

Foreign & Commonwealth Office
Annual Report and Accounts
2019–20

(For the year ended 31 March 2020)

Accounts presented to the House of Commons pursuant to Section 6(4)
of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 16 July 2020



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CORRECTION SLIP

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Correction:

1. Page 25:

Text currently reads:

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Text should read:

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2. Page 46:

This correction slip replaces an error made in the "*Senior Management—Single total figure of remuneration*" table.

Text in 4th column from the left: Jonathan Sinclair Pension benefits 2019-20 (£'000 to the nearest £1000) currently reads:

336

Text should read:

36

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Performance Report

Performance Overview

This section assesses the department's performance in the last financial year from the perspective of the Foreign Secretary and Permanent Under-Secretary, and provides an overview of the FCO's global network, objectives and single departmental plan.

Foreword by the Foreign Secretary

The Rt Hon Dominic Raab MP



“With a foreign policy that will serve the citizens of this country, we will continue to lead the way on the world stage, as partners of choice in trade and security, and as a global force for good.”

I write this as the coronavirus pandemic has dramatically altered the global landscape. The response has been an unprecedented challenge, and there will be long-standing ramifications, in every country around the world.

Throughout the crisis, I am proud to say that the Foreign and Commonwealth Office has operated with integrity and ingenuity. Work on the response is ongoing, and this report does not cover the FCO's total response. But the organisation has played a vital role in the UK fight against the coronavirus pandemic. From the outset, we deployed our diplomatic network right around the world, to source and buy ventilators and billions of items of protective equipment for the NHS frontline.

At the same time, we've worked with other governments and the airlines to keep commercial routes open, helping well over one million British travellers return home. And we have deployed charter flights to bring home tens of thousands more, prioritising our most vulnerable citizens.

This was achieved while receiving a record number of calls to our contact centres at ten times the usual volume, making more changes to our travel advice and answering more letters than we would normally do in an entire year.

Along with our focus on procurement and repatriation, the UK has led the international response. As the biggest donor to the global fund to find a coronavirus vaccine, the UK has played a vital role in the development of diagnostics, treatments and vaccines. We have pledged a total of £744m of UK Aid to stop the spread of Covid-19, find a vaccine and save lives around the world, including in the UK.

This crisis has also shown that necessity is the mother of invention. Our international response to the pandemic was a cross-government effort that not only demonstrated the benefits of integration, it shone a light on the potential for us to go even further. The Prime Minister announced last



The Foreign Secretary with Jens Stoltenberg, NATO Secretary General, at the Meeting of NATO Ministers of Foreign Affairs, November 2019



Covid-19 Press Conference, March 2020

month that the Department for International Development and the Foreign and Commonwealth Office will merge to become the new Foreign, Commonwealth and Development Office.

Beginning on 1 September, we will place our world-class aid programme at the beating heart of our foreign policy decision making. We will integrate the development expertise of DfID with the diplomatic muscle of the Foreign Office, ensuring that our impact abroad is bigger than the sum of its parts.

For example, at the GAVI vaccine summit, which the Prime Minister recently hosted, we smashed the target for vaccine funding, with US\$8.8 billion raised. This major success serves a dual aim: securing a vaccine for the British people, while making it accessible for the most vulnerable people, right across the world.

The GAVI vaccine summit is just one way we are forging a truly Global Britain, a dynamic new vision for our country that is ambitious, self-confident and unabashedly global in outlook.

Following a pause due to the coronavirus pandemic, formal negotiations on the UK-EU Future Relationship have restarted. Our goal remains the same: we want a relationship with the EU which is based on friendly cooperation between sovereign equals, and centred on free trade.

Outside of the EU, we already hold historic trading partnerships. But we now have the potential to do more. As we think about broadening our horizons, the UK will be seeking to embrace the huge opportunities in the rising economies of the future. Earlier this year, we re-committed to launching negotiations on ambitious Free Trade Agreements between a number of high-priority countries, including the United States and Australia.

Meanwhile, vital national security work persists. In December, we hosted the NATO Leaders Meeting here in London to celebrate 70 years of the most successful Alliance in history.

We have continued to hold Iran accountable for its destabilising and dangerous actions in the region, encouraging it to de-escalate, and seek a path to an alternative future through diplomatic dialogue.

We have called out those who flout international law, like the Russian government, from its illegal annexation of Crimea and its chemical weapons attack in Salisbury, to its cyber-attacks and propensity for spreading disinformation.

We will continue to bring together our international partners to stand up for the people of Hong Kong, to call out the violation of their freedoms, and to hold China to their freely assured international obligations.

And we continue to show global leadership on issues such as counter-terrorism and cyber security.

Global Britain is a force for good in the world. Our guiding lights, have always been—and will always be—the values of democracy, human rights and the international rule of law.

Climate change poses an enormous global challenge. The UK will continue to take responsible leadership to push forward a green recovery. As we look ahead to hosting COP26 in Glasgow in November 2021, we are determined to achieve a step change in the international response.

On human rights, we will continue to defend media freedoms and protect freedom of religion. In order to hold human rights abusers and violators to account, we have recently introduced the UK's first autonomous human rights sanctions regime, giving us the power to impose sanctions on individuals involved in the most serious abuses of human rights. These sanctions offer us a forensic tool, allowing us to target perpetrators through travel bans and asset freezes, without punishing the wider people of a country.

Coronavirus has shaped an undeniably difficult environment. But it has also created opportunity—for greater collaboration and coordination. With a foreign policy that will serve the citizens of this country, we will continue to lead the way on the world stage, as partners of choice in trade and security, and as a global force for good.

Executive Summary—Permanent Under-Secretary

Sir Simon McDonald KCMG KCVO



“Protecting British people and upholding our values across the globe have continued to underpin the work of the Foreign and Commonwealth Office.”

The security and prosperity of the United Kingdom relies indisputably on HM Government’s activity overseas. The work of the Foreign and Commonwealth Office is, and always has been, underpinned by our international objectives—to protect British people, project our diplomatic leadership and promote UK prosperity.

In the last year, we have demonstrated that the UK is a global leader on climate change, having secured COP26 presidency in December 2019. We have reinforced our commitment to NATO, celebrating the 70th anniversary of the most successful alliance in history when we hosted the Leaders Meeting here in London. Importantly, we have provided essential consular support to those most in need in over 22,000 cases, including the families of the British victims of the terror attacks in Sri Lanka on 21 April 2019 and over 144,000 Thomas Cook passengers stuck overseas when the company fell into compulsory liquidation.

Last month, the Prime Minister announced that DfID would merge with the Foreign Office on 1 September 2020 to create a new overseas department, the Foreign, Commonwealth and Development Office. I am confident that this is the right step for our future overseas effort to ensure that, wherever we are in the world, we are speaking with one voice. As I come to the end of my career here in the Foreign Office, I am proud of what we have achieved through the Diplomacy 20:20 programme to better prepare for this vital change, by building a more expert and agile organisation that is supported by a world-class platform.

The Covid-19 pandemic, which drastically changed the world at the beginning of 2020, has proven the importance of uniting our development and diplomatic efforts to better protect and promote UK interests and values, and be an even greater force for good. We are continuing to play a major role in the global response, including through our international partners and our diplomatic and development networks.

The coronavirus crisis tested our network’s agility, expertise and platform. We had to adapt quickly, updating our technological capabilities to support over 90% of staff now working remotely. We have



The PUS and Principal Private Secretary to the Foreign Secretary welcome the Rt Hon Dominic Raab on the day of his appointment as Secretary of State



The PUS together with the FCO's 2019-20 Fast Stream cohort

faced an unprecedented demand for consular assistance and, in March alone, made nearly 1,700 updates to our country travel advice pages. In late January, we organised the safe return of over 180 British people from China's Hubei Province. This was the beginning of a global operation that has, to date, returned over 38,000 people on 186 charter flights from 57 countries and territories.

Earlier this year, preparing for the UK's exit from the EU was our top priority. On 31 January 2020, we left the EU and entered the transition period having successfully guaranteed the protection of UK Nationals' rights in the EU. We created over 600 new positions across our offices in London and Europe to bolster support and outreach for UK Nationals and to help deliver a new relationship with the EU and other European partners. Following the closure of DExEU in February this year, the Foreign Office became responsible for EU Member State engagement, through which we will support the delivery of future relationship negotiations.

Our work to project the UK as a leading global influence remains paramount. The Global Conference on Media Freedom, defending the right to a free press, was hosted here in London with the Canadian government last July and attended by representatives from over 100 countries. Furthermore, 2020 marks two years since the UK became Commonwealth Chair-in-Office, after

hosting the 25th Commonwealth Heads of Government meeting (CHOGM) in London. During our tenure, the UK has invested over £500m to support the delivery of a fairer, more prosperous, secure and sustainable future to which Leaders committed.

Climate change and environmental breakdown is the great challenge of our age and requires our entire diplomatic effort to avert catastrophe. Since the formal confirmation in December 2019 that the UK would host COP26 with Italy, we have further reinforced our staffing and focus. The postponed summit will now take place on 1–12 November 2021 and, in the meantime, we will continue to work towards the transformational partnerships and agreements we need across governments, business and communities globally.

It is our global platform that enables the UK to deliver on its international objectives and, each year, we are expanding and strengthening our network of Posts overseas. We opened 10 new Posts last year and work is underway to increase our alignment with partners across government. The UK-Africa Investment Summit in January was a key example of this in action. Led by DfID, DIT and the Foreign Office, the summit built on common links to encourage new trade and investment partnerships between the UK and sub-Saharan Africa, giving rise to commercial deals worth over £6.5bn.

I am proud of the dedication and determination of our staff who have risen to extraordinary challenges this year. My commitment to ensure our team is both diverse and inclusive was mirrored in our 2019-20 Fast Stream cohort, of which 60.3% are female, 23.5% are Black Asian or Minority Ethnic (BAME), 7.4% identify as LGBT and 10.5% are disabled. We are also making significant steps across the FCO leadership. Kumar Iyer, appointed the Foreign Office's Chief Economist, became our first BAME Board Member in July 2019 and Dame Karen Pierce became the first woman to hold the position of UK Ambassador to the USA in February 2020. Although there is still more to be done, we are making important progress towards a workplace reflective of modern Britain.

In the year ahead, we must grasp this remarkable opportunity for the UK on the world stage, as President of the G7 and host of the UN Climate Change Conference in Glasgow. We will continue to put the safety of our British people first, providing exceptional consular assistance overseas, and working with international partners to pursue a vaccine for Covid-19. We will also come to the end of the EU transition period and stand ready to project our diplomatic and development leadership, upholding the UK as an independent ally and force for good in the world.

Who we are and what we do



The FCO network in 2019-20: **280** Posts,
including **10** at multilateral organisations,
in **178** countries & territories

The FCO network supports the whole of the UK Government to achieve its international objectives overseas. 34 Government partners rely on our global platform, including DIT and the British Council.

The FCO represents all parts of the UK, ensuring the international interests of the Devolved Nations are represented, delivered and advanced.

Following our exit from the EU earlier this year, we have forged closer ties with international partners and projected the UK as a champion of free trade and a force for good in the world.

We are engaging our whole international platform as we combat the coronavirus, to reinforce the resilience of vulnerable countries, pursue a vaccine, support the global economy and enable British travellers to return home where necessary.

In the coming year, we will become the Foreign, Commonwealth and Development Office, a new overseas department that will place our world-class aid programme at the centre of our foreign policy decision making. This will safeguard, protect and improve the work we do to lift out of poverty the most vulnerable and the poorest around the world.

Our global network: The UK is represented overseas through a global network of diplomatic offices known as Posts. These are British High Commissions in Commonwealth countries and British Embassies in non-Commonwealth countries. Most larger countries have one or more subordinate Posts— usually Deputy High Commissions or British Consulate Generals— which report to the High Commission or Embassy in the capital. Over 14,000 people work in our diplomatic offices worldwide to represent the UK and help protect UK nationals abroad.

Our Objectives in 2019–20

Protect our people

Utilise the UK's hard power expertise to protect UK citizens and our allies through our Cyber expertise, P5 status and NATO membership to counter terrorism, prevent weapons proliferation, counter malicious cyber activity, and tackle state and non-state threats.

FPPO1 Consular and Crisis

- > Stand up for British citizens overseas by providing high quality, accessible consular services globally, focused on those most in need.
- > Reduce preventable incidents affecting British people overseas through collaboration with partners and governments.
- > Respond rapidly to all overseas crises, leading cross-government action.

FPPO2 Euro-Atlantic Security

- > Strengthen key security partnerships and ensure our contribution is felt, in particular with the US and Europe—forging a new security partnership with the EU to enhance shared capability and tackle shared threats.
- > Support a more resilient European neighbourhood, including the Western Balkans and Turkey.
- > Ensure a strengthened, expanding, more cohesive NATO—with increased contributions from partners—acts to confront security challenges, including from Russia, and remains a global leader in mutual security co-operation, leading this at the London NATO Leaders' Summit in 2019.

FPPO3 Security Challenges

- > Counter malicious cyber activity by developing a global doctrine of attribution and deterrence, defend a free, open, peaceful and secure cyberspace, and raise the cost for malicious online actors.
- > Reduce the threat to UK interests from terrorism, weapon proliferation, Hostile State Actors, illegal migration, and Serious and Organised Crime, drawing on all UK Government capabilities.

Project our influence and demonstrate diplomatic leadership

Advance UK interests by protecting and promoting UK's values, influence and soft power. Working through the rules-based international system, with partners, we will make the world safer and fairer by supporting human rights, democracy, good governance, the rule of law, and preventing and resolving conflict.

