winter's Tale* in Tehran. This was the first large-scale event organised by the British Council since its return to Tehran in 2001 after a 20-year absence, doing much to create mutual trust and confidence with the Iranians.

A large-scale new photography exhibition, which opens in Jakarta in July 2003, explores the range and diversity of Muslim experience and life in the UK. The British Council has collaborated with professional curators from Malaysia and Indonesia to advise on the project which includes black and white portraits of schoolchildren in Manchester and Bradford and the typology of religious buildings in Britain from the East London Mosque to former cinemas and converted council flats.

A two-hour weekly radio programme called *The Selector* now brings an estimated 35 million people a week in 17 countries into close contact with the UK's contemporary music scene. Partnerships with local radio stations widens the range beyond the normal range of contacts for UK music, allowing listeners to understand more fully the many cultural, ethnic and national influences on British music.

9. GOVERNANCE AND HUMAN RIGHTS

The British Council has recently started a major programme to strengthen the capacity of the 17 National Human Rights Commissions operating in the Commonwealth. Supported by the FCO's Human Rights Project Fund, the Council is working with the commissions on improving compliance with UN agencies responsible for monitoring human rights, and on how they can use public inquiries and hearings to investigate systemic human rights concerns. The events within the programme have also been attended by representatives of Afghanistan's Independent Human Rights Commission, thus enabling them to build links with commissions from neighbouring countries.

In Nigeria, the British Council leads a consortium implementing DfID's access to justice programme. One of the first initiatives of the project has been to support the formation of a coalition of 15 women's groups for access to justice in the almost entirely Muslim state of Jigawa. The project has also supported a consultative forum dialogue between women, religious scholars and Sharia judges about the problems faced by women in engaging with judicial institutions and processes.

Other areas of British Council work cover citizenship education and democracy, conflict resolution, economic, social and cultural rights, and the rights of women. Recent work in the West Bank and Gaza, for example, has included the development of a Citizen's Rights Charter, the establishment of a Forum for Democracy and peace education for teachers.

10. SCIENCE AND TECHNOLOGY

Portraying the UK as a world-class leader in science and technology is central to ensuring our higher education institutions continue to attract top-level international post-graduate students. But it is also vital the UK is seen as being on the cutting-edge of scientific discovery and technological innovation.

The British Council has increased its science spending from £5 million in 2001–02 to £8 million in 2003–04, and its science network stretches to 46 countries. It promotes both excellence in international science and understanding science in society. Recent initiatives have included a major exhibition travelling the world called *DNA + 50* which celebrates the discovery in Cambridge of the double helix structure; and a DNA web portal which encourages international audiences to explore controversial issues such as stem cell technology, genetically modified engineering and the use of embryos.

In September 2002, more than 100,000 web users took part in the daily summit web-log run by the British Council at the World Summit on Sustainable Development in Johannesburg—giving them instant access to the decision-making processes and debates taking place at the conference.

The British Council

June 2003

Memorandum submitted by the BBC World Service

BUILDING GLOBAL IMPACT IN THE 21ST CENTURY

INTRODUCTION

1. Since the submission of our bid for the Spending Review 2002, the BBC World Service has continued to go from strength to strength.

We have successfully covered the Iraq war in the largest-ever news operation for the BBC World Service, and we have been recognised through a number of high-profile international awards for our fair and accurate coverage of events in Afghanistan and the world after September 11.

Global audiences have held at 150 million weekly listeners in an increasingly competitive environment, online usage has reached record levels of over 200 million page impressions in March, and recent independent research indicates that the World Service is regarded as the most trusted and objective broadcaster among its international competitors.

The recent global celebrations of our 70th anniversary illustrated the level of impact the World Service is continuing to have across the world.

The recent bringing together of the BBC World Service, BBC World television, and the BBC's international facing Internet news sites into the new BBC Global News Division under Mark Byford's leadership means that World Service is now part of a formidable tri-media BBC global news offer.

2. In order to build on our success, and to meet increasing competitive challenges, the investment plan for 2003–06 focuses on a robust set of spending priorities, based on and shaped by the agreed World Service Three-Year Strategy 2003–06 as submitted in February 2002. The plan is supported by the award of further funding by the Government announced in July 2002, totalling an additional £27 million per annum by 2005–06. It also takes into account geopolitical and competitive developments in the intervening months, which in some cases has led us to adapt our plans to meet changing circumstances and recognises the need to establish an unallocated reserve to allow for increased flexibility.

3. The strategic investment priorities for 2003–06 are in the following three areas, and plans have been sharpened by recent events in Iraq:

- Geopolitical content, especially in relation to the Arab world and South West Asia.
- Online development.
- Increased competitiveness via FM in critical markets.

In support of these investments, we will also implement our capital plan for the modernisation of transmission and distribution assets.

4. The major emphasis in 2003–04 will be, as planned, on continuing investment related to the Arab World, Afghanistan, and South West Asia. We will also move ahead with strengthened programming for Africa and Europe. However, because we did not secure all that we bid for, developments for China and South East Asia will now be considered for 2005–06.

The key strategic themes of FM expansion and online investment are also continuing as planned, though re-phased, and at a slower pace than anticipated, especially in 2004–05. On FM expansion, we have also identified small amounts of additional funding to be deployed for increased audience measurement and marketing, two elements which are becoming increasingly critical to our competitiveness as a global media player.

5. Through these investments, we will seek to deliver a range of measurable outcomes which will enhance the impact and influence of the World Service, thereby bringing benefit to Britain. These will include, by 2006:

- maintaining and enhancing a clear position as the world's best known and most respected international broadcaster on radio and online—especially among agreed target audiences;
- achieving a measured global World Service radio audience of over 153 million listeners per week;
- growing online usage to a core level of 200 million page impressions monthly;
- expanding our FM presence to 145 capital cities (75% of all capitals).

6. We have had to re-phase the timings of some investments to take into account the allocation of our new funding across the three years, where the bulk was allocated to 2003–04 and 2005–06, with very little incremental funding for 2004–05. Given the increasingly unpredictable global environment, we will also need to retain flexibility, in particular with regard to geopolitical content investments in 2005–06.

Therefore, our proposed investment plan should be seen as a firm financial framework for year one (2003–04) only and as a provisional allocation of resources for years two and three. Clearly in the coming months we will share with the FCO more detailed plans for 2004–05 and 2005–06, as they are drawn up—taking into account the need to cover the evolving postwar situation in Iraq and the ongoing developments in international security.

7. Looking ahead

The world's media environment is extremely dynamic, and the World Service is under increasing competitive pressure across the world. There are a number of areas where the World Service must build impact over the coming years, including:

- The Arab World. A core focus will be on serving audiences in the Middle East with unbiased news and information, and building bridges between the region and the rest of the world through communication and debate. We will need to continue to improve our newsgathering as well as our ability to deliver better audibility through local FMs.
- Africa. We must continue to build on our strength in Africa and focus increasingly on involving, interactive programming driving the development debate forward.
- Interactivity and involvement. Building our position as a global hub for discussion and debate online is central to our plans—this will be an area of further investment.
- Maximising the value of partnerships. As more of our audiences come to us through FM partners, we have to make sure our relationships with key partner stations are as robust as possible.

- Marketing and brand building. As competition increases, raising awareness of the BBC and promoting our brand will be critical—in a world where, in particular, our commercial competitors outspend us in marketing and promotion by vast margins.
- The BBC Global News Division. As part of the BBC's global tri-media news offer, the World Service will be able to benefit from greater coordination and collaboration with BBC World and with the BBC's global internet news operation. Implementing our holistic Global News strategy will be a critical priority.

THE SPENDING REVIEW SETTLEMENT 2003–06

8. In July 2002 the Chancellor of the Exchequer announced the new World Service funding settlement for 2003–06.

The additional funds made available in each of the three years are shown below, set against the original requests:

	2003–04 £million	2004–05 £million	2005–06 £million	Total £million
New operating funds requested	10.5	26.0	35.2	71.7
New operating funds made available	8.0	13.0	27.0	48.0

9. In the Spending Review bid the World Service requested £71.7 million cumulative increase in operating funds over the three-year period 2003–06. The Chancellor announced the World Service will receive £48 million in additional operating funds over this period, representing 67% of what was requested.

In addition, the annual capital baseline was maintained at £31 million from 2003–04 to 2005–06.

This settlement represents 3.4% real-terms growth on average for each of the three years, and amounts to a significant investment in the World Service and its activities.

10. When added to the existing baseline for 2002–03 of £200.9 million, the following baselines apply for the 2002 Spending Review period.

	Operating £million	Capital £million	Total £million
2002–03 baseline before SR 2000 and SR 2002	170.9	30.0	200.9
2003–04 increase from SR 2000	10.0	1.0	11.0
2003–04 increase from SR 2002	8.0	-	8.0
2003–04 Grant in Aid	188.9	31.0	219.9
2004–05 increase from SR 2002	5.0	-	5.0
2004–05 Grant in Aid	193.9	31.0	224.9
2005–06 increase from SR 2002	14.0	-	14.0
2005–06 Grant in Aid	207.9	31.0	238.9

STRATEGY SUMMARY: THE WORLD SERVICE IN THE 21ST CENTURY

11. *Priorities 2003–06*

The strategic priorities for 2003–06 laid out in the bid focus on the following three areas:

- Geopolitical content.
- Online development.
- Increased competitiveness via FM in critical markets.

