



HOUSE OF LORDS

Library Note

Debate on 13 March: Foreign and Commonwealth Office Budget

This Library Note aims to provide background information for the debate to be held on Thursday 13 March:

“To call attention to changes in the budget of the Foreign and Commonwealth Office and the levels of staffing in embassies and their effect on British foreign policy and on European co-operation on foreign policy”

It sets out the Foreign and Commonwealth Office's (FCO) settlement at the recent Comprehensive Spending Review and highlights the House of Commons Foreign Affairs Select Committee's view on the settlement and the FCO's response. It goes on to draw attention to the Foreign Secretary's recent announcement of a 'New Strategic Framework' for the FCO, noting, in particular, moves to adapt the FCO's overseas network of posts.

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1. Introduction

In his first major speech as the new Foreign Secretary in the summer of 2007, David Miliband set out his initial thoughts on the future challenges for British foreign policy. He argued that foreign policy objectives and methods needed to adapt to changes in the distribution of power and declared that, given this new context, it was necessary to think about how Britain's assets could best be deployed. Under the heading, 'Challenges for the Foreign Office', David Miliband posed the following questions:

So Britain under Gordon Brown's leadership has the strength to make a difference in the world, and thereby make a difference to Britain. My job is to ensure that the FCO makes the most effective contribution possible to that drive. After three weeks, I am even more confident that we have the people to be successful. But after three weeks it is also right to share with you questions I am asking about how the Foreign Office can make the greatest contribution.

First, priorities. Given the levers I have just described, where should the UK concentrate its global effort: where are we most needed, and where can we most effect change? The FCO currently has 10 'strategic priorities'. All are important. But can any organisation really have 10 priorities? There are important public services that support British nationals and British business overseas, from our consular and visa services to UKTI. But policy priorities need rigour and clarity.

My starter for 10 is that in the coming months, we must focus on helping to tackle the causes and consequences of extremism, radicalisation and conflict; we must shape a sustainable global response to the challenge of climate change and the need for low carbon economic development; and we must build a more effective EU to help build prosperity and security within European borders and beyond. But I want your views.

Second, cooperation across UK government. The Foreign Office is a unique global asset. But diplomacy has to be allied to other assets across government, in particular, aid, trade, investment and military intervention. How can we improve coordination across the FCO and other departments on particular countries and challenges?

Third, how can we engage beyond Whitehall, with faith groups, NGOs, business and universities? The old diplomacy was defined by a world of limited information. It was a veritable secret garden of negotiations. And secret negotiation still matters.

But we live in a world where the views of a Pashtun farmer, and the conflict he faces between illegal opium production and legal farming, holds the fate of a critical country in the balance. So the new diplomacy is public as well as private, mass as well as elite, real-time as well as deliberative. And that needs to be reflected in the way we do our business.

('New diplomacy: Challenges for foreign policy', speech at Chatham House, 19 July 2007)

In January 2008, David Miliband announced the outcome of a six month review of the FCO's strategic focus which had engaged with many of the questions he posed above. This Library Note highlights the key elements of the FCO's 'New Strategic Framework' and, as the forthcoming debate in the House of Lords invites, concentrates in particular

on the deployment of the FCO's overseas network of posts. Firstly, however, this Note summarises the settlement received by the FCO at the recent Comprehensive Spending Review and notes concerns that it may not be adequate for the FCO to meet its objectives.

Notably, the February 2008 edition of the *World Today* included an article by Lord Wallace of Saltaire entitled, 'Foreign Office Futures' (pp. 22-25). The article's summary stated:

Foreign ministries are more used to reporting on revolutions than being caught up in them. But now longstanding diplomatic practice faces its biggest challenge for generations. In an increasingly electronic environment, foreign services are squeezed between ambitious presidents and prime ministers who seek the limelight and the way domestic issues have become increasingly international.

(Lord Wallace of Saltaire, 'Foreign Office Futures', *World Today*, Vol. 64, No. 2, February 2008, p. 22)

This Note does not engage explicitly with the European dimension referred to in the motion for debate. For information about European co-operation on foreign policy, please see the House of Commons Library standard note, *The Lisbon Treaty and External Relations* (SN/IA/4616, 11 February 2008).