FPPO4 Diplomatic Leadership

- > Lead delivery of the UK's first Soft Power strategy.
- > Work to champion democracy, human rights, good governance and the rule of law by assisting supporters and using our leverage against abusers.
- > Advance media freedom by leading a global campaign; promote gender equality, including the Preventing Sexual Violence in Conflict Initiative; protect the oceans; defend freedom of religion and belief; address global challenges including modern slavery.
- > Promote UK global leadership in the safe, ethical and innovative development of AI and other emerging technologies, including through championing UK standards to shape the international debate.

FPPO5 Multilateralism

- > Defend the current Rules Based International System (RBIS), which is based on norms, rules and alliances, and support its reform and evolution.
- > Promote the UK's position within the RBIS including improving UK presence in international organisations while building broader coalitions around core interests and values and partnering with emerging powers.
- > Deliver Commonwealth Heads of Government Meeting (CHOGM) 2018 commitments; boost the Commonwealth's voice; increase mutual Commonwealth support in multilateral fora and reform the Commonwealth Secretariat.

FPPO6 Europe

- > Deliver a strong post EU Exit relationship, advancing UK interests and tackling shared global challenges; protecting UK interests on sanctions, the Overseas Territories (including Gibraltar), Kimberley Process, and Third Country Agreements.
- > Harness opportunities and ensure smooth management of EU-exit related issues.
- > Bolster governmental and people-to-people links across Europe.
- > Help negotiate a strong future partnership with the EU.

FPPO7 Conflict and Stability

- > Focus UK effort on NSC priority countries, advancing inclusive political processes and protecting UK interests in Afghanistan, Syria, Libya and Yemen; supporting security, stability and good governance in the Middle East & Africa; and working to resolve the Rohingya humanitarian crises.

FPPO8 Overseas Territories

- > Build resilient Overseas Territories with good governance, increasingly diversified economies and prosperous communities, able to better prepare for and recover from crisis.

Promote our prosperity

Promote UK prosperity by projecting the UK as a connected, innovative and active global economy, ensuring it is an attractive investment destination, opening overseas markets, driving economic reform, championing UK business, and enhancing global free trade through key international bodies.

FPPO9 Global Economic Architecture

- > Work with partners to promote a multilateral economic, financial and trading system for strong, sustainable, balanced and inclusive growth.
- > Reinforce the rules based international economic system, particularly the World Trade Organisation's role in global trade, by advocating and leading reform, focused on international trading rules, regulatory diplomacy, and eCommerce.

FPPO10 Economic Diplomacy

- > Showcase global leadership of free trade and economic diplomacy, including through working with DIT on new and transitioned Free Trade Agreements with third countries, including in Europe.
- > Work with DIT and BEIS to support UK exports and inward and outward investment, including in rising economic powers, Asia, Africa and Latin America, in line with the Industrial Strategy.
- > Promote economic development, clean and sustainable growth, and better business environments in key markets, ensuring that technological and educational advances are delivering mutual prosperity under the Industrial Strategy and its Grand Challenges.
- > Promote UK leadership on science and innovation, including through working with BEIS, to boost UK prosperity and deliver solutions to global challenges.

FPPO11 Climate Change

- > Tackle the global threat of Climate Change by: galvanising international action; promoting the role and impact of COP26, including bidding to host it; and taking a global leadership role.

Facilitated by our Corporate Policy Priority Outcome: **CPPO1 International Platform**

- Provide an efficient, impactful and collaborative international platform for the whole of the UK government via our Embassies, High Commissions, Consulates and Offices.
- Leadership and support to all departments overseas to deliver government priorities

Performance Analysis

Protect our people

Utilise the UK's hard power expertise to protect UK citizens and our allies through our Cyber expertise, P5 status and NATO membership to counter terrorism, prevent weapons proliferation, counter malicious cyber activity, and tackle state and non-state threats.



FPPO1: Consular and Crisis (achieved)

The FCO provides high quality, accessible consular services globally, focused on those most in need. Last year, 86% of British people who accessed our services were satisfied, exceeding our target of 80%. We continually look to improve our services; for example, new Emergency Travel Document (ETD) centres can now facilitate remote issuing of ETDs. We provided consular support in over 22,000 cases. This included the support we provided to the families of British victims of the terror attacks in Sri Lanka on 21 April 2019, deploying staff to the British High Commission in Colombo so we could give critical on-the-ground support. The FCO also coordinated, with the Civil Aviation Authority and DfT, the return of over 144,000 Thomas Cook customers to the UK from 50 affected foreign airports when Thomas Cook Group plc fell into compulsory liquidation. A strong focus of consular work throughout 2019 was preparing British people living in Europe for the UK's exit from the EU. Consular teams were based in embassies in EU Member States with high numbers of resident UK Nationals to ensure we were offering the best support through frequent outreach and engagement. The first three months of 2020 have been spent managing the Covid-19 crisis across our London offices and wider network. Starting with the return of over 180 British people from Wuhan in January 2020, there has been a significant call on our crisis response capability to respond to the challenges Covid-19 poses to the safety of British people. By 31 March 2020, the FCO had returned over 1,500 British travellers on HMG chartered flights to the UK. A new and exceptional operating model to deliver a global operation on this scale has

In FY 2019-20:



We had **over 23,200** new consular cases; assisted **over 7,000** new vulnerable customers; took over **400,000** calls; and issued **over 28,000** ETDs.



Due to Covid-19, FCO travel advice pages had **35.8m page views** between January and March 2020. To ensure British travellers abroad had the latest information, we made nearly **1,700 updates** to our country travel advice pages in March alone.

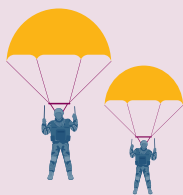
enabled the FCO to work globally with airlines, commercial partners and foreign governments, to bring home more than 38,000 British travellers on 186 charter flights. At the same time, we worked with global partners to keep key routes and transit hubs open, which we estimate has helped over 1.3m people return to the UK by commercial routes to date.

FPPO2: Euro-Atlantic Security (partially achieved)

The UK has played a leading role on Euro-Atlantic security. In early June last year, President Trump's state visit reinforced our transatlantic alliance, with the President expressing his commitment to NATO and the importance of the bilateral relationship for issues from security to trade. The UK held the first ever 'London Quartet' on 3 December 2019, when the Prime Minister hosted his French, German and Turkish counterparts. The London Quartet called for attacks on civilians in Syria to stop and expressed support for the UN-backed political process to resolve the conflict

in Libya. In March, the Quartet held a follow-up call and agreed to continue with this format. In Eastern Europe, the UK continued its global role in responding to cyber-attacks, when on 20 February 2020 it supported Georgia in attributing a number of significant attacks to the GRU. Bilateral engagement helped to build an international coalition of 22 countries and institutions joining the UK and Georgia in issuing statements of attribution or support. We continue to strengthen our partnership with Ukraine through NATO, our commitment to the Organization

NATO Leaders Meeting



NATO remains the cornerstone of our defence and we are a **top defence spender** in Europe and the second largest in NATO as a whole.

Allied Heads of State and Government came to London for the **NATO Leaders Meeting** in December to celebrate 70 years of the most successful Alliance in history.



North Macedonia, now the 30th member of the Alliance, took part in a Leader level meeting for the first time.



NATO Leaders Meeting, London December 2019

for Security and Co-operation in Europe (OSCE) Special Monitoring Mission, and the training of 18,000 Ukrainian Armed Forces personnel via Operation ORBITAL. FCO-led Conflict, Stability and Security Fund (CSSF) programmes in the Western Balkans are building stability and security,

promoting the rule of law and good governance, and tackling Serious and Organised Crime (SOC), which includes disrupting Organised Crime Groups that pose a direct threat to UK national security.

FPPO3: Security Challenges (partially achieved)

The FCO continues to counter malicious cyber activity and reduce the threat to UK interests from terrorism, weapon proliferation, Hostile State Actors, illegal migration and SOC. In November 2019, we helped to secure agreement at the Organisation for the Prohibition of Chemical Weapons (OPCW) Conference of State Parties to add Novichok—the toxic agent used in the Salisbury attack—to the Chemical Weapons Convention, and funding for work to identify the perpetrators of chemical weapons use in Syria. The UK has played a leading role with key partners in seeking to preserve the Joint Comprehensive Plan of Action (Iran nuclear deal). As part of this, we co-chaired the Arak Modernisation Project to convert a former Iranian plutonium reactor into a proliferation-resistant design. FCO efforts to counter terrorism have included working through the UN to initiate and support several proposals to list terrorist entities, and working across priority regions to build capacity of partner governments to tackle terrorism while protecting human rights. For example, we have contributed to the counter terrorism capability of the Indonesian police force, which includes training in investigation and analytical skills at the Jakarta Centre for Law Enforcement Cooperation, emphasising gender sensitive approaches [CSSF and International Programme funded: 19/20 allocation £1,789,511]. We also continue to run the Global Coalition's Counter-Daesh Communications Cell to reduce the threat of Daesh's propaganda. The Cell ran a series of campaigns in Iraq, amongst other regions, to help communities now free from Daesh, to grow and to resist the group's propaganda. To reduce the threat of SOC, we have established a network

Countering malicious cyber activity

The FCO has continued to invest in maintaining the UK's strategic influence in the cyber world to defend a free, open, peaceful and secure cyberspace.



As Commonwealth Chair-in-Office, the UK provided up to £15m to support implementation of the **Commonwealth Cyber Declaration**, including an investment of £5.5m into the Commonwealth Cyber Programme, which helps build capacity in low and middle-income countries.



Commonwealth members committed to support one another in undertaking national **cyber security capacity reviews**; since CHOGM 2018, 13 reviews have been completed, seven of which were funded by the UK. A total of 38 out of 54 Commonwealth countries have now completed reviews.

of 74 Joint SOC teams in Posts to coordinate and implement our overseas response to tackle Illicit Finance and Child Sexual Abuse.

Project our influence and demonstrate diplomatic leadership

Advance UK interests by protecting and promoting the UK’s values, influence and soft power. Working through the rules-based international system, with partners, we will make the world safer and fairer by supporting human rights, democracy, good governance, the rule of law, and preventing and resolving conflict.



Global Conference for Media Freedom in London, 10 July 2019



Karen Pierce, former UK Permanent Representative to the UN, with the Permanent Representative of Afghanistan, Adela Raz to announce the Group of Friends of Women in Afghanistan in November 2019

FPPO4: Diplomatic Leadership (partially achieved)

The FCO works to champion democracy, human rights, good governance and the rule of law. In the last year, we have advanced media freedom by leading a global campaign and promoted gender equality, freedom of religion and belief (FoRB), and abolishing modern slavery. The UK has worked through the UN to promote women’s full, effective and meaningful participation in international peace processes by supporting the launch of the Global Alliance of Women Mediator Networks. The UK also provided £1m in funding to Canada’s Elsie Initiative, which works to promote uniformed women in UN peacekeeping and tackle barriers facing women’s participation. Last June, the UK took over the role of co-chair of the Equal Rights Coalition (ERC), in partnership with Argentina. We announced ambitious plans to guide and shape the work of the 42-country coalition that works with civil society to address violence and discrimination against LGBT individuals, and to advance LGBT equality. In October, Lord Ahmad, the Prime Minister’s Special Representative on Preventing Sexual Violence in Conflict (PSVI) announced the appointment of the first PSVI Survivor Champions, who will support all survivors of sexual violence in conflict. FCO programmes are tackling gender-

Media Freedom

In July 2019, the UK and Canada co-hosted the Global Conference for Media Freedom in London, the first of its kind.



It brought together **1,500 Ministers, journalists and civil society representatives** from over 100 countries.



We launched international initiatives, including the Media Freedom Coalition, a high-level panel of Legal Experts convened by **Special Envoy Amal Clooney**.

based violence. For example, in Iraq we provided legal and psychosocial support for female Internally Displaced Persons (IDPs) in Anbar and Baghdad, and continued to work to prevent suicide in IDP camps. [International Programme; Providing legal and psychological support for female IDPs in Baghdad and Anbar: 19/20 allocation US\$61,220]. In the Kurdistan Region of Iraq, our #Stopabuse awareness campaign with the SEED NGO had over 1.3m views on social media and provided psychological support to almost 1,000 people. On FoRB, we are implementing the recommendations of the Bishop of Truro's independent

review of FCO support for Persecuted Christians; we have funded 15 projects in total, including work on the challenges facing communities such as Christians, Yazidis and Humanists. In October 2019, we appointed an International Migration and Modern Slavery Envoy to act as a focal point for the government's efforts to combat modern slavery internationally. Key activity this year included facilitating co-operation between the UK and Vietnamese authorities following the death of 39 Vietnamese citizens concealed in a freight lorry in Essex.

FPPO5: Multilateralism (partially achieved)



CHOGM 2018 opening ceremony in London

The UK is committed to defending the Rules Based International System (RBIS) and the FCO has worked to promote the UK's position and presence in international organisations by building broader coalitions around core interests and values and partnering with emerging powers. The UK has continued to be a highly engaged and active Commonwealth Chair-in-Office (CiO) since taking on this responsibility after hosting the 25th Commonwealth Heads of Government meeting (CHOGM) in 2018. The 26th CHOGM was due to take place in Rwanda in June 2020, but has been postponed due to Covid-19. The UK will now remain CiO until that summit takes place. In the past year, the UK has supported the UN to operate effectively. UK funding has led to the recruitment of additional experts into fragile contexts and strategic leadership training to increase UN impact in the field. This aims to improve UN capacity and ensure interventions are more effective and instability and conflict less likely. We have worked to raise the performance of the International Criminal Court (ICC), which addresses the most serious international crimes such as war crimes

Commonwealth Chair in Office

At the London CHOGM in 2018, the UK announced **£500m of projects and programmes** to support delivery of Leaders' commitments over 2018–20 under the four headings of security, prosperity, fairness and sustainability.