In support of these investments, we will also continue to implement our capital plan for the modernisation of transmission and distribution assets.

12. This Three-Year Plan sets out how the World Service can be a modern voice of enormous impact and trust for the UK in a turbulent world, an indispensable reference point and a connecting hub of dialogue and debate for audiences around the globe.

<i>New investments</i>	2003–04 £million	2004–05 £million	2005–06 £million
Geopolitical content	9.1	9.2	12.5
Online development	2.7	3.1	6.7
Increased competitiveness via FM	1.9	2.6	5.4
Creation of unallocated reserve	2.3	2.9	4.2
Total new operating spend	16.0	17.8	28.8

13. An unallocated reserve will be established in accordance with the FCO Permanent Under Secretary's settlement letter dated 18 July 2002. The £4.2 million reserve planned by 2005–06 represents 2% of operating Grant in Aid for that financial year.

STRATEGY DETAILS: GEOPOLITICAL CONTENT INVESTMENTS

14. As with the original bid, the proposed content investments include five key elements:

- The Arab World and South West Asia.
- Africa.
- Europe.
- China.
- Landmark programmes.

15. Since we submitted the plan in February 2002, a number of developments—including the level and phasing of the settlement—have taken place which lead us to alter slightly the focus and timing of our investments. The war in Iraq in particular has meant that we have had to utilise already a large portion of the unallocated reserve for 2003–04.

16. *Iraq and the Arab world*

Covering the Iraq conflict has been the BBC's largest ever news operation, involving enhanced programmes, newsgathering and transmission resources across BBC World Service radio, the BBC's international facing online sites, and BBC World television.

Although the war itself is now over, coverage of post-war developments will remain very high on the editorial agenda, with extra programmes of analysis and reportage across all three media. We will continue the Arabic 24x7 schedule and will continue to fund the new Cairo production office, whilst we assess its long-term value as a hub to generate content from the Arab world.

Our web operation will continue to foster debate and dialogue from communities who see the Iraq conflict from many different viewpoints and act as an enabler to improve understanding of often polarised perspectives. We will also continue to seek FM opportunities in the Arab world wherever possible, building on our recent success in opening FM relay transmitters for Arabic and English in Baghdad and Basra.

More generally, BBC is now also reviewing its tri-media offer in the region in the light of the need to ensure maximum impact.

17. *South West Asia*

We are continuing the core thrust of our proposed investments, by maintaining the output extensions introduced since September 11. We are continuing the extra programming in key languages (Arabic, Persian, Pashto and Urdu), and also maintaining the extra medium wave frequency (1314 kHz) to the area to ensure audibility is strong; strengthening our journalistic presence in the region; and launching targeted programming aimed at supporting reconstruction in Afghanistan. We will also continue to roll out FM relays in Afghanistan, with current plans to add a further eight to the transmitters in place in Kabul and Mazar-e-Sharif. Currently, the BBC's Kabul FM achieves an unprecedented weekly reach of 82%.

We will invest in key areas for strengthening our relevance in Afghanistan, including developing a Persian bulletin targeted specifically at listeners there. We will also introduce an evening programme for Uzbek speakers there. For Central Asia, we will enhance the output in Kyrgyz and Kazakh.

18. *Africa*

Africa continues to be a key priority for enhanced services. As proposed in our bid, we have begun transmissions of an interactive, high profile weekly programme in English, "Africa Live" to increase understanding of vital development issues. We will also enhance newsgathering across the continent. As proposed, we will also now support on a permanent basis the successful, temporarily funded lifeline programming for the Great Lakes region of Africa, including Rwanda, via Grant in Aid.

19. *English News*

Given the importance of English as our core global news service, we are planning further investment in our English news and current affairs. The extra funding will cover continued extended newsgathering in the context of global security and the aftermath of the Iraq war; extended capacity to present core programmes from key geopolitical centres, including the Arab world, and to mount special "one-off debates" and an enhanced ability to produce major news-making interviews for English News and Current Affairs programmes supported by web-based interactive forums.

20. *Europe*

In line with our original proposal, we will improve content and presentation of Europe Today, our key English-language flagship programme for Europe from 2003–04. In addition, we will produce landmark series for a number of European languages focusing on accession issues in what is a critical next phase in the evolution of the new Europe.

21. *Landmark Series*

As proposed in our bid, we will also invest in major high profile landmark series in English, reversioned into key languages, including on themes of global importance such as global security, Islam and modernity, migration and HIV/AIDS.

22. *China*

Our bid contained a proposal for a daily flagship Asia business programme in English for audiences in China and South East Asia from Singapore, reflecting China's growing importance on the global trade arena. Given the phasing of the allocated funding, we will seek to introduce this service in 2005–06.

STRATEGY DETAILS: ONLINE AND FM DEVELOPMENTS

23. *Online developments*

Investments in Internet services have been a key feature of World Service's evolution in the digital age. Our service is already reaching significant numbers of users and gaining recognition as industry-leading. Key investments include:

Greater depth and breadth in key subjects in English and other 24x7 languages

Globally, we will further increase the depth and breadth of our English and Arabic offers. In 2003–04, we will extend Russian and Portuguese for Brazil online to full 24x7 services, and enhance our online offer for communities in South Asia

World forums and interactivity

We will also invest in improving interactivity in English and a number of key languages including Arabic, developing World Forums to promote engagement through interactivity and high profile debate.

Upgrading regionally significant languages

From 2005–06, we plan to invest significantly in upgrading additional key regional languages to expanded online services.

Distribution and rights costs

A major development has been the rapidly rising cost of maintaining an effective Internet distribution infrastructure. The effect of increased demand is that server infrastructure now needs to be upgraded earlier than thought a year ago. This is critical to ensure that we keep pace with our international competitors. Therefore, we must invest significantly from 2003–04 to address this issue. We must also invest to meet the rising cost of rights to material from news agencies as part of our online offer.

24. *Increasing competitiveness via FM*

World Service is already present on FM in 138 capitals around the world. In a growing number of markets, FM is now the main means of delivery of our services. The World Service must enter the next phase of its FM strategy with clear lines of investment.

The first of these will be to address the critical markets of India and Russia. Both of these are extremely difficult environments where media consumption patterns, competition and regulatory environments pose significant challenges to the World Service's position. In both cases, an enhanced FM and medium wave presence is central to success. On the back of in-depth strategic reviews in 2002–03, we will invest, where possible, to improve audibility and to support re-broadcasting deals and content enhancements for FM from 2003–04.

In addition, we will continue our efforts to expand the FM network to new target capitals and major cities. Enhancing existing FM presence in terms of hours of World Service output being broadcast will further reinforce and safeguard our position.

Finally, we are planning to invest additional resources in marketing and audience research to support our FM strategy. We will increasingly need to promote our services both to audiences in competitive media environments and to potential partners.

STRATEGY DETAILS: CAPITAL PLAN

25. The capital Grant in Aid remains at £31 million per annum throughout the three-year period.

The capital plan is structured to support the Three-Year Strategy in two principal ways:

- It provides for the modernisation of transmission assets that are due for replacement or upgrade where there is a demonstrable need for their continued use.
 - The modernisation of Singapore will be completed in 2006–07.
 - In Cyprus, new work to replace the 27 short wave antennas will commence.
 - The refurbishment of Ascension Island will need to begin in this Spending Review period.
 - In Antigua work must start on the replacement of the BBC transmitters.
 - The Global Distribution System (GDS) for serving transmitter sites and FM partners from London must also be upgraded.
- It ensures that the World Service is digitally capable to compete effectively across existing, expanding and new platforms.
 - Digital Short Wave: A technical standard for digital short wave (DRM) has now been officially approved by the International Telecommunications Union, and initial DRM implementation will begin in year two of the new Spending Review period in Western Europe. Pilot funding will enable the BBC's UK-based transmitters to Europe to become digitally capable.
 - Digital Production: The World Service is introducing digital production technology to all the language services in Bush House via the Go Digital project. As highlighted in our bid, the second phase of this programme is to roll out the technology to overseas offices and to upgrade digitally our English news and production areas.

26. Detailed capital expenditure plans will be refined as the three-year period unfolds. Provisional, headline expenditure categories are shown in the table below.

