



# Foreign, Commonwealth & Development Office

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Tom Tugendhat MP  
Chair of the Foreign Affairs Committee  
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London  
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24 August 2022

*Dear Tom,*

## **FCDO Main Estimate 2022-23**

I am writing in response to your letter of 20 July 2022 in relation to information published in the Main Estimate.

### Asset sales

**How much of the proceeds of the Bangkok Embassy sale have yet to be drawn down, and has this yet been allocated for a specific purpose?**

There is £203.7m of the Bangkok Embassy proceeds available. Of this, £27.4m is available for RDEL purposes to progress seismic projects and reduce the backlog in maintenance work. The remaining £176.3m of CDEL will fund major estates projects included in the FCDO's Global Asset Management Programme (GLAMP).

**What assets are being sold as part of the estimated £20 million included in this year's Main Estimate?**

The FCDO recycles assets as they become surplus to our requirements. The sale of part of the Embassy compound in Tokyo means we will exceed the £20m target significantly. The target excluded the Tokyo sale because it had not been finalised and was commercially sensitive in nature.

### UK-EU relationship

**The FCDO's estimate includes a £11.85 million transfer from the Cabinet Office for the FCDO taking over responsibilities for the UK-EU relationship. What are the staffing implications of the FCDO taking on these responsibilities and where will any transferred staff be deployed?**

143 positions transferred from the Cabinet Office when the FCDO took over responsibility for the UK-EU relationship. 70 of these positions were from the EU

Secretariat, 42 from Northern Ireland Protocol Task Force and 31 transferred from the Government Legal Department, who provided the Cabinet Office European Legal Advisers. These positions have been deployed in the FCDO in the UK in both the Legal Directorate and the Europe Directorate. 103 Cabinet Office staff who were working in these positions at the time of the Machinery of Government change were transferred to the FCDO. 40 positions were vacant at the time of the change. Those vacant positions went through FCDO recruitment processes in the normal way.

### Efficiency savings

**Could you please provide an update to the Committee on:**

- **the efficiency savings which have been identified to date; and**
- **what efficiency savings you expect to make in the financial year 2022-23**
- **In both cases these savings should be broken down by ODA and non-ODA**

The FCDO remains committed to delivering efficiencies wherever possible. We identified a number of areas for savings during the last Spending Review and our settlement was reduced to that effect. These efficiencies will be met gradually over the Spending Review period. This year (2022-23) we expect to save £32.3m, of which c£20m is ODA. £2m of that ODA efficiency is yet to be identified via additional savings from ALBs and other costs. Nevertheless, given the government's response to the ongoing crisis in Ukraine, wider ODA pressures including the ODA-eligible expenditure incurred through the Afghan resettlement programme and the UK's support to people fleeing Ukraine, the FCDO and other ODA spending departments will need to revisit their ODA allocations to ensure all ODA-eligible spending is managed within 0.5% of Gross National Income this calendar year.

The British Council's transformation programme is on track to deliver the savings identified in the Spending Review. This is a wide-ranging transformation programme that impacts both their commercial and their grant businesses. We have a range of key performance indicators in place that will monitor the British Council's return to commercial profitability, on which Ministers are updated quarterly. This year, we expect them to make £14m of ODA grant savings and £2.5m of non-ODA grant savings. The FCDO has provided a loan to the Council to support their transformation programme, which will enable the Council to modernise and develop a more efficient operating model.

During an FCDO-wide strategic workforce planning exercise, conducted in support of the Spending Review exercise between 2021-2025, we identified £5.3m non-ODA workforce savings profiled in 2022-23. Savings will be made in line with Ministerial priorities to deliver ambitions on promoting Britain and building strategic partnerships, protecting British interests, support to Britons abroad, and providing global insight and analysis. Delivery of these savings has subsequently become linked to the Civil Service 2025 exercise. This is not expected to be completed until late Autumn. Our workforce efficiency target and associated profile will be reviewed in light of the outcome.

The various smaller IT and estates efficiencies are on track to be delivered by 2024-25. We committed to saving £5m in 2022-23, of which roughly £3m would be non-ODA and £2m would be ODA. We handed 22 Whitehall back to the Government Property Agency (GPA) on 31 March 2022, a year earlier than planned. This frees up c£10m of efficiencies for the FCDO from this financial year onwards - half in rent which will be returned to the GPA and half in other running costs. This formed part of the £79.5m we committed to find by 2024-25, but means we are likely to meet or exceed our 2022-23 expected efficiencies.

During a bottom-up review of non-ODA programmes conducted as part of the Spending Review exercise, we identified £3.5m of non-ODA programmes which were naturally coming to a close. Those programmes were stopped at 31 March 2022.

I hope this provides you with the information you have requested.

*Yours sincerely,*

*Philip*

**Philip Barton**

Handwritten text, possibly a signature or name, located in the center of the page. The text is faint and difficult to read.



## Foreign Affairs Committee

From the Chair  
**Tom Tugendhat MP**

Sir Philip Barton KCMG OBE  
Permanent Under-Secretary, Foreign, Commonwealth and Development Office  
King Charles Street, SW1A 2AH

20 July 2022

Dear Sir Philip

### **FCDO Main Estimate 2022-23**

Following publication of the Department's Main Estimate for 2022-23, the Committee has considered the expenditure plans they contain. We would be grateful for responses to the following questions and requests for additional information, by 26 August.

#### Asset sales

The Committee has previously raised concerns about the Department's reliance on asset sales to fund maintenance of the overseas estate. We note that the Department plans a further drawdown of £68 million Capital DEL and £20 million Resource DEL from the Bangkok Embassy sale in 2022-23, and that the Main Estimate also includes an estimated £20 million in receipts for anticipated routine sales.

Could you please provide the following information:

- How much of the proceeds of the Bangkok Embassy sale have yet to be drawn down, and has this yet been allocated for a specific purpose?
- What assets are being sold as part of the estimated £20 million included in this year's Main Estimate?

#### UK-EU relationship

The FCDO's estimate includes a £11.85 million transfer from the Cabinet Office for the FCDO taking over responsibilities for the UK-EU relationship. What are the staffing implications of the FCDO taking on these responsibilities and where will any transferred staff be deployed?

#### Efficiency savings

The FCDO's settlement is subject to delivering RDEL efficiencies equivalent to £79.5m by 2024-25, of which at least £35.4m will be non-ODA savings. These savings are to be delivered through British Council's transformation programme, the Strategic Workforce Plan, various IT and estates efficiencies including handing back 22 Whitehall, and the natural closure of some non-ODA programmes.

Could you please provide an update to the Committee on:

- the efficiency savings which have been identified to date; and
- what efficiency savings you expect to make in the financial year 2022-23

In both cases these savings should be broken down by ODA and non-ODA.

The Committee has noted the steps your department has taken to comply with the guidance issued by the House of Commons Scrutiny Unit, following the Procedure committee's Estimates inquiry in 2017. We are pleased at the progress you have made to date in adopting these changes and encourage you to maintain dialogue with the Scrutiny Unit and ensure that you continue to apply the requirements set out by the Scrutiny Unit in the future.

The Committee also welcomes the revised structure of the Estimates introduced this year, following consultation with the Committee and the Scrutiny Unit.

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

**TOM TUGENDHAT**