In September 2019, the UK committed **£220m** to the treatment of neglected tropical diseases. This funding supports the elimination of trachoma (an eye disease which can cause blindness) and, across 10 Commonwealth countries, **has helped to provide 9.1m people with antibiotics** and **over 24,000 people with eye surgery**.



The UK announced an additional **£3.5m of funding** to extend the SheTrades Commonwealth programme to 2021. The women's economic empowerment programme has already **provided training to over 3,000 women-owned businesses** and supported the **creation of over 3,000 jobs**.

and genocide. Our diplomatic efforts included support to reach an agreement on establishing an Independent Expert review; the reform will better enable the ICC to hold those responsible for the most serious crimes to account.



The Foreign Secretary with his French and German counterparts at an E3 Foreign Ministers Meeting




FCO staff hosted outreach events across the EU to make sure UK Nationals were prepared for Brexit


FPPO6: Europe (partially achieved)

The FCO supported the successful renegotiation of the Withdrawal Agreement and Political Declaration, including through extensive engagement with EU27 Member States. Following the closure of DExEU, the FCO assumed responsibility for coordinating EU Member State engagement on EU negotiation issues and works to assist delivery of the future relationship negotiations across a range of policy areas. We have worked to replicate the effects of existing EU trade agreements to ensure continuity for UK businesses, including the transition of 16 EU Association Agreements and 11 Partnership and Cooperation Agreements. The FCO has contributed to cross-government efforts to successfully conclude and sign trade continuity agreements with 48 countries, which accounted for £110bn of UK trade in 2018, when the UK left the EU on 31 January 2020. Furthermore, third country agreements in the last year have covered £67bn UK exports. Last year, we supported nearly one million UK Nationals living in the EU to prepare for the possibility of leaving the EU without a deal. This included diplomatic engagement with Member States, outreach to UK Nationals and coordination of the Government’s unilateral contingency measures. Furthermore, in November 2019, the FCO successfully secured UK independent participation in the Kimberley Process, the scheme to prevent the global rough diamond trade fuelling conflict. This will begin from the date at which EU law ceases to apply to the UK.


Supporting UK Nationals across Europe



All 27 EU Member States passed legislation to **protect the rights of UK Nationals** in the event of a no deal following an FCO-led intensive cross-government lobbying campaign.



We launched a **£3m UK Nationals Support Fund** to help UK Nationals living in EU/EFTA to secure their residency.



We reached over **175,000 UK Nationals** last year through Posts’ outreach events.

FPPO7: Conflict and Stability (partially achieved)

The FCO works to ensure security, stability and good governance in NSC priority countries. In Afghanistan, the UK has played a crucial role in supporting the US-Taliban deal, which for the first time in 19 years will open the door to a peace settlement. Our diplomatic efforts on Syria helped to secure ceasefires in the north-east, following Turkey's military intervention, and in the north-west, halting the Syrian regime's offensive in Idlib, while maintaining pressure on the regime to engage in the UN-led political process. On Libya, the UK has taken a leading role at the UN Security Council to achieve resolution 2510 (2020) which demanded full compliance with the UN arms embargo and called for an end to foreign military interference in Libya. Social Peace Partnerships have helped to improve security and resilience on the ground in 30 municipalities across Libya's three regions, supporting local conflict management and social reconciliation efforts [CSSF Embedding and Consolidating Social Peace and Local Development during Libya's Political Transition Programme: 19/20 allocation £997,480]. The UK has supported the UN-led peace process in Yemen and remains the fourth largest donor to the UN humanitarian response to the crisis. We have also sought every opportunity to shine a spotlight on the atrocities committed against the Rohingya people at the UN General Assembly and Human Rights Council. Since August 2017, the UK has pledged over £250m to humanitarian aid refugee camps in Bangladesh and £70m to displaced persons in Myanmar's Rakhine State. As part of the UK's security and stability goals within the new approach to Africa, we have led international efforts to help deliver peace in the most complex African conflicts. In Somalia, the first formed battalion graduated from the UK Security Training Centre, building

North Africa Good Governance Fund

The FCO-led North Africa Good Governance Fund (NAGGF) supports inclusive political and economic process and protects UK interests across North Africa [CSSF-funded: 19/20 allocation £56,212,891]. By the end of the next financial year, we expect to have spent over £220m through the fund. Successes have included:



Improving pro-poor targeting, particularly for women, of Egypt's flagship **cash transfer programme**, which reaches eight million people, to strengthen poverty reduction, healthcare access and school attendance.



Reducing violence between communities in Libya, to build trust between local communities and governments.



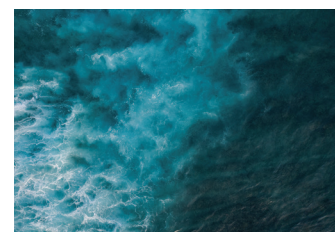
Promoting **media freedom**, to improve transparency and strengthen access to information, enabling citizens to improve government accountability across North Africa.

the capacity of Somali security forces to increasingly take responsibility from the African Union peacekeeping mission for a more sustainable path to peace.

FPPO8: Overseas Territories* (partially achieved)

We continue to work in the Overseas Territories (OTs) to build resilient and prosperous communities, with local capability and capacity to prepare for and respond to disasters. We are leading the UK response to Covid-19 in the OTs, working closely with Public Health England and other organisations to provide technical assistance and procure urgently needed equipment. FCO programmes have provided significant support to the OTs in the last year. On child safeguarding, we have worked with the police, social workers and educators to enhance their capability to protect children [CSSF Justice Security and Governance Programme]. Furthermore, our engagement with the Maritime and Coastguard Agency has ensured the OTs have the necessary legislation and operational procedures in place to meet their international maritime obligations [CSSF Maritime, Governance and Environment Programme: 19/20 allocation £2,041,526]. The last financial year also marked the 200th anniversary of the discovery of Antarctica. We used the opportunity to showcase UK Antarctic scientific and diplomatic leadership and raise awareness of the UK's historical, current and future interests in the region.

***About the British Overseas Territories (OTs):** There are **14** OTs. Each OT has its own constitution and the majority are self-governing. The FCO is the lead department for the OTs and manages the constitutional and legal relationship with the UK. The FCO does this through its network of governors with the objective of strengthening good governance, robust public financial management, sound economic planning and effective crisis preparedness.



Blue Belt of marine protection

By the end of 2020, over four million square kilometres of British waters will be under protective management. The FCO leads the Blue Belt initiative, working with OT Governments and Environmental organisations, to support the designation and enforcement of globally significant Marine Protected Areas around the Territories.

Promote our prosperity

Promote UK prosperity by projecting the UK as a connected, innovative and active global economy, ensuring it is an attractive investment destination, opening overseas markets, driving economic reform, championing UK business, and enhancing global free trade through key international bodies.



FPP09: Global Economic Architecture (partially achieved)

The FCO has engaged with partners to promote a multilateral economic, financial and trading system for strong, sustainable, balanced and inclusive growth. In February 2020, the UK took up its independent seat at the World Trade Organisation (WTO) and, following successful lobbying by the FCO network and DIT, secured an extension to the UK’s invitation to join the WTO’s Government Procurement Agreement as an independent member. Our participation will enable UK businesses to continue bidding for public sector contracts around the world worth £1.3tn. Working closely alongside G7 and G20 country counterparts, we have pushed forward UK policy objectives, for example on women’s economic empowerment, and we are currently planning for UK G7 presidency in 2021 with the Cabinet Office and across government. The FCO is committed to reinforcing the rules based international economic system. Through our delegation to the OECD, we have worked closely on their International Regulatory Cooperation programme, which aims to promulgate international best practice across its 37 members. The programme encourages national regulators to take account of international regulation and engage with other country regulators when legislating. On 2 and 3 September 2020 the FCO will co-host with BEIS the OECD’s Annual International Organisations Conference, which this year is themed on international regulatory effectiveness in the face of emerging technologies. The conference will officially launch the OECD’s review of the UK’s implementation of International Regulatory Cooperation. Furthermore, a new cross-government work stream on Regulatory Diplomacy has allowed HMG to better identify and address barriers, influence international rule making and standard setting, and upskill those representing the UK. This has included approaches to artificial intelligence on the international stage.

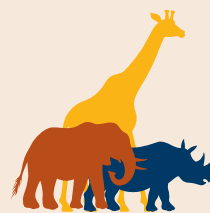
Championing anti-corruption across the globe

The FCO works across the globe to showcase UK leadership, champion global standards and work with partner countries to combat corruption.



The FCO delivers the Prosperity Fund’s **£45m Global Anti-Corruption Programme** through the UN, Organisation for Economic Cooperation and Development (OECD) and the World Bank amongst others, to tackle corruption in partner countries in Latin America, Africa and Asia.

We worked through the OECD to champion anti-corruption and strengthen international co-operation. A UK-funded OECD **Anti-Corruption and Integrity Forum** brought over 2,000 participants from government, business and civil society across 120 countries.



To tackle global **illegal wildlife trade**, estimated to generate up to £17bn a year, we are supporting HM Treasury’s co-leadership of a project with China at the Financial Action Task Force. The report will help law enforcement agencies and the private sector globally to detect and disrupt illegal wildlife trafficking.

FPP010: Economic Diplomacy (partially achieved)

The FCO has showcased UK global leadership of free trade and economic diplomacy in the last year. In January, the Prime Minister hosted the UK-Africa Investment Summit in

London. The cross-government summit, led by FCO, DfID and DIT, involved representatives from business, NGOs and diaspora to develop new lasting partnerships between the UK

and African countries. More than 1,700 people attended, including Heads of State and Ministers from the 21 African Governments invited. The summit helped to deliver more investment, jobs and growth, resulting in commercial deals worth over £6.5bn and the announcement of around £1.5bn of UKAID funded initiatives. We continue to upskill HMG officials in the UK and overseas via the Trade Faculty; over 1,115 officials have accessed this training, which has been used in both WTO and FTA negotiations. The Science and Innovation Network (SIN) now has over 100 officers across 47 countries. The FCO Chief Scientific Adviser (CSA) has promoted international science collaboration, particularly our continued commitment to collaborate with Europe, by, for example, attending the Portugal Science Summit as guest of honour and leading a delegation of 40 representatives from 30 government and academic organisations. Since the beginning of 2020, SIN has supported work across government to tackle Covid-19, sharing insights into global research developments and supporting international co-operation to identify a vaccine. The CSA has focused on supporting efforts to ensure the FCO's approach to Covid-19 is informed by scientific evidence.

FCO policy programmes, such as those delivered under the cross-government Prosperity Fund, use both Official Development Assistance (ODA) and non-ODA funds and draw on expertise from across government to ensure strong development impact, by advancing the UN's Sustainable Development Goals whilst progressing our economic interests.

Global Better Health Programme



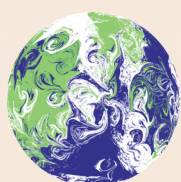
The FCO is delivering the **Prosperity Fund Global Better Health Programme (GBHP)** [£79.3m], which works to strengthen the healthcare systems of eight partner countries: Brazil, Malaysia, Mexico, Myanmar, the Philippines, South Africa, Thailand and Vietnam.

In June 2019, delegates, health advisors and civil society stakeholders gathered at Wilton Park to mark the GBHP launch and discuss health growth in emerging economies. The three-day event helped to build partnerships and encouraged engagement across the eight partner countries, marking the beginning of the Programme's delivery phase.

The ODA programme addresses the burden of non-communicable diseases and increases access to safer, quality health care. By helping to create healthier populations, the programme will support increased productivity and capacity to generate inclusive economic growth in our partner countries. This will create stronger relationships between the UK and important emerging economies and trade partners.

In response to the Covid-19 pandemic, we began working with all of our partners towards the end of the financial year to adapt the programme to provide technical collaboration that will address new priorities.

FPP011: Climate Change (partially achieved)



**UN CLIMATE
CHANGE
CONFERENCE
UK 2020**
IN PARTNERSHIP WITH ITALY

In December 2019, it was formally confirmed that the UK would host COP26 with Italy. The UK's successful bid to host was the result of a lobbying and engagement effort from the overseas FCO network and team in London, working closely with partners across government. Due to the ongoing worldwide effects of Covid-19, it was agreed on 1 April 2020 that COP26 would be postponed until 2021. The UNFCCC COP Bureau subsequently agreed to reschedule to 1-12 November 2021. The FCO will continue to work internationally with all of its partners to maintain diplomatic momentum on climate change, building on a clean, green and resilient recovery from Covid-19.

The UK is a global leader in the effort to tackle climate change and became the first G7 country to legislate to reduce emissions to net zero by 2050. We have significantly expanded our overseas climate network: four senior diplomats have been appointed as new regional climate ambassadors to support the Foreign Secretary's Special Representative for Climate Change, and the Cabinet Office COP26 Envoy; and 50 new locally engaged experts have joined the Climate and Energy Attaché Network. Every Head of Mission is now prioritising climate change, and the diplomatic network will play a crucial role in laying the groundwork for a successful COP26. With Egypt, the UK co-led the UN Climate Action Summit work on Adaptation & Resilience. The FCO is engaging with its international partners to accelerate the greening of the global financial system, and is one of the funding departments of the new Green Finance Institute, alongside HMT, BEIS and the City of London. Across the globe, FCO-delivered Prosperity Fund programmes are helping to deliver tangible change, using UK policy and programme expertise, to influence global ambition to reduce greenhouse gas emissions and promote the role and impact of COP26 in key partner countries. For example, we are partnering with India to boost their transition to electric mobility: UK-based EO Charging, a leading smart electric vehicle charging station manufacturer, launched in India in July 2019 [Prosperity Fund: £1,315,140 total project spend in 2019].

