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Foreign Affairs Committee

FCO performance and finances 2012–13

Sixth Report of Session 2013–14

Report, together with formal minutes relating to the report

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The Foreign Affairs Committee

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

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Summary

The Foreign and Commonwealth Office will soon be entering the fourth and final year of the period covered by the 2010 Spending Review. The Department is confident of meeting its targets for savings by 2015, but the cost, in terms of the impact upon the Department and its staff, is starting to become clear.

There are signs that the FCO is being stretched, almost to the limit. One of the symptoms is the prospect that the Department will need an extra year to meet its target of a 10% headcount reduction in UK-based staff, largely because of "sustained pressure to deliver an ambitious policy agenda". We believe the Department may be in danger of trying to do too much at a time when capacity is being limited. A more realistic approach by the Department and by Ministers is needed, as well as a clearer definition of priorities.

There are several areas in which we have been persistent over the years in our criticisms and calls for change, but in which there are now signs of progress, which we welcome. For instance, the Treasury has agreed to greater flexibility for the FCO to carry over proceeds from asset sales from one financial year to another, for reinvestment. There is no longer an incentive for the FCO to sell properties early in the financial year, regardless of the state of the market, in order to be confident of being able to reinvest the proceeds.

We need to be able to track trends in staffing and to know whether representation at any particular post has grown or contracted. We welcome the FCO's decision to supply unrounded figures for total staff employed at each post, and we recommend that the Annual Report should include these figures as a matter of course each year. We continue to press for a more detailed breakdown, by function, to be provided to the Committee on request, in confidence if necessary.

We were initially encouraged that language skills would be reflected in the new competency framework used to assess staff for promotion to higher grades; but, on a closer reading of the competencies, we were disappointed to find no indication that a person's particular proficiency at languages would count in their favour in assessment for promotion: the emphasis is instead on willingness to learn a language. Evidence of an ability to strengthen contacts and win respect through use of the local language would be a better mark of effectiveness, and we recommend that the FCO amend the relevant competency framework accordingly, before its introduction in 2014.

In April 2014, the BBC World Service will cease to be one of the Foreign and Commonwealth Office's associated public bodies, and the primary source of funding for the Service will not be FCO Grant in Aid but the BBC Licence Fee. We strongly welcome the increased funds which the BBC will make available to the BBC World Service in 2014-15; but, given the BBC's argument that licence fee funding offers greater financial security and scope for long-term planning, we are surprised that the BBC has announced figures only for 2014-15. We urge the BBC to announce funding levels for the BBC World Service for the remainder of the current BBC Charter period and at least to maintain in real terms the 2014-15 funding levels.

We strongly oppose the proposals currently under consideration by the BBC Trust for a

wider commercialisation of the World Service as indicated in the letter sent by the Director, Global News at the BBC, Mr Peter Horrocks, to Lord Alton of Liverpool on 1 November 2013.

We continue to be concerned that the protection of the BBC World Service's interests within the BBC's governance structure is not as strong as is being claimed, and the picture appears to us to be one of steady erosion of World Service influence within the BBC. The result may be that the World Service is more regularly denied the resources it needs to maintain or develop services. We recommend once again that the World Service should be represented on the BBC Executive Board, and we believe that the Director of BBC Global News should be a member of the Management Board.

The British Council is now undergoing a Triennial Review of its form and functions. We are aware that there have been calls for it to be stripped of its public funding or—conversely—to lose its commercial operations. We believe that the cross-subsidy model for the British Council is better than any other in allowing for a strong British influence and presence overseas and a deeper understanding in other nations of Britain, its culture and values, at an acceptable cost to the taxpayer. A reliance on commercial funding would make the British Council's presence unsustainable in many areas where it has the greatest "soft power" value, and a reliance on public funding would shrink the organisation and reduce its influence with foreign governments (for instance in education services) overseas. Neither option is in the UK's interests.

Conclusions and recommendations

The FCO's estate

1. We welcome the decision by the Treasury to permit greater flexibility for the FCO in reinvestment of proceeds from asset sales, as advocated by the Committee in 2012. (Paragraph 10)

Residential accommodation policy

2. We endorse the principle that allocation of accommodation overseas should be guided by individual operational requirements and family considerations rather than grade or status. (Paragraph 13)

One HMG Overseas project

3. While we welcome the One HMG Overseas project as a good way of strengthening the UK's identity locally and synthesising the effort of the various arms of Government overseas, the FCO should not underestimate the scale of possible resistance to the harmonisation of terms and conditions for staff from different departments and agencies. (Paragraph 17)

The overall staff profile

4. We conclude that in future the Department will need to attach greater importance to living within its means and will need to recognise that there are limits to what it can take on. We recommend that the FCO maintain a clearer definition of its priorities. (Paragraph 25)

Provision of information on numbers of staff at individual posts

5. We welcome provision by the FCO in this year's Annual Report and Accounts of unrounded figures for UK-based staff in each post, and we welcome the steps taken by the FCO to enable it to supply unrounded figures for total staff employed at each post in future. We recommend that the Annual Report should include these figures as a matter of course each year. (Paragraph 29)

6. We reiterate our recommendation that the FCO provide us on request, and in confidence if necessary, with a breakdown of staff by function in any named country in the current year and the previous ten years. We acknowledge that there may well be occasions when the FCO cannot provide comprehensive data for locally engaged staff, but we urge it to be as forthcoming as possible in this respect when a request is made by the Committee. (Paragraph 29)

Locally engaged staff

7. We welcome signs that the FCO appears to regard 70% as a ceiling for the proportion of locally engaged staff, even if not a formal one. We request that the

Department supply us with a copy of the current Duty of Care guidance as it relates to locally engaged staff. (Paragraph 32)

Locally engaged staff and policy work

8. We believe that it would be shortsighted to allow the financial advantage derived from employing locally engaged staff rather than UK-based staff in diplomatic or policy work to restrict the opportunities for UK-based staff in policy grades to work overseas. The consequence would be to lessen their first-hand experience of living and working within different cultures and political and social environments and to diminish the knowledge that was acquired and carried forward to senior levels of the organisation over the years. We recommend that the Department state that it recognises this danger and that it offer a guarantee that the number of overseas positions for UK-based staff at policy grades will not decrease as a result of greater use of locally engaged staff. (Paragraph 35)

9. We recommend that the FCO clarify what measures or guidelines are currently in place to address concerns about locally engaged staff carrying out policy and advocacy work on behalf of the FCO, and about potential conflicts of interest. (Paragraph 36)

Languages : Recognition of skill levels

10. We believe that the FCO could and should have been bolder in its recognition of language skills in the new elements of the competency framework. We believe that evidence of an ability to strengthen contacts and win respect through use of the local language should be the mark of effectiveness, rather than simply a willingness to learn the language. We recommend that the FCO amend the relevant competency framework accordingly, before its introduction in 2014. (Paragraph 42)

11. While we commend the FCO for its willingness to undertake a major exercise to gather and check data on the level of language proficiency of staff in 'speaker slots', we are concerned that the data initially supplied to us was inaccurate. (Paragraph 43)

12. We conclude that the Committee's persistence in pressing for detailed information on language proficiency has been justified, and we welcome the FCO's recognition that action needs to be taken to raise proficiency levels. We commend the Permanent Under-Secretary for his evident determination to address the problem. (Paragraph 45)

Language allowances

13. We believe that language allowances, carefully set, can make a difference in persuading staff to develop and retain language expertise. If anything, the FCO should increase the allowances, in the interests of protecting its assets. (Paragraph 48)

The Language Centre

14. We are yet to be satisfied that standards of teaching at the FCO Language Centre can match those at other specialist institutions given that there appears to be a major disparity in pay rates. We will be on the alert for any sign that the quality of language teaching has been compromised by an excessive focus on cost by the FCO. (Paragraph 52)

Discretionary expenditure posts

15. We plan to request information on FCO posts' discretionary spending, including on whether and how the strategic impact of such spending is measured and evaluated, and we recommend that posts consider how they could do more to publicise their programme spending—whether managed centrally or locally—in order to provide greater transparency**.** (Paragraph 56)

Our view on the British Council and its future form

16. We conclude that the cross-subsidy model for the British Council is better than any other in allowing for a strong British influence and presence overseas and a deeper understanding in other nations of Britain, its culture and values, at an acceptable cost to the taxpayer . A reliance on commercial funding would make the British Council's presence unsustainable in many areas where it has the greatest "soft power" value, and a reliance on public funding would shrink the organisation and reduce its influence with foreign governments (for instance in education services) overseas. The British Council has achieved a balance which works, and we believe that the current mixed finance model should be retained. (Paragraph 67)

Location of British Council offices

17. We accept that ease of access for customers should be a primary consideration in decisions by the British Council on where to locate its offices overseas. (Paragraph 69)

Perceptions of the British Council

18. We note the fall in the percentage of survey respondents who said that they would recommend the British Council to others, but we do not believe that conclusions should be drawn unless there is evidence of a trend over a number of years. (Paragraph 74)

The BBC World Service: Future funding and output

19. We strongly welcome the decision to increase the funding available to the BBC World Service in 2014-15. (Paragraph 76)

20. We urge the BBC to announce funding levels for the BBC World Service for the remainder of the current BBC Charter period and at least to maintain in real terms the 2014-15 funding levels. (Paragraph 78)

Future parliamentary oversight of the World Service

21. We intend to continue to monitor the BBC World Service's output and the extent to which it reflects the FCO's strategic priorities. We strongly oppose the proposals currently under consideration by the BBC Trust for a wider commercialisation of the World Service as indicated in the letter sent by the Director, Global News at the BBC, Mr Peter Horrocks, to Lord Alton of Liverpool on 1 November 2013. We expect to take evidence on these matters in future, both from FCO Ministers and from the BBC; and we encourage our successors to do the same. (Paragraph 80)

Language services

22. We recommend that the FCO use its influence to encourage the Burmese authorities to look favourably on provision of a BBC Burmese television service. (Paragraph 83)

Governance of the BBC World Service

23. We are not convinced that the protection of the BBC World Service's interests within the BBC's governance structure is as strong as is being claimed, and the picture appears to us to be one of steady erosion of World Service influence within the BBC. The World Service will be heavily reliant in future upon advocacy by a single Executive Board member, who has many other competing responsibilities. The result may be that the World Service is more regularly denied the resources it needs to maintain or develop services. We recommend once again that the World Service should be represented on the BBC Executive Board, and we believe that the Director of BBC Global News should be a member of the Management Board. (Paragraph 89)

1 Introduction

1. This Report is the fourth from the Committee during this Parliament to assess aspects of the expenditure and administration of the Foreign and Commonwealth Office and two of its associated public bodies: the BBC World Service and the British Council. Our inquiry was short, encompassing three oral evidence sessions in November 2013: one with the Director and Chief Operating Officer of BBC Global News, one with the Chair and Chief Executive of the British Council, and one with the Permanent Under-Secretary at the Foreign and Commonwealth Office (FCO) and other senior departmental officials.