2. Foreign Office Budget: Comprehensive Spending Review 2007

On 9 October 2007, the Comprehensive Spending Review (CSR) was presented by the Chancellor of the Exchequer to the House of Commons. It was announced that funding for the Foreign and Commonwealth office (FCO) would grow from £1.6 billion in 2007-08 to £1.7 billion by 2010-11:

Over the 2007 Comprehensive Spending Review (2007 CSR) period the Foreign and Commonwealth Office (FCO) will take forward an ambitious value for money reform programme, generating net cash-releasing savings of £144 million by 2010-11. This will allow the FCO to continue to deliver the Government's international priorities within a total budget rising from £1.6 billion in 2007-08 to £1.7 billion by 2010-11, including:

- a continuing programme of modernisation, including a rationalisation of the overseas diplomatic network, the transformation of corporate support services, and a move towards increased co-location with the Department for International Development overseas;
- a £183 million capital investment programme over the CSR07 period, including enhancing security across the UK's embassy network and a new embassy in Kabul;
- the launch in 2008 of a BBC World Service Farsi television channel and a 24/7 Arabic TV channel, providing a tri-media service (radio, online and TV) in the Middle East, Iran and Afghanistan; and

- contributing towards the Government's counter-radicalisation agenda through initiatives to address weakness in governance, education, civil society, human rights and rule of law in priority countries.

(HM Treasury, *Meeting the aspirations of the British people: 2007 Pre-Budget Report and Comprehensive Spending Review*, Cm 7227, October 2007, p. 234. Please see pp. 234-36 for further detail.)

Responding to the outcome of the CSR, the Foreign Secretary, David Miliband, stated that the FCO's settlement would enable it to pursue its policy agenda effectively. Writing on his weblog, the Foreign Secretary declared:

The headline is that our budget is set to grow broadly in line with inflation. It's right the FCO should to do its part to contribute to the tight control of public spending. There's no question we need to continue making savings where we can: we're pursuing an ambitious change programme to cut the cost of supporting our overseas network, to free up resources for front line delivery. And we are shifting resources to support priorities - like Afghanistan.

But this settlement gives us the money we need to make a difference on the most important foreign policy issues, to continue to deliver excellent services to the public, and to modernise. It reflects the importance of the FCO in delivering the Government's agenda in an increasingly globalised world, and should help us strengthen the UK's global influence. To give a concrete example, it provides an additional £80m over the three years for diplomatic activity to counter terrorism and radicalisation - helping to keep Britain safe. And it provides the money that the BBC World Service needs to set up a Farsi-language television channel - allowing the BBC to broadcast news to the people of Iran in their own language.

More money for diplomats does not usually feature on political pledge cards. But when I was appointed Foreign Secretary I was determined the FCO should maintain its capacity to engage in an active, global diplomacy delivering results for Britain. This settlement - together with plans to increase efficiency and modernise our operation - will allow us to do that.

('What do the Government's spending plans mean for the FCO?', David Miliband blog, 9 October 2007,

The House of Commons Foreign Affairs Select Committee, in its November 2007 report on the FCO's annual report 2006-07, included a section on the outcome of the CSR, albeit that the evidence sessions for its inquiry had been held before the Government had announced the final outcome of the 2007 CSR. The Committee's report outlined areas of disagreement in the FCO's negotiations with the Treasury on its CSR settlement and provided the following assessment of the final settlement of £1.7 billion by 2010-11:

21. The FCO's baseline budget for 2007-08 was taken to be £1.6 billion. Within the three-year CSR period, we calculate the annual real terms budget growth year on year upon this baseline as 3.4%, -1.2%, and -2.8% respectively. On our analysis, the FCO settlement therefore represents an average real annual reduction of 0.2% in its Departmental Expenditure Limit (DEL) against the baseline (CSR07 gives a reduction figure of 0.1%). This compares poorly to the settlements of other departments where the average real increase of DEL is 2.1% per annum over the CSR period. Sir Peter Ricketts [Permanent Under-Secretary and Head of the Diplomatic Service] told us that "the global presence that the FCO provides in a globalising world is one that is of real value to the

Government.” We agree. **We conclude that the Comprehensive Spending Review 2007 (CSR07) settlement for the FCO, one of the tightest in Whitehall, risks jeopardising the FCO's important work. We recommend that in its response to this Report the FCO sets out what impact an average real annual reduction in its budget will have on its programmes over the CSR07 period.**

(House of Commons Foreign Affairs Committee, *Foreign and Commonwealth Office Annual Report 2006–07 - First Report of Session 2007–08*, HC 50, November 2007, p. 18)

In its response to the Committee’s report, the FCO duly reflected on the Committee’s concerns about the outcome of the CSR, reiterating that the settlement would enable the FCO to “make a difference on the most important foreign policy issues”:

In common with Departments across Whitehall, the CSR requires the FCO to deliver annual efficiency savings of 3% in real terms on its baseline budget, within which we must achieve annual real terms efficiency gains of 5% on our Administration spend. We intend to achieve these challenging targets through a range of efficiency measures which aim to standardise, simplify and streamline our corporate services and management and support functions overseas. This will allow us to focus our diplomatic effort, and programme expenditure, on our highest priorities. In particular, additional resources will be devoted to achieving four policy goals (listed in response to Recommendation 13 below). This will mean reducing the FCO's resources devoted to certain other issues, although our global network will continue to deliver the whole of the Government’s agenda overseas. As the Foreign Secretary commented in his blog at the time of the CSR announcement: “[this] settlement gives us the money we need to make a difference on the most important foreign policy issues, to continue to deliver excellent services to the public, and to modernise – it reflects the importance of the FCO in delivering the Government’s agenda in an increasingly globalised world, and should help us strengthen the UK’s global influence”.