EO Charging will create nearly 2,000 jobs and plans to deliver a minimum of 25,000 electric chargers by June 2021. FCO work across government has included support for the design and establishment of the £100m joint Defra-DfID Biodiversity Landscapes Fund, which will help to inform in-country programming over the next five years.

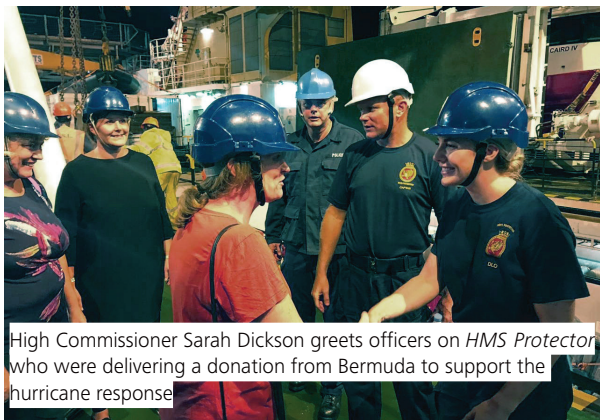
International platform

Our Foreign Policy Priority Outcomes are all facilitated by our Corporate Policy Priority Outcome.

CPPO1: International Platform (partially achieved)



The Bahamian Prime Minister delivers a speech at the opening ceremony of the new British High Commission Nassau



High Commissioner Sarah Dickson greets officers on HMS Protector who were delivering a donation from Bermuda to support the hurricane response

The FCO has continued to provide an efficient and collaborative One HMG overseas platform to support an expanding international effort, which now hosts 34 partners across government. Our department and UK government body partners include HMT, Manchester City Council and UK Export Finance. In a visible demonstration of Britain’s commitment to engaging globally, the FCO Global Network Uplift programme in 2019 has delivered 10 new Posts and added over 1,000 new staff positions to the diplomatic network. Of the 1,000 new positions, 600 in the UK and overseas were created to support no deal planning and EU exit negotiations. The new Posts, including a High Commission in the Maldives, a mission to ASEAN in Jakarta and a Resident Commissioner in Antigua & Barbuda, have quickly shown their impact. For example, the new High Commission in Nassau, Bahamas, was at the centre of UK hurricane relief operations when Hurricane Dorian struck on 1 September 2019. FCO staff in the High Commission prepared for arriving crisis teams, including five DfID advisers and a 12-strong military Operational Liaison Reconnaissance Team. Consular colleagues deployed to Nassau ferry port met cruise ship evacuees and a Red Cross-supported unofficial reception was opened at Nassau international airport to assist those affected by the hurricane.

FCO Sustainability: We are working to provide a world-class platform by delivering a cost effective, environmentally efficient department. A summary of the FCO Sustainability Report, plus a link to the full Report, can be found in the Accountability Report (page 29).

Diplomacy 20:20

FCO’s change programme, Diplomacy 20:20, was launched by the Permanent Under-Secretary in 2016. Its aim was to transform the way we work so that we could become a more expert and agile organisation, supported by a world-class platform, by 2020.



Agility. We now have a more agile workforce ready to be deployed on a diverse set of priorities and crises. Last year, over 100 staff were temporarily deployed to support EU Exit work and this year 800 staff were redeployed to support Covid-19.



Expertise. We are building the skills needed to advance UK interests and values in the 21st Century, which has included 110 Heads of Mission completing Leadership training and almost 1,000 staff completing Trade Policy training.

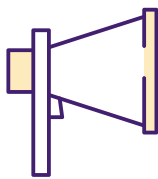


Platform. We have developed a global network that is efficient, effective and fit for purpose. Tech Overhaul, the £120m IT programme in the government’s major projects portfolio, has transformed the way staff use technology. All staff across the network either have a laptop or have access to one, and are using Office 365 to enable flexible working.

Engaging with the UK

Engaging with Parliament

Key Parliamentary Activity in 2019-20



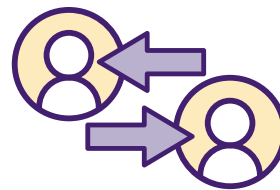
Oral questions

Ministers attended departmental Oral Questions six times in the Commons; 46 FCO Oral Questions answered in the Lords.



Written Ministerial Statements

Ministers made over 77.



Debates

Over 20 in both Houses, covering subjects such as persecution of Christians, media freedom and Venezuela.



Urgent Questions & Private Notice Questions

28 UQs allowed in the Commons on subjects ranging from Hong Kong protests, the Iranian nuclear deal and Syria; Lord Speaker allowed four Private Notice Questions.

Engaging with the Devolved Nations

Highlights in 2019-20



Engagement

FCO staff, including a total of 32 new Heads of Mission, engaged with partners in the devolved nations on 16 occasions, strengthening FCO relationships in Scotland, Wales and Northern Ireland.



Overseas visits

We supported 35 overseas visits by devolved administration ministers to pursue international interests in areas of trade and investment, tourism, education and culture.



International visitors

Visitors included His Excellency, Chinese Vice-Premier Hu Chunhua to Wales, senior officials from the Vietnamese National Security Council to Northern Ireland, and a group of young Turks from a Democratic Progress Institute to Scotland. The FCO's flagship International Leaders Programme also visited Wales.



Expertise

We continue to develop devolution expertise through Diplomatic Academy learning and interchange with the devolved administrations. During 2019, more than 350 FCO staff had completed the devolution foundation learning.

Investing in our people

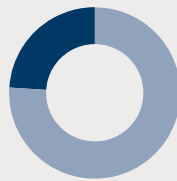
Recruitment

We recruited **68** Fast Stream entrants, of which:

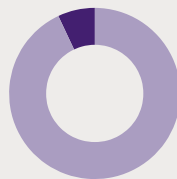
60.3% are female



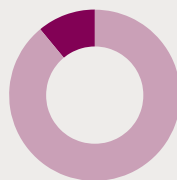
23.5% are BAME



7.4% identify as LGBT



10.5% are disabled



We recruited **18** HEOs and **33** EOs through the Direct Appointment Scheme, of which:

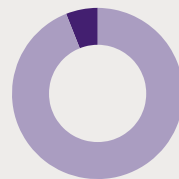
60.1% are female



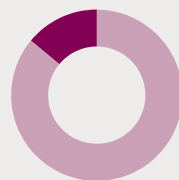
39.2% are BAME



5.8% identify as LGBT



13.7% are disabled

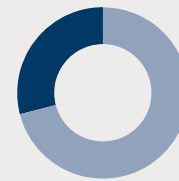


We offered **133** internships, a **21% increase** on the previous year. This includes the FCO graduate internship programme, of which:

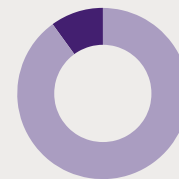
54.4% are female



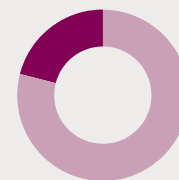
29.4% are BAME



10.1% identify as LGBT

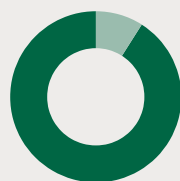


20.6% are disabled



We recruited **3** communications apprentices, **7** finance apprentices and **33** business administration apprentices through our external recruitment and through the Civil Service Government Communication Service scheme, of which:

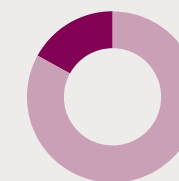
91% are female



43% are BAME



17% are disabled

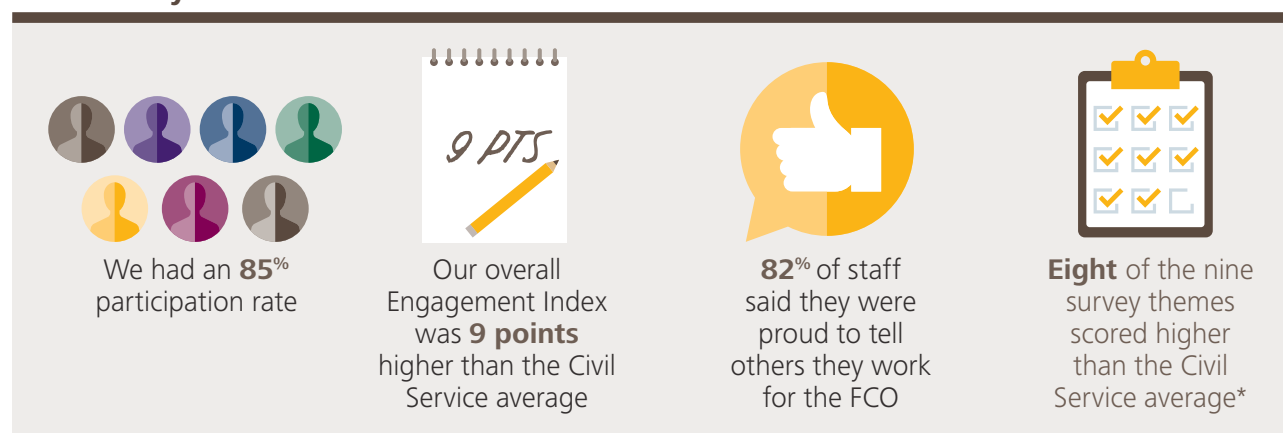


Exceptions to Fair and Open Competition 2019-20

Some exceptions to the Civil Service Recruitment Principles are allowed. They are listed below, along with the number of appointments. These figures include only new contracts granted, or extensions which required the permission of the Civil Service Commission:

Type of exception	Number
Short-term appointments for up to two years	47 (including 22 SDIP)
Support for government employment programmes for up to two years	8
Secondments for up to two years	3
Extended Ministerial Offices	1
Reappointment of former civil servants	11
Interchange with Northern Ireland Civil Service	0
Transfer of staff from other public bodies	0
Transfer of organisations into the Civil Service	0
Transfer of individuals into the Civil Service	0
Conversion of permanency (administrative and industrial grades)	0

Staff survey



*Pay & Benefits did not score higher than the Civil Service average

Diplomatic Academy

The Diplomatic Academy celebrated its **fifth birthday** on 10 February 2020. In the same week, we launched a new Foundation Level curriculum, **supporting our objective to build International Capability** by ensuring all HM Government staff working internationally or on international issues have the right skills and understanding to do their job.

We continue to support staff through a range of leadership and management courses. In 2019-20, we delivered **44 induction courses** and **7 Overseas Leadership Programmes** in the UK, and **14 Emerging Leaders Programmes** and **8 Global Leaders Programmes** overseas.

At right: The Diplomatic Academy's **Mayhew Theatre**, named after Cicely Elizabeth Mayhew, one of the first female diplomats who helped pave the way for more women to join the diplomatic service, is the FCO's largest dedicated learning and development space. Since its opening in March 2019, a diverse range of events have been held there, from Diplomatic Academy TED Talks to EU Exit Crisis Response training.



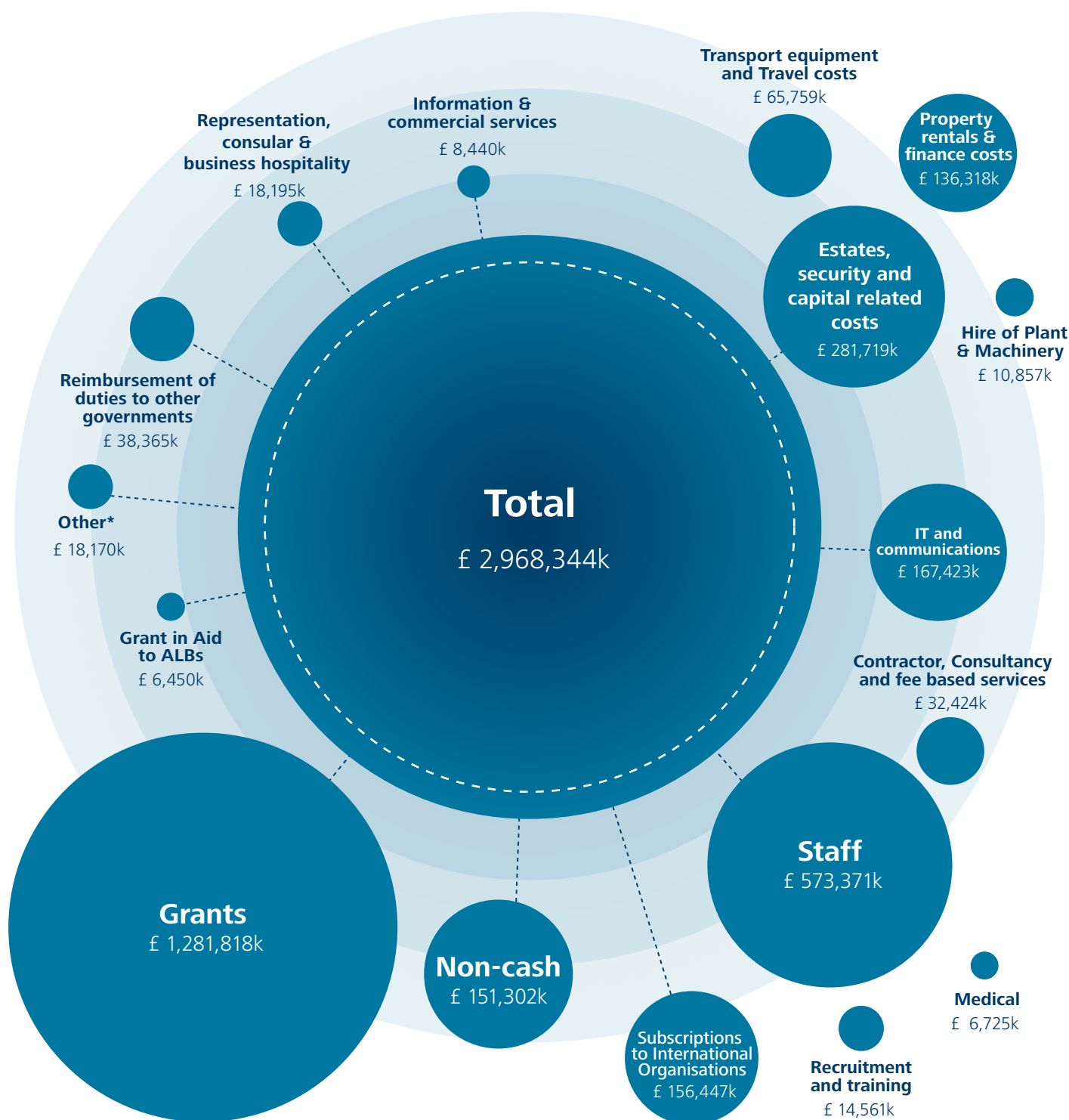
Sir Simon McDonald

13 July 2020
Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

Accountability Report

Spending flow

Breakdown of operating costs for Core Department and Agency



*includes both realised and unrealised gain on exchange

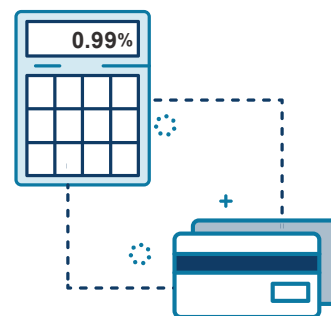
Finance facts for 2019–20



The FCO paid **97.05%** of all UK supplier invoices within five working days, exceeding the government target of 80%.