<i>Outline capital plan</i>	<i>2003–04 £million</i>	<i>2004–05 £million</i>	<i>2005–06 £million</i>
Transmission & delivery	11	17	18
Digital production	10	8	6
Technology systems infrastructure	5	3	4
Other, including overseas bureau development	5	3	3
Capital expenditure	31	31	31

OUTCOMES

27. By 2006, in agreement with the FCO, the investments outlined will deliver a number of important benefits for Britain. The outcomes have been redefined to be more relevant and comprehensive than previous measures, and include the following:

- As a headline target, the BBC World Service will enhance its position as the best-known and most respected voice in international radio and online broadcasting
 - This will be measured by comparative information on Awareness, Reach, Objectivity and Relevance scores in relation to main international public service radio competitors, in key markets covering around 75% of the global audience annually (the remaining 25% to be surveyed at intervals). This will cover both performance nationally and among target groups of cosmopolitans (opinion formers and decision makers). In some markets—like the USA—we will focus our surveys on key cities.
- Supporting measures include:
 - Achieving a global World Service radio audience of 153 million listeners per week. At present, our global audience figure remains the world leader amidst exploding competition.
 - Growing global World Service online traffic levels to rise to 200 million monthly page impressions, and a commensurate level of unique users (figure to be determined as technology development allows).
 - Securing a strengthened position as a leading global interactive hub for debate and discussion, measured through the number and quality of high-profile online forums in key languages
 - Increasing our presence on FM across the world—to rise to at least 145 capitals (75% of the global total) by 2006.
 - Maintaining satisfactory audibility for short wave transmissions where these remain relevant.

BBC World Service

June 2003

Memorandum submitted by Mr R G Rose

“BRINGING BENEFIT TO BRITAIN”

1. I respectfully request you to kindly bring the following communication, together with its internet links, to the attention of the Rt Hon Donald Anderson, MP, the Chairman the House of Commons Foreign Affairs Committee. I would also appreciate this communication, if custom and protocol allow—and subject to the prerogative of Mr Anderson—being delivered to the other Members of the Committee.

I wish to communicate with the Chairman of the House of Commons Foreign Affairs Committee by e-mail, in the first instance, because there are a considerable number of items on the internet which can be downloaded and which add support to the case which I wish to make. It is my intention to forward to you at the earliest convenient time, via the Royal Mail, a printed copy of this e-mail, together with supplementary documents, which were not or are no longer available on the internet.

2. I am very concerned about the trends at the BBC World Service over recent years. One consideration is the paucity of specifically British news and information, as well as the increasingly inadequate and caricatured image of this country, which is being portrayed abroad, by the Corporation’s World Service. As you are well aware, funding for this BBC service comes from a grant-in-aid bestowed upon the BBC by the Foreign and Commonwealth Office; this means that the monies accrue from general taxation, which all of us, who pay tax directly or indirectly, contribute to. It should be noted, as you are well aware, that proposed funding for the BBC World Service is to increase appreciably by some £48 million by 2005–06, according to the latest figures¹⁷, and clearly the BBC is keen to demand more¹⁸.

3. Generally, British people who are informed about the existence of the traditional BBC World Service are justly and justifiably proud of it. Since its inception in 1932 as the Empire Service, the BBC’s external radio transmissions, in English and other languages, have done much to provide listeners abroad with fair and impartial news and information about this country, as well as information and comments about important happenings across the rest of the world.

4. I believe that it is no exaggeration to maintain that the entire BBC did much to win two wars by increasing morale at home and abroad with its defiant tone on both its domestic and its external radio programmes. I refer, of course, to World War II and the so-called “Cold War”. In his seminal book, “Five Days in London, May 1940”, John Lukacs states on page 207, “London was now the capital of freedom, the fountain of hope for millions of Europeans who listened night after night to the broadcasts of the British Broadcasting Corporation”.

When I was a small boy, here in Cheshire, during the early war years of the 1940s, I recall it was my mother’s wont to listen to the BBC programmes of “London Calling Europe” so that she could be informed, during the day, of wartime happenings. “London Calling Europe”, with its determined and inspiring Morse code, dot-dot-dot-dash “V for Victory” drumbeat, followed by the stirring tones of a portion of Jeremiah Clark’s “Trumpet Voluntary”, was my first awareness that the BBC broadcast beyond our shores.

5. In my adolescent years I came to realise the extensiveness of short wave radio broadcasting and thus, when I moved to Montreal, Canada, to take up employment in the late 1960s, it was natural for me to tune in to transmissions from the BBC on short wave radio. For 33 of my more than 34 years in Canada I found programmes from the BBC World Service invaluable in not only keeping me abreast of happenings in this—my own country—but providing me with important news and comments about critical events in the rest of the world. You are already aware, I am sure, that the BBC’s General Overseas Service, or World Service, as it became, had balanced programming, which included the full range of music as well as other cultural, entertainment and comedy features of various kinds. In essence the service comprised a varied selection of the best types of NBC domestic radio programmes of the time, adapted, and in most cases specifically created for an overseas audience.

6. During my earlier years in Canada the BBC greatly extended its broadcast coverage by increasing the service to a full 24 hours of continuous programming at Bush House, which was beamed to different parts of the world at convenient listening times. As far as I was concerned, this meant that the BBC was heard for longer periods in North America, during each 24 hour broadcast day, as it became available during the mornings and late afternoons in addition to its traditional evening broadcasts.

7. The BBC also improved considerably the reliability of its signals. This was effected by greatly increasing the signal strength of its short wave transmitters, located in northern, central and southern England, as well as by employing powerful short wave relay facilities at strategic parts of the world. As far as the western hemisphere was concerned the first of these relays was on Ascension Island in the south Atlantic, then at the CBC’s short wave station in Sackville, New Brunswick, Canada and subsequently in a joint venture with the German international broadcaster, Deutsche Welle, on the island of Antigua, in the Caribbean. The BBC also initiated a new reciprocal relay agreement with the Voice of America in Washington, DC, which ensured that the VOA would relay the World Service to the Western Hemisphere from its own US transmitter sites. Transmitters in Florida, USA, owned and operated by WYFR Family

¹⁷ http://www.hm-treasury.gov.uk/spending__review/spend__sr02/report/spend__sr02__repchap13.cfm

¹⁸ <http://media.guardian.co.uk/broadcast/story/0,7493,755845,00.html> and
<http://www.epolitix.com/bos/epxnews/aa651de76949d149a1edb09947464bd80000004e1351.htm>

Radio were also hired for relay purposes. In more recent times the method of providing relay stations with BBC programmes was improved appreciably when they became connected directly with the studios in London via audio satellite feeds.

8. The caring approach which the BBC took to its extensive overseas audience, as well as to the content and style, together with the presentation, of its programmes began to change fundamentally a few years ago. The nurtured balance, which had been developed very successfully by a dedicated professional staff of broadcasters, initiated and led by that pioneer and paragon of public and international broadcasting, John Reith¹⁹, continued in later years under the successive and successful directorships of such stalwarts as Gerard Mansell, Douglas Muggerridge, Austen Kark²⁰ and John Tusa. Yet all these firm foundations were systematically removed as fundamental changes were progressively introduced over the past decade.

9. These changes were most notable when the BBC began to reduce appreciably the balanced programmes which dealt with aspects of life and happenings in the United Kingdom of Great Britain and Northern Ireland. Such British-focused features as, "Network UK", "From the Weeklies", "Review of the British Press", "The Week in Review", "New Ideas", "Desert Island Discs", a monthly service from St. Martin-in-the-Fields (led until 1984 by the incomparable and inspirational Rev. Austen Williams, who died last year, and even "News about Britain" have all been scrapped in recent years to be replaced by special interest programmes, regional programmes and other features which tend to portray both this country, and the western world in general, in a poor light. This is particularly true in regional broadcasts to the Caribbean region and to Africa. This lack of comprehensive British news, as well as news from the countries of which the United Kingdom is comprised, could well have been a major reason for Wales Radio International having commenced operations²¹.

10. Such British news as is now broadcast by the World Service tends to portray this country as being replete with institutional racists, football hooligans, diseased farm animals, brazen adolescent criminals, bellicose asylum seekers, sleazy politicians, perpetual murder and mayhem in Ulster and, by way of light relief, rustic nettle-eating competitors, to name but a few. Essentially it is a matter of reporting only the more deplorable aspects of British life and happenings. The phrase "and a full round-up of the British news" belies what one will hear, for it will not be a complete reporting of the main daily events in Great Britain and Northern Ireland. News about the rest of the British Isles is virtually non-existent. The only reporting in relatively recent times about the Isle of Man and the Channel Islands has been that their offshore financial service industries may be jeopardised, to placate banking interests in Europe, and a one thousand year link between the Crown and the Channel Islands could be ruptured. Essentially the problem with the so-called British news, as currently broadcast on the World Service, is one of a lack of balance.

11. The former regular 30 minute news bulletin, "Newsdesk", broadcast in different editions, throughout the broadcast day, has been dropped in favour of snippets of six minutes of headline news, which is sometimes followed by what could be called at best "newschat". "Newsdesk" was the World Service a equivalent of the quintessential news bulletins, at 6pm and midnight, on BBC Radio 4. Of course, the latter continue to be broadcast on Radio 4 on weekdays, with 15 minute editions at the weekend.

Moreover, the BBC seems to have become so keen on employing people, on its English language services, who were not born, or more relevantly raised in this or any other English-speaking country, and thus whose accents are so marked as to make much of what they say incomprehensible to me, a native English-speaker, who has been familiar for many years with a whole range of accents on a daily basis. I am aware that both Canadians and Americans find distinct regional accents from most parts of the British Isles, as they sound in films and in television programmes, difficult if not impossible to follow and, therefore, to understand. It is not unusual for both US and Canadian TV news programmes to add subtitles, at the bottom of the TV screen, when people from Africa or Asia are being interviewed in English. Why the BBC, once world-renowned for the clarity of its "received pronunciation", should wish to embark on such a policy of linguistic obfuscation escapes me.