2. As in previous years, we have taken as our starting point the Annual Reports of the organisations concerned.[1] In the case of the FCO, we have also drawn upon correspondence between the Foreign Secretary or Permanent Under-Secretary and the Committee Chair, most of which has been published on the Committee's webpages on the Parliamentary website. We have also had the benefit of quarterly updates on management issues, provided to the Committee by the FCO and published by us.

3. We have not tried, during this inquiry, to examine every aspect of spending and administration by the three bodies concerned; and this Report does not cover all the issues raised in oral evidence. Much of what we say in this Report relates to areas where we have previously expressed a view and where there have been subsequent developments.

4. However, almost every issue that we address is, to a lesser or greater extent, overshadowed by the 2010 Spending Review and the changes which the Department has made in order to achieve the required savings. The settlement for the Foreign and Commonwealth Office was based upon a 10% real terms reduction in the resource budget (24% if the transfer of funding for the BBC World Service to the BBC is taken into account) and a 50% real terms reduction in capital spending over the four-year Spending Review period. The Foreign Secretary acknowledged at the time that this was a "tough" settlement,[2] and so it has proved. The FCO is on course to make savings totalling approximately £170 million over the Spending Review period, but the Permanent Under-Secretary was clear, in giving evidence to us in November 2013, that the final year (2014-15) would be the most difficult, as the "trajectory of savings" required would be steeper than in the previous years.[3] While the Department is doing well to be on track to meet the very demanding savings target, some of the indirect consequences of the actions being taken are now becoming evident, and we draw attention to them in this Report. The task for the FCO in managing these consequences will continue long after 2015.

5. Our conclusions in this Report are presented in bold type. Where we have made recommendations, these appear in bold italic type.

1 FCO Annual Report and Accounts 2012-13, HC 32 (Session 2013-14), , BBC World Service Annual Review 2012-13

2 See Third Report from the Committee, Session 2010-11, HC 572, Ev 36

3 Q 98 and 99

2 The FCO's estate

6. The FCO's overseas estate currently consists of some 4,900 properties, ranging from Embassy and High Commission buildings to staff accommodation and other facilities. 54% of properties used by the FCO are currently leased and 46% are owned.[4] The main principle of the FCO's property strategy is "to have an overseas estate that is modern, flexible, environmentally sustainable, compliant with health and safety standards and secure for our staff and visitors". Implementation of the property strategy is coloured by the Spending Review: the FCO is seeking to make £16 million in savings from offices, Residences and residential accommodation over the 2011-15 Spending Review period.[5]

Asset sales

7. In the past, our monitoring of the FCO's property strategy has focused on sales and the extent to which the Department has been able to reinvest proceeds from asset sales. The FCO has a capital budget allocation of approximately £100 million per year; but this has been supplemented by an agreement with the Treasury that it can reinvest up to £100 million per year from asset sales to meet capital funding requirements. The FCO initially aimed to realise £240 million in asset sales over the four-year Spending Review period, but we noted last year that after one and a half years only £36 million had been raised from asset sales.[6] The FCO has now reduced its estimate of the amount which it will need from asset sales to fund capital investment, and the target over the four-year period is now £140 million. By June 2013, the FCO had sold estate assets worth £116 million, and it believed that it was "on track" to meet its capital investment plans.[7]

8. The agreement with the Treasury enabling the proceeds from estate sales to be recycled required any re-investment to be made within the same financial year and not carried forward. We expressed doubts in 2012 that the FCO could ensure value for money for the taxpayer under such conditions, as there was an incentive for the Department to sell property early in the year in order to have the scope to reinvest it in-year, regardless of market conditions. We saw a strong case for greater flexibility and called for a change in the Treasury's rules to allow proceeds to be carried over from one year to the next, for re-investment.[8] This was rejected: the FCO responded by saying that the Government did not believe that the rules needed to be changed and that there was already a measure of flexibility through the Budget Exchange system.[9]

9. However, in a letter to the Committee Chair in July this year, about the 2015-16 financial settlement, the Foreign Secretary said that the FCO "will have greater flexibility over the use of proceeds from asset sales, with the ability to carry forward proceeds from sales in

4 FCO Annual Report and Accounts 2012-13, page 52

5 Letter from the Permanent Under-Secretary to the Committee Chair, 17 July 2013 (not published)

6 Fifth Report from the Committee. Session 2012-13, HC 690, paragraph 31

7 Government response to the Fifth Report from the Committee of Session 2012-13, published as Command Paper 8636

8 Eleventh Report from the Committee, Session 2010-12, HC 1618, paragraph 27

9 Government response to the Committee's Eleventh report of Session 2010-12, published as Command Paper 8360

one year for investing in a later year".[10] The Permanent Under-Secretary of State has since provided further detail, telling us that proceeds from the sale of tangible assets could be carried forward for investment in a later year, through the Budget Exchange process, provided that:

- There are approved capital projects in subsequent years on which to spend the receipts;
- The carry forward does not exceed £200 million; and
- The Department would normally be permitted to retain the receipts.[11]

10. We note, in passing, a striking example last year of the consequences of the inflexibility of the previous Treasury rules. Agreement was reached in December 2012 on the sale of the High Commission compound in Kuala Lumpur, for £61.9 million, although the sale was not completed until April 2013. The National Audit Office, when it came to audit the FCO's Accounts for 2012-13, took the view that the sale (and receipts) should be recognised in December 2012, when the Sale and Purchase Agreement had been signed. The FCO, on the other hand, had planned to use the receipts from the sale of the compound to fund capital expenditure in 2013-14. The FCO is in discussion with the Treasury on how the new flexibilities will be applied to the proceeds from the sale of the Kuala Lumpur compound. We believe that this chain of events may well have contributed to the Treasury's decision to relent on its policy on in-year re-investment and to permit proceeds to be carried over from one year to the next. **We welcome the decision by the Treasury to permit greater flexibility for the FCO in reinvestment of proceeds from asset sales, as advocated by the Committee in 2012.**

Residential accommodation policy

11. The FCO has implemented a new residential accommodation policy for UK-based staff working overseas. The new policy is based on the operational requirement of each member of staff and their family circumstances, rather than their grade, seniority or age.[12] The target is to reduce spending on rented residential accommodation by 20% over the Spending Review period,[13] and the Department expects to save over £6 million each year in rental charges by 2015.[14]

12. Each Director-General 'cone' receives an annual budget allocation for residential accommodation, set by the Estates and Security Directorate in Whitehall. Allocations include a breakdown by post, but amounts are not ringfenced either within the 'cone' or within the post. Decisions on accommodation are taken by individual Heads of Mission, following norms for living space according to family size, as set out in the residential

10 Letter from the Foreign Secretary, dated 11 July 2013, on the FCO financial settlement

11 Letter from the Permanent Under-Secretary, dated 10 December 2013, on various matters following up the oral evidence given on 26 November 2013

12 Mr Rycroft Q 108

13 Q 108

14 See page 52, FCO Annual Report and Accounts 2012-13

accommodation policy.[15] We are aware that rental 'ceilings'—the maxima which are ordinarily payable by the FCO—have been lowered.

13. The drive to achieve savings from the estate and from accommodation costs is understandable, and **we endorse the principle that allocation of accommodation overseas should be guided by individual operational requirements and family considerations rather than grade or status.** However, a likely consequence of the reduction in rental ceilings is that affordable properties are likely to be smaller or more distant from the centre or the diplomatic quarter, less attractive to staff and their families, and less suitable for work-related entertainment. The new policy states that "As a rule, those staff below Head of Mission level who have representational duties will not be required to entertain in their home", and we draw the conclusion that entertainment in public premises is now regarded as the norm for most staff.

One HMG Overseas project

14. The FCO is pursuing a "One HMG Overseas" initiative, to try to bring together on a single premises or 'operating platform' in any one city the various Government departments and agencies operating there. The potential benefits are:

- A more concentrated, effective and distinctive presence for the UK abroad when different UK Government bodies are represented on the same premises;
- Reduced duplication of effort and consequent savings, for instance from shared corporate services (the June 2013 Spending Round statement speaks of savings of £5 million in 2015-16);[16] and
- More collaboration between Departments on policy, under a shared country business plan and cross-Government representation by a single Head of Mission.

