Foreign, Commonwealth & Development Office

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The Rt Hon. Emily Thornberry MP
Chair, Foreign Affairs Committee
House of Commons
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25 November 2024

Dear Emily,

FOREIGN AFFAIRS COMMITTEE: 18 NOVEMBER EVIDENCE SESSION

Thank you for your letter of 20 November, following my evidence session with the new Foreign Affairs Committee on 18 November. I was pleased to attend this first session with the Committee and to have the opportunity to talk about the work of the FCDO. I shall address each of the points in your letter in turn.

1. **When did you last visit Abercrombie House? How often are senior leaders present? How often have ministers visited since the Election?**

I visit Abercombie House regularly and last did so on 24 October, when I chaired the monthly meeting of the FCDO Management Board. Several other Board members were also present in person. Second Permanent Under-Secretary, Nick Dyer, visited earlier this month. 20 senior civil servants are based in Abercrombie House and senior colleagues across the Department visit frequently. Ministers will incorporate visits to Abercrombie House in their forward plans. Minister West was the first to visit Abercrombie House in early November.

2. **How much do you expect the Abercrombie House office move from East Kilbride to Glasgow to cost overall?**

The costs to secure the new building in Glasgow are subject to final negotiations. While these sensitive negotiations continue, we are unable to make public the costs of the project.

3. **It has been reported that the move, originally planned to take place by 2025, could be delayed until as late as 2031. Can you provide an update on the expected timeline for the move? If there is to be a delay beyond 2025, could you please outline what has caused the delay, and what the financial implications are?**

Our due diligence work to identify the right building option for the FCDO has taken longer than anticipated, but this has offered assurance on our building option. We have developed a business case based on our preferred building, and set a realistic timeframe, subject to further analysis around design, which has been approved in the FCDO by our Ministers and the Foreign Secretary. While 2025 is no longer a realistic option, we want to make the move as quickly as we can thereafter. We won't know precise dates until the next stage of detailed design work has been completed, including decisions on whether this will be a phased or single move approach. Our hope is that the move can begin in late 2026/early 2027.

Our business case is now with National Property Controls and HM Treasury. Once we have secured their approval, we will seek formal agreement with the landlords and operationalise the next phase of work to transition from East Kilbride to Glasgow. The overall costs of the programme are set within the Business Case. There is no financial implication resulting from the delay as the costs were developed on the selected building and had not been fully assessed previously.

4. **It has been reported that the FCDO plans to move 500 more staff to Scotland by 2026. How many of those roles to do you expect to be new recruits, and how many will be existing staff who choose to relocate?**

We are realistic that we will not fill all the roles moving to Scotland by staff relocating from London or from our overseas networks. Our engagement with staff has shown that a central Glasgow location is more attractive (than East Kilbride) with over 250 FCDO staff already signalling their interest in relocating when we move office, including 52 senior civil servants. Our expectation is that a good proportion of the roles will be filled through recruitment exercises. This would mirror the experience of the HMT in Darlington and the Cabinet Office in expanding their presence in Glasgow.

The FCDO talent and recruitment pool widens significantly with Glasgow as a location, and our presence in the city will further establish the FCDO's influence and leadership across the UK Civil Service community, with the ability to develop active partnerships across the region. Greater visibility of the FCDO, its work and the opportunities to build and maintain a full career will attract staff, not only from across the public and private sectors. This will be supplemented by a focused outreach programme with local universities, colleges and industry.

- **How many senior civil service roles do you expect to be based in Scotland from 2026?**

We have set a target of 70 SCS in our new Joint HQ in Glasgow by the end of 2027.

- **If you are expecting existing staff to relocate, what incentives will the FCDO be providing to staff to move, and how much are you expecting those packages to cost the FCDO?**

Any existing staff considering relocation from London to Glasgow are eligible for relocation support, defined in the FCDO's Relocation Policy. This includes relocation expenses subject to a maximum of £14,000 paid as receipted expenses. We also provide advice and support to staff who are considering moving with information on key factors for staff and families around housing, travel, education, healthcare and tax. We help staff understand what is expected by offering real life profiles of staff members who have already moved to Scotland, and we encourage a buddy system to help staff relocate with real life support.

- **Have the delays to move the premises impacted the timeline for this increase in staff based in Scotland?**

Our target to reach 1,500 staff by 2027 have not changed. Nevertheless, to enable the full breadth of the FCDO's work to be done from Glasgow, we need our new HQ to have the appropriate facilities and work environment.