12. I recall that the noted military historian and defence correspondent, Sir John Keegan, wrote, in the "Daily Telegraph" on February 20 2002, "... modulated voices, speaking the sort of BBC English that Greg Dyke is trying to eliminate from his empire." It would appear that many of these modulated voices have already been eliminated from the BBC World Service and the result is a lack of clarity. Indeed, it can be maintained that the clarity of received pronunciation—"modulated voices"—is of far greater importance in terms of external broadcasting than it is for domestic audiences. The vagaries of short wave signals and other delivery methods mandate clarity on the part of the speaker.

13. The present regular, almost hourly, introduction sequence which purports to have the BBC World Service emanating from a varied list of foreign locations, uttered in a series of rapidly delivered parrot-like squawks, produces a parody of the satirical style of the late Peter Sellers. Amusing it is, although I am sure it is not intended as such. The slogan, "a world of personalities 24 hours a day", which often completes this introduction to BBC World Service programmes on the hour, is both garish and incongruous. Another jingle, "a world of ideas and imagination 24 hours a day", which often precedes a news bulletin, would be more appropriate as an inducement for children to indulge in a media production designed for young people.

¹⁹ <http://www.europaworld.org/issue17/johnreith12101.htm>

²⁰ <http://www.guardian.co.uk/obituaries/story/0,3604,716262,00.html>

²¹ <http://wri.cymru.net/>

Or is this vacuous slogan meant as a precursor which heralds spin rather than substance? All of us have a right to expect better from a premier world broadcaster which used to be able to command global respect and unfettered attention when it introduced its programmes following such announcements as, “This is London calling in the World Service of the BBC” or simply, “This is London”.

14. For virtually all of the time the BBC has transmitted programmes across the globe the Westminster chimes, and particularly Big Ben, have been the hallmark of Greenwich Mean Time. They have also been the reassuring tones and audible symbol of the both London and the BBC and *ipso facto* evocative of the nation as a whole. This is no longer the case. People in the immediate environs of the Palace of Westminster may be privileged to hear these distinctive chimes; so may listeners throughout Great Britain, Northern Ireland, the Isle of Man and the Channel Islands, who can hear them at 6pm and 12 midnight prior to the news on BBC Radio 4. Nowadays the only listeners abroad who can reliably hear them, as part of English language broadcasts, are those in Europe who happen to tune in to the BBC Radio 4 long wave frequency of 198 kHz at the aforementioned times. Paradoxically, the Latin American Service of the BBC continues its long tradition of opening its Spanish language broadcasts with the Westminster Chimes and the first strike of the hour by Big Ben.

15. However, as if to compensate for the loss of Big Ben and to demonstrate to its global audience the significance of time, World Service listeners are now subjected, on the hour, to several local times being quoted before the precise announcement of Greenwich Mean Time (GMT)—World Time, Universal Time (UT), or Co-ordinated Universal Time (UTC) as it is sometimes called. This merely adds confusion. A global audience requires one standard time as a universal reference. Greenwich Mean Time—GMT—is that universal reference and nothing should complement it or obscure it.

16. All these changes are far more than mere modifications to, or even a modernisation of a well-respected and long-established service. They are not examples of fine tuning to suit changing times and circumstances, but a fundamental change in both ethos and philosophy. These metamorphoses represent a loss of corporate identity which are more profound and of greater significance than the initial removal of the Union Flag from the tail fins of British Airways planes and the changing of the name of the GPO—the Post Office, or Royal Mail—to Consignia. The folly of these latter deviations has recently been rectified. Only the BBC World Service, it seems, can continue to be outlandish. (There are, coincidentally, the incongruous “channel idents” on BBC ONE, so maybe obscurantism is now becoming a contemporary Corporation trait?) <http://www.bbc.co.uk/info/news/news398.shtml>

17. However, programming and pronunciation aside, the most devastating and grievous happening to the BBC World Service occurred in the middle of last year, on July 1 2001. This was the date when the BBC terminated direct high frequency—short wave—transmissions to virtually the entire English-speaking world beyond our shores.

<http://media.guardian.co.uk/broadcast/story/0,7493,505584,00.html>

<http://news.independent.co.uk/uk/media/story.jsp?story=80427>

<http://news.telegraph.co.uk/news/main.jhtml?xml=/news/2001/05/26/nbbc26.xml>

It seems a very strange way for the BBC to commemorate the centenary of the transmission of the first transatlantic wireless signals by one of its founders, Guglielmo Marconi, by cancelling short wave radio broadcasts to Canada, the USA, Australia, New Zealand and the Pacific Islands.

18. What makes the BBC’s actions questionable, if not downright suspect, is the reality of there being currently a resurgence in short wave radio listening in the developed world. Indeed, this increase in short wave radio listening can be said to mirror the renaissance of radio listening in general, for in our own country more people are now listening to radio programmes than are watching television. In recognition of this trend it is common to have frequent advertisements for portable short wave radio receivers in the leisure or weekend sections of quality British newspapers. In Canadian newspapers, however, advertisements for short wave radios appear in the main world news pages. Moreover, the advent of DRM—Digital Radio Mondiale—is about to make the most profound change to high frequency radio broadcasting and listening across the world. The British international telecommunications company, Merlin Communications, is carrying out trial transmissions in DRM using the Celtic Notes programmes of Wales Radio International.

19. The overall increase in short wave radio listening has already been noted by Merlin Communications: <http://www.merlincommunications.com/site3/press40.htm>

Merlin has produced a much larger survey than this. Since this particular report does not appear to be available any longer on that company’s website I will forward a printed copy together with the printed version of this e-mail.

20. As part of its current website advertising campaign, “Passport to World Band Radio 2003”²² quotes Bill Husted. Mr Husted writes a technology column for “The Atlanta Journal-Constitution”. Mr Husted records elsewhere that he uses his computer a great deal, spends a lot of time on the internet and is an amateur radio operator. Mr Husted reports as follows, in contemporary American vernacular, “When I was a kid, shortwave radios looked like horror movie props—complicated machines that should have been hooked up to Frankenstein.

²² <http://www.passband.com/>

“There were great rows of mysteriously labelled dials, meters and switches. And you needed every one of them just to tune in the BBC.

“Almost everything has changed since then. I’m no longer a genius. The radios are tiny and easy to use. But one thing stayed the same. Messing with shortwave is still as close to magic as you can get without a bag full of salamanders.

“So what’s the big deal about shortwave? After all, I zip around the globe on the Internet’s World Wide Web. I’ve watched live video from a war zone, literally heard and seen the bombs bursting in air.

“The big deal, to me, is the ability to eavesdrop on the news. Instead of getting 10 seconds of hand-picked video and sound, you’ll listen as the event unfolds.

“I can’t promise owning a shortwave will be a life-changing experience for you. But I’m pretty sure you’ll find something fine on your trip around the shortwave bands. . .”

21. Notwithstanding the repeated evidence to the contrary, the BBC claims that in developed western countries few people listen to short wave radio except for “short wave enthusiasts”, whom it seems to disparage and probably despises. Having taken this approach it is not surprising that the BBC fails to note, to report, or to take seriously that in the USA alone one million radio sets, with short wave bands, are being sold each year.

22. In reality there is a discerning and increasing number of people in the USA, and elsewhere in the developed western world, who are listening to short wave radio broadcasts.

If one discounts the numerous short wave transmissions broadcast within the Western Hemisphere, for other countries or regions within that hemisphere, there are over 35 international short wave radio stations in Europe, Asia and Africa which broadcast one or more programmes in English daily to the USA and Canada. Most of these stations also broadcast in English to Australia, New Zealand and the Pacific Islands. Moreover, there are additional radio stations which do not broadcast to the Western Hemisphere but which do broadcast to Australasia. Daniel Sampson of Arcadia, Wisconsin, USA has created and maintains a detailed list of major international short wave broadcasts in English by time—GMT: <http://www.triwest.net/~dsampson/shortwave/time.html> and by country of origin: <http://www.triwest.net/~dsampson/shortwave/country.html>

23. One of the ways that the BBC is about to celebrate the 70th anniversary of external broadcasting is with a desultory shindig:

<http://www.bbc.co.uk/worldservice/us/features/topten/>

<http://media.guardian.co.uk/bbc/story/0,7521,835772,00.html>.

This seems to be a case of form in place of function and rhyme rather than reason. Other celebrations of this event are particularly grandiose. By featuring high profile celebrities and personalities, rather than genuine listeners, and by emphasizing prestigious locations at the expense of relevant historical events, one must conclude that this particular venture is an extravaganza rather than a commemoration:

<http://media.guardian.co.uk/radio/story/0,12636,849017,00.html>

24. The BBC began this external radio service seven decades ago by linking outposts of the British Empire and the World Service’s director maintains that “a strong future for the World Service...matters deeply above all to our 153 million listeners. . .”

<http://www.bbc.co.uk/worldservice/us/annual—review/2000/directors—view.shtml>

One can only wonder about the future for those World Service listeners who have lost their short wave connections to the BBC and to whom the service also mattered deeply. It cannot be stressed too strongly that, as far as the BBC is concerned, these former listeners are no longer of any importance whatsoever. No amount of pious nostrums, nor vacuous platitudes, which are evoked by officials of the Corporation, can alter this reality.