Permanent Secretaries, Chief Executives and Directors at the FCO, the Department for International Development, HM Revenue and Customs, the Home Office, the Ministry of Defence, the Secret Intelligence Service, the Serious Organised Crime Agency and UK Trade and Investment wrote to all their staff in July 2013 to promote the concept and encourage buy-in.[17]

15. Last year we voiced our approval of the principle of sharing overseas premises with other Government departments, which we believe offers significant scope to generate savings for the taxpayer while strengthening the UK's identity locally.[18] The FCO, in its response, agreed, although it noted that the majority of savings would flow to the budgets of departments other than the FCO.[19] The FCO has since provided further information showing that approximately 30% of staff on its 'platforms' overseas are from other

15 FCO Residential Accommodation Policy, not published

16 *Spending Round 2013*, HM Treasury, page 29

17 Letter to the Chairman, from Matthew Rycroft, then Acting Permanent Under-Secretary of State, dated 12 August 2013, on FCO Management Issues

18 Fifth Report from the Committee, Session 2012-13, HC 690, paragraph 24

19 Government response to the Committee's Fifth Report of Session 2012-13, published as Cm 8636.

Government departments or agencies, and that on 31 March 2013 there were over 4,000 staff from 30 departments or agencies sharing the FCO 'platform'. The FCO also listed impending co-location projects.[20]

16. Although the One HMG Overseas initiative is essentially a sensible idea, co-location will not always be suitable. The British Council is "committed to join in" wherever possible, but the Government accepts that, because of the Council's status as a registered charity and a public corporation with commercial activities, it would not be able "to participate in the full range of joint action described".[21] The British Council told us that it shared premises with the FCO in "about 30 countries" but that the arrangement would not always be appropriate. A historic building which is a fine site for an embassy might not lend itself to easy access for large numbers of students, nor would the internal layout necessarily be conducive to having classrooms. The British Council also had reservations about being seen as part of the Foreign and Commonwealth Office.[22]

17. A further potential obstacle lies in the vision for "a harmonised set of terms, conditions and allowances to apply to all UK staff serving alongside each other at posts overseas". The Government recognises that there would need to be flexibility for specialist staff "to allow each department to meet its business needs",[23] and Sir Simon Fraser, the Permanent Under-Secretary, acknowledged that there could be "local frictions" when people from different departments were employed on different terms and conditions.[24] **While we welcome the One HMG Overseas project as a good way of strengthening the UK's identity locally and synthesising the effort of the various arms of Government overseas, the FCO should not underestimate the scale of possible resistance to the harmonisation of terms and conditions for staff from different departments and agencies.**

18. The drive towards greater co-location of UK Government representation, with a single Head of Mission, may draw greater attention to the variable levels of funding available from the FCO and the Department for International Development. Our predecessors raised this issue with the FCO in 2008, pointing out that in areas where there was joint working between the two Departments, and where DfID had significantly more to spend, the impression might be one of "the tail wagging the dog". The then Permanent Under-Secretary, Sir Peter Ricketts, preferred to describe the relationship as "complementary" and noted that there were many areas in which the FCO was the Department equipped to take a clear lead (such as advice on foreign policy, work on conflict prevention, and consular support).[25]

19. We asked the FCO to supply a list of countries where the Head of Mission or the Deputy Head of Mission is not an FCO employee.[26] It may well be that this list will

20 Letter from the Permanent Under-Secretary, dated 10 December 2013, on various matters following up the oral evidence given on 26 November 2013

21 Joint Message from Permanent Secretaries to staff, 22 July 2013

22 Q 66 and 77

23 Joint Message from Permanent Secretaries to staff, 22 July 2013

24 Q 113

25 Q 179-80, oral evidence taken on 29 October 2008

26 Not published

lengthen if the One HMG Overseas initiative (and the aim for cross-Government representation by a single Head of Mission) is pursued to its logical conclusion in countries where DfID is the greatest source of UK Government funding and where DfID wields the greatest influence locally as a result.

3 FCO staffing

The overall staff profile

20. The Department's Strategic Workforce Plan, drawn up in late 2011 and revisited every quarter, envisaged an overall reduction in headcount of UK-based staff[27] of 10% between 2011 and 2015. In summer 2011, when the FCO's 2010-11 Annual Report and Accounts was published, that expected trend was mapped in the FCO's forecasts for numbers of UK-based staff, expressed as a full-time equivalent: estimates of future staff numbers showed a steady fall from 5,000 UK-based staff in March 2011 to 4,500 by March 2015.[28]

21. In practice, that trajectory has been interrupted: figures on page 57 of the 2012-13 Annual Report, albeit presented on a slightly different basis, show falls up until March 2012 followed by a 5.7% increase to March 2013. That jump is in turn reflected in the overall paybill (covering both UK-based and locally engaged staff), from £535 million in 2011-12 to £584 million in 2012-13.[29]

22. The chart below, which is reproduced from the Annual Report and which shows numbers of UK-based staff at each grade in each of the last six years, shows clearly where the bulge occurs – Bands C and D (middle-ranking policy and diplomatic grades):

Table 1: FCO UK-based staff 2008-13, by grade

	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Mar 13
A1 (AA)	140	122	133	107	54	64
A2 (AO)	814	843	843	833	791	759
B3 (EO)	970	976	980	920	850	849
C4 (HEO)	920	972	1017	968	968	1117
C5 (SEO)	392	404	381	401	403	438
D6 (Grade 7)	742	788	770	714	700	754
D7 (Grade 6)	272	302	325	325	360	410
Senior Management Structure	418	415	415	395	395	409
Other	10	12	126	123	55	36
TOTAL	**4678**	**4834**	**4990**	**4786**	**4576**	**4836**

Source: FCO Annual Report and Accounts 2012-13

27 Core FCO staff based in the UK but sometimes posted overseas, recruited and employed by the FCO under central terms and conditions

28 FCO Annual Report and Accounts 2010-11, HC 974, Session 2010-12, page 21

29 FCO Annual Report and Accounts 2012-13, HC 32, Session 2013-14, page 93

23. The reprofiling of the staff structure, with fewer and fewer staff at clerical and administrative grades (A and B Bands) but rising numbers in policy/diplomatic grades (C and D Bands), is no accident. The fall in numbers of administrative staff is largely due to the recent significant cuts in administrative posts overseas, on which we have previously commented.[30] The growth in numbers at more senior grades flows from the demands of the Network Shift, the need to recruit staff with specialist skills at Band C level, and the redirection of staff from service/corporate work to policy work (the plan is to cut staffing across corporate services by 25% over four years). All these factors were envisaged in the FCO's Strategic Workforce Plan in 2011,[31] and the change in shape of the staffing structure is intended to be a long-term one.[32]

24. There is a continuing demand for policy support which the Department is struggling to satisfy within the confines of the Spending Review. The FCO's Departmental Improvement Plan, published in June 2013, noted that

> Progress in implementing the Strategic Workforce Plan to reduce headcount and ensure that we have the right workforce, with the right people in the right place at the right time at the right cost has been slower than originally planned, given the decisions of Ministers to expand our network and the sustained pressure to deliver an ambitious policy agenda. The Board has chosen to respond to overstretch concern by temporarily increasing the supply of staff to fill gaps in some Bands. As a result we are not on track to reduce our UK-based headcount by 10% by 2015 and are reviewing policy in this area.[33]

Mr Matthew Rycroft, Chief Operating Officer at the FCO, confirmed to us that the Department had extended by one year the deadline for meeting the target to reduce its headcount by 10%, and he said that "we are now back on track ... through a combination of the recruitment freeze [and] the normal rate of resignations and retirements".[34]

25. We do not take issue with the desire to pursue an active and ambitious foreign policy agenda. However, the Department—and Ministers—need to be realistic: the machine is being worked to the limit. On top of the day-to-day business of sustaining a foreign policy at a time of particular turbulence in the Middle East and elsewhere, the Department has had to meet the demands of the Network Shift, the 2012 Olympic and Paralympic Games and the major expansion of the FCO's commercial work. The net effect has been to divert resources from mainstream policy areas and to complicate the Department's efforts to derive savings from headcount reductions. ***We conclude that in future the Department will need to attach greater importance to living within its means and will need to recognise that there are limits to what it can take on. We recommend that the FCO maintain a clearer definition of its priorities.***

30 See Eleventh Report from the Committee, Session 2010-12, HC 1618, paragraph 41, and Fifth Report from the Committee, HC 690, Session 2012-13, paragraph 40

31 Supplied to the Committee but not published

32 See Mr Rycroft, Q 124

33 Foreign and Commonwealth Office Departmental Improvement Plan, page 15

34 Q 123

Provision of information on numbers of staff at individual posts

26. The FCO has not published a breakdown by name and function of UK-based staff in each post since 2005, when it last published a Diplomatic Service List. In May 2011 the Department did, at the request of the Committee, provide rounded figures for the number of staff in each post, with a ratio of locally engaged staff to UK-based staff in each case. The FCO told us at the time that for "operational and security reasons", it could not give us a more detailed breakdown.[35] The Permanent Under-Secretary explained in oral evidence in November 2013 that the Department had "had a difficulty in the past because our management information on the locally engaged staff was not very good" as the recruitment data had not been centralised.[36]

27. What matters most to us is the ability to track trends in staffing and to know whether representation at any particular post has grown or contracted, and how individual roles have changed. It was the inability to do this that caused us to recommend last year that the FCO should:

- Publish rounded figures for each post in each Annual Report
- Supply to the Committee, in confidence and annually, exact numbers of staff in each post, broken down by UK-based and locally-engaged staff
- Supply the Committee on request and in confidence with a breakdown of staffing at each post in any specified country, by function, for the current year and each of the previous ten years.[37]

28. The Department, in response, told us that it was "committed to being as open and transparent as possible with our workforce management information"; but it declined to undertake to supply the Committee annually with precise figures, broken down by UK-based and locally engaged staff, even in confidence. Given this rather discouraging reply, we were pleased to find that this year's Annual Report and Accounts included precise figures for UK-based staff at each overseas post;[38] and we were pleasantly surprised to note the statement on page 58 of the Annual Report that

> We are currently considering the best way to present detailed information on our staffing levels overseas, including providing an unrounded breakdown of staff (both LE and UK Based) in each of our overseas Posts and missions. In the past, we have been unable to provide this information for security and operational reasons. But we are reviewing how to make available a comprehensive picture of our staffing levels at our Posts overseas.