(*First Report from the Foreign Affairs Committee Session 2007-08: Foreign and Commonwealth Office Annual Report 2006-07 - Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 7302, January 2008, p. 1)

By way of comparison with previous spending reviews, at the 2004 Spending Review, it was announced that:

As a result of this Spending Review the budget for the Foreign and Commonwealth Office will be £188 million higher in 2007-08 than in 2004-05. This constitutes average real terms growth of 1.4 per cent a year over the 2004 Spending Review period and builds on the additional resources delivered in the 2002 Spending Review.

(HM Treasury, *2004 Spending Review: New Public Spending Plans 2005-2008 - Stability, security and opportunity for all: Investing for Britain’s long-term future*, Cm 6237, July 2004, p. 131)

At the 2002 Spending Review, it was announced that the settlement provided for:

an increase in FCO spending (excluding conflict prevention) of £219 million a year between 2002-03 and 2005-06, equivalent to an average growth rate of 2.8

per cent a year after inflation. This is the FCO's highest growth rate since the end of the Cold War.

(HM Treasury, *Opportunity and security for all: Investing in an enterprising, fairer Britain - New public spending plans 2003 - 2006*, Cm 5570, July 2002, p. 97)

At the 2000 Spending Review, it was announced that:

The new spending plans provide annual average real growth in FCO spending over the three years of 1.9 per cent.

(HM Treasury, *New public spending plans for 2001-2004: Prudent for a purpose - Building opportunity and security for all*, Cm 4807, July 2000)

3. The FCO's 'New Strategic Framework'

As alluded to in the introduction above, in January 2008, the Foreign Secretary announced the outcome of a six month review of the FCO's strategic focus. By way of background, exchanges between the House of Commons Foreign Affairs Select Committee and the FCO in 2007 and early 2008 provide insights into the rationale underpinning changes in the deployment of staff.

The House of Commons Foreign Affairs Select Committee, in its November 2007 report on the FCO's annual report 2006-07, made the following observations about the FCO's network of overseas posts:

151. The largest change in its network of Posts which the FCO wrote to us about was the decision to reinforce its efforts in Afghanistan. The FCO has created 17 new positions in Kabul, five in Lashkar Garh, and two in Islamabad. It told us that just over half of the paybill cost would be met through "existing plans to draw down staff levels in Iraq" and the remainder from "reassignment of staff working in lower priority areas in London and overseas". The FCO told us that it did not expect to have to close any Posts as a consequence, although it warned "our ability to sustain this increased level of activity on Afghanistan in the long term without considering future post closures will depend on the terms of our eventual CSR settlement."

152. In oral evidence Sir Peter Ricketts told us about further changes the FCO had made in its network:

They have not involved post closures so much as movement of staff away from the classic west European embassies and towards places such as India and China. From memory, we have moved about 25% of staff out of posts in Europe, or working on Europe in the FCO, towards places such as China, which has seen a 10% increase in staff, and India, which has also seen a 10% rise. [...] We have increased the size of embassies in countries such as Brazil, which are involved in global issues. [...]

The PUS added that this trend of moving staff out of Posts in Western Europe would continue, as other Departments were now able to look after their own interests there. Moreover, he believed the trend would "accelerate under the pressure of tight resources and a growing demand for the FCO to engage in a whole range of global issues, such as climate, energy and migration."

153. However, as last year, the FCO's Annual Report once again does not discuss its network of posts at all. The FCO's response to our last Report stated that it did not plan to undertake a zero-based review (ZBR) of its entire global network. It has continued to undertake its ZBR of the Europe network, defined as looking "from first principles at the allocation of resources to the European network". Board minutes from January 2007 and May 2007 show support for implementation of the ZBR programme and encouragement for it to be shared through the Change Committee and through other Directorates as an example of best practice. We asked Sir Peter Ricketts about the failure to discuss the FCO's network of representation. He undertook to include it in next year's Report.

154. We welcome the increases in FCO staff in high priority places, such as Afghanistan, India and China. However, we do not think such redeployments should be decided without consideration of the impact on the FCO's network as a whole. We note the apparent success of the Zero Based Review of the FCO's European network and repeat the recommendation in our previous Report that the FCO should carry out a Zero Based Review of its entire network. We also recommend that in its response to this Report the FCO set out whether the CSR settlement will enable it to sustain higher level activity in Afghanistan in the longer term.