25. One reason given by the BBC for such a drastic measure is the supposed large number of people in North America and Australasia who can and do access the World Service on the internet. This is mendacious. Technology at the present time does not permit large numbers of people to access any one “radio” internet site at one specific time. I was never able to access the BBC World Service on the internet in Canada. The best that I could access on the web from the BBC was Radio 5 Live and that was very infrequently. Indeed, while listening to 5 Live, there were frequent interruptions due to “net congestion”. The whole exercise was one of frustration and futility and thus one I was not willing to continue to engage in even on a trial basis. To compound the problem one discovers that the world wide web is not as free and as open as it was at first deemed to be:

<http://www.economist.com/displayStory.cfm?story—ID = 729808>

<http://www.economist.com/printedition/displaystory.cfm?Story—ID = 730089>

A further weakness of the internet is the manner that both China and Vietnam have been able to block the BBC’s website:

<http://media.guardian.co.uk/newmedia/story/0,7496,838547,00.html>

26. The BBC is now promoting the concept of foreign radio stations relaying World Service programmes from Bush House as though this were some recent innovation. This practise has been in operation at least since the onset of World War II and in some cases before that. The BBC makes the specious claim that in its newly-created short wave-deprived areas of the world there are now ample local FM stations which serve World Service listeners well. Lamentably this is not the case. Where local FM stations do exist they usually relay only a news bulletin from London. Moreover, many such FM stations broadcast BBC news features at unsociable times. For example “World Update” is broadcast on NPR—the American National Public Radio network—at 5 am Eastern Time. Should it be heard further west in the USA it will be 4 am Central, 3 am Mountain and 2 am Pacific time respectively.

<http://www.bbc.co.uk/worldservice/programmes/world—update.shtml>

27. The much vaunted concept of having an FM transmitter relaying the World Service in each capital city, was toppled recently in the Raleigh, the capital city of North Carolina. Radio Station WCPE in Raleigh was the first FM station in the USA to relay BBC World Service news bulletins. As the following announcements illustrate, the BBC can be as summary in its execution of a loyal FM station and its listeners, as it has been in its abandoning its devoted short wave listeners:

<http://wcpe.org/bbc.shtml> and <http://wcpe.org/bbc2.shtml>

28. There is always a danger in relying exclusively upon local radio stations to relay BBC programmes. There are close and long-standing British and Canadian relationships in broadcasting; the most recent of which was a visit in October 2002 by Her Majesty to the CBC Broadcast Centre in Toronto to celebrate the Golden Jubilee of CBC television broadcasts:

<http://cbc.ca/stories/2002/10/10/queencbc021010>

The Canadian Broadcasting Corporation—the CBC—was modelled on the BBC, as developed by the redoubtable Lord Reith. From before the time that Canada was Great Britain’s strongest ally in combat for more than a year in 1940–41, and for almost 40 years thereafter, the CBC relayed BBC news bulletins on its domestic radio network. On November 1 1976 these BBC bulletins ceased to be broadcast on CBC radio.

29. This matter of the termination of the BBC news in Canada provoked negative reaction across the Dominion and prompted an MP from Vancouver to introduce into the Canadian House of Commons a request for the reinstatement of these bulletins. To be successful, of course, it needed the unanimous approval of all the members. It failed to get this unanimity due to the opposition of a few MPs, from the province of Quebec, who probably never tuned in to these news bulletins, but who did not wish anybody else to continue to do so.

30. I was able to inform readers, of the Letters to the Editor columns, of the now defunct English language daily newspaper, “The Montreal Star”, in its November 20 1976 edition, that BBC news bulletins were relayed by local radio stations in more than 50 countries and that the CBC’s own short wave station had recently begun re-broadcasting ten and a half hours each day of BBC World Service programmes to the Western Hemisphere:

<http://www.rcinet.ca/Scripts/default.asp?s1 = RCI&s2 = SACKVILLE&l = en>

31. On the same topic I received a letter from the Supervisor of Public Relations at the CBC’s national headquarters in Ottawa, dated November 12 1976, which stated the following “. . . we feel that as Canadian broadcasters we should be providing world news from a Canadian perspective . . . Excellent as the BBC news is, it is essentially a foreign newscast and we no longer feel justified in carrying it. . . the BBC overseas news is . . . intended for the shortwave audience. . . The program is still available as a direct BBC transmission to those Canadians who are particularly interested.” Surely these Canadian sentiments of national versus foreign will surface again elsewhere and the BBC will be shut out once more, sooner or later.

32. On the other hand the CBC’s short wave relays of the BBC World Service programmes to the Western Hemisphere from its transmitter site in Sackville, NB continued from 1976 until July 1 2001. The BBC was the first international broadcaster, apart from United Nations Radio in the immediate post war period, and of course the CBC itself, to utilize the Sackville short wave station. At the present time seven foreign broadcasters are using Sackville for relay purposes. The BBC—the pioneer of this venture—is now conspicuous by its absence from their ranks.

33. One of the consequences of the BBC’s relinquishing its World Service relay facilities in Canada has been the adoption by other international broadcasters of this short wave relay facility. First off the mark was the Dutch broadcaster Radio Nederland, in Hilversum, which was able to extend its existing evening coverage to eastern and western North America to include morning programmes at the local time, via Sackville’s former BBC relay frequency of 5965 kHz and, for the west coast, 15220 kHz:

<http://news.telegraph.co.uk/news/main.jhtml?xml = /news/2001/06/30/wbbc30.xml>

In addition, Radio Nederland is now able to use spare capacity at Sackville to broadcast in Dutch :

<http://www.rnw.nl/realradio/html/schedule.html>

Subsequently Radio Voice of Vietnam, which was already using Sackville, began to employ the former Canadian BBC relay frequency of 6175 kHz for transmissions in the evenings to North, Central and South America in English, Spanish and Vietnamese:

<http://www.vov.org.vn/docs1/english/programme/index1.html>

34. The operator which handles these telecommunication matters is the British company, Merlin Communications: <http://www.merlincommunications.com/> or VT Merlin Communications International, as we should now refer to it, as it now forms part of the Vosper Thornycroft Group:

<http://www.guardian.co.uk/business/story/0,3604,593483,00.html>

The company's website also lists its partners:

<http://www.merlincommunications.com/site3/links.htm>

35. The BBC's precipitous action in terminating its short wave radio broadcasts to some one and a half million regular listeners brought immense condemnation from many quarters in this country and abroad. For several weeks letters addressed to, and broadcast on, the World Service programme, "Write On", were universal in their condemnation. After a couple editions of the programme in this vein, the announcement was made that discussion on this topic would cease to be aired. However, possibly the best single letter of constructive condemnation of the BBC's action is that written, as an open letter to the BBC World Service, by Ralph Brandi, of Tinton Falls, New Jersey, USA:

<http://www.brandi.org/ralph/bbc—open—letter.html>

36. The BBC also maintains that it is saving a considerable sum of money by terminating its short wave broadcasts to almost the entire English-speaking world. If money is the BBC's prime consideration, it should be noted that there is not one English language BBC World Service, but seven, as well as a further all-news channel which is available, to those who can receive it, on the internet. The BBC introduced a scheme a few years ago whereby each continental region was to have its own specific BBC World Service "stream":

<http://www.bbc.co.uk/cgi-bin/worldservice/psims/ScheduleSDT.cgi>.

37. Often these "streams" have programmes which are only one hour apart. In addition there are several entirely different regional "opt-out" programme sequences, during parts of the broadcast day, for the Caribbean, Europe, East Asia and Africa. Clearly all these extra programme duplications and multiplications must be expensive. One can only ponder whether this can be deemed prudent or economical in financial terms.

38. One of the supposed reasons for introducing these "streams" was to make programmes more convenient for listeners in various parts of the world. When I resided in Canada I was able to listen to the BBC during the early morning, the late afternoon and in the evening until midnight and beyond. I can state unequivocally that the creation of the Americas "stream" resulted in programmes being less convenient for me than they had been when there was only one World Service programme for the entire planet. To compound the problem there were comprehensive time and day changes to regular programmes in October and March to coincide with time changes in several countries. These drastic changes were supposed to be unnecessary in the "Age of Stream". In case my claim is dispensed with as being merely subjective, it should be noted that I lived in the eastern time zone of North America; this has the largest concentration of people of any of the time zones of the USA and Canada. Moreover, it is the time zone which Canadian and American radio and television broadcasters cater to most of all. Unquestionably the BBC World Service should have done likewise.

39. Another obvious excessive consumption of precious financial resources relates to these seven "streams" emanating from Bush House, in the Strand, 24 hours a day. The numbers of people across the globe who may be listening to the BBC World Service in the middle of their respective nights can hardly make such a venture cost-effective. As if that were not enough of a dubious use of British taxpayers' money one must wonder why, with the BBC no longer broadcasting to over one million listeners in North America on short wave, there is still a specific head of operations for the Americas? The same question can be put with regard to there being a head of the Asia and Pacific region, since the BBC no longer broadcasts specifically to Australia, New Zealand and the Pacific Islands.