35 Government response to the Third Report from the Foreign Affairs Committee, Session 2010-12, published as Command Paper 8060

36 Q 143

37 Fifth Report from the Committee, Session 2012-13, HC 690, paragraph 39

38 Annex A to the FCO Annual Report and Accounts 2012-13. Figures for posts with five or fewer UK-based staff were withheld.

Sir Simon Fraser said that the Department had, over the last year or so, achieved progress in collating management information on locally engaged staff, and that it was now in a position to produce this information for us.[39]

29. ***We welcome provision by the FCO in this year's Annual Report and Accounts of unrounded figures for UK-based staff in each post, and we welcome the steps taken by the FCO to enable it to supply unrounded figures for total staff employed at each post in future. We recommend that the Annual Report should include these figures as a matter of course each year.*** We have, however, not lost sight of our recommendation last year that the FCO should provide, on request by the Committee, a breakdown of staff by function in any named country for the current year and the previous ten years, in confidence if necessary. Without this information, we have to rely on anecdotal evidence to understand how priorities at each post have been reflected in its staffing, and how each post has responded to centrally-imposed staffing cuts (or increased allocations of staff). We acknowledge that patchy data may make it difficult or even impossible for the FCO to provide historical information on numbers and functions of locally engaged staff; but we are not persuaded that such constraints apply to UK-based staff. ***We reiterate our recommendation that the FCO provide us on request, and in confidence if necessary, with a breakdown of staff by function in any named country in the current year and the previous ten years. We acknowledge that there may well be occasions when the FCO cannot provide comprehensive data for locally engaged staff, but we urge it to be as forthcoming as possible in this respect when a request is made by the Committee.***

Locally engaged staff

30. At the end of the 2012-13 financial year, the FCO employed approximately 9,500 local staff at overseas posts.[40] Local staff currently make up 67% of the total workforce: last year it was "nearly two-thirds". The FCO expected last year that 70% of its workforce would be locally engaged by 2015, but this year the FCO has been a little more cautious, saying only that the proportion of locally engaged staff "may rise to 70%" by 2015.[41]

31. The Permanent Under-Secretary and Mr Rycroft reiterated to us part of the rationale for increasing the proportion of locally engaged staff: it is cost-effective to employ locally engaged staff if they could do the job as well as a UK-based member of staff. The average cost to the taxpayer of doing so is approximately one-third of the cost of employing a UK-based member of staff.[42] Locally engaged staff could also offer a depth of local knowledge and an understanding of a country's history, culture, politics, and social and economic issues which complement the work of UK-based staff; and many are native language speakers.[43]

39 Q 143

40 Page 58, FCO Annual Report and Accounts 2012-13. A different figure, representing the monthly average for locally engaged staff on a permanent contract, is provided on page 93: 8,087.

41 Page 53, FCO Annual Report and Accounts 2011-12, and page 58, FCO Annual Report and Accounts 2012-13

42 Q 135

43 Mr Rycroft Q 128

32. We have consistently recognised that locally engaged staff are a major strength of the FCO. However, we have also warned that the policy of increasing the proportion of locally engaged staff is "not capable of indefinite extension" and could put the *esprit de corps* of UK-based staff at risk.[44] Last year we recommended that the FCO should give an undertaking that the 70% threshold for locally engaged staff should not be breached. Although the FCO did not agree to give that undertaking, it did accept that "there must be a limit".[45] In oral evidence Mr Rycroft, Chief Operating Officer at the FCO, gave an impression that at least a notional limit had been set, telling us that the proportion was "coming towards, but not beyond, 70%".[46] Sir Simon Fraser later maintained that the Department had not committed itself absolutely to a 70% ceiling,[47] but **we welcome signs that the FCO appears to regard 70% as a ceiling for the proportion of locally engaged staff, even if not a formal one. We request that the Department supply us with a copy of the current Duty of Care guidance as it relates to locally engaged staff.**

Locally engaged staff and policy work

33. The nature of the work which locally engaged staff do is changing: this year's Annual Report and Accounts says explicitly that locally engaged staff are "increasingly involved in the delivery of front-line policy objectives",[48] and Mr Rycroft told us that 15% of locally engaged staff were doing policy or diplomatic work, such as lobbying the host government or reporting back to the FCO on host country perspectives.[49] While locally engaged staff and UK-based staff might increasingly be doing similar work, their terms and conditions of employment (and pay rates) will differ.[50] Approximately 40 posts are now headed by locally engaged staff.[51]

34. It is unusual for locally engaged employees to transfer between diplomatic missions or to work in the UK. Their career development options are therefore likely to be restricted, although the Strategic Workforce Plan proposes that "where there is a business case, and staff are willing, we should consider deploying more LE staff outside their countries of recruitment, including to the UK where possible, on structured attachments and secondments". We asked the Permanent Under-Secretary whether an increase in the use of locally engaged staff in front-line and policy roles could be accommodated without damaging the career prospects of UK-based staff. Sir Simon believed that it could, pointing out that the FCO was at the same time increasing the number of diplomatic positions overseas for UK-based staff in policy grades.[52]

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44 See Fifth Report from the Committee, Session 2012-13, paragraph 49

45 Government response to the Committee's Fifth Report of Session 2012-13, published as Command Paper 8636

46 Q 126

47 Q 133

48 FCO Annual Report and Accounts 2012-13, Page 58

49 Q 129. 61% work on management or support functions, 18% work on trade, investment and economic activity, and 6% work in consular roles. See Annex B of supplementary memorandum

50 Q 135

51 Strategic Workforce Plan (not published)

52 Q 128

35. We were encouraged to hear that there would not, on the face of it, be a reduction in the opportunities for UK-based staff to fill policy and diplomatic posts overseas. ***We believe that it would be shortsighted to allow the financial advantage derived from employing locally engaged staff rather than UK-based staff in diplomatic or policy work to restrict the opportunities for UK-based staff in policy grades to work overseas. The consequence would be to lessen their first-hand experience of living and working within different cultures and political and social environments and to diminish the knowledge that was acquired and carried forward to senior levels of the organisation over the years. We recommend that the Department state that it recognises this danger and that it offer a guarantee that the number of overseas positions for UK-based staff at policy grades will not decrease as a result of greater use of locally engaged staff.***

36. In addition, we are concerned about whether the implications of an increase in the use of locally engaged staff in front-line and policy roles have been fully thought through. There have already been instances when locally engaged staff who were nationals of the host government have faced serious negative repercussions, often from their own governments, arising from policy and advocacy work done on behalf of the FCO. Furthermore, it is unclear how potential conflicts of interest are mitigated or avoided. ***We recommend therefore that the FCO clarify what measures or guideline are currently in place to address concerns about locally engaged staff carrying out policy and advocacy work on behalf of the FCO, and about potential conflicts of interest.***

Languages

Recognition of skill levels

37. We have been persistent critics of the omission of language expertise from the competency framework used to assess applicants for promotion to the highest levels of the FCO. We argued in last year's report that in some posts a lack of fluency in a language would limit the credibility of the postholder, and we concluded that a competency framework which offered no direct recognition of language skills would not ensure an adequate supply of staff at the highest levels with all of the skills and credibility needed to command respect in key diplomatic postings.[53]

38. We have voiced concerns about the consequences of low levels of language skills in other areas. In a short report on the UK staff presence in the EU institutions,[54] we noted that the UK remains significantly under-represented among the staff of the main EU institutions (with 4.6% of European Commission staff, for example, compared to the UK's 12.5% share of the EU's population); and that the situation appears set to get worse before it gets better. We were told that the requirement for a large share of the EU's qualifying recruitment exam to be taken in French or German was one of the obstacles to greater UK representation. The FCO did not attempt to disguise the seriousness of the problem and

53 Fifth Report from the Committee, Session 2012-13, HC 690, paragraph 61

54 Second Report of Session 2013-14, HC 219

made a commitment to publish an annual report to Parliament on the numbers of UK nationals working for the EU and entering the recruitment exam.[55]

39. However, the FCO has rejected the Committee's arguments on the omission of languages from the competency framework on the basis that

> Decisions about promotion require us to make judgments about whether a member of staff is widely deployable to do a range of roles at the next grade up, and therefore to focus on transferable skills and competences, and the ability of the individual to perform at the next level of responsibility.[56]

The FCO maintains that relevant skills and expertise—including language skills—would be taken into account for appointments to specific posts.[57]

40. Following the oral evidence session with the Permanent Under-Secretary on 26 November this year, he wrote to us with further information on a number of issues raised during the session. Included with that letter was an Annex announcing that the FCO had agreed in October 2013 to change the competency framework, to include language skills. Two new competencies are to be introduced, following consultation with staff:

- *Engaging Internationally*, which relates to an understanding of UK Government aims "in the wider UK and international context" and the development of productive relationships with those external contacts and partners to help deliver UK objectives; and

- *Demonstrating Resilience*, which relates to "resilience in international roles", and people's ability "to adapt to working in difficult and varied international environments" and "to bounce back from crises and setbacks in those contexts".