5. **The FCDO's Main Estimate for this year shows that, compared to last year's final budget, you plan to spend £73.5 million less Resource DEL and £65.3 million less Capital DEL on operating costs, frontline diplomacy and the overseas network. What impact will this have on FCDO's operations?**

During the Mains Estimate process for 2024/25, HM Treasury took the decision to defer some FCDO funding uplifts to the Supplementary Estimates. These included technical adjustments of £60 million RDEL for foreign currency and differential inflation, as part of the FCDO's agreement with HM Treasury to provide some mitigation against foreign currency movements in year and global inflation above that reported for the UK, and £69 million CDEL for non-cash budget to account for leased assets under the revised International Financial Reporting Standards 16. A revised

2024/25 budget for the FCDO was announced in the Autumn Budget following the conclusion of phase 1 of the Spending Review. This updated budget includes the funding for the technical adjustments which had been deferred from Mains Estimate, reducing the variance between 2023-24 and 2024-25.

In addition, during the 2021 Spending Review the FCDO agreed to make efficiencies of £84.8 million over the 3-year period. The final year efficiency savings were included within the 2024-25 Main Estimate as published in July 2024. To deliver the required efficiencies, the FCDO took some difficult decisions and reprioritised activity accordingly. The FCDO reports quarterly on these efficiencies under the Government Efficiency Framework to HM Treasury.

Given the revision to the FCDO budget at Autumn Statement, the FCDO has sufficient resources in 2024-25 to deliver its operations.

6. **The FCDO underspent by just over £1.0 billion in 2023-24 (combined department expenditure limits (DEL) and annually managed expenditure (AME)). Although £650 million of this was caused by an underspend in the inherently volatile AME, the department also saw significant underspends within the planned, and in theory less volatile DELs. The department underspent by £174 million of its day-to-day budget (resource DEL), and £139 million of its investment budget (capital DEL). Why were your forecasts for planned DEL expenditure so far from the outturn?**

The FCDO takes financial management very seriously. HM Treasury review financial management of all government departments annually and noted that the FCDO's finance function operated at a consistently high level over 2023-24 with six of seven metrics being average or above average.

The FCDO's control totals include ringfenced budgets set by HM Treasury where underspends cannot be utilised elsewhere and that cannot be exceeded. These include ringfences for depreciation, funding for the Integrated Security Fund which sits on the FCDO's baseline and the research and development and financial transactions portfolios. As such, small underspends in each ringfenced budget can cumulatively build to a large overall underspend.

In Resource DEL, £119 million of the £174m underspend related to ringfenced budgets for depreciation and the Integrated Security Fund which could not have been spent on other activities. The remaining £55 million underspend (0.7%) included additional operating income received late in the year, and the small amount of budget retained annually to mitigate the year-end financial risks, such as foreign exchange losses or non-cash accounting adjustments.

In Capital DEL, £93 million of the £139m underspend related to non-cash budget for accounting adjustments to leased assets which was ringfenced and could not have been spent on other activities. The remaining £46 million (1%) underspend was primarily because of a programme fund returned late in the financial year which could not be re-programmed in time, because of the longer lead times for capital programming, higher than expected loan reflows, and the usual budget retained annually to mitigate the year-end financial risks.

In 2023-24, the underspend of Resource AME was caused by favourable foreign exchange rates, a change in accounting policy for the guarantee to the Government of Gibraltar, and an amendment to the level of guarantee support provided to the Government of Ukraine.

7. How many of the FCDO's staff at Director-level and above are BAME? When does the FCDO plan to achieve representation at these levels? Could you share any data the FCDO holds around its Ethnicity Pay Gap?

The FCDO's Race Action Plan agreed in 2022 set the ambition to meet 14% ethnic minority representation in all remaining grades (Grade 7, Grade 6 and SCS – the former being important pipeline grades for the SCS) by 2026, of which 2% should be Black staff. At present, this aspiration has been met for ethnic minority Grade 7s (16.4%) and SCS2s / Director level (14.2%) and we are almost there for Grade 6s (13.8%). Ethnic Minority representation in the SCS as a whole is 11.6%, up from 7.0% when the FCDO was formed in 2020. There is still work to be done in SCS1 (Deputy Director) and SCS3 (Director General), but we are on course to meet the overall SCS aspiration by 2026. Progress on the representation of Black staff has been slower, and while we are now at 3.6% for Grade 7s, representation in Grade 6 and SCS is off track and remains below 1%. We are exploring what more we can do to support Black staff, including investing in talent and scoping a Race Culture Enquiry to identify where meaningful change can be made and is needed in the FCDO.

The FCDO, along with other government departments, has not yet published an Ethnicity Pay Gap report. The Government has announced that this will become a statutory requirement and the FCDO will align with the common approach across Government as is done with the Gender Pay Gap report.

8. By what date does the FCDO aim to have irradicated its Gender Pay Gap?

The FCDO is committed to closing the Gender Pay Gap. The FCDO's median Gender Pay Gap when the FCDO was formed was 9.8%. This has now reduced to

2.7%. The reduction can mostly be attributed to the alignment of pay and HR policies from our legacy departments and the increased rates of women in the SCS, which is currently 45.7% up from 41.6% in 2020. While representation of Women in our Director grade (SCS2) is 37.1%, Director General level (SCS3) is currently 51.4%.