40. The BBC frequently quotes its royal mandate. However, I submit that, as far as external radio broadcasting is concerned, the BBC is in violation—in whole or in part—of its Royal Charter in ten instances. The first one is the directive noted in the penultimate paragraph of the introduction and the additional perceived violations are those listed in objects (a),(c),(e),(g),(h),(i),(u),(x) and (z). In addition to these particular cases it is possible that other objectives of the Corporation's Royal Charter could be being violated in this regard as well. In addition to the perceived violation of its Charter, the BBC's policies also mean that, prima facie, the Corporation is guilty of *lèse-majesté*, which has now been protracted into the final month of this momentous year of the Queen's Golden Jubilee.

41. I reiterate that the reason that I have chosen e-mail as the first means of communicating with you is the ability I have at my disposal to provide internet sites which clarify this matter in much more detail. Doubtless the best such website is one which has been assembled by a coalition of short wave clubs and federations in Canada, the USA, Australia and New Zealand:

<http://www.savebbc.org/coalition.html>

The main site, which I am sure you are familiar with, that provides considerable arguments, from many different quarters, against the BBC's precipitous and ill-conceived action of July 1 2001 is: <http://www.savebbc.org>. The BBC's own case is also presented on this website as is an interview with two of the protagonists:

<http://www.savebbc.org/newshour-transcript.html>

42. On June 22 2001 two Members of Parliament, Austin Mitchell, and Michael Fabricant, introduced an Early Day Motion in the House of Commons. This EDM number 26 requested the BBC to reconsider its action in terminating World Service transmissions on short wave to North America and Australasia. The EDM was given 65 additional open signatures by MP's across the political spectrum:

<http://edm.ais.co.uk/weblink/html/motion.html/EDMI—SES=01/ref=26>

Nonetheless, some Honourable Members gave their approval to the BBC's action in EDM number 39:

<http://edm.ais.co.uk/weblink/html/motion.html/EDMI—SES=01/ref=39>

However, others, appreciating fully the damage that was been caused, tabled the following amendment to EDM 39:

<http://edm.ais.co.uk/weblink/html/motion.html/EDMI—SES=01/ref=39A1>

43. Other international radio stations have been aghast at the BBC's decision to curtail much of its short wave delivery. One friendly rival, the Dutch broadcaster, Radio Nederland Wereldomroep, in Hilversum, has had frequent editorials on the matter, which are listed below in chronological order:

<http://www.rnw.nl/realradio/features/html/shortwave010509.html>

<http://www.rnw.nl/realradio/features—archive/html/010521.html>

<http://www.rnw.nl/realradio/features—archive/html/010618.html>

<http://www.rnw.nl/realradio/features—archive/html/010712.html>

<http://www.rnw.nl/realradio/features—archive/html/020211.html>

<http://www.rnw.nl/realradio/features—archive/html/020625.html>

44. It is significant that during 2001, and to a lesser extent in 2002, all the country's major broadsheets, "The Times", "The Financial Times", "The Independent", "The Guardian", "The Daily Telegraph", as well as weeklies such as "The Spectator" and, for overseas readership, "The Weekly Telegraph", carried several articles which criticised the BBC's actions. There was much correspondence to the press from informed readers at home and abroad, including an article written by a former World Service director, John Tusa:

<http://news.independent.co.uk/uk/media/story.jsp?story=80426>

A former BBC World Service Head of Audience Research, Graham Mytton, commented as follows:

<http://www.savebbc.org/graham—mytton—comments.html>

For good measure a plaintive letter, from an erstwhile World Service listener in Canada, was published in "Radio Times".

45. Of particular note in this regard are the comments about the BBC World Service which are found in the 2002 edition of the American annual, "Passport to World Band Radio". On pages 38 and 39 the following comments are made, "Gone are the days when the BBC World Service listeners thrilled to serialised adaptations of books by Dick Francis and John le Carré and others in "Thirty Minute Theatre". Today Sid Halley and George Smiley have been replaced by "Westway" a politically correct soap opera with as much snap as a dead alligator.

"Yes PC has come to the BBC World Service along with other measures that are dumbing down the onetime pearl of the airwaves. But even while programming is being made 'lite', management says it is targeting today's World Service to "elites". Eviscerating substance to appeal to educated elites has it backwards, so smart money is betting that there is another agenda, perhaps to have the World Service evolve into a commercial broadcaster."

46. On pages 76 and 77 "Passport to World Band Radio Edition 2002" has the following comments: "That was the station that was. In recent years the BBC World Service has managed not only to reduce audibility in the Western Hemisphere and Australasia, but also to dumb down content with many shows being produced on the cheap—independently rather than in house—several long-running favorites have lost their sparkle.

"It is not as though the money isn't there. The BBC as a whole has managed to toss over a hundred million pounds into internet schemes that haven't gone anywhere, while broadcasting basics have fallen to pot. As Bush House insiders put it, the highest levels of BBC management see themselves as visionaries, rather than managers, emphasizing early adoption of emerging technologies. This may be a formula for latter-day Da Vinci status, but it has deprived the world of what has arguably been the most effective civilising influence." "Passport to World Band Radio Edition 2002", did have praise for two long-established programmes, "World Business Report" and "Play of the Week". Before the 2002 edition of "Passport. . ." was printed, its publisher, Lawrence Magne, made the following remarks in an interview on National Public Radio—NPR in the USA. This is available on the following website:

<http://www.savebbc.org/magnenpr.html>

47. The 2003 edition of this publication continues its appraisal of the contemporary BBC World Service. On page 52 the following comments are printed, “Decisions by World Service program planners are almost always incomprehensible to listeners trying to keep track of favourite shows. For those already confused by seven different program streams—and seasonal adjustments for Daylight Saving Time in three streams—a major program reshuffle for summer 2002 probably left them in a complete daze. And this was less than a year after drastic transmission cutbacks to the Americas and Australasia”.

48. On page 81, the 2003 edition of “Passport to World Band Radio” comments as follows, “BBC World Service management leaves the impression that the listener is the last person who matters. Indeed, its current director even sniffs that the station is not interested in being heard by the likes of Michigan automobile workers. A combination of lower-quality productions and seven different program streams has strained audience patience. Some effort is being made to repair the damage but this doesn’t originate at the top so major improvement is unlikely anytime soon. Nevertheless, there remain a number of superb programmes. . . .” The publication lists on this page and elsewhere four such programmes. It should be noted that prior to the last couple of editions of the publication, “Passport. . . .” was fullsome in its praise of the World Service of the BBC. No adjective was too superlative to be used in its comments on the BBC’s external broadcasting.

49. Many former loyal listeners to the BBC World Service, as well as other interested parties, spent much time during the summer of 2001 communicating with the printed media, with parliamentarians, as well as with people at British diplomatic missions abroad, with officials at the Foreign and Commonwealth Office and with executives at the BBC itself. What I found to have been particularly deplorable was the insouciant manner that spokesmen and spokeswoman at both the Foreign and Commonwealth Office and the BBC replied to their correspondence on this topic. Never for one moment did anybody with responsibility in this matter seem to have considered that an error—no matter how possibly well-intentioned—had been made. A decision had been made by BBC executives, which was supported unequivocally by the FCO, and there was to be no genuine or effective reconsideration or reappraisal.

50. Protests at home and abroad were brushed aside with scant regard for either the sacrificed audience or the overburdened taxpayer. The opprobrium which was directed towards the entire British Broadcasting Corporation, as well as to our country, as a result of this action and these attitudes was substantial and continues to this day.

In marked contrast over recent years several small international radio stations have had to reconsider their futures in the light of their respective governments having cut back their financing. Although there have been a few exceptions, when it had been made clear that there was a viable devoted international audience of people who listened to the threatened stations their governments, or the radio stations in question, recanted and continued to operate. Radio stations which fall into this category include Radio Australia, Radio Canada International and Radio New Zealand International.

51. The BBC World Service, however, has faced no such funding restrictions. Like the number of personnel on its management board—17—its funding has grown appreciably in recent years thereby turning J K Galbraith’s adage of “private affluence and public squalor” into something akin to not only “public avarice” but “public squander”. Indeed, I am inclined to view the contemporary BBC World Service as a bloated quango—a behemoth of increasingly grotesque proportions or, in the North American idiom, a major boondoggle. The BBC World Service has, as its proud boast the claim that it is “. . . bringing benefit to Britain”: <http://www.bbc.co.uk/worldservice/us/annual—review/2000/index.shtml>

52. My perceptions and my global awareness may be limited but I know of no tangible, no discernable and no visible benefits of note which the United Kingdom derives nowadays from the operations of the contemporary BBC World Service. As far as the BBC World Service’s claim to be “benefiting Britain” is concerned, my contention is that it is doing no such thing. Not only is the BBC’s attitude in this regard disingenuous, but it also manifests a marked degree of callousness.