The FCO supplied copies of the two new competencies, which we have published with this Report.[58]

41. We are of course much encouraged by the decision to reflect language skills in the new competencies and by the weight accorded to the understanding of local knowledge and sensitivities; but, on a close reading of the competencies, we find no indication that a person's particular proficiency at languages will count in their favour in assessment for promotion. An example of "effective behaviour" in relation to languages would be merely to "learn and promote the learning of languages". No examples are given of "ineffective behaviour" in relation to languages other than for Band A and for Band D (the highest band below senior management grades), where people who are "less effective" are "likely to be reluctant to develop appropriate language skills to increase impact". In theory at least, a willingness to learn the language would satisfy the criteria and be a sign of "effectiveness", even if the level of proficiency was low.

55 See Command Paper 8698, page 8

56 See Command Paper 8636, response to recommendation 14

57 Sir Simon Fraser, Q 88, oral evidence given on 6 November 2012, see HC 690, Session 2012-13.

58 See supplementary memorandum from the Foreign and Commonwealth Office

42. ***We believe that the FCO could and should have been bolder in its recognition of language skills in the new elements of the competency framework. We believe that evidence of an ability to strengthen contacts and win respect through use of the local language should be the mark of effectiveness, rather than simply a willingness to learn the language. We recommend that the FCO amend the relevant competency framework accordingly, before its introduction in 2014.***

43. Whereas the FCO has until recently shown no inclination to shift its thinking on recognising language skills in promotion, it has accepted that levels of expertise could be improved. Prompted by the Committee's requests for information last year, the FCO went to some trouble to research and provide details of language proficiency levels among staff in "speaker slots" (posts where the ability to communicate effectively in the local language is considered essential). The FCO discovered that it had flawed data in this field: having initially told the Committee that there were "about 800" such slots, it revised the figure downwards in March 2013, to "approximately 720"; and in an update on 9 May, a new figure of 587 was notified to the Committee. The revision was attributed to "discrepancies with the historic language slot records held by our languages team".[59] **While we commend the FCO for its willingness to undertake a major exercise to gather and check data on the level of language proficiency of staff in 'speaker slots', we are concerned that the data initially supplied to us was inaccurate.** We note that this may be indicative of wider failings in information management by the Department, identified by the 2011 Capability Review (instigated by the Cabinet Office)[60] and acknowledged by the FCO itself in its Departmental Improvement Plan, published in June 2013.[61] We may return to this issue in future.

44. When we asked the FCO last year about the language skill levels of Heads of Mission, the Permanent Under-Secretary told us that 101 Head of Mission posts were "speaker slots" and that "well over 90" of the postholders could speak the local language.[62] When the Committee probed to see whether Heads of Mission could speak the local language to the particular level required for the post,[63] it transpired that only 38% of Heads of Mission had passed an examination at the target level for their post. The figure for other staff was 47%.[64] The FCO pointed out that a member of staff in a speaker slot which required proficiency at "extensive level"—the highest level—would normally be expected to reach that level during the course of a posting, once they had used the language thoroughly in day-to-day work.

59 See Letter to the Chairman, from Simon Fraser, Permanent Under-Secretary of State, FCO, dated 9 May 2013, on speaker slots overseas and language proficiencies

60 Capability Reviews were externally-led two-stage reviews designed to identify weaknesses in Departments' capability to meet delivery objectives and be ready for challenges: see FCO Capability Action Plan 2011

61 Foreign and Commonwealth Office Departmental Improvement Plan 2013

62 Response to Q 92, oral evidence given on 6 November 2012, HC 690, Session 2012-13

63 Each 'speaker slot' carries a requirement for facility in the local language to a specified level. That might be 'confidence' level, at which someone would be able to deal confidently with routine everyday issues in the local language, or at a higher 'operational' level, roughly equivalent to degree level, or at 'extensive' level, representing the most advanced level of fluency. See HC Deb 19 December 2011, col 969W

64 See Letter to the Chairman, from Simon Fraser, Permanent Under-Secretary of State, FCO, dated 9 May 2013, on speaker slots overseas and language proficienciesdf

45. Overall, however, the FCO acknowledged that "we have more to do to raise these percentages",[65] and Sir Simon Fraser told us that the situation was "not acceptable as a long-term status quo".[66] He added that he proposed to draw lessons from the experience and to issue guidance to staff about what they were expected to achieve during their language training, so that people would take seriously their responsibility to attain the correct level of proficiency.[67] **We conclude that the Committee's persistence in pressing for detailed information on language proficiency has been justified, and we welcome the FCO's recognition that action needs to be taken to raise proficiency levels. We commend the Permanent Under-Secretary for his evident determination to address the problem.**

Language allowances

46. The FCO pays language allowances to staff in "speaker slots" overseas who have passed an examination in the local language at the level required for the post. The size of the allowance varies according to the difficulty of the language and the proficiency of the staff member. Someone who has reached a higher level of proficiency in a relatively simple language would be paid between £836 and £1,857 per annum, depending on whether they had passed exams in translation alone or had also passed written or oral modules. Allowances paid for higher levels of proficiency in the hardest languages would receive between £1,950 and £4,334 per annum, again depending on the range of examinations taken. Lump sum allowances are also payable to staff who maintain their skills in certain 'hard' languages and who re-qualify in that language. These allowances currently range from £711 to £3,684 depending on the complexity of the language and the level reached.

47. The FCO told us in June that allowance rates and qualifying criteria "have not been revised for some time" and were being reviewed.[68] When we proposed to the Permanent Under-Secretary in oral evidence on 26 November that allowances might be raised as an incentive, he told us that the review had been completed and would be considered first by the FCO's internal human resources committee and then by the Management Board. His tone and choice of words, however, hinted that he did not see raising allowances as the only way forward:

> It is true that one of those incentives is a financial incentive, but what we discover from the returns from staff is that they are also interested in a range of other things, such as the ability to support the continuation of their language skills and the creation of cadres of language speakers. We will try to bring together a broader package of measures which will help us to incentivise people to learn languages.[69]

48. The Department is correct to look at a variety of ways in which its staff could be encouraged. We do not, however, believe that it should disregard the power of the financial

65 See Letter to the Chairman, from Simon Fraser, Permanent Under-Secretary of State, FCO, dated 9 May 2013, on speaker slots overseas and language proficiencies

66 Q 146

67 Q 147

68 Government response to the Fifth Report from the Committee, Session 2012-13, published as Command Paper 8636

69 Q 149

incentive offered by the language allowance, particularly when other attractions of working for the Diplomatic Service (such as opportunities for staff at administrative grades to travel and high standards of residential accommodation overseas) are being trimmed. The FCO makes a very substantial investment in training its staff in languages, and it is in the Department's interest to retain that expertise and derive full value from it. ***We believe that language allowances, carefully set, can make a difference in persuading staff to develop and retain language expertise. If anything, the FCO should increase the allowances, in the interests of protecting its assets.***

The Language Centre

49. The FCO Language Centre re-opened in September 2013 in the FCO's King Charles Street premises, after a closure of almost six years. It consists of 40 classrooms, a multi-media resource centre, a library and a digital library with access to over 2,300 online newspapers from across the world.[70] The Centre is expected to accommodate up to 1,000 full-time and part-time students each year. All of the FCO's full-time language students have transferred to the new centre, and the 400+ part-time students are expected to transfer by the end of the year.[71] Training in most languages is being provided by Language Services Direct (which subcontracts to other providers or tutors), but French is being taught by the Institut Francais.

50. Earlier this year, Heidi Alexander MP copied the Committee Chair into a letter to the Foreign Secretary about pay rates for foreign language teachers providing language tuition to FCO employees. She cited a person who had in the past taught German to many British diplomats through the Foreign Office Language Centre, including ambassadors to Berlin and to Vienna. This person had recently been approached by Language Services Direct, who had won the FCO contract to provide all foreign language teaching, and had been asked to teach German to FCO staff for £23 per hour. She declined, on the grounds that the pay did not adequately reward the necessary effort. In 2000, the FCO had paid this same person £26.50 per hour for the same work, when other institutions were paying £29.00 or even £33.50 per hour. A standard rate for an experienced, qualified tutor in London is currently £30 per hour, and we understand that one leading higher education institution in London pays £37.90 per hour for work of this type.

51. Diplomats have particular language requirements: they need to reach high levels of fluency in a short space of time; and they need a specialised vocabulary. Tailored teaching will involve prior research and preparation by the tutor into relevant current affairs and political and economic developments in the country concerned. In these circumstances, the amount of preparation time may be not far short of actual teaching time.

52. We asked the Permanent Under-Secretary whether he was satisfied that pay rates being offered to teachers at the Language Centre were sufficient and reflected the preparation time which was needed. He contended that the contracting process had been based on both cost and quality, and that feedback so far on the quality of teaching at the Language Centre had been good. He believed that there was no shortage of people seeking employment at

70 Letter from the Foreign Secretary to the Chair, 18 September 2013

71 July to September 2013 Quarterly Update on FCO Management Issues

the Language Centre, which indicated to him that it was seen as an attractive option.[72] He undertook to monitor the situation, and we shall do the same. **We are yet to be satisfied that standards of teaching at the FCO Language Centre can match those at other specialist institutions given that there appears to be a major disparity in pay rates. We will be on the alert for any sign that the quality of language teaching has been compromised by an excessive focus on cost by the FCO.**

72 Q 150

4 Discretionary expenditure by posts

53. In 2012-13, £143.8 million was allocated by the FCO for spending on strategic programmes: these include programmes to help safeguard the UK's national security, enhance the UK's prosperity and promote the UK's values (including bilateral, regional and human rights programmes). Most programme spending is managed centrally, but 10% is devolved to posts, to be used at the discretion of Heads of Mission in line with their Country Business Plans.