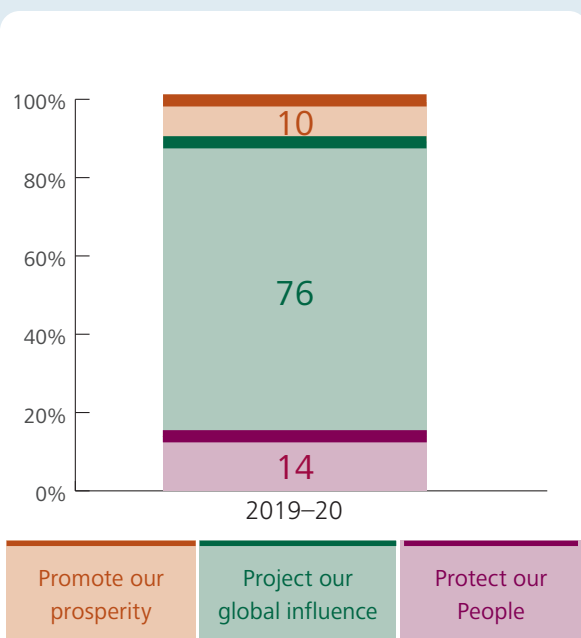


We had an underspend of **2.4%** (£63.4m) on total estimate, resulting from cross-Whitehall funds and Covid-19 funding.

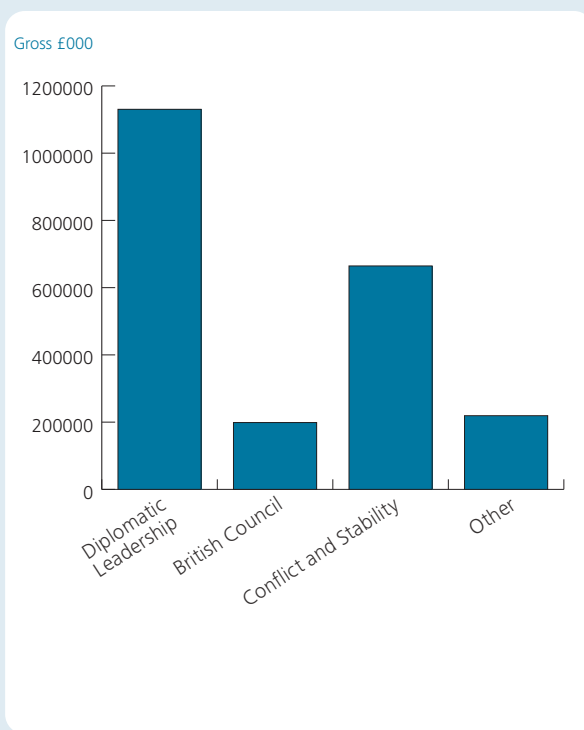


We have achieved an underspend of **0.99%** (£17m) on FCO core budgets, within HMT's target of 1%.

Percentage of FCO spending by objective



Project our global influence consists of:



Corporate Governance Report

Senior Management: Ministers in 2019–20



Secretary of State for Foreign and Commonwealth Affairs: Rt Hon Dominic Raab MP

Overall responsibility for the work of the Foreign and Commonwealth Office, with a particular focus on: strategy, national security, intelligence, honours and Europe.



Minister of State for the Middle East and North Africa: Rt Hon James Cleverly MP

Responsibilities include: Middle East and North Africa; conflict, humanitarian issues, human security; CHASE (Conflict, Humanitarian and Security Department); Stabilisation Unit; defence and international Security; Organisation for Security and Co-operation in Europe (OCSE) and Council of Europe; Conflict, Stability and Security Fund; Safeguarding.



Minister of State for South Asia and the Commonwealth: Lord Ahmad of Wimbledon

Responsibilities include: South Asia, Commonwealth, UN and multilateral, governance and democracy, open societies and anti-corruption, human rights including Preventing Sexual Violence in Conflict Initiative (PSVI), treaty policy and practice, sanctions, departmental operations—human resources and estates.



Minister of State for Asia: Nigel Adams MP

Responsibilities include: East Asia and South East Asia, economic diplomacy, trade, Economics Unit, Prosperity Fund, soft power, including British Council, BBC World Service and scholarships, third-country agreements, consular.



Minister of State for Pacific and the Environment: Rt Hon Lord Zac Goldsmith

Responsibilities include: climate change, environment and conservation, biodiversity; oceans; Oceania; Blue Belt.



Parliamentary Under Secretary of State for Africa: James Duddridge MP

Responsibilities include: Sub-Saharan Africa, economic development, international financial institutions, CDC (UK government's development finance institution).



Parliamentary Under Secretary of State for European Neighbourhood and the Americas: Wendy Morton MP

Responsibilities include: East and South-East Europe, Central Asia, Americas, health, global health security, neglected tropical diseases, water and sanitation, nutrition, Global Fund, GAVI (the Vaccine Alliance).



Parliamentary Under Secretary of State for the Overseas Territories and Sustainable Development and Prime Minister's Special Envoy for Girls' Education: Baroness Sugg CBE

Responsibilities include: Overseas Territories (except Falklands and Gibraltar) & Polar Regions; Caribbean; Children, Youth and Education (including girls' education); Gender Equality and Sexual & Reproductive Health & Rights; inclusive societies (LGBT, civil society, disability, ageing, social protection, Leave No One Behind); Global Partnerships and Sustainable Development Goals; Departmental operations—Finance and Protocol.

A full list of Ministers that served in the FCO during 2019-20 can be found in the Remuneration report. A full list of Ministers' Interests can be found on gov.uk.

Directors' Report

Senior Management: Members of the FCO Management Board

A list of every serving member within the period 1 April 2019 to 31 March 2020 can be found in the Governance Statement.

Financial Review

In 2019-20, the FCO successfully managed within all Parliamentary and HM Treasury controls. The year saw continued expansion through the global network uplifts, and significant volatility at the year-end caused by Covid-19.

Key developments during the year included:

Covid-19: We spent around £10m on additional direct costs resulting from the global Covid-19 pandemic. These included the costs of repatriating British Nationals, evacuating HMG staff from some overseas posts, and of crisis management. HM Treasury provided an extra £40m of ring-fenced funding in the Supplementary Estimate, as contingency. We used £26m of this to give extra grant funding to the British Council, to help mitigate the financial impact of Covid-19. This meant that the FCO fully funded the costs of the Council's overseas network in 2019-20, avoiding the need for the Council to cross-subsidise from its commercial operations. Covid-19 will have a significantly greater impact on the FCO's finances in 2020-21.

The pandemic has also had a major effect on global market activity generally and land and building valuations specifically. Our 31st March valuations are reported on the basis of 'material valuation uncertainty'. Consequently, a higher degree of caution should be attached to our valuations than would normally be the case as we are faced with an unprecedented set of circumstances on which to base a judgement.

New accounting standard—IFRS 16 Leases: HM Treasury have deferred the implementation of this accounting standard until 1 April 2021. We are continuing to undertake preparatory work to ensure we are ready to provide full IFRS 16 disclosure by that time.

EU exit and future relationship: Our budget included an uplift of £47.9m, which paid for around 600 staff and programme funding to help EU exit preparations. Of this, £2.9m was allocated to support government preparations for a possible no-deal exit. The funding was used to strengthen the diplomatic network in the UK and overseas to: deepen our relationships with European partners and increase our capacity to engage and influence; support the key foreign policy issues that the FCO leads on; and oversee trade continuity agreements which account for £110bn of UK trade and third country agreements covering £67bn of UK exports.

Machinery of Government changes: The Department for Exiting the EU (DEXEU) was closed on 31 January 2020 and its functions transferred to other departments. Around 100 staff moved to the FCO; some were FCO staff who had moved to DEXEU when it was first established in 2016. The Cabinet Office paid for all of DEXEU's costs until the end of the financial year. In 2020-21 there was a funding transfer of £12.6m from the Cabinet Office to the FCO to cover the full costs of the transferred staff and functions.

Movements in costs between 2019-20 and 2018-19

Staff costs: Staff costs increased by £74m (15%), to £569.7m. This growth was driven by: the cost of the agreed pay remit; the full-year effect of pay restructuring in 2018 to align pay for delegated grades more closely with other departments; an increase in Civil Service pension costs; higher overseas allowances expenditure as more UK Based staff were posted overseas through network uplifts; and extra recruitment. The number of UK Based staff grew by 208 (4%) to 5,263. The number of local staff increased by 310 (4%) to 8,488 and also saw an average 2-3% pay increase.

Property rental: Rent costs increased by £20m (18%) to £132m. The main reason was the expansion of the overseas network through Global Britain, Africa and EU Exit uplifts, and increases in One HMG partner staff numbers.

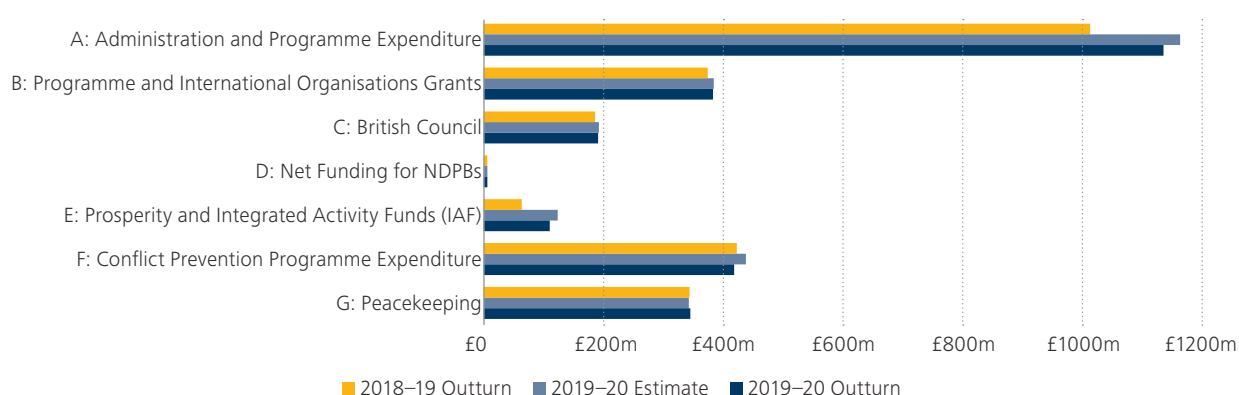
Movements in income between 2019-20 and 2018-19

One HMG charges: The FCO manages the overseas HMG platform on behalf of 34 government departments and agencies. Having one common platform to share office space, vehicles and other services is more efficient, through greater economies of scale; more effective, through closer cross-government collaboration; and reduces duplication. The cost of running the platform on behalf of other government departments is recovered through a charging mechanism, calculated by dividing actual historic costs between partners in line with their overseas headcount. The FCO recovered £288m from other departments in 2019-20, a £27m (10%) increase from 2018-19. This was driven through increased headcount, particularly relating to Home Office, DFID, DIT and MOD, as well as by general increases in the cost of running the platform.

FCO Services dividend: This year the FCO received a £2m dividend from FCO Services, compared to £25m last year. This represents a return to regular dividend payments after a one-off exceptional payment in 2018-19.

Departmental Expenditure Limits—Resource

In 2019-20 our net Resource DEL expenditure was £2,582m rounded up against an Estimate of £2,645m, resulting in an overall Resource underspend of £63.4m or 2.4% of budget.

FCO Delegated Expenditure Limits (DEL): Outturn v Estimate

Of this underspend, £14m was unused Covid-19 funding. There was a £32m underspend on the ring-fenced CSSF and Prosperity Fund. Excluding those, the core FCO budget underspend was £17m: in line with our 1% underspend target.

The Statement of Parliamentary Supply (SoPS) Note 1.1. shows outturn spending compared to the Estimate and to 2018-19 outturn, split by the Estimate's seven main headings, A to G. This is illustrated in the chart. Explanations of all significant movements, overspends and underspends are given below.