(House of Commons Foreign Affairs Committee, *Foreign and Commonwealth Office Annual Report 2006–07 - First Report of Session 2007–08*, HC 50, November 2007, pp. 58-59)

In its reply to the Committee's report, the FCO confirmed that in response to the CSR, staff would be moved from developed countries (primarily Europe) to "countries where the FCO can offer more value added, primarily Asia, the Sub-continent and the Middle East":

As part of the strategy refresh process, the FCO Board and Ministers considered carefully the overall disposition of UK-based staff in the network, and agreed that as part of implementing the CSR settlement there should be a further shift of staff to reflect an overall judgement as to the right pattern of overseas presence for the FCO to deliver its priorities for the future. As a result, we will be moving UK-based staff from more developed countries, primarily Europe (where we have a historically strong presence but the rest of Whitehall finds it fairly easy to operate), to countries where the FCO can offer more value added, primarily Asia, the Sub-continent and the Middle East. This will enable a sustained higher level of activity in Afghanistan in the longer term.

(*First Report from the Foreign Affairs Committee Session 2007-08: Foreign and Commonwealth Office Annual Report 2006-07 - Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 7302, January 2008, p. 14)

On 6 January 2008, the Foreign Secretary, David Miliband, wrote an article for the *Sunday Times*, entitled 'Stand by for our diplomatic surge', in which he set out a new strategic focus for the work of the FCO. He stated that from April, the FCO would concentrate on four key policy aims. Moreover, he said that the number of staff in the Middle East and South Asia would be raised by 30%:

...A country as much as a company is as strong as its global links. Britain has strong links around the globe and, just as the City has become a global hub for finance, Britain should see itself as a global hub for diplomacy and ideas.

That requires a foreign policy led by clear priorities. That is why from April, in place of the 10 strategic priorities that govern our work, the Foreign Office will focus its efforts on four key policy goals where we can make the biggest difference. The priorities will speak directly to the economic, social and security concerns of British citizens.

First, we will put more resources into countering terrorism and nuclear proliferation. We plan a diplomatic surge in the Middle East and South Asia by raising the number of staff by 30%. That means we can deepen our engagement with Pakistan to prevent the growth of extremism there, including by spending an extra £80m over three years on counter-radicalisation.

Second, we will prioritise our work on conflict prevention. That means working better with the armed forces and international development department in places such as Afghanistan and Iraq.

Third, we want to increase the link between our political work and the economic conditions that underpin it, especially in the context of climate change. The leapfrog of developing countries to low carbon energy and transport, skipping the high carbon mistakes of the industrialised world, is critical to minimising conflict over resources.

And fourth, this requires a strong international system. It is not the overweening strength of international institutions that threatens the security of British people. Instead it is their effectiveness that is the issue. That is why we are right to press for full engagement in the European Union so it turns outwards to the big global challenges. It is why our position on the UN security council should be used to the full, not least to accelerate the pace of reform at the UN...

(David Miliband, 'Stand by for our diplomatic surge', *Sunday Times*, 6 January 2008)

In a written ministerial statement of 23 January 2008, the Foreign Secretary, David Miliband, formally set out the FCO's 'New Strategic Framework':

Since taking office in June, my ministerial team has been working with Foreign and Commonwealth Office staff, other Whitehall Departments and other stakeholders to bring a sharper and more strategic focus to the work of the FCO. I should like to inform the House of the outcome.

We considered the wider context in which the FCO, and the UK, are now operating: the changes driven by globalisation; the interdependence of foreign and domestic policy; the growing diversity of international actors; and hence the need for a modern Foreign Ministry to be constantly reassessing where and how it can make the most valuable contribution.

Based on this assessment, I have approved a new Strategic Framework to guide the work of the FCO in future. This has three elements, reflecting the three main roles of the FCO:

i) *Providing a flexible global network serving the Government as a whole.*

In addition to delivering our new policy goals and essential services, our posts abroad will continue to support the rest of Whitehall in delivering Home Departments' own international priorities.

ii) *Delivering essential services to the British public and business:*

Our worldwide consular operation which provides assistance to UK citizens living, working or travelling abroad; UK Trade and Investment, which works to help UK businesses and exporters and attract inward investment to the UK; and our worldwide visa operation, currently carried out by UKvisas, which will be incorporated into the new UK Border Agency later this year.

iii) *Shaping and delivering HMG's foreign policy.*

We have identified four new policy priorities on which the FCO will focus, on which I briefed the House on 8 January: countering terrorism and proliferation; reducing and preventing conflict; promoting a low carbon, high growth global economy; and developing effective international institutions, especially the UN and EU.

I intend to put more of the FCO's overall resources into these new priorities: a closer alignment of resources and priorities will enable the FCO to deliver better for Britain and HMG.

