



Foreign &
Commonwealth
Office

King Charles Street
London SW1A 2AH

Secretary of State

1 July 2020

Tom Tugendhat MP
Chair, Foreign Affairs Committee
House of Commons
Westminster
London
SW1A 0AA

Dear Tom,

Many thanks for your letter enquiring about the FCO-DFID merger and creation of the new Foreign, Commonwealth and Development Office (FCDO). I also noted members' interest in the merger when Minister Adams appeared before the Committee on 30 June.

As you know, in the next decade, international issues will be even more important to the lives of our citizens and our own national interest. As we have seen with the coronavirus pandemic, the world will become even more complex and competitive, with growing, interconnected challenges and opportunities for the UK. That is why the Prime Minister has decided that now is the right time to reform how the government operates internationally. We need a new all-of-government approach if we are to secure our values and interests in a changing world. I welcome the opportunity to set out our plans at this early stage, and will take each theme in turn to respond to your questions.

Overview, direction and culture of the new Department

The new FCDO's guiding purpose will be to promote the UK's national interest around the world. But ours is a broad view of the national interest, based on values as much as it is on our core interests of security and prosperity. Development work will therefore remain central to the new Department's mission. We will continue to be guided by our responsibilities under the International Development Act, our commitment to spending 0.7 percent of our national income on development is enshrined in law.

This approach will strengthen our ability to lead the world's efforts to recover from the coronavirus pandemic and allow us to seize the opportunities ahead, as we prepare to take on the G7 presidency and host COP26 next year.

Further details on how these strategic priorities will be implemented, including through a blend of bilateral and multilateral assistance, will be set out in due course.

Ministerial and senior management

The Foreign Secretary will lead the new department and there will be no second Secretary of State. The department will have one Permanent Secretary, one Executive Board and effective corporate governance in place by early September.

The FCDO will have oversight of the Government's aid policy and final decisions will be taken by the Foreign Secretary in line with the UK's international and domestic objectives. All departments remain accountable to parliament and to taxpayers for how they invest public funds.

The full details of the governance architecture of the new department, will be set out in due course.

Central support and oversight

The work to implement the merger is being led by a Transformation Team, working closely with teams from the FCO and DFID. The work is overseen by the Cabinet Secretary, who is reporting into the PM. Both Departments' Executive Committees now meet on a regular basis and a Programme Board has been established to track progress and monitor/mitigate risks.

The Government will continue its engagement with key stakeholders, including on issues relating to the merger.

Staff terms and conditions

There is, of course, a lot of detail to work through and this will be set out in due course. There will be no compulsory redundancies, though some roles and responsibilities will change. This work will take place over the coming months, and we will engage fully with staff throughout this process.

Merging the departments will create new opportunities for staff in terms of work and travel. Roles will be open to candidates who meet the relevant criteria in terms of experience and security clearance. Changes to team structures or to roles and responsibilities will be fair, open and transparent – no-one will receive preferential treatment. Movement of staff around the expanded FCDO will strengthen our influence and maximise the impact that our world-leading development and foreign policy experts can have across the globe. Any system for allowances and salaries will be balanced and fair for all staff.

Administration

We expect London-based staff in the new department to work in both the FCO building in King Charles Street and the building that currently houses DFID on Whitehall. There are no plans to close DFID's office in Scotland, where staff play a vital role in ensuring UK aid delivers results for the world's poorest and value for UK taxpayers. The opportunity to work at Abercrombie House in East Kilbride will now be open to staff from across the reconfigured department. The majority of DFID and FCO staff working overseas are already working together in the same buildings.

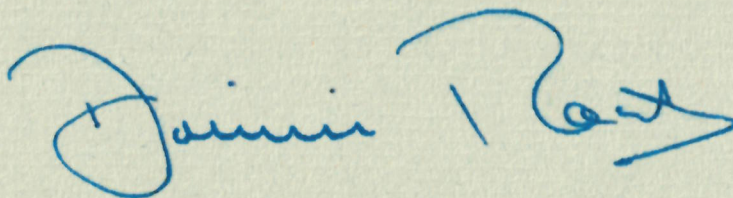
Financial

We will implement this change in the most cost-effective way possible. Fully costed plans are being developed and will be set out in due course.

We anticipate there may be cost savings in the long term as a result of using our resources more effectively and efficiently, but that's not the primary goal of the merger.

This Government is unashamed in believing that its job is to promote British influence around the world, to try to change the world for the better, and to get best value for the British taxpayer who spends so generously to help others. This change will help us do that.

I look forward to continuing to engage with the Committee, and setting out more detail in future discussions, on this exciting opportunity for our country.

A handwritten signature in blue ink, reading "Dominic Raab". The signature is fluid and cursive, with the first name "Dominic" and the last name "Raab" clearly distinguishable.