Headings A and B: Administration and Programme and International Organisations Grants: Expenditure was £31m below estimate. Out of the £40m Covid-19 funding that was provided, £14m was not needed. So the underlying underspend across headings A and B was therefore £17m.

Heading C: British Council—Expenditure was in line with the budget following virements resulting in a zero underspend.

Heading D: Net funding for NDPBs—an underspend of £0.9m (rounded up) (£0.8m in 18/19) against a budget of £6.7m

Heading E: Prosperity and Integrated Activity Funds (IAF)—an underspend of £11.7m. Overall spend increased by £47m from 2018-19 as more programmes moved into their delivery phase. This was slower than planned, due to the complexity of the programmes and the need to ensure value for money.

Heading F and G: Conflict Prevention Programme Expenditure and Peacekeeping—These are ring-fenced elements of FCO Resource DEL, funded from the CSSF. Combined, the financial position was £19.8m below estimate. A key reason for underspends on the CSSF and Prosperity Fund was a correction of some payments which had been recorded as costs in 2019-20, but which actually related to activity in later years and should have been shown as prepayments.

FCO Policy Programmes

Policy programmes are a vital tool to deliver foreign policy outcomes. They help us think through the change we want to achieve, structure what we do and align resources to objectives to deliver value for money. They also enable work across organisational boundaries, with other departments across HMG, and with local and international partners. FCO policy programmes are strategically focused, supporting delivery of the National Security Council's priorities and FCO Priority Outcomes.

The FCO uses programme funds to help unlock some of the most difficult foreign policy issues. Our programming helps advance the UN Sustainable Development Goals, while at the same time progressing our national security and economic interests. It responds to new challenges and exploits opportunities where there are no tried and tested approaches or where there are complex or dynamic political risks and sensitivities.

FCO programmes integrate Official Development Assistance (ODA) and non-ODA spending. Our flexible approach enables us to exploit opportunities for our partner countries and the UK taxpayer. The FCO is an experienced and reliable ODA delivery department and committed to continuing to drive up programme management standards. We take a risk-based approach to delivery. All FCO-led foreign policy programmes are expected to follow HMG best practice, as well as the FCO's internal assurance processes.

We draw on skills and expertise from across HMG but apply this to the FCO's operating model. As well as policy programming using department resources (as per indicative figures from the estimate memorandum, £145m total ODA and non-ODA in 2019-20), FCO-led programming makes a key contribution to cross-government delivery (£1,181m total ODA and non-ODA in 2019-20). Within the cross-government funds the FCO delivers specific programmes through the Conflict Stability and Security Fund (CSSF) and Prosperity Fund (PF) and

convenes wider cross-government activity in support of NSC policy direction, including programme spend.

Official Development Assistance

The Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) defines the ODA rules to ensure international comparability and consistency in reporting. Under the rules, spend must be reported on a calendar-year basis to provide comparable data, taking into account the fact that financial years vary across members (data therefore spans two UK financial years). The rules also state that ODA spend must be recorded on a cash basis (not accruals). An FCO departmental ODA allocation policy is available on gov.uk.

The FCO spends ODA in five ways:

1. Frontline Diplomatic Activity. In line with DAC criteria, the FCO reports the operating costs related to diplomatic staff assigned wholly or partly to aid-related duties;
2. Chevening scholarships and the International Leadership Programme;
3. A portion of subscription costs to certain international organisations (the proportion and eligible organisations are determined by the DAC);
4. Grants to the BBC World Service, British Council, Great Britain China Centre, Wilton Park and Westminster Foundation for Democracy for their ODA-eligible activities; and
5. Policy programmes: the International Programme, the CSSF and the Prosperity Fund.

All of these types of expenditure are used to support and deliver the government Aid Strategy which aligns the government's global efforts to defeat poverty, tackle instability and create prosperity in developing countries.

Provisional figures released in *DFID's Statistics on International Development: Provisional UK Aid Spend 2019* show that in calendar year 2019 the FCO spent £675m of ODA from its core budget. This included £38.4m on the FCO's departmental policy programme, the International Programme, and £56.7m through Chevening Scholarships. In addition the FCO spent £476m of the cross-government CSSF's total ODA spend, and £88m of the £175m cross-government Prosperity Fund's ODA. While the FCO delivers programmes under both of these funds, the Cabinet Office is responsible for the overall strategic direction and management of both the CSSF and Prosperity Fund.

A Public Accounts Committee report on the 'Effectiveness of ODA Expenditure' was published in September 2019. This considered spend throughout HMG, noting the need for a strategic review of priorities and spending. This will take place as part of the work to ensure HMG meets the 0.7% ODA/GNI target in 2020 and the forthcoming 2020 Spending Review.

In the 2020 Aid Transparency Index, the FCO achieved "Fair", and we will continue to work

towards improving the FCO's score in future. More details on the FCO's transparency work and all our released data is available at gov.uk.

International Programme

This expenditure is used to support the government's global efforts to defeat poverty, tackle instability and create prosperity in developing countries. Full details of the breadth and scope of the International Programme can be found on the FCO's ODA pages on gov.uk.

The International Programme's spending contributes to strengthening global peace, security, governance, and resilience, or promoting global prosperity. Among other achievements in 2019, funding from the International Programme:

- » Helped strengthen Argentina's institutions, supporting its preparations for accession to the OECD. UK support on access to information shaped the national Freedom of Information Law, while our Anti-Corruption Strategy helped the development of Argentina's (first ever) National Anti-corruption Plan.
- » Supported media freedom in countries around the world. For example, providing training for journalists from Saudi Arabia on countering disinformation, from Botswana on journalism ethics and editorial standards, and supporting freedom of expression in Venezuela.
- » Supported democracy and human rights by advocating for the abolition of the death penalty. In Uganda, following sustained lobbying and project work since 2011, the Ugandan Parliament abolished the mandatory death sentence. In Bangladesh, the International Programme is promoting open dialogue with the judiciary and senior policy makers.
- » Tackled modern slavery in the Philippines, including funding a programme of work aimed at preventing the most vulnerable in society from becoming victims. Work through multiple UK departments, building on International Programme work in earlier years, has led to key outcomes including the arrest of one of Europol's top producers of online sexual exploitation material.

Chevening Scholarships Programme

The programme offers a life changing opportunity to study in the UK to people with talent and potential, often from some of the poorest parts of the world. Chevening supports longer term prosperity in the developing world by building capacity through education and access to opportunity, the benefits of which are then amplified when the scholar returns to their home country. Chevening supports the Sustainable Development Goal target to substantially expand globally the number of scholarships available to developing countries.

Cross-government Prosperity Fund

In calendar year 2019, the FCO spent £88m of ODA from the cross-government Prosperity Fund (PF) to advance National Security and UK aid objectives. More information on the PF's objectives can be found on PF pages on gov.uk. FCO-led work in 2019 focused on developing programmes that encourage inclusive growth, such as infrastructure policy, low carbon energy, finance and the business environment, laying the groundwork for multiyear programmes. Examples of recent impact can be found in the Performance Report.

Cross-government Conflict, Stability and Security Fund (CSSF)

In calendar year 2019, the FCO spent £88.2m of ODA from the cross-government CSSF to advance national security interests. More information on the CSSF's objectives can be found on the CSSF pages on gov.uk. The CSSF funds development and security activity to support countries which are at risk of conflict or instability. It combines multi-year activity with crisis response. Programmes work to make countries, where the UK has key interests, more secure from threats such as terrorism, corruption, serious organised crime and illegal migration and trafficking. They also work to build peace and help create the conditions that maintain peace, such as supporting good governance and effective security and justice. Examples of recent impact can be found in the Performance Report.

International Subscriptions, Arm's Length Bodies, and Frontline Diplomatic Activity

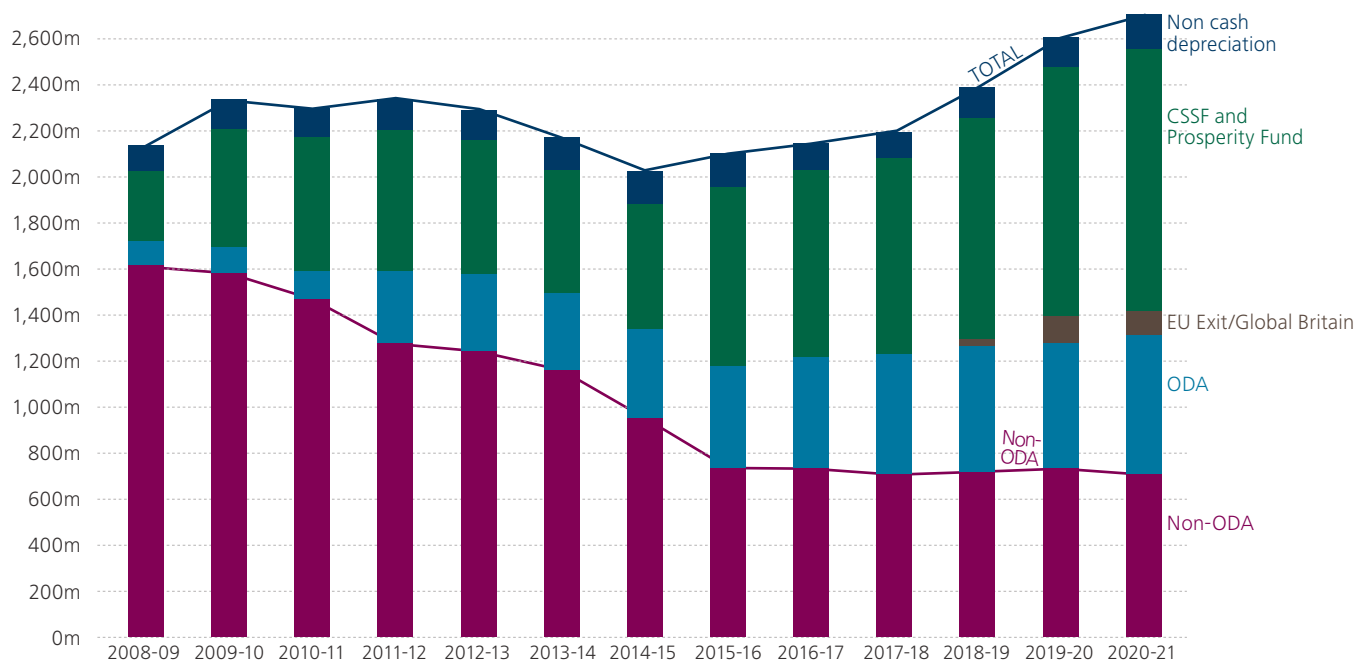
International Subscriptions to Multilateral Organisations:

The FCO provides core contributions to ODA-eligible international organisations, including the United Nations, the Organisation for Security and Co-operation in Europe (OSCE) and the Office of the United Nations High Commissioner for Human Rights (UN OHCHR). The ODA proportion of the contribution that we make to each institution's core budget is set by the DAC.

British Council: Our ODA funding is a critical source of support for the Council to deliver its activities in developing countries. The grant-in-aid supports stability and development around the world providing positive pathways for young people in fragile and conflict-affected states, improving their resilience, skills and life chances. As well as having a primary developmental benefit in ODA countries, the British Council also supports the UK's long term prosperity, security and influence globally, where the Council plays a leading role building the positive ties that are important for UK influence around the world.

BBC World Service: The FCO is also responsible for the grant to the BBC World Service. The World Service provides accurate, impartial and independent news and analysis to some of the most remote places in the world. It is well established, both among OECD members and the wider development community,

FCO Resource Department Expenditure Limit funding in real terms



Notes

- » Figures show FCO Resource DEL in real terms (2019-20 prices), using GDP deflators at March 2020.
- » This chart shows Parliamentary funding at the start of the year, not end-year outturn. Therefore it excludes budget adjustments made in the Supplementary Estimate, such as for International Subscriptions, the Consular Premium, and the FCO's foreign currency mechanism and differential inflation agreement.
- » It excludes FCO's income from other sources, such as the charges paid by other government departments whose staff are hosted on FCO's overseas platform.
- » Funding for UK Trade and Investment has been removed from the series (£75.7m a year from 2008-09 to 2010-11; £114m from 2011-12 to 2013-14).

that addressing freedom of the press is essential to the success of development efforts in the long term. The World Service is a great source of 'soft power' for the UK, by promoting British values of free speech, democracy and high-quality independent journalism.

Frontline Diplomatic Activity: The FCO reports the running costs it incurs in delivering development assistance as ODA. These are included as part of its Frontline Diplomatic Activity (FDA) costs, where these are not disclosed elsewhere. The three main elements of the FCO's FDA are: staffing, estate maintenance costs, and other associated operational spend. Since the FCO provides the buildings, security and IT systems for all government departments delivering ODA in its diplomatic network, FDA also captures a proportion of these estates costs as ODA. This treatment is compliant with the OECD Development Assistance Committee's (DAC) directives on ODA, which allow for the scoring of diplomatic staff time and administrative costs for officials delivering ODA.

Details of the FCO's Arm's Length Bodies (ALBs) are disclosed in Note 18 of the Accounts.

Publicity and Advertising

The FCO fulfils the Cabinet Office requirement to operate a Professional Assurance process for marketing and communication spend, ensuring that our activity is value for money and reflects good practice, as set out by the Government Communication Service. Spending proposals below £100,000 require the approval of the FCO Director of Communication. Spending proposals above £100,000 require further approval from our Minister for Communication, as well as the Minister for Communication in the Cabinet Office. Two proposals were above this threshold this year, for a total of £576,500 for Consular Travel Aware Campaign and Perceptions in Britain. Communication Directorate approved an additional 22 assurance requests which came to a total of £771,908.