53. Notwithstanding the large sums of money which the BBC seems able to garner from British taxpayers’ coffers, there are only two international broadcasting stations which transmit on short wave to audiences both across the North Atlantic and the South Pacific from “these islands”, as the southern Irish refer euphemistically to the British Isles. These stations are the Irish national broadcaster, Radio Telefis Eireann—RT Radio Worldwide: <http://www.rte.ie/radio/worldwide.html> and the private Welsh station, WRI—Wales Radio International/Radio Rhyngwladol Cymru <http://wri.cymru.net/celtic/notes/notidx.htm>

Both of these stations use Merlin’s very powerful short wave transmitters at Rampisham, in Dorset, to beam programmes across the Atlantic and the Pacific, <http://tx.mb21.co.uk/gallery/rampisham.asp>

54. As a result of the outrageous and catastrophic terrorist attacks on the USA on September 11 2001—“9/11” in American popular parlance—commercial air traffic in general and tourism to countries such as Great Britain and Northern Ireland have fallen dramatically. In an attempt to revive the number of visitors to our shores during the past summer, especially from the USA and Canada, the British tourist authority sponsored advertisements on American and Canadian television. I wonder how successful these will have been with stockbrokers dancing in Trafalgar Square, someone playing tennis on the edge of a deep glaciated

valley in upland Britain and a large black bowler hat in the middle of a field of mustard. Indeed, the US, although not the virtually identical Canadian TV version, had an improved ending with the Prime Minister looking circumspect and gently uttering the word “welcome”.

55. What a splendid opportunity has been lost by the BBC World Service for advancing the cause of tourism to this country and thereby “bringing benefit to Britain” Its action in terminating short wave transmissions to North America and Australasia has removed the possibility of its helping—if only to a small degree—such a tourist venture.

Although this submission is of necessity long it inevitably only deals with the main developments. Even though I am aware that the Foreign Affairs Committee in the past has made observations of and recommendations to the BBC World Service, I trust that it will be possible for you to carry out at this juncture a thorough enquiry into the workings, the value-for-money costing and the real “benefit to Britain”—if any—of the contemporary BBC World Service. Lamentably in any attempt to appraise aspects of the British Broadcasting Corporation’s worth or value—and the World Service is far from being an exception in this regard—one discovers that the Corporation is coddled, swaddled, cosseted and cocooned in swathes of hubris. Self-praise, self-congratulation and increasing target-attainment hyperbole place the BBC World Service in the vanguard of the Corporation’s constant self-promoting eulogies. Is it any wonder, that after decades of extolling the virtues of the traditional BBC World Service, I now tend to view its contemporary operations as a modern day manifestation of the renowned wisdom of Hans Christian Andersen as depicted in his fable, “The Emperor’s New Suit”? <http://www.geocities.com/Heartland/Bluffs/8336/aesop/emperor.html>

56. While most informed people would agree that to keep abreast of contemporary communications technology is a worthy cause for any international broadcaster, to dispense with a technology which is still relevant is both foolish and costly. The following pregnant comments are made in the introduction to the Save BBC website: “The BBC World Service continues to press its political masters for massive increases in funding to boost service in under-covered areas of the world. Their most recent request was for £76 million over three years (that’s over and above their regular budget, incidentally). We would like to suggest to the UK Parliament that this figure be boosted to £77.5 million, on the condition that the extra £500,000 per year be mandated to provide service to the under-served North American and Pacific regions on the only medium that can provide cost-effective service to such large areas, shortwave radio. Note that the cost of restoring the service would be approximately 2% of the entire funding increase the BBC feels it is entitled to. Not 2% of their budget; just 2% of the increase they’re asking for.

“We continue to believe that the BBC’s decision to cease broadcasting to North America and the Pacific was wrong.”

Mr R G Rose

December 2002

Memorandum submitted by British American Chamber of Commerce

1. In your Committee’s Report of two years ago²³ some reservations were expressed about the possible sale of the British Consular Residence in San Francisco. As you will have learnt from Mr Derek Wyatt’s Early Day Motion of 3 April (#1011), the question of the sale of the residence has again been raised.

2. The Board of the British American Chamber of Commerce and its Members totally oppose the sale of the present residence and its replacement by a much more inferior residence for the following reasons.

3. At present the Consular Offices in the Financial District in San Francisco have no suitable space where British Ministers, Parliamentary Groups and Trade Delegations can be entertained with a view to meeting local dignitaries and business people.

4. The result is that all such entertaining is carried out at the Consular Residence located at 2516 Pacific Avenue, San Francisco where up to 200 or more persons can be accommodated for a cocktail party and 34 at a dinner. In addition, a previous Consul General remodelled the basement so that up to 50 persons can be accommodated, theatre-style, for presentations.

5. The proposed new residence, which is a modest family residence by San Francisco standards, can only accommodate a much smaller number for receptions and a maximum of 14 to dinner. It is the type of house one would find in Acton or Ealing, a far cry both in size and architecture for the type of house envisaged by your Committee in its report of two years ago.

6. Enclosed²⁴ are photos of the existing and proposed new British Residence and photographs of the German, Italian, Japanese and other Consular Residences. Whilst the present residence compares very favourably with these, the proposed new residence is very inferior, even to the Indonesian. The image of the United Kingdom is bound to suffer and, with no suitable residence to entertain large numbers of people, is

²³ Ninth Report from the Foreign Affairs Committee, Session 2000–01, Foreign and Commonwealth office Annual Report 2001, HC 428, para 15.

²⁴ Not printed.

bound to hamper Britain's commercial and consular efforts to promote it as the leading country in Europe for inward investment, as evidenced by the fact that at our last count there were approximately 500 US companies from the San Francisco Bay Area with offices in the United Kingdom.

7. Other concerns we have are that as far as we can ascertain no cost benefit analysis of the proposed transaction has been carried out. It appears to us that the whole process of identifying a property was carried out in a week—not the way one would normally go about identifying and purchasing a residence in a market where suitable listings are few and far between at any one moment of time.

Executive Director,
British American Chamber of Commerce

April 2003

Supplementary memorandum submitted by British American Chamber of Commerce

1. Since writing our previous letter dated April 16 2003,²⁵ we have now obtained a copy of the Covenants, Conditions and Restrictions (CC&Rs) relating to Presidio Terrace, which runs to 42 letter size pages. These were originally drawn up in June 1905 and amended by a vote of 75% of the members of the Association on June 19 1995.

2. Important clauses to note:

Article I

Section 25. "Residence" means a private, single-family dwelling constructed on a Lot or Lots.

Section 26. "Single Family Residential Use" means occupancy and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Article II

Section 2. Persons Subject to Governing Documents. All present and future Owners, tenants, residents, and occupants of Lots within the Properties shall be subject to and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time.

Article III

Section 4. Assessments. The Association shall have the power to establish, fix, and levy Assessments against the Owners of Lots within the Properties and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Article VI

Section 1. Use of Lots.

- (a) All Lots within the Properties shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use as defined in Article I, Section 25 hereof. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning, or other local governmental regulation.

Section 7. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence garage or out building or in any portion of any Lot without the prior written approval of the Board.

3. In our previous letter we pointed out that:

- It would be extremely embarrassing to the British Government if it was found, on further investigation, that the proposed house is not permitted to hold any functions apart from those a normal householder would hold in their home.

4. It is apparent that the CC&Rs place a lot more restrictions on homeowners than do the rules of normal homeowners associations.

It has been our experience with homeowners associations that there are very few residents who take an actual interest and are prepared to serve on the board. For this reason it can often be taken over by a group of activists, and it would only need some anti-British owners to assume control and then raise difficulties relating to events held at the Residence. It would be our recommendation that a lawyer well versed in the laws relating to private communities and homeowners associations be asked to give an opinion that no restrictions can be imposed on the use of the Residence now or at some future date. Unless this assurance is received, the British Government should withdraw from the purchase and accept that it may forfeit its deposit, although we feel there is a liability on the real estate agent employed who should be knowledgeable about the restrictions placed on residents of Presidio Terrace and should have checked out the CC&Rs knowing the purpose for which the house would be used.

5. In our previous letter to you, in our enclosures, we set out our principal reasons at that time for not selling the present Residence.

An additional reason for not replacing it with 12 Presidio Terrace is The Americans With Disability Act. If a number of functions are held there it could be subject to the Act and would have to provide for wheelchair access. Whilst a ramp can be easily constructed to permit wheelchair access at the present Residence, it would be impossible at the new Residence due to the steepness of the steps. We do not think the British Government would want to stand on its rights as a diplomatic mission and defend itself as not being subject to local laws if accused by the newspapers.

6. The emergence of these facts would indicate that the British Government runs a very real risk in purchasing 12 Presidio Terrace and then finding it could not hold receptions, etc to promote inward investment and British exports.

7. Finally, some of our members have learnt that this purchase was made without the approval of the British Government Ministers responsible, which does not reflect the high regard for which the British Government is held over here and how it works with many watching and enjoying the parliamentary debates which are shown in part on television over here on a regular basis.

The way in which Foreign Office Officials have circumvented the rules by not receiving the Minister's approval for the purchase harks to "Yes Minister", a very popular programme here still being run on TV.

President,
British American Chamber of Commerce

May 2003

Memorandum submitted by Diplomatic Service Families Association

FOREIGN AND COMMONWEALTH OFFICE ANNUAL REPORT 2003

1. Thank you for inviting The Diplomatic Service Families Association (DSFA) to submit a short memorandum on its present concerns.