54. In March 2013, we asked the FCO about the scale and nature of expenditure by posts from locally-held budgets, and the audit and evaluation arrangements for such spending. The Foreign Secretary sent a full reply on 14 April,[73] saying that:

- 10% of programme funding (amounting to £14.4 million) was devolved to posts for discretionary spending to support activities within posts' Country Business Plans;
- The FCO's Internal Audit Department carried out a rolling programme of post visits and would include programme spending within their audit. Their reports were not published externally;
- Implementing partners (typically NGOs) provided quarterly reports on spending and progress for each programme, as well as a report at the conclusion of the project, setting out how the project had delivered its objectives;
- The Policy Programme Evaluation Board, made up of senior FCO staff and external public and private sector figures, assessed the strategic impact and value for money of discretionary programmes; and
- The cost of projects of this nature averaged out at £11,000, well below the £100,000 threshold above which FCO guidance specified that projects should be evaluated.

The Permanent Under-Secretary told us in oral evidence that Heads of Mission were required to report to the Regional Director at six-monthly intervals on spending, through the business plan monitoring process.[74]

55. We invited the National Audit Office to comment on these arrangements. It noted that levels of spending were relatively low and that the FCO had internal procedures in place to monitor and evaluate spending and outcomes. The NAO said that, as part of its audit of the FCO financial statements, it reviewed a sample of programme expenditure each year (not just discretionary programme expenditure) and had not identified any significant issues in its 2012-13 review relating to the latter. It also reviewed this type of spending during visits to posts each year and had in the past challenged a post about post-project evaluation; but the matter had been resolved.

73 See Letter to the Chairman, from the Secretary of State, on discretionary programme and project spending, dated 14 April 2013

74 Q 170

56. We are concerned that discretionary spending by FCO posts may receive less scrutiny than funds spent through centrally-managed programmes. ***We plan to request information on FCO posts' discretionary spending, including on whether and how the strategic impact of such spending is measured and evaluated, and we recommend that posts consider how they could do more to publicise their programme spending—whether managed centrally or locally—in order to provide greater transparency.***

5 The British Council

57. The British Council is a hybrid body. It operates under a Royal Charter, which specifies its purposes; it is a registered charity, governed by a Board of Trustees; it is a public corporation for budgetary and national accounting purposes; and it is a non-departmental public body which receives public money (approaching £175 million in 2012-13). The Council exists, amongst other things, to promote an understanding between the people of the United Kingdom and other countries of different cultures; to promote a wider knowledge of the United Kingdom; to develop a wider knowledge of the English language; and to encourage cultural, scientific, technological and other educational co-operation between the United Kingdom and other countries.[75]

The Triennial Review

58. The Cabinet Office announced in April 2011 that the form and function of all non-departmental public bodies would be reviewed every three years, to assess whether their status as non-departmental public bodies was justified and, if so, to review their arrangements for control and governance. A Triennial Review of the British Council was announced by the FCO in a Written Statement on 17 July:

> It is government policy that all Government Departments are required to review all their Non-Departmental Public Bodies (NDPBs) at least every three years.
>
> The review will be conducted in two stages. The first stage will examine the key functions of the British Council. If the outcome of this stage is that the functions performed by the British Council are still required and that it should be retained as a NDPB, the second stage of the project will ensure that the British Council is operating in line with the recognised principles of good corporate governance.[76]

59. The team leading the Triennial Review published a discussion paper in September summarising the British Council's work and governance structure and inviting views on ts form and future. The consultation, which generated "several hundred responses" including some from private sector companies, closed on 12 October.[77] The Review team also gathered information through interviews with British Council staff, visits to British Council offices in the UK and overseas, and workshops with invited representative groups of interested parties. The Review has considered international comparators, including the Goethe Institut, the Institut Francais and the Confucius Institute.

60. The Triennial Review's discussion paper said that if the Review were to conclude that the Council's purpose and functions remained necessary, then it would consider various delivery models. These included:

75 See British Council Royal Charter and Bye-laws 1993

76 HC Deb 16 July 2013 col 81WS

77 HC Deb 18 October 2013 col 889W

- Continuing as at present if all of the functions passed one of the following tests: Is this a technical function? Does it need to be delivered with impartiality? Does it need to be delivered independently of ministers to establish facts or figures with integrity?

- Delivery of some or all functions by the private or voluntary sectors

- Delivery of some or all functions by a newly-created Executive Agency, Trading Fund or Public Corporation

- Delivery in-house by the FCO or another Government department.[78]

61. The British Council has a mixed economy model and treads a delicate balance between the expectation that it will maximise earned income, in order to reduce the burden on the public purse, and the requirement to ensure that income-generating activity remains consistent with the Council's charitable status and purposes as defined by the Royal Charter. In 2012-13, the Council's funding sources were as follows:

- £490 million (63% of income) was derived from fees and income from services (teaching; administration of exams; fees from managing contracts; income from commercial partners)

- £175 million (22% of income) was received in grants, almost all of it as FCO Grant in Aid

- £106 million (14% of income) was funding for contract activity (such as a scholarship fund which is managed and distributed by the Council).[79]

62. The Council argued strongly to us that the mixed economy model "is successfully building trust and increasing the UK's reputation around the world at a fraction of the cost to the public purse of overseas competitors". It said that "public funding remains critical to our success, ensuring the sustainability of our global operating platform, providing space to innovate, take creative risks and invest long-term in a way that would not be possible in a purely commercial model". It added that without grant funding, the Council could not be active in "fragile and post-conflict states" in places such as South Asia and Africa, where the opportunities for the Council to generate its own income are limited but which are nonetheless strategically important for the UK.[80]

63. Sir Vernon Ellis, Chair of the British Council, expanded on these arguments in oral evidence. He told us that there was a wide range of views on how the Council should be structured and funded. Some, he said, came from a presumption that the private sector was "innately superior to the mixed economy"; and some came from a desire to control the Council more directly.[81] He believed that there were

> quite a lot of people who have an axe to grind or a particular thing they would like to be done in a different way. Quite a lot of those are coming from different sources,

78 British Council Triennial Review: Public Consultation, September 2013

79 See British Council Annual Report and Accounts 2012-13, page 76

80 Memorandum from the British Council, paragraph 2.1

81 Q 57

> particularly from the private sector, where there could be views that we are somehow overlapping it or cutting it out.[82]

Some of the suggestions being made were mutually exclusive, either calling for the Council to cease its language teaching operations and leave the field clear for private sector enterprises, or calling for removal of public funding for the Council on the basis that it could support itself through commercial language teaching.

Our view on the British Council and its future form

64. The Triennial Review team is considering in depth the future of the British Council, and its findings will be founded on a very wide evidence base. We were pleased to hear Sir Vernon Ellis remark that the Review was being done "in a very logical way" and that the issues were being examined "in a very thorough and good way".[83] We do not claim to have conducted an evidence-gathering exercise in the same depth; but we do have extensive knowledge from having seen the British Council in action around the world, and from having regularly taken oral evidence from the Council over the years on its work and its expenditure. We also offer a view on behalf of the taxpayer.

65. We are in no doubt that the British Council is an invaluable part of the UK's soft power armoury: it projects successfully and energetically the various aspects of British culture and values. The brand is trusted and respected; the organisation has a worldwide presence; and its activities are not replicated in full by any other UK-based organisation. We are satisfied that if the Council were to cease to exist, there would be a diminution of British influence overseas.

66. We also believe that any change to the current funding model would change the nature of the British Council. Over half of the British Council's income is derived from its work in what it describes as "developing a wider knowledge of the English language" (principally teaching and administration of exams).[84] Without those activities and the income which they generate, the Council would be heavily reliant upon voluntary and public funding, and we cannot see any consequence other than a severe contraction in activity. Removal of public funding (and Government sponsorship) would force the Council into an operation which was governed far more by commercial considerations, not necessarily aligned with the priorities of the FCO or the interests of the UK. Offices which were doing valuable work in underdeveloped countries but which could not cover their costs would be competing for cross-subsidy from more profitable operating units, and there would certainly be losers. We note that the profit margin on earned revenues is between 5% and 10% and that the revenues required to generate, for instance, £50 million in lost grant would lie somewhere between £500,000 million and £1 billion: "quite an ask", in Sir Vernon Ellis's words.[85]

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82 Q 60

83 Q 58

84 See page 84 of the British Council Annual Report and Accounts 2012-13.

85 Q 61

67. ***We conclude that the cross-subsidy model for the British Council is better than any other in allowing for a strong British influence and presence overseas and a deeper understanding in other nations of Britain, its culture and values, at an acceptable cost to the taxpayer. A reliance on commercial funding would make the British Council's presence unsustainable in many areas where it has the greatest "soft power" value, and a reliance on public funding would shrink the organisation and reduce its influence with foreign governments (for instance in education services) overseas. The British Council has achieved a balance which works, and we believe that the current mixed finance model should be retained.*** We recognise that there may be scope to provide greater reassurance to commercial providers of language services that the Council does not derive an unfair advantage from its status as a publicly-funded body.