Data Protection

The FCO has seen an increase in recorded personal data incidents this year with 85 incidents being reported in FY2019–2020. This is in part due to a better understanding of the GDPR Legislation with more incidents being identified and reported. We have also seen a recent increase due to the Covid-19 Crisis consular repatriation related work which has resulted in a large increase in work involving personal data. Of the 85 incidents that were reported and investigated we considered that 54 were personal data breaches under GDPR—as defined by the Information Commissioner's Office as "a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data".

The table below shows the breakdown of personal data breaches under GDPR in 2019-20:

Cat	Nature of Incident	Total
A	Human Error	37
B	Technical Issues	9
C	Sharing Personal Information	1
D	Supplier Breach	4
E	Deliberate Contravention of Data Protection Regulations	2
F	Other	1

13 incidents were considered serious enough to be reported to the Information Commissioner's Office. Many of these have been during the Covid-19 crisis work. Steps have been taken to improve staff awareness of the issue. In the past year we have received 99 Subject Access requests under the Data Protection Act.

The figures do not include incidents involving visa or passport section information, as these are handled and reported on by UK Visas and Immigration and HM Passport Office respectively.

Prompt Payment of Suppliers

The FCO achieved a 97.05% average across the financial year, paying all UK supplier invoices within five working days, exceeding the Government target of 80%. The FCO pays 91% of all overseas transactions through a centrally managed banking system, to improve accuracy and control, and reduce the administrative burdens on overseas posts.

FCO Sustainability

The FCO attaches importance to leading by example through reducing the environmental impact of its own operations and procurement. Lower environmental impacts also generally mean lower costs, allowing resources to be redeployed to our front line diplomacy efforts. FCO Sustainability is working to deliver a world-class platform by delivering a cost effective, environmentally efficient department.

For full details of the FCO's sustainability performance and activities please read the FCO's Sustainability Report 2019-20, available on gov.uk. All government departments have set Greening Government Commitment (GGC) targets to 2019-20 compared to a 2009-10 baseline, for their UK operations. The FCO's UK operations performance against those targets and the Foreign Secretary's plastic target is set out in the table below.

The FCO is pleased to have achieved the UK 2020 greenhouse gas emissions reduction target. The reduction was driven by a significant reduction in the grid electricity carbon factor whilst electricity consumption continued to fall overall. There has been an increase in carbon emissions associated with heating; for operational reasons there has been a switch from biodiesel to low-sulphur fuel oil.

UK Headline Performance

Energy	The FCO’s overall greenhouse gas emissions have fallen by 2% this year, which makes a total 62% reduction since the baseline year of 2009-10. Emissions per staff member now stands at 1.26 tCO ₂ e per FTE, down by 0.11t since 2018-19.
Travel	The FCO’s overall number of domestic flights have increased by 8% this year over the baseline year. However this is a reduction on last year’s numbers which saw a 17% increase on the baseline. Domestic flights account for 1.5% of our UK official air travel.
Waste	The FCO’s overall waste tonnages have increased by 47 tonnes this year, which makes a total 52% reduction since the baseline year of 2009-10. Waste per staff member has increased by 5kg per FTE to 106kg; this is in part due to the disposing of an increased amount of servers and other IT equipment.
Water Consumption	The FCO’s overall water consumption has decreased by 1% this year, which makes a total 26% reduction since the baseline year of 2009-10. Efficiency per FTE has decreased, to 6.04 FTE this year, as office water consumption has increased, however we are very close to the good practice benchmark of 6.00 m ³ /FTE.
Paper	The FCO’s overall paper consumption has decreased by 4% this year, which makes a total 71% reduction since the baseline year of 2009-10. The FCO consumed 2.1 reams of A4e per FTE, significantly below the best practice level of 7 reams per FTE. The Tech Overhaul programme has provided staff with laptops and electronic note taking apps, along with pin-and-print printer technology, changing staff behaviours and driving reductions in paper use.
Single-Use Plastic	Previous reporting referred to removal of 98% of avoidable single-use plastics (ASUPs), this mistakenly referred to catering ASUPs only. A subsequent review of all figures reveals that 100% of baseline catering ASUPs were eliminated by Dec ‘18. As of May ‘19 the total figure for UK baselined ASUPs is 94%. The remaining ASUPs are in the FCO’s external supply chains and areas where operational priorities make eliminating ASUPs impractical for now. All are kept under review and we will look to remove further avoidable plastic as is feasible.

The full version of the FCO’s 2019-20 Sustainability Report, is available on gov.uk. This report includes information on the FCO’s sustainability strategy and purpose; priorities; benchmarking; biodiversity; risk and opportunities; performance; environmental management system; impacts; the global picture; #BeyondPlastic and supply chain.






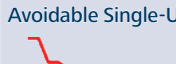
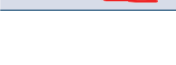
Commercial

FCO Commercial Directorate continue to deliver the transformation programme which in 2019-20 focussed on three key areas to uplift capability: category management, contract management and commercial systems. The overall objective is to meet the requirements of the Government’s Commercial Operating Standards, against which we are demonstrating year on year improvement.

Category management, which is driving increased benefit by shaping our global requirement to deliver greater efficiencies; strong examples in the areas of payment solutions, healthcare, construction and facilities management. Across all our corporate categories, where we have an estimated annual spend of £984m, we have awarded circa 169 multi years contracts valuing £314m. In our cross government funds, we have awarded 28 contracts from the Prosperity Fund framework worth £280m. In the more mature programme of the Conflict, Stability and Security Fund we have awarded 86 contracts worth £218m.

Commercial have successfully led contract management training across the organisation with all identified contract managers undergoing training to support the delivery of expected contract outcomes. All contracts have a trained and accredited contract manager as a condition of approval.

Headline Performance against Greening Government Commitment (GGC) Targets

UK Performance Target (Baseline 2009-10)* <i>*Unless otherwise stated</i>	2020 Target* <i>*Unless otherwise stated</i>	Cost	Performance
Greenhouse Gases 	77,316 tCO ₂ e 62% reduction	10,386 tCO ₂ e 46% reduction	Estate energy expenditure: £4,064,713 Achieved
Domestic Flights 	791 flights 8% Increase over baseline	515 flights 30% reduction	Vehicle, domestic train and air travel expenditure: £766,313 Not achieved
Office Water 	6.04 m ³ /FTE	6m ³ /FTE (Good Practice)	Office water expenditure: £74,915 Close to target
Total Waste 	618 tonnes 52% Reduction	493 tonnes 62% Reduction	Waste disposal expenditure: £151,012 Not achieved
Recycling Rate 	57% recycled	75% recycled	Not achieved
Paper Consumption 	11,468 reams A4e 71% Reduction	19,464 reams A4e 50% Reduction	Achieved
Avoidable Single-Use Plastic 	100% of baseline catering ASUPs were eliminated by Dec ‘18. Total figure for all UK baselined ASUPs is 94% removed.	2018 Target: 100% of avoidable single-use plastics removed.	Close to target

Commercial's regional hubs continue to support One HMG with local procurement and supporting regional and global category projects.

Major Contractual Arrangements

Information and Communication Technology

We have progressed four key category areas this year: 1) digital services with the largest contract award for delivery of application and maintenance support. This will result in a more sustainable and agile IT platform; 2) category strategy for information and cyber security resulting in a number of key initiatives; most notably in-sourcing of the Security Operations Centre to an FCO led and operated service and awarding a contract for an end to end review of current cyber security maturity; 3) extension of the Desktop Infrastructure contract, a series of call-off contracts worth £35.06m to revise the service provision; 4) commencement of the decommissioning programme focussed on migration of legacy technology following migration to Office 365.

Estates and Security

We have progressed on: 1) estates design and construction, through the creation of a Construction Dynamic Purchasing System (DPS) to streamline procurement processes and develop the market; 2) security guarding, equipment and services, which has informed a global category approach starting with the Afghanistan Security contract.

Corporate Services

We have progressed on: 1) payment card usage; 2) healthcare provision for UK based staff deployed overseas; 3) partnering with Crown Commercial Service to deliver a new Global Travel Programme.

Conflict Stability and Security Fund

Contract management is driving better outputs for projects. Major contracts with a value of over £10m awarded during the year include: Lebanese Armed Forces National Security Assistance programme; Lebanon British Policing Support programme; Jordan Policing Reform and Capability Building; and East Africa Collective Resilience against Extremism.

Prosperity Fund

28 contracts were awarded this year under the Prosperity Fund framework. The Prosperity Fund framework has been extended for another two years from 1 April 2020 to 31 March 2022. If, or when a new fund is established, we would look to renew the framework.

Lead Non-Executive Director, Foreign & Commonwealth Office Introduction to FCO Annual Report and Accounts 2019–20

This is my fourth report as FCO Lead Non-Executive Director in a year in which the FCO has supported and planned for EU Exit, implemented a significant Global Uplift programme to extend its diplomatic network, delivered major technical and communications upgrades, and finally adapted its entire working model at extremely short notice in the face of the Covid-19 crisis.

The Covid-19 challenge has involved the FCO maintaining all aspects of consular, diplomatic, trade, aid and security work, launching a major project to repatriate UK nationals from around the world and supporting a global procurement programme to secure critical medical supplies, all whilst simultaneously moving the vast majority of FCO staff around the world to remote working, with the associated transformations required to ensure secure IT and technical support.

This was a year in which there were significant changes in the Ministerial team at the FCO, with a new Foreign Secretary appointed last July, and the Prime Minister introduced a new structure in February this year in which all junior ministers hold dual FCO/DfID responsibilities, in a sign of the ever closer working relationship between the two departments.

Warren Tucker in his role as Chair of Audit and Risk Assurance Committee (ARAC) has led on cyber, commercial, IT and technology, financial assurance and planning, risk management issues and the Global Asset Management Plan (GLAMP), as well as a project to look at FCO staff relocation beyond the South East; he also supports the ARACs of ALBs.

Both he and Gaenor Bagley attend the regular Management Boards, work closely with the Finance and HR Directors respectively, and have made major contributions in particular to reviewing and challenging the Atlas IT and HR project.

Gaenor participates in the Senior Appointments Board, serves on key committees reviewing senior

pay and talent, has been involved in the recruitment of FCO leaders, and at the request of the Foreign Secretary has delivered papers for the Supervisory Board on Flexible Working and Staff Turnover.

A fresh approach has been introduced to the FCO Management Board structure, which twice a year now moves beyond the regular agenda for more in-depth strategy sessions on topics such as the FCO's contribution to EU Exit negotiations and future planning arrangements, the relaunch of Global Britain, the preparations (now postponed) for the COP26 meeting in Glasgow, plans for the Comprehensive Spending Review and Integrated Review, and a continuing focus on sustainability and welfare, not least in recognition of the increasing need to support staff wellbeing.

As Lead Non-Executive Director I continue to act as a sounding board for the PUS, advise on strategy and governance issues, and participate in the Management Board strategy days and the Senior Leadership Forum. I have also continued to work on cross-government initiatives, offering independent challenge to the Cabinet Office's review of the delivery of Phase One of EU Exit. I am currently co-leading a review of the British Council's future financing and governance, at the request of the Foreign Secretary.

Much of government is currently consumed with the response to Covid-19, and preparations for the next stage of EU Exit; but I believe the FCO leadership team is in good shape to deliver on the Foreign Secretary's stated priorities in the



Miranda Curtis,
Lead Non-Executive
Board Member

coming year to reinforce Britain's reputation as an open trading nation and a force for good.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Foreign and Commonwealth Office to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year (inclusive of its executive agency) and its sponsored non-departmental public bodies designated by order made under the GRAA by Statutory Instrument 2019 no 476 (together known as the 'departmental group', consisting of the department and sponsored bodies listed at Note 18 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of its income and expenditure, Statement of Financial Position and cash flows for the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- » observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- » make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental [and other arm's length] public bodies;
- » state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- » prepare the accounts on a going concern basis;
- » confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- » ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process.

HM Treasury has appointed the Permanent Head (Permanent Under-Secretary, PUS) of the department as Accounting Officer of the Foreign and Commonwealth Office. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Foreign and Commonwealth Office's assets, are set out in *Managing Public Money* published by HM Treasury.