In recent years the FCO has vigorously pursued its gender diversity agenda, and this has in turn contributed to changes in the DSFA, which represents the interests of spouses and partners of FCO diplomatic officers. Our membership comprises some 3,500 spouses/partners (including unmarried and same-sex partners), an increasing number of foreign born spouses/partners (ca.15%) and an increasing number of male spouses/ partners (ca 10%).

2. Partners have no contractual relationship with the FCO, and in the same vein the DSFA is since this year a legal body separate from the FCO (a company limited by guarantee) funded through an annual grant from the FCO.

3. The DSFA's principal tasks are to provide information, referral services and support to our members, to advocate on their behalf and to work with the FCO Administration on family friendly policies. Employment is the biggest issue for our members, who face fractured careers, interruptions in their contributions to National Insurance and Pension Schemes and the challenge of finding meaningful activities in the countries in which their officer partner is posted. Education is a close second; the funding of higher education in the UK of children of crown servants posted overseas is a persistent problem, as is the integration of children into the state school system when they return from an assignment overseas. Accreditation and working permits for partners overseas is a third area of concern. The DSFA works closely with the FCO Administration to address these problems within existing budget restrictions, but is also faced with the challenge of finding a willingness to work together in other government departments.

4. Post profiles are changing as posts are increasingly staffed by officers from other government departments and the private sector. For those officers who are not seconded to the FCO for the duration of the posting, terms and conditions abroad are set by the home departments. This is often a source of misunderstanding and malcontent among the spousal community at post. The DSFA seeks to be as inclusive as possible of all dependants abroad and is working to strengthen connections with other government departments who send officers overseas.

5. Given the diversity within the DSFA membership, specific and current information for individual situations both in the UK and at post is important. The network of Community Liaison Officers at 87 posts informs and supports both UK based officers and their families, underpins much of the DSFA London Office's work and makes a palpable difference to staff morale overseas. The DSFA is working on the expansion and strengthening of this network.

In all its work, the DSFA is well supported and appreciated by the FCO Administration.

I trust that this will be helpful to the House of Commons Foreign Affairs Committee and would be glad to answer any further queries.

Emilie Salvesen,
Chairwoman,
Diplomatic Service Families Association

June 2003

Memorandum submitted by Prospect

1. I have been asked by the General Secretary to reply to your e-mail of 3 June, seeking our comments on the FCO Annual report. We have restricted ourselves to looking at Chapter 14 (People) as that is where our primary interest lies.

2. Generally, we enjoy a reasonable working relationship with the Administration although, as in any industrial relations environment, we have our disagreements. This would not, however, be the place to air those, as we prefer to work them through internally.

3. As the report records, we were able, after a long period of negotiation, to reach a three-year pay agreement last year. The Unions welcomed this as it provides stability in the pay system. We remain opposed to the bonus scheme, but understand this is a Treasury requirement. We would prefer the money spent on bonuses to be re-allocated to the general pay pot, but whilst it is in place we believe that everybody should at least have an equal opportunity to access it. At present we receive some reports from members that recommendations for bonuses are not put forward by senior management for consideration, although no statistics are available to show how widespread this is. This is a matter of some concern to us as the scheme should be as equitable as possible.

4. One matter not referred to in the Annual Report, but which is of importance to us, is the Equal Pay audit. In line with Cabinet Office requirements, the FCO has been undertaking an audit of actual pay rates of male and female employees by grade, to show whether there are any disparities in their pay and, if so, identify the reasons for them. They have to produce an Action Plan showing how any such disparities are going to be corrected and over what timescale. We have not yet received the detail but understand it is nearing completion. Given the emphasis in the Report on diversity and equality, we are interested to see how this commitment will be applied in practice and are looking forward to a productive discussion with the Administration.

5. The Report also refers to the Interchange policy; a policy we support. However, it is not always easy after a period of outward secondment to return to the office. Not unnaturally, circumstances change and the officer's original section may have been re-organised and his or her post is no longer available to return to. This is a particular problem for the specialists we represent. The concept of interchange is a good one, but will only be of benefit to the office if a suitable post can be found on their return. If the secondment was outside London, expenses will not be paid for an officer to return, which can be a discouragement.

6. Health and Safety is referred to in the Report. Officially, the provisions of the Health and Safety Acts do not apply overseas, even within the Embassy. The Health and Safety Executive have confirmed this to us on two occasions. The policy in MOD is, nevertheless, to apply the Acts' provisions where their staff work overseas. The FCO has no such policy, which is a concern to us. We are told the FCO want to comply with legal requirements but as there is no UK legal requirement this is of little help and the legal Health and Safety provisions in many countries, particularly outside Europe, is poor. We are seeking the adoption of the MOD policy by the FCO so that our members do have the appropriate protection.

Negotiations Officer
Prospect

June 2003

Memorandum submitted by the National Audit Office**SAN FRANCISCO CONSUL GENERAL'S RESIDENCE**

1. Thank you for your letter of 11 September 2003 relating your Committee's intention to hold a further oral evidence session on the sale of the residence in San Francisco and the purchase of a replacement building.

You asked if we might provide you with the documents relating to the sale that Sir Michael Jay referred to in his letter to you. As you will appreciate, the documents examined by my staff are the property of the Foreign and Commonwealth Office. Although my staff and I do, of course, have rights of access to such documents for audit purposes, it is a matter for the Department as to whether they should be released to a third party such as your Committee. However, to be helpful to the Committee, I have outlined below the evidence that my team examined when reviewing the decision to sell the existing residence and to purchase a replacement. I also refer below to the key documents which led us to conclude that the matter had been handled properly.

Decision to sell the San Francisco Residence:

2. My staff reviewed the FCO's asset recycling strategy. This included the key performance indicators which the Department uses to assess whether properties are fit for purpose and represent good value for money. A key factor in the decision to sell the Pacific Avenue residence was the large size of the building and high costs, highlighted by these key performance indicators.

Assessment of the sale prospects of the Pacific Avenue property:

3. A professional assessment was carried out by estate specialists of the likely sale price and current market conditions. This included an evaluation of comparable sales. The assessment concluded that it should be possible to sell the property at Pacific Avenue for a reasonable price.

Identification of suitable replacement properties:

4. My staff saw documentary evidence (including memoranda, e-mails and letters) covering more than twenty properties which were considered for purchase. Specialists from the Department's Estates Group visited San Francisco several times to assist in this process. Evaluations by security experts of a number of shortlisted properties were also documented, as was consideration of properties against a range of other criteria including image, quality of location and size of the property. My staff also saw details of consultations between Estates Group staff and other FCO officers, including the Consul General and other key staff in San Francisco, as the search for the most suitable property was being undertaken.

Financial cost comparisons:

5. Prior to the purchase of Presidio Terrace, the FCO prepared a detailed discounted cash flow analysis which compared the financial costs and benefits of different options for the San Francisco residence. This concluded that the sale of the existing building and the purchase of a replacement would provide a better net contribution to FCO finances than either leasing a new property or retaining the existing residence. In addition, estates advisers assessed the financial implications of purchasing each of the shortlisted properties. The results of this assessment helped to inform the final purchase decision.

Assessment of whether the new property is fit for purpose:

6. My staff reviewed papers which detailed the consultation which had occurred on this issue with a range of bodies, including British Trade International, and FCO staff. Whilst this could not be said to constitute a formal attempt to quantify the wider intangible costs and benefits of purchasing a smaller property, or its likely effect on British business interests, the documentation indicated that FCO considered and recognised the importance of San Francisco's representational and commercial role when coming to its decision. This degree of importance is reflected in the decision to authorise the purchase of a replacement building that is somewhat larger than the standard guidelines on space would indicate. Steps were taken to assess whether a smaller residence such as Presidio Terrace would be fit for purpose. My staff also saw an analysis of the functions previously held at the Pacific Avenue residence, undertaken in order to identify the representational needs of the post. The Department also investigated the cost of renting hotel conference facilities where necessary for large functions, and of creating an additional conference area in the Consulate office building to meet the post's representational requirements. We understand the Department is currently negotiating the lease of additional space in the office building.

Due diligence process:

7. My staff reviewed a series of evaluations which indicated that professional advice was taken prior to the purchase from various external specialists. These included real estate experts and local legal advisers as well as numerous engineers, surveyors and contractors. In addition, my team saw details of consultations between internal specialists such as security advisers and estates surveyors. These documents showed that the condition of the Presidio Terrace property, legal and fiscal implications were all considered and found to be satisfactory.

Approval process and final decision:

8. My staff saw correspondence from the Director-General of Corporate Affairs which specifically authorised the purchase of the new residence. Minutes of a telephone call from a Departmental Minister also provided evidence of Ministerial approval.

9. The evidence described above led my team to conclude that the decision to sell the residence in San Francisco and the purchase of the replacement had been handled satisfactorily. I hope that you will find this information useful as you take forward your inquiry.

National Audit Office

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Evidence	The Inter-Governmental Conference 2004: The Convention on the Future of Europe	HC 965–i
Evidence	The Barcelona European Council	HC 698–i

The reference to the Government response to the report is printed in brackets after the HC printing number

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