So we will be increasing substantially the overall level of resources the FCO puts into counter-terrorism and counter-proliferation; climate change; Afghanistan and other conflict regions; and key international institutions. All these areas will receive additional staff and money.

We have also decided that we should adapt the FCO's overseas network of posts to align it more closely with our own priorities and those of HMG as a whole. So we will be shifting a proportion of our diplomatic staff from Europe and the Americas to Asia, the Middle East and other parts of the world, while continuing to sustain our global flexibility and reach.

As I told the House on 8 January, we will continue to manage the FCO's overseas network to reflect changing demands and challenges. We will ensure that our resources are aligned with our priorities and that the UK has a cost-effective and flexible network of overseas representation around the world.

In order to put more resources into these new priority areas and to sharpen our strategic focus, it is necessary to reduce the resources the FCO puts into certain other issues, notably where other Whitehall Departments in London are better placed to direct HMG's international priorities, in particular in the areas of sustainable development, science and innovation, and crime and drugs.

Our ambassadors will however remain heavily engaged on all these issues in those countries where they are of particular importance to Britain: for example, the fight against drugs in Colombia and against crime in Jamaica. Our posts overseas will continue to operate as a base for all Whitehall Departments on which they can put their own staff and resources to deliver their own priorities in the countries concerned. Our ambassadors will continue to offer advice to Departments and their local representatives, and act locally on their behalf wherever needed.

This new Strategic Framework will replace the FCO's ten existing Strategic Priorities. This is in line with the view expressed by the Foreign Affairs Committee in their response to our 2006-07 departmental White Paper that "ten strategic priorities is too many" and that they should be "simplified and reduced in number". We will be taking forward the detailed planning and implementation over the next few months, inside the FCO and with other Government Departments.

I believe that every organisation, including every Government Department, should regularly reassess its own aims and priorities. Successful organisations stay focused on the biggest issues on which they can make the biggest difference, and they regularly readjust that focus as circumstances and priorities change. That is what we have sought to do for the FCO through this new Strategic Framework.

(*HC Hansard*, 23 January 2008, cols. 52-53WS)

4. Parliamentary Questions: Diplomatic Service

A number of parliamentary questions tabled recently in the House of Commons have sought to elicit information about the distribution of diplomatic posts overseas.

On 7 January 2008, the Shadow Foreign Secretary, William Hague, inquired about the geographic distribution of overseas diplomatic posts:

Mr. Hague: To ask the Secretary of State for Foreign and Commonwealth Affairs what changes have been made in the geographic distribution of British diplomatic posts overseas in the last 10 years; what policy objectives these changes reflect; and if he will make a statement.

David Miliband: The following changes have been made in the geographic distribution of British diplomatic posts, including embassies, high commissions, consulate-generals and consulates overseas in the last 10 years.

Americas: a net reduction of 12 posts (includes two posts due to shut in 2007-08);

Europe: a net reduction of three posts;

Asia and Pacific: a net reduction of four posts;

Africa: a net reduction of four posts;

Middle East and North Africa (including Iraq): a net gain of two posts;

Russia, South Caucasus and Central Asia: a net gain of two posts; and

South Asia and Afghanistan: a net gain of one post.

This answer does not include offices of lesser status such as trade offices, British commercial offices and business information centres.

(*HC Hansard*, 7 January 2008, col. 91W)

During FCO questions in the Commons on 8 January 2008, the FCO's overseas network was debated:

Mark Pritchard (The Wrekin) (Con): How many UK embassies and diplomatic missions were closed in 2007.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): No UK embassies closed in 2007. Two diplomatic missions were closed: the high commission office in Kingstown, St. Vincent and the Grenadines, and the British consulate in Nagoya, Japan.

We continue to manage the Foreign and Commonwealth Office's overseas network to reflect changing demands and challenges. We will ensure that our resources are aligned with our priorities and that the UK has a cost-effective and flexible network of overseas representation around the world.

Mark Pritchard: Since 1997, when the Government came to power, more than 35 embassies, high commissions and sovereign posts have been closed. Given the Chinese scramble for Africa, is it right that out of 53 African countries, 23 do not have any British diplomatic representation at all?

David Miliband: It may help the House if I give it the actual facts, rather than the partial presentation given by the hon. Gentleman. In 1997, the UK Government had 242 overseas posts. In 2007, there were 261. In the past 10 years, the number of overseas posts has increased by 19 by any calculation. In respect of the situation in Africa, I think that the hon. Gentleman will agree that a measure of a country's commitment to Africa or its engagement is not the number of posts but the effectiveness of its activities, including its funding. By no stretch of the imagination is it possible to argue that the UK's influence in Africa is lower today than it was 10 years ago. In fact, it is massively enhanced. There has been cross-party agreement about the activities of the Government on this issue over the past 10 years.