We do not have a target date for the eradication of the Gender Pay Gap. Nevertheless, the FCDO's Senior Leadership takes a close interest in diversity outcomes throughout the employee lifecycle, including being mindful about decisions that will impact the Gender Pay Gap. We are tracking trends on senior recruitment, for example we often see lower rates of women applying for senior positions, but they are usually more successful at securing a role, so we are trying to understand the drivers for this. Recruitment decisions for senior roles, especially those overseas, can take time to be reflected in representation and Gender Pay Gap figures. We are pushing the boundaries on flexible working, especially in the senior grades and in areas where flexible working has historically been rejected, which is likely to benefit women in particular.

9. **When will the FCDO be able to provide information about the increased funding it will be providing the BBC World Service, and whether there are any stipulations about where and how that money should be spent?**

The FCDO will be able to provide information about the funding uplift to the BBC World Service and its allocation within the next few weeks.

In addition, I know Members were also interested in the following topics:

10. NAO's 2023-24 FCDO overview report

During the evidence session, Members raised the 7.7% non-ODA programming figure reported on page 10 of the NAO's 2023-24 FCDO overview report. The FCDO's programme spend contains both ODA and non-ODA programming spend. In 2023-24, as published in Annex A of the FCDO's Annual Report and Accounts 2023-24, the FCDO's final ODA programming outturn was £9.08 billion and non-ODA programming outturn was £0.73 billion. The FCDO's non-ODA programming includes funding from the Conflict, Stability and Security Fund (now known as the Integrated Security Fund), funding to Arm's Length Bodies, programming to non-ODA eligible countries and the UK's subscriptions to International Organisations.

11. British International Investment

The FCDO has two main performance metrics that are agreed with BII, reflecting its dual mandate of development impact and financial sustainability (further information on the definitions of these can be found in the BII Investment Policy):

- Financial performance, as measured by a Weighted Cumulative Investment Return of at least 2% over a seven-year period; and
- Development impact, determined by an Aggregate Impact Score of between 4 and 8.

Yours sincerely,
Philip Barton

Philip Barton

Foreign Affairs Committee

Tuesday, 19 November 2024

Sir Philip Barton KCMG OBE
Permanent Under-Secretary
Foreign, Commonwealth and Development Office

By email

Dear Sir Philip

Thank you for your and your colleagues' attendance at the Foreign Affairs Committee yesterday.

We covered a huge amount of ground, but there were some questions my colleague Blair McDougall did not have the chance to raise before the end of the session. I would be most grateful if you could, instead, provide answers to the below questions in witing:

1. **When did you last visit Abercrombie House? How often are senior leaders present? How often have ministers visited since the Election?**
2. **How much do you expect the Abercrombie House office move from East Kilbride to Glasgow to cost overall?**
3. **It has been reported that the move, originally planned to take place by 2025, could be delayed until as late as 2031. Could you provide an update on the expected timeline for the move? If there is to be a delay beyond 2025, could you please outline what has caused the delay, and what are the financial implications are?**

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4. **It has been reported that the FCDO plans to move 500 more staff to Scotland by 2026. How many of those roles do you expect to be new recruits, and how many will be existing staff who choose to relocate?**
    - **How many Senior Civil Service roles do you expect to be based in Scotland from 2026?**
    - **If you are expecting existing staff to relocate, what incentives will the FCDO be providing to staff to move, and how much are you expecting those packages to cost the FCDO?**
    - **Have the delays to move to the new premises impacted the timeline for this increase in staff based in Scotland?**

In addition, you committed to write on the following points you could not answer fully in the session:

5. **The FCDO's Main Estimate for this year shows that, compared to last year's final budget, you plan to spend £73.5 million less Resource DEL and £65.3 million less Capital DEL on operating costs, frontline diplomacy and the overseas network. What impact will this have on FCDO's operations?**
6. **The FCDO underspent by just over £1.0 billion in 2023-24 (combined department expenditure limits (DEL) and annually managed expenditure (AME)). Although £650 million of this was caused by an underspend in the inherently volatile AME, the department also saw significant underspends within the planned, and in theory less volatile DELs. The department underspent by £174 million of its day-to-day budget (resource DEL), and £139 million of its investment budget (capital DEL). Why were your forecasts for planned DEL expenditure so far from the outturn?**
7. **How many of the FCDO's staff at Director-level and above are BAME? When does the FCDO plan to achieve representation at these levels? Could you share any data the FCDO holds around its Ethnicity Pay Gap?**
8. **By what date does the FCDO aim to have irradicated its Gender Pay Gap?**

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9. **When will the FCDO be able to provide information about the increased funding it will be providing the BBC World Service, and whether there are any stipulations about where and how that money should be spent?**

I would be grateful if you could provide a written response by 5pm on Monday 25 November, so that the Committee has a copy of your response in advance of its upcoming session with the Foreign Secretary.

As is usual practice, I will be placing a copy of this letter and your response in the public domain.

Yours

Emily

Emily Thornberry
Chair, Foreign Affairs Committee

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