Other matters

Location of British Council offices

68. It might be assumed that the British Council, as an organisation that seeks to project the UK, share its cultural assets (including the English language) and build connections between the people of the UK and of other countries, would occupy premises which were central and highly visible, but this is not necessarily the case. We make it our standard practice to include visits to British Council offices when travelling as part of our wider work in monitoring the FCO and its policy, and we have seen for ourselves the variety of settings used by the British Council. For instance, whereas the Ankara office is on the upper floor of a shopping mall, the office in Tripoli is located in a residential district some way from the city centre. The Tunis office is on a main thoroughfare, but the Riyadh office is in a side street with no traffic and no passers-by, nowhere near downtown Riyadh. In our oral evidence session on 5 November 2013, we invited the Council to justify its policy on selection of premises overseas.

69. The Council told us that premises were selected according to the range of services to be provided and to the local environment. For some cities (such as Tripoli and Riyadh), security was particularly important: this had led to the decision to operate from premises in Riyadh which were within the diplomatic quarter. The Council had also needed to find a site in Riyadh where services could be offered to both women and men. Otherwise, a main factor was access for the customer: that might mean a site with good transport links rather than a congested downtown location.[86] The Council was open to co-location with UK Government departments (and it listed examples of recent agreements to co-locate), although it had reservations about being seen as an arm of the Government.[87] **We accept that ease of access for customers should be a primary consideration in decisions by the British Council on where to locate its offices overseas.**

86 Q 74

87 Q 66. See also supplementary memorandum from the British Council

Staff numbers

70. We note an upward trend in British Council staff numbers and salaries. The number of staff employed by the British Council as at 31 March 2013 was 7,334 full-time equivalents. That compares to 6,836 the previous year and represents a 7.3% increase overall (although the 2011-12 figure was a monthly average for the year and was therefore calculated on a different basis). The salary bill increased by 12%. Managerial and administrative staff accounted for the rise, as the Table below shows:

Table 1: British Council staff in 2011-12 and 2012-13

	2011-12	2012-13
UK managerial and administrative staff	710	821
Overseas managerial and administrative staff	4,336	4,731
Teachers	1,790	1,782
Total	6,836	7,334
Total wage/salary bill[88]	£252.4 million	£282.9 million

Source: British Council Annual Reports for 2011-12 and 2012-13, pages 85 and 86. Figures for total wage/salary bill show combined wages and salaries for permanent and non-permanent staff but exclude social security costs, other pension costs and early retirement costs.

71. We found this surprising, as Mr Davidson, Chief Executive at the Council, had told us last year that there was a conscious strategy to "up the professionalism" of its staff, employing fewer of them but paying higher wages; and his understanding at the time was that the total wage bill was significantly lower.[89] In evidence this year, he accounted for the rises in 2012-13 by pointing out that the Council had ended a two-year pay freeze two years previously and had grown very substantially, and that required continued growth in staff numbers.[90]

Perceptions of the British Council

72. The British Council is more systematic than some other public bodies in setting out data on its performance. Pages 25 to 47 of the 2012-13 Annual Report include an explanation of how the Council sets its targets, an analysis of its survey work, and a breakdown of performance in each area of operation.

73. One of the more difficult areas to measure is impact. The Council tackles this in three ways: it conducts an Annual Impact Survey of teachers, community leaders and policy makers who have taken part in British Council-sponsored activities; it evaluates individual

88 Combined wages and salariesfor permanent and non-permanent staff, but excluding social security costs, other pension costs, and early retirement costs.

89 Q 175, evidence given on 18 December 2012. See Fifth Report of Session 2012-13, HC 690

90 For instance, staff numbers in east Asia had increased by 16%: see Q 85

programmes; and it surveys the opinions of FCO Heads of Mission. We note the following examples of assessments of the Council's performance in 2012-13:

- 92% of overseas participants in British Council-sponsored activities believed that there had been an impact on their professional development, and 62% said that the impact was "significant". 79% recorded an impact on "my links with the UK";
- Larger British Council programmes could effect "deep and sustainable change" but that took time;
- Heads of Mission rated the Council's work at 81 on a scale of 1 to 100 for impact and value for money.[91]

74. The Council also measures perceptions of the quality of its work and asks survey respondents whether they would recommend the Council to others. On this measure, performance fell, from 59% in 2011-12 to 52% in 2012-13. The Council acknowledged that this was "disappointing" and it concluded that customers' expectations were rising, but it maintained that the figure compared well with external benchmarks.[92] **We note the fall in the percentage of survey respondents who said that they would recommend the British Council to others, but we do not believe that conclusions should be drawn unless there is evidence of a trend over a number of years.**

91 British Council Annual Report and Accounts 2012-13, pages 26 and 27

92 British Council Annual Report and Accounts 2012-13, page 29

6 The BBC World Service

Future funding and output

75. In April 2014, the BBC World Service will cease to be one of the Foreign and Commonwealth Office's associated public bodies, and the primary source of funding for the Service will not be FCO Grant in Aid but the BBC Licence Fee. The BBC Trust is drawing up a new Operating Licence for the World Service and will use it as the basis for assessment of the Service's performance and for considering any proposals made by the BBC Executive for changes to the Service. The Operating Licence will also set out the Service's objectives, priorities and targets, as well as the languages in which World Service programming and content will be provided. A draft Operating Licence was published for consultation in June 2013,[93] and Mr Peter Horrocks (Director of BBC Global News) told us that the World Service had contributed to deliberations before the draft had been issued and that he was "very comfortable" with the document that had been published.[94]

76. Alongside the draft Operating Licence, the BBC Trust published a position paper in June 2013, setting out its vision for the World Service and announcing that the World Service would receive £245 million in 2014-15—an increase upon the £238.5 million in total Government grant in 2013-14.[95] The Trust said in its position paper that the BBC believed that the scale of the reduction in Government grant in recent years "has made it difficult for the World Service to achieve its objectives as fully as it would wish". **We strongly welcome the decision to increase the funding available to the BBC World Service in 2014-15.**

77. The BBC Trust argued in its position paper that direct Government funding "can also have its drawbacks" and that whereas broadcasting required long-term investment, the interests of government would sometimes require "more immediate responses to budget challenges". The Trust pointed out that licence fee funding is based upon multi-year settlements and that the current funding arrangement would last until 2017, which provided a "level of certainty" and "a relatively stable environment in which to make decisions about existing and future services". It said that the BBC was "committed to providing sufficient investment in the World Service to support its current strategy for the remainder of the current licence fee period".[96]

78. We considered the implications of transferring funding responsibility from the FCO to the BBC licence fee in our report *The Implications of Cuts to the BBC World Service*, published in April 2011; and we were not convinced that the transfer would make funding for the BBC World Service any more secure. Indeed, we saw a "risk of a gradual diversion of resources from the World Service to fund other BBC activities", led for instance by pressure to spend more on light entertainment for domestic services.[97] So, while we

93 BBC World Service: Operating Licence: Draft for consultation, 25 June 2013

94 Q 9

95 BBC World Service:A licence fee funded service, June 2013

96 BBC World Service:A licence fee funded service, June 2013 , page 11

97 Sixth Report of Session 2010-11, *The Implications of Cuts to the BBC World Service*, HC 849, paragraph 80

welcome the BBC's commitment to invest in the World Service for the remainder of the licence fee period, we would take greater comfort if the BBC Trust were to have indicated the level of funding provision for the World Service beyond 2014-15. It has not done that, and so there is not the level of security that there might be. ***We urge the BBC to announce funding levels for the BBC World Service for the remainder of the current BBC Charter period and at least to maintain in real terms the 2014-15 funding levels.***

Future parliamentary oversight of the World Service

79. Despite the ending of the direct financial link between the FCO and the BBC World Service, the FCO will retain its close interest in the output and delivery of the BBC World Service. The new Operating Licence will set out the Service's objectives, priorities and targets, as well as the languages in which World Service programming and content will be provided. All these elements will require the agreement of the Foreign Secretary.[98]

80. **We intend to continue to monitor the BBC World Service's output and the extent to which it reflects the FCO's strategic priorities. We strongly oppose the proposals currently under consideration by the BBC Trust for a wider commercialisation of the World Service as indicated in the letter sent by the Director, Global News at the BBC, Mr Peter Horrocks, to Lord Alton of Liverpool on 1 November 2013. We expect to take evidence on these matters in future, both from FCO Ministers and from the BBC; and we encourage our successors to do the same**. However, we recognise that the World Service will become less of a discrete unit, sharing budgets and support services with other parts of the BBC; and there will clearly be more of a role in future for the Culture, Media and Sport Committee to monitor the administration and expenditure of the BBC World Service as part of its wider oversight of the BBC. We are confident that the work of the two committees will be complementary in this respect.

Language services

81. The draft Operating Licence published by the BBC Trust in June 2013 listed 28 language services (including English) in which the World Service should broadcast.[99] For each one, a target audience was defined and an indication given of the scale of the service and the means of broadcast (digital, television or radio, or a mix). The BBC Trust's position paper, published alongside the draft Operating Licence in June 2013, said that

> over time, the language services and ways that the BBC broadcasts, will change to adapt to the changing needs of the audiences we are hoping to serve. Although we don't envisage any immediate change to the mix of language services the World Service currently offers, the BBC management do keep that mix under continual review and have discussions with the Trust about future potential changes. If difficult

98 See *Broadcasting: An Agreement between Her Majesty's Secretary of State for Culture, Olympics, Media and Sport and the British Broadcasting Corporation, Cm 8170*, September 2011

99 Listed in Annex III to the BBC World Service: Operating Licence: Draft for consultation, 25 June 2013. The languages (in addition to English) are Arabic, Mandarin, Cantonese, Hindi, Indonesian, Portuguese for Brazil, Russian, Spanish, Swahili, Turkish, Ukrainian, Azeri, Bengali, Burmese, French for Africa, Hausa, Kinyarwanda/Kirundi (for the Great Lakes), Kyrgyz, Nepali, Pashto, Persian, Sinhala, Somali, Tamil, Urdu, Uzbek and Vietnamese.