Mr. Mark Hendrick (Preston) (Lab/Co-op): How does my right hon. Friend determine the relationship between the Government's Foreign Office priorities and the resources at their disposal in deciding which diplomatic missions to keep open?

David Miliband: The most important criterion is that the Foreign Office's network is aligned to the shape of the modern world rather than the world as it was after 1945. There has already been a 20 or 25 per cent. reduction in the number of personnel deployed in Europe, which in part reflects the amount of extra business done in UKRep—the UK Permanent Representation to the European Union—in Brussels and the multilateral engagement that we have. I see that continuing, with the shifting of more of our diplomats—UK staff and locally engaged staff—towards the middle east and south Asia, where, by any stretch of the imagination, we need more representations to meet all the national interests that we have at the moment. That seems to me to be the alignment of people and priorities that we should be seeking...

...Mr. Keith Simpson (Mid-Norfolk) (Con): The Foreign Secretary has been somewhat creative with his figures in respect of embassies, high commissions and consulates. He says that their numbers reflect how the world is changing, so I presume that the closure of the Foreign and Commonwealth Office language school and the withdrawal of the FCO's contribution to the cost of maintaining

defence attachés are also connected with that. Do not the figures given by my hon. Friend the Member for The Wrekin (Mark Pritchard) have more to do with financial cuts imposed by the Treasury than with any changes in the nature of the world? After all, the Select Committee on Foreign Affairs has said that the Foreign Office budget will see a reduction of 5.1 per cent. per annum across the board and that that will jeopardise its work. Can the right hon. Gentleman tell us how many more embassies, high commissions and consulates have been identified for closure over the next two years to pay for those cuts?

David Miliband: It is very odd to define increased spending as cuts. The increased spending over the next period will be used in the areas of greatest need. Moreover, it is right that we do not use defence attaches for non-defence work, as they are specialists and should work on defence matters. The hon. Gentleman accuses me of creative accounting, or at least creative number work, but he may be interested to know that Germany has 226 posts, the US 262 and France 275. The UK holds a diplomatic network of outstandingly qualified individuals who work closely with DFID and British Council staffs. They provide a network that, in times of crisis, has shown itself to be more than adequate for the country's needs. I am sure that he will seek to criticise the Government about many things, but I believe that we should all be proud of the nature of our global network and its deployment around the world.

(*HC Hansard*, 8 January 2008, cols. 137-39)

On 22 January 2008, in response to a written question from the Shadow Foreign Secretary, William Hague, the Foreign Secretary, David Miliband, listed the posts in the Middle East and South Asia which would receive additional staff under the diplomatic surge strategy:

Mr. Hague: To ask the Secretary of State for Foreign and Commonwealth Affairs how many UK diplomatic posts in the Middle East and South Asia will receive additional staff under the diplomatic surge strategy; which will receive additional staff and how many each will receive; and when the new staff are expected to be in post in each case.

David Miliband: On current plans, the 10 posts listed will receive additional staff. Numbers by post have yet to be decided. The intention is that wherever possible staff will be in their new positions by April 2009.

New Delhi
Islamabad
Dhaka
Kabul
Baghdad
Riyadh
Cairo
Sana'a
Rabat
Dubai

(*HC Hansard*, 22 January 2008, cols. 1853-54W)

5. Foreign Secretary's Speech at the FCO Leadership Conference

On 4 March 2008, the Foreign Secretary delivered a speech at the FCO Leadership Conference in which he elaborated on the 'New Strategic Framework' and future directions for the UK's foreign policy. David Miliband presented an analysis of how the world is changing over the next decade, arguing, in summary, that: globalisation is changing the global distribution of power; power is shifting from west to east; power is moving downwards from the state to citizens; and power is moving upwards to continental and global institutions. Against this backdrop, the Foreign Secretary considered the strategic implications for the UK's foreign policy:

It is against this background that we have re-examined our strategic priorities. The conclusions we came to are that we need to make the distinction between different foreign office activities: the global network that provides a platform for all of government; service delivery to citizens and business; and the foreign office's policy goals

The global network is important. We have some 260 posts around the world - around twenty more than ten years ago. We cannot be everywhere, but a global network representing in each post the whole of HMG, under the leadership of the Head of Mission, is a vital part of our foreign policy posture for the future.

The services we provide are our daily public face. Through UKTI, through our consular services and through UK Visas, we deliver for thousands of people every day. Deliver well, and they think better of the FCO and of Britain.

The policy goals flow directly from our analysis of how the world is changing. The first three goals reflect our view of the shared interests that are the most important to the UK, and over which we believe we have the most leverage.

The fourth goal reflects the need to strengthen our international institutions to address the new realities of the distribution of power.

On each of the four priorities there are some central questions with which we need to grapple.