THE RT HON DOMINIC RAAB MP



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Rt Hon Dominic Raab MP
Secretary of State
Foreign and Commonwealth Affairs
King Charles St, Whitehall
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Dear Foreign Secretary

23 June 2020

Following the announcement by the Prime Minister on 16 June about the merger of the FCO and DFID I am writing on behalf of the Committee to seek further information about arrangements for the change and their consequences in a number of areas. We intend to report to the House on the merger before it takes effect on 1 September. We would be grateful for answers to the following questions:

Overview, direction and culture of the new Department

- What assessment has been made of the relative strengths and weaknesses of DFID and the FCO? What core attributes of each Department are most important to preserve? Where specifically does the merger provide opportunities for improvement?
- Which of DFID's departmental strategic objectives will be integrated into the FCO's objectives, or will the FCDO create a new set of strategic objectives?
- Will the newly merged Department have centralised departmental heads in London leading on regional work, or will this be devolved to in-country leaders?
- What role is envisaged for external expertise and consultation in the new Department? Will it follow the DFID model, or the FCO model?
- What will be the new Department's strategy for prioritising and managing bilateral versus multilateral development assistance? How will multilateral development assistance programmes be integrated into the existing structures for UK participation in multilateral organisations?

Ministerial and senior management

- How many Ministers will there be in the new Department; what will be their portfolios; and where will they be located?
- Will the Foreign Secretary have oversight of the totality of the UK's Official Development Assistance (ODA) spending, including ODA administered outside of FCDO?
- If not, will there be a Minister within the Department with ownership of ODA? Will they attend Cabinet?
- What process will be put in place for the appointment of senior civil servants, including the PUS, in the new department? What consultations are planned with staff and trades unions on these processes?

- What skills will the new PUS be expected to hold? Will experience of large project management and financial responsibility be required? Will the new appointment need to bring experience of multinational work as well as bilateral?
- How will the Supervisory Board of the new Department be formed? How many members will there be? Will a new appointment process for non-executives be initiated?
- What will be the overall role for Heads of Mission in administering aid programmes? What does the Government mean when it says they will 'oversee' these programmes?
- What additional training will be provided to Ambassadors and High Commissioners to ensure they are able to oversee and manage large-scale development programmes effectively and account for public money?

Central support and oversight

- Which Minister and senior official are responsible for overseeing the implementation of the merger? How will staff appointments relating to overseeing the merger be made?
- What powers will the board responsible for overseeing the merger have? Who has been appointed to sit on the oversight board and how were those appointments made? How does the Government plan to make this board representative of those who work for both the FCO and DFID?
- Will there be a diversity of expertise and perspective on the oversight board? Are there plans to bring in outside stakeholders from the private and third sectors?
- What support will the Cabinet Office provide to the newly merged Department in its initial stages?
- In his statement to the House of Commons on 16 June, the Prime Minister said that there has been "massive consultation over a long period" about the merger. What was the process for the consultation, and who was consulted?

Staff terms and conditions

- What plans are there to unify rates of pay and the terms and conditions for staff in the two departments, in London and in overseas posts, and for permanent and locally engaged staff?
- What will be the basis of the new remuneration arrangements?
- What consultations with staff and trades unions are planned on areas such as pay and reassignment, and when will these consultations take place?
- When will the new staff structure take effect; and with what transitional arrangements?
- How do you expect overall staff numbers to change in the new Department?
- What steps are being taken to ensure the retention of DFID staff with aid-specific technical and programming expertise?
- How will current performance assessment methods of DFID staff be integrated into future FCDO skills strategies?
- The previous Committee's inquiry into FCO skills concluded that the FCO was not sufficiently open to external candidates for job vacancies. Will the new FCDO adopt a greater willingness to recruit more widely?
- Do you expect that DFID/FCO staff will be reassigned to different projects and desks? If so, what additional training will be provided? Will FCO staff be provided with project management training, and will DFID staff attend the Diplomatic Academy?

- Will all DFID staff transferring into the FCDO require Developed Vetting? Will non-UK national staff currently working for DFID be able to continue their roles in the FCDO?

Administration

- Which buildings will be used for the new Department?
- How will staff from the two Departments be brought together in buildings and offices?
- What office space and buildings will no longer be used?
- What existing administrative and back office functions will be merged in the new Department, for example in terms of HR, IT and transportation?
- What is the planned timeline for individual aspects of the merger to be completed?

Financial

- Can you provide a detailed breakdown of the estimated costs of the merger, including rebranding, relocation, and staffing changes in both the UK and in overseas posts?
- Can you provide a detailed breakdown of the estimated total savings that will accrue from the merger in the next financial year and annually thereafter?
- Will the merger be 'cost neutral', in accordance with the Treasury's expectations of machinery of government changes?

We intend to take further evidence on the merger in the near future before producing a report. It would therefore be helpful to receive a response to this letter by 7 July.

Best wishes,

A handwritten signature in blue ink, appearing to read 'Tom Tugendhat', with a stylized flourish at the end.

TOM TUGENDHAT