> decisions are required the Trust will closely review the evidence provided by the Executive and make an assessment in the best interests of audiences.[100]

Mr Richard Thomas, Chief Operating Officer at BBC Global News, confirmed in oral evidence that there were no plans to close any of the language services "at the moment" and that the Foreign Secretary retained the "yes or no" on any proposals for change.[101] We note that the BBC Trust's position paper, published in June 2013, said that its funding plans would "enable the World Service to invest in a limited amount of new activity—most notably extensions to its television programmes for emerging markets".[102]

Burmese Service

82. Last year, Mr Horrocks told us that one thing "he would really like to be able to do" would be to complement the existing Burmese-language radio service for Burma with a television service, and he noted the particular relationship between Burma and the UK and "the special strength of the Burmese Service over many years".[103] The draft Operating Licence for 2014 envisages a "medium-scale" service in Burmese on radio and digital media: these two elements are already in place (as is BBC World News in English),[104] but there is no mention of a television service.

83. We raised this with Mr Horrocks, who told us that funds were now available for "a small television operation" and that a television bulletin pilot had been conducted, and that the World Service had been talking to distributors and television companies in Burma about it. There were some hindrances to progress: elements within the country were not committed to complete openness, and some BBC broadcasts had recently been censored. Nonetheless, Mr Horrocks said that he hoped that a deal for Burmese language television could be concluded in 2014.[105] ***We recommend that the FCO use its influence to encourage the Burmese authorities to look favourably on provision of a BBC Burmese television service.***

Korean Service

84. On 28 December 2012, *The Independent* published an article suggesting that thought was being given to the establishment of a BBC Korean service, to broadcast into North Korea, and that the US Administration was encouraging the FCO to support the plan. The Chair of the Committee wrote to the Foreign Secretary on 10 January 2013, asking whether the FCO was in favour of the proposal, given the potential for such broadcasts to help open the country to external influence. The Foreign Secretary replied that he was "open-minded" on the matter but would need to consider what impact broadcasting would have on the UK's ability to provide cultural and education projects for North Korean people;

100 http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/consult/wsol/wsol_positioning.pdf

101 Q 34

102 BBC World Service:A licence fee funded service, June 2013

103 Q 133, evidence given on 18 December 2012, see HC 690 (Session 2012-13)

104 Q 10

105 Q 10

and he would "need to assess where our resources can be best deployed to have the most impact".[106]

85. We asked Mr Horrocks for his view. He said that "if we were able to do it cost-effectively and if it were effective, we would like to do it", as the lack of information in North Korea was "probably the most severe in the world". However, he believed that there was no realistic means of getting a broadcasting signal into the country and that to attempt to do so would require significant expense, with no certain benefit.[107] The World Service fears that audience figures in North Korea would be small (citizens are officially banned from accessing foreign media, and radios are sold pre-tuned in North Korea). Mr Horrocks also told us that it was not possible to broadcast a strong FM signal "because the South Korean Government do not allow foreign broadcasters to broadcast from South Korean soil"[108]. The Foreign Secretary wrote to us as we were finalising this report, noting the World Service's position and saying that it was "hard to disagree with their conclusion".[109] We are, however, aware of suggestions that Voice of America currently broadcasts into North Korea from medium wave transmitters in Russia and South Korea, and that attempts by North Korea to jam broadcasts have become more sporadic.[110] We have received conflicting information on whether BBC World Service broadcasts would achieve good levels of penetration in North Korea and whether the BBC World Service could broadcast from within South Korea. We note, however, that the Foreign Secretary does not dispute the analysis done by the BBC World Service. The BBC World Service should nonetheless keep policy in this area under review.

Governance of the BBC World Service

86. We have consistently expressed misgivings about the steady erosion of direct representation of the BBC World Service at the highest levels of decision-making within the BBC. We recommended in 2011 that the Director of the World Service should have a place *ex officio* on the new Executive Board of the BBC, and that the International Trustee of the BBC Board of Governors should be given the specific responsibility of representing the interests of the World Service.[111]

87. The Government and the BBC accepted the case for an International Trustee, and Lord Williams of Baglan took up the post on 1 December 2011. However, the Government signalled that the make-up of the Executive Board of the BBC was a matter for the BBC, and the BBC stated simply that the interests of the BBC World Service would continue to be represented on the BBC Executive Board by the Director of BBC News (currently James Harding).[112] We returned to the issue last year, concluding that we did not accept that the distinct interests of the World Service would be fully represented at the BBC's Executive

106 Letter from the Foreign Secretary, dated 15 February 2013, on BBC World Service broadcasting into North Korea:

107 Q 19

108 Q 19 and 20

109 Letter from the Foreign Secretary, dated 4 January 2014, on BBC World Service broadcasting into North Korea

110 See *An Unmet Need: A Proposal for the BBC to broadcast a world service in the Korean language*, policy paper by the European Alliance for Human Rights in North Korea, December 2013

111 Sixth Report of Session 2010-11, *The Implications of Cuts to the BBC World Service*, HC 849, paragraph 83

112 Second Special Report of Session 2010-12, HC 1058

Board by the Director of News, given that there would be occasions when the interests of the World Service would be in direct conflict with those of other parts of the Director of News' empire. In response, the BBC Executive said that the whole of the Executive Board was responsible to the BBC Trust for delivery of the World Service's strategy.[113]

88. In oral evidence to this inquiry, it emerged that not only was there no direct representation of the World Service on the BBC's Executive Board: Mr Horrocks no longer sits on what used to be known as the BBC Direction Group and is now the BBC Management Board, responsible for "managing pan-BBC issues delegated to it from the Executive Board" and "ensuring that the organisation meets its pan-BBC objectives".[114] Although Mr Horrocks did not accept that this was a demotion, he recognised the "symbolism of representation". He also acknowledged that the integration of the BBC World Service with the mainstream organisation would mean that it would be sharing resources which it had previously owned and run directly, and the BBC would be balancing the demands of the World Service with those of other, domestic arms of the Corporation.[115]

89. We conclude that the World Service will be ever more dependent on the Director of News for priority access to the resources—both technical and human—which it needs in order to meet its obligations. ***We are not convinced that the protection of the BBC World Service's interests within the BBC's governance structure is as strong as is being claimed, and the picture appears to us to be one of steady erosion of World Service influence within the BBC. The World Service will be heavily reliant in future upon advocacy by a single Executive Board member, who has many other competing responsibilities. The result may be that the World Service is more regularly denied the resources it needs to maintain or develop services. We recommend once again that the World Service should be represented on the BBC Executive Board, and we believe that the Director of BBC Global News should be a member of the Management Board.***

113 First Special Report of Session 2013-14, HC 381

114 BBC Management Board Structure

115 Q 26 to 28

Formal Minutes

Tuesday 7 January 2014

Members present:

Sir Richard Ottaway, in the Chair

Mr John Baron
Sir Menzies Campbell
Ann Clwyd
Mike Gapes
Mark Hendrick
Mr Frank Roy
Sir John Stanley
Rory Stewart

Draft Report (*FCO performance and finances 2012-13*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 31 read and agreed to.

Paragraph 32 read, amended and agreed to.

Paragraphs 33 to 35 read and agreed to.

Paragraph—(*Ann Clwyd*)—brought up, read the first and second time, amended and inserted (now paragraph 36).

Paragraphs 36 to 44 (now paragraphs 37 to 45) read and agreed to.

Paragraph 45 (now paragraph 46) read, amended and agreed to.

Paragraphs 46 to 53 (now paragraphs 47 to 54) read and agreed to.

Paragraph 54 (now paragraph 55) read, amended and agreed to.

Paragraph 55 (now paragraph 56) read, amended and agreed to.

Paragraphs 56 to 59 (now paragraphs 57 to 60) read and agreed to.

Paragraph 60 (now paragraph 61) read, amended and agreed to.

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

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

Paragraphs 63 to 65 (now paragraphs 64 to 66) read and agreed to.

Paragraph 66 (now paragraph 67) read, amended and agreed to.

Paragraphs 67 to 78 (now paragraphs 68 to 79) read and agreed to.

Paragraph 79 (now paragraph 80) read, amended and agreed to.

Paragraphs 80 to 83 (now paragraphs 81 to 84) read and agreed to.

Paragraph 84 (now paragraph 85) read, amended and agreed to.

Paragraphs 85 to 88 (now paragraphs 86 to 89) read and agreed to.

Summary read, amended and agreed to.

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

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

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

Written evidence was ordered to be reported to the House for publishing with the Report.

[Adjourned till Wednesday 15 January at 2.30 pm.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's web page at www.parliament.uk/facom

Tuesday 5 November 2013

Peter Horrocks, Director, **Richard Thomas,** Chief Operating Officer, BBC Global News Q1-56

Sir Vernon Ellis, Chair, and **Martin Davidson CMG,** Chief Executive, British Council Q57-96

Tuesday 26 November 2013

Sir Simon Fraser KCMG, Permanent Under-Secretary, **Matthew Rycroft,** Chief Operating Officer, and **Iain Walker,** Director of Finance, Foreign and Commonwealth Office Q97-181

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/facom

1 British Council
2 British Council Supplementary
3 BBC World Service
4 BBC World Service Supplementary
5 Foreign and Commonwealth Office Supplementary: International Competencies