First, tackling nuclear proliferation and countering terrorism. In a world where an increasing number of countries are turning to nuclear power to secure their energy needs, we need to reinvigorate the vision of a nuclear weapons free world and cope with the risks of greater proliferation. On counter terrorism, we need to divide our enemies and prevent them dividing us.

Second, preventing and resolving conflict. Too many times, in the aftermath of mass atrocities, we've promised "never again". But in a world where so many states remain wedded to the principle of non-interference and the primacy of sovereignty, how do we make the responsibility to protect a reality, not a slogan? How can we work with weak and faltering states to prevent such atrocities in the first place?

On the transition to a high growth, low carbon economy there is increasing consensus around the science of climate change. The technologies exist or are emerging. The economics show that the costs of inaction are greater than the costs of greening our economies. And the policy tools exist to drive the transition - from carbon markets to regulation and taxation. But we are stuck in a debate

about who should bear the costs of the transition - what do we actually mean by 'common but differentiated responsibilities'. We need to move that debate on.

Fourth, the international system. In the twenty-first century, with economic and political power more dispersed, those who have relied on a bipolar balance of power, or have wanted to free-ride on US hegemony, will find themselves increasingly dependent on the multilateral system. So we need to strengthen these systems, and ensure that our shared rules and institutions better reflect the new shared threats we face, the increased influence of the emerging powers, and the rising demands of citizens worldwide for greater autonomy and accountability. There are, of course, fundamental questions about how we deliver such change; how we balance representativeness with effectiveness; how we persuade status-quo powers to accept a diluted role; and how we ensure that new structures are not based merely on realpolitik but on shared values.

To achieve these four policy goals, I believe we need to re-think the UK's role in the world, the assets we use, and reflect these changes in the foreign office's organizational culture, structures and ways of working.

Some have stated that the UK's role in recent years has been as a bridge between the US and Europe. I'm not sure the image of the UK as a bridge was ever right. It epitomised our ambivalent relationship with Europe, suggesting Europe was a bilateral relationship rather than an institution of which we are party. But with the rise of India, China and other emerging powers, the notion is even more inappropriate. I prefer to describe our role in the world as a global hub. Britain has strong links around the globe and, just as the City has become a global hub for finance, Britain should see itself as a global hub for diplomacy and ideas. This means maintaining our relationships with existing powers, but also deepening our alliances with emerging nations, and not just between governments, but between businesses, universities, cities and citizens. It also means developing a reputation as a hub for new ideas and solutions to global problems.

In our bilateral relationships, the US remains our most important ally. It is hard to imagine how the major challenges facing the world in the next decade can be addressed without US engagement. The importance of India and China is obvious in the coming decades. But on many issues, we need to look much further - so on climate change, South Africa, Japan, and Saudi Arabia will be crucial to getting an ambitious global deal. On counter-terrorism, Pakistan is a critical day-to-day partner. On a global trade deal, Europe needs Brazil's support.

But bilateral relationships must increasingly be used as a way of supporting multilateral action. Here I believe Europe has a particular role. Europe can help bridge that gap and play a leadership role - whether on climate change and free trade or the Millennium Development Goals - the EU can chart a course for regional cooperation. Through its common action, it can add value to national effort, and develop shared values amidst differences of nationality and religion. While I do not believe the EU can be a superpower, it can be a model power, built on our shared commitment to democracy, law and human rights.

But alongside private diplomacy, we need to rethink the role of public diplomacy. In a world where power is more dispersed, between media, business and NGOs, and leaders are more fettered by external influence, we need to look outwards. Our global network, and London, need to focus not just on government relations but business, media and citizen relations. Sometimes we need to use public

diplomacy to shape a debate and build consensus. At other times it may have a more disruptive role challenging conventional wisdom - witness the Stern Review on climate change...

(Foreign Secretary's speech to the FCO Leadership Conference, 4 March 2008)

The Foreign Secretary moved on to outline how his policy analysis would translate into the FCO's organisation and working practices. While traditional roles of the FCO would still be necessary, David Miliband asserted, it was important to meet external changes and identify and develop where the FCO could add real value:

The traditional roles of the foreign office are still needed. Political reporting, sound analysis, and close contact with foreign governments will remain at the core of our work. We will continue to provide the platform overseas for other government departments, to be the hub for UK government activities in foreign countries. And just as important as policy is the work that we do to attract inward investment and support UK exporters, to help British nationals when they get into difficulty abroad and need assistance, and, through our visa and migration work to make sure the right people come here and the wrong ones don't. All of this will remain central to our aim and objectives for years to come.

But we need to adapt to external changes. Given the spread of global media and communications, we need to think about how best to use political reporting. In an age when, as the Prime Minister puts it, "over there, is over here", where every department is developing a foreign perspective, and where interaction with foreign governments can often be direct between ministers rather than via the diplomatic machinery, we must be clearer about our added value.

