FCO CORPORATE UPDATE FOR JANUARY TO MARCH 2018

Since I last wrote, we have received approval from HM Treasury for two new funding streams. The first provides £29.6m to deliver priority EU Exit work in 2018/19. This represents a further £15.1m on top of £14.5m secured by a previous business case in October 2017, which funded new positions and a range of projects. We are still finalising the detail of how we will use the latest EU Exit funding, but we expect it to support new roles across the range of FCO efforts on EU Exit at home and overseas.

Secondly, HM Treasury is providing £45m a year in 2018/19 and 2019/20 for Global Britain. This funding will ensure that the UK is able to maximise the opportunities of EU Exit and respond to new global challenges. We are drawing up detailed plans to maximise the impact of this funding. We will use this money to open new posts; invest in greater diplomatic capacity and capability around the globe; and ensure the British Council remains on a stable financial footing over the next two years. You will have seen the letter from the Foreign Secretary outlining our plan to open nine new sovereign posts. The funding for those comes from this business case.
This period also covers the end of the financial year. The latest figures show that our spend is forecast to be within 1% of budget, meeting HM Treasury's and the FCO Board's target. Our capital spend will show an underspend of around £400m. This will look unusual, but it represents the conversion of the Bangkok Embassy sale proceeds into capital income (a negative spend). The Treasury agreed that the proceeds will be rolled forward as a capital budget for use in future years. This provides us with the flexibility to plan capital spend in that period. This year's Annual Report & Accounts will be laid before Parliament on 5 July. The National Audit Office have just completed a short audit of our quarter three accounts. There are no major issues to report at this stage.

As with my previous letter, I will highlight developments under each pillar of our Diplomacy 20:20 corporate change programme.

**Expertise**

We continue to raise quality and consistency across the Diplomatic Academy's Faculties. Five more courses are now accessible globally to our 16,000 registered users. Many of our Faculties continue to work closely with UK Universities: including the Multilateral and Understanding the UK Faculties with the Open University, and the Economics & Prosperity Faculty with UCL. By the end of March, 77 staff had completed the City & Guilds Foundation Level Diploma in UK Foreign Policy and Diplomacy, up from 13 over the year.

We have refreshed our **language training** and signed a new contract with Professional Language Solutions who will manage the teaching of all languages except French, which will remain with the Institut Francais. The Chartered Institute of Linguists will continue to manage examinations. The building work for our new learning and development space in our King Charles Street building has started. This will complement our existing facilities when it opens in early 2019, giving us a flexible seminar space for the Academy.

**Agility**

The senior leadership of the FCO is more **diverse** than before, but the challenge to meet our stretching diversity targets for the Senior Management Structure continues. The FCO Board agreed in March that we must press forward with this ambition. We have made some progress, and female Heads of Mission are now at a record level of 66 (31%). New recruitment will continue to offer opportunities: of our 2017 Fast Stream intake, 24% were BAME and 59% were female. We are reviewing our performance and promotion processes to support further progress towards meeting our diversity targets.
In January the FCO Board considered a range of activities to make further impact on the reported rate of **Bullying, Harassment and Discrimination (BHD)** in the UK and overseas. These include bringing together managers who face the greatest challenge on BHD and those who have made significant progress in improving reported levels; offering diagnostic conversations and face to face and e-learning interventions. We are supporting this with an awareness campaign, ‘Taking Action Together’.

Following the concerns about handling and reporting of cases of sexual exploitation and abuse in the international aid sector, we reviewed our case records and assured ourselves that the small number of cases of **sexual harassment** in the FCO had been handled appropriately and any learning from older cases had been applied to more recent cases. We continue to encourage staff to speak up about any behaviour or incidents that concern them. We are also working closely with DFID and other One HMG partners to ensure consistently high standards of behaviour by all Government employees overseas.

**World Class Platform**

The **Technology Overhaul** programme is on track and new laptops and desktops have been deployed to staff in the UK and more than 90 posts in our global network (reaching 50% of overseas staff). Deployment should be complete by September 2018 and staff feedback has been overwhelmingly positive. Our preparations to move some systems to the Cloud continue. To support this move, we launched a ‘Work Smarter’ campaign to help staff worldwide get the most out of our new technology. It focuses on mobility, collaboration and security; helping us maximise the benefits of our IT investment.

The sale of the current Bangkok Embassy compound in January was the biggest land deal in Thai history and our biggest ever sale, raising over £426 million. The funds will allow us to begin work on long-planned **estates projects**, and to update and modernise our global estate. It will also allow us to address the backlog of maintenance projects which we have been unable to fund in recent years. Together with the new posts we will be able to open with Global Britain funding from HM Treasury, we will be managing the largest diplomatic estate programme in recent memory. Despite the Bangkok sale, however, resources remain tight – we expect that the Bangkok-proceeds will be spent by mid-2020. We therefore need to prepare for a future Spending Review settlement that offsets asset depreciation and funds further estates work.

In February the Foreign Secretary announced that the FCO would ban all avoidable single-use **plastics** on its UK Estate by year-end, and by 2020 overseas – making us the first UK government department to implement such a ban, and giving us, we believe, the most ambitious timetable of any comparable international organisation. By the end of this quarter, the FCO had already eliminated 23% of single-use plastics from its UK estate.
Finally, security. In March, a vehicle borne Improvised Explosive Device targeted two of our vehicles in Kabul. Our staff were unhurt but three local nationals were killed. We continue to track all incidents of crime, terrorism, civil unrest and hostile intelligence activity against our staff. Our overall assessment is that there is no discernible deterioration in the first three of these. But we continue to monitor our security posture very closely.

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