I believe our added value comes in three core competencies. First, we should understand foreign countries interests, power structures, and culture better than anyone else. Second, we should have unparalleled networks that enable us to influence a country's position from the bottom up as well as the top down. Third, while other departments focus on a single issue and have a single policy tool, the foreign office should have the overview of how to prosecute cross-governmental priorities. We should develop a global reputation for being the generator of new ideas to global problems. We should see ourselves as a central department, using our global network to interface between other countries.

To deliver the new strategy, we need to adapt who we are, where we work, and how we work.

First, if we aspire to represent modern Britain, the Foreign Office needs to look like it, from top to bottom. If we can achieve this, it will make the organisation stronger because creativity depends on having more diversity: not just in terms of ethnicity, age and disability, but diversity in terms of skills mix, experience and personality. Across the office, we need a better mix between people who are good at criticism and deconstruction, and those good at creative solutions and synthesis. We need to deepen both our country-specific knowledge, but also draw in different disciplines.

So if we are to deliver on our commitment to Afghanistan, we need far more Pashtun speakers. We need anthropologists who understand the tribal structures and relationships. We need a better economic analysis of Afghan drug markets. We need governance experts who understand how to build more effective local

and provincial structures. And specialists need to be encouraged and empowered to be involved in developing policy, not just doing research.

Second, we need to change where we are. Our global footprint needs to keep pace with our new priorities. If we aspire to being a global hub, we also need to strengthen our presence in emerging powers, and in the critical countries that relate to our four new policy goals. That's why we've decided to move some of our policy staff out of Europe and into Asia, the Middle East and other parts of the world. This doesn't mean Europe matters less: it's where we live, and it will always be fundamental to British interests. It does mean that we can now operate differently there, exploiting travel and new technology, in ways we can't elsewhere. UKREP Brussels will remain one of our largest posts. We will maintain the Europe network. I applaud the spirit in which Heads of Mission in Europe have approached the need to scale down while delivering what's important.

The FCO's future footprint is likely to be heavier in the developing world and in some of the most far-flung, difficult and important places. One of our great strengths is being able to do what other parts of government can't, where they can't. We will need more than ever before to put our people into the parts of the world where others find it difficult or impossible to operate. That raises issues for families, and for our broader diversity goals, which we will need to face.

The nature of our presence will change too. We will still want the classic bricks and mortar Embassy in many places. But we will increasingly need to deploy staff away from our permanent fixed assets. We are already sending consular Rapid Deployment Teams to help Brits caught up in a terrorist attack or natural disaster, and laptop diplomats to hotspots like Eastern Congo.

Third, we also need to modernise how we work.

We must start by getting better at strategy. By this, I mean prioritising based on where our interests lie, and where we have the knowledge and leverage to achieve change. Setting ambitious but realistic goals. Understanding the different scenarios facing us, and ensuring we have a viable plan B. Calibrating whether our solutions are proportionate to the scale of the problem. Testing our policy ideas against the evidence base from comparable situations. Creating red-teams that challenge our assumptions.

Being strategic also means deploying the full range of tools - aid, trade, military capacity, and cultural diplomacy - to deliver our goals. If we are to do this, we need better integration, particularly between MoD, DfID and FCO. I can set the lead, with regular trilaterals with Des Browne and Douglas Alexander. But we need to think more radically at joining up at all levels: from co-located staff at post to single cross-departmental country plans. To grow a different approach to strategic collaboration between departments, we are strengthening the policy planning staff into a foreign policy strategy unit that will draw in outside expertise and methods.

We also need to modernise our internal systems. The organisations that will thrive in the 21st century will be those that use knowledge better than their competitors. That's why I want advice direct from Ambassadors in the field, and I want to open up policy-making to outside experts and practitioners. That's why I want us to use new tools to map networks of power and influence so we understand how and where to intervene. That's why I welcome the arrival of our

new IT system, F3G, and our new external web presence, FCOWeb, both of which begin rollout this month.

Finally, our culture and values need to evolve too. Great organisations are not just driven by interests. They are driven by a deeper sense of mission. If you ask me what drives my politics it is the desire to spread power, wealth and opportunity as widely as possible. Our world is increasingly scarred by inequalities and a deep sense of powerlessness. I believe the desire to spread power - through democratic government within states, and better cooperation between states - is the value base which runs through our work.

Empowerment must be embodied within the organisation. I believe in presumed competence. You decide what your posts will do and won't do, based on the Strategic Framework and the priorities of our Whitehall partners. You decide how to spend your devolved programme budgets in ways that support our priorities. You push responsibility down to the lowest appropriate level...

(Foreign Secretary's speech to the FCO Leadership Conference, 4 March 2008)