The Accounting Officer of the department has appointed the Chief Executives or Chairperson of its sponsored non-departmental public bodies as Accounting Officers of those bodies. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure

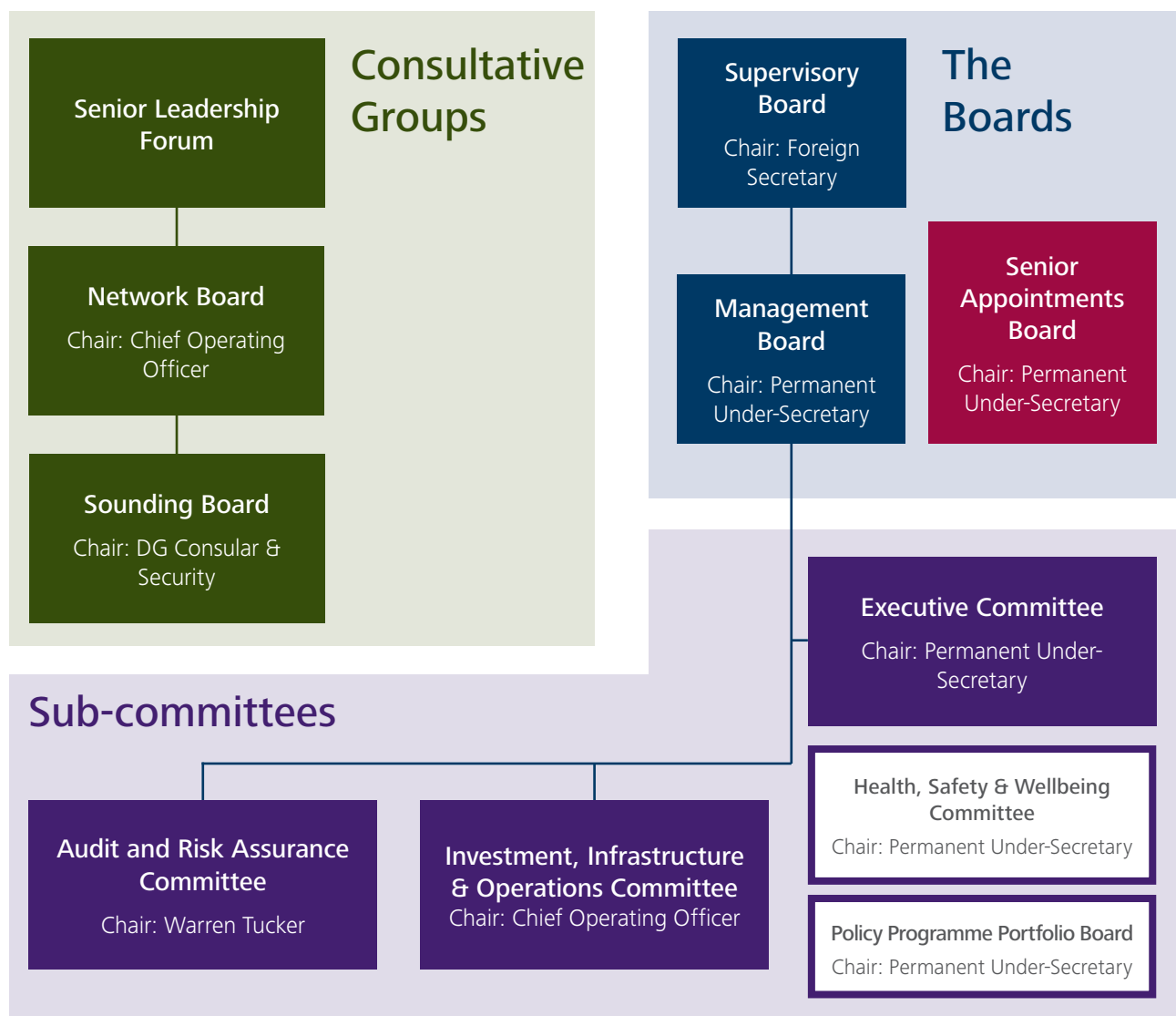
and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Foreign and Commonwealth Office's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Corporate Governance Report

The FCO Governance Statement describes the stewardship of the organisation, and sets out the FCO’s governance, risk management and internal control arrangements. As the Accounting Officer, I have maintained effective governance arrangements during financial year 2019-20 which comply with relevant guidelines including Corporate Governance in Central Government Departments, and I am satisfied that the FCO’s governance framework and internal controls enable effective challenge and good decision-making.

The FCO governance structure during 2019-20 has been as follows:



FCO Compliance with the Corporate Governance in Central Government Departments: Code of Good Practice 2017

The FCO has sound governance arrangements in place and is compliant with the Code of Good Practice in all but one aspect of the Board composition principles. The FCO has not formed a Nominations Committee. We continue to believe that the functions of this committee, as specified in the Code, are fulfilled by the Honours Committee, Senior Appointments Board and the Senior Pay Committee. The presence of Gaenor Bagley, Non-Executive Director and member of our Supervisory and Management Boards as well as the Senior Appointments Board, creates a reporting line to the Boards and ensures robust external challenge. The Senior Pay Committee is chaired by the PUS and, for setting the salaries of our most senior staff, consists of additional external members adding further challenges to the process of determining salaries and reward arrangements.

Boards

Supervisory Board

The **Supervisory Board** provides the collective strategic leadership of the FCO, bringing together Ministers, senior officials and non-executive Board members. It advises on strategic and high level operational issues affecting the FCO. The Supervisory Board met once during the financial year. The below table is a list of members during 2019-20. The Supervisory Board is chaired by the Foreign Secretary and attended by the following permanent members:

- » Joint FCO/DFID junior Ministers
- » Permanent Under-Secretary
- » Chief Operating Officer
- » Finance Director
- » FCO Non-Executive Directors
- » One Director-General on rotation

Member	Tenure	No. of Meetings Attended, 2019–20
The Rt Hon Jeremy Hunt MP, Secretary of State for Foreign Affairs (Chair)	From July 2018 until July 2019	0/0
The Rt Hon Dominic Raab MP, Secretary of State for Foreign Affairs (Chair)	From July 2019	1/1
The Rt Hon Sir Alan Duncan MP	From July 2016 until July 2019	0/0
The Rt Hon Mark Field MP	From June 2017 until July 2019	0/0
Lord (Tariq) Ahmad of Wimbledon	From June 2017	1/1
The Rt Hon Christopher Pincher MP	From July 2019 until February 2020	0/0
Andrew Stephenson MP	From August 2019 until February 2020	0/0
The Rt Hon Dr Andrew Murrison MP	From May 2019 until February 2020	0/0
Heather Wheeler MP	From July 2019 until February 2020	0/0
Harriett Baldwin MP	From January 2018 until July 2019	0/0
The Rt Hon James Cleverly MP	From February 2020	1/1
Wendy Morton MP	From February 2020	1/1
Nigel Adams MP	From February 2020	1/1
Baroness (Elizabeth) Sugg	From February 2020	1/1
James Duddridge MP	From February 2020	1/1
The Rt Hon Lord (Zac) Goldsmith	From February 2020	0/1
Miranda Curtis, Lead Non-Executive Director	From March 2017	1/1
Warren Tucker, Non-Executive Director and Chair of FCO Audit and Risk Assurance Committee	From November 2015	1/1
Gaenor Bagley, Non-Executive Director	From June 2018	1/1
Sir Edward Lister, Non-Executive Board Member	From March 2017 until July 2019	0/0
Sir Simon McDonald, Permanent Under-Secretary	From September 2015	1/1
Peter Jones, Chief Operating Officer	From May 2017	1/1
One of three policy DGs attending on rotating basis		1/1
Andrew Sanderson, Director Finance	From September 2016	1/1

Management Board

The **Management Board**, chaired by the Permanent Under-Secretary (PUS), provides corporate leadership to the organisation by delivering the policies and services decided by Ministers. It meets six times per year for three hours, and twice per year for a strategy-focused day. In 2019-20, the Management Board met on eight occasions, including one strategy day and one virtual (online) meeting. The below table is a list of members during 2019-20. This year saw several membership changes. Thomas Drew replaced Philip Barton as Director-General Consular & Security in February 2020. Jenny Bates took over from Lindsay Appleby as Director-General Europe from March 2020. Christian Turner, Deputy National Security Adviser, left the Board in May 2019. Kumar Iyer, Chief Economist, joined the Board in July 2019. The Board are required to report any related party interests. These are disclosed in Note 17 of the Accounts.

Member	Tenure	No. of Meetings Attended, 2019–20
Sir Simon McDonald, Permanent Under Secretary of State (Chair)	From September 2015	8/8
Richard Moore, Director-General Political	From April 2018	6/8
Dr Christian Turner, Deputy National Security Adviser	From April 2017 until May 2019	1/2
Kumar Iyer, Chief Economist	From July 2019	5/6
Peter Jones, Chief Operating Officer	From May 2017	7/8
Philip Barton, Director General Consular & Security	From April 2017 until February 2020	6/6
Thomas Drew, Director General Consular & Security	From February 2020	2/2
Menna Rawlings, Director-General Global & Economic Issues	From February 2019	8/8
Jenny Bates, Director General Europe	From March 2020	1/1
Jonathan Sinclair, Director Human Resources	From October 2018	8/8
Andrew Sanderson, Director Finance	From September 2016	8/8
Helen Bower-Easton, Director Communications	From March 2017	7/8
Dr Liane Saunders, Director Strategy & Strategic Programmes Coordinator	From April 2017	7/8
Sir Iain MacLeod, Legal Adviser	From September 2015	6/8
Jill Morris, Her Majesty's Ambassador, Rome	From February 2019	5/8
Warren Tucker, Non-Executive Director	From November 2015	5/8
Gaenor Bagley, Non-Executive Director	From June 2018	7/8

Non-Executive Board Members

In 2019-20, the FCO has focused on increasing its engagement with Non-Executive Directors. Their advice, challenge and external expertise continues to benefit the FCO in a number of areas, including the British Council, cyber security, resourcing and risk management. Their scrutiny has contributed to improved management and oversight of discretionary programmes and major projects, such as the Atlas Enterprise Resource programme. Miranda Curtis is the Lead Non-Executive Director and works alongside our other two Non-Executive Directors, Gaenor Bagley and Warren Tucker. Sir Edward Lister resigned from his role as Non-Executive Director and left the FCO in July 2019.

Agendas

The Supervisory Board and the Management Board are duty-bound to consider certain issues on a regular basis. Both review management information through key performance reports. This includes finance, risk, human resources, project and programme funds, legal challenges and major projects. In-year financial control and future year resource management are highly important. The Management Board assesses the financial risk to the department at each meeting, allowing the Board to take any action required, including reprioritisation.

The Management Board and Supervisory Board consider a Top Risk Register, which provides information about our most serious strategic risks; provides assurance that risk is being managed appropriately; and enables the Management Board to consider organisational capacity to respond.

The focus of the Supervisory Board in 2019-20 has been on the British Council, financial performance, human resources, and diversity.

Sub-Committees

Three sub-committees exercise oversight on behalf of the Management Board:

Executive Committee (ExCo)

Executive members of the Management Board meet weekly as the Executive Committee (ExCo) which has delegated authority to make decisions on certain issues. This Committee also monitors the implementation of agreed policies and agrees proposals not requiring Management Board attention. On occasion, papers and decisions are taken out-of-committee.

Membership: PUS, Chief Operating Officer, DG Political, DG Consular and Security, DG Global and Economic Issues, DG Europe, DG Political, Legal Adviser, Deputy National Security Adviser, HR Director, Strategy Director, Communications Director, Finance Director, Chief Economist

Summary of Discussions during 2019-20: The Executive Committee monitored the progress of, and made decisions on, the FCO contribution to the UK's exit from the EU; staff pay and allowances; sustainability; the Spending Review; summits, including COP26 preparations; Global Britain; tackling sexual harassment; resourcing; impact; safeguarding; top risks; communications; arm's length bodies; Diplomatic Academy; and Covid-19. ExCo discussed closer working with DFID and how this was to be managed, subsequently a merger between the departments was announced by the Prime Minister on 16 June. From September, there will be a new, single department of state called the Foreign, Commonwealth and Development Office, which will be led by the Foreign Secretary. All functions of the two existing departments will transfer into the FCDO, therefore there is no going concern risk.

Frequency of meetings: Weekly

Health, Safety and Wellbeing Committee

Twice per year, ExCo meets as the Health, Safety and Wellbeing Committee, inviting a relevant broader membership. In 2019-20 the Health, Safety and Wellbeing Committee met twice.

Membership: ExCo members

Presenters: Head of International HR Department (Human Resources Directorate), Director Estates and Security, Director FMCU (Estates and Security Directorate), Director Corporate Services, BHC Abuja, Health and Safety Manager (Human Resources Directorate)

Summary of Discussions during 2019-20: The review of the Annual Health and Safety Report, which for the first time included assurances from the Chief Operating Officer and the Health, Safety and Wellbeing Senior Responsible Officers. The Abuja Gas Incident, which occurred in July 2018, and lessons learned was also discussed.

Frequency of meetings: Twice a year

Policy Programme Portfolio Board

ExCo meets as the Policy Programme Portfolio Board quarterly. In 2019-20, the Board met four times. The Board oversees the FCO's portfolio of policy programme investments. It provides strategic direction on the portfolio, and considers the largest (over £10m) and highest risk individual policy programme business cases.

Membership: ExCo members, Head Portfolio Management Office

Summary of Discussions during 2019-20: The Policy Programme Portfolio Board met in June, October and December 2019, and in March 2020. It provided strategic direction for the portfolio overall, including geographic and thematic priorities; discussed future Official Development Assistance use by the FCO and approach to the Integrated Review; agreed on the role and remit of FCO Conflict, Stability and Security Fund (CSSF) and Prosperity Fund (PF) Senior Sponsors; reviewed programme results and agreed steps to

improve impact; gave approval for major PF programmes; and discussed lessons from high risk programmes.

Frequency of meetings: Quarterly

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) supports the Management Board and Permanent Under-Secretary (PUS) as Accounting Officer by advising on the effectiveness of arrangements for governance, risk management and internal control. It reviews the comprehensiveness, reliability and integrity of assurances provided to the Management Board and PUS; challenges the executive, and promotes best practice across the FCO. It has no executive responsibilities. The Committee is chaired by FCO Non-Executive Director Warren Tucker and comprises two further independent members. In 2019-20, Helen Pernelet joined ARAC as an independent member alongside Simon O'Regan. The Chief Operating Officer, National Audit Office (NAO) Director, Head of Internal Audit, Finance Director and other Directors attend as required. The Committee meets five times a year, with one meeting devoted to the review and external audit of the FCO accounts and Deep Dive sessions into specific operational risks (e.g. cyber security and commercial). A regular review of the Committee's effectiveness is undertaken, using NAO guidance and an annual meeting is held with the ARAC Chairs of all the FCO arm's length bodies. An effectiveness review was undertaken in 2019-20. It concluded that ARAC is a fully effective body, and made some enhancement recommendations, which are now being progressed.

Membership: Warren Tucker, Chairman (Non-Executive Director and member of Management Board); Helen Pernelet, Non-Executive Member; and Simon O'Regan, Non-Executive Member

Summary of Discussions during 2019-20: Evaluation of strategic processes for risk, control and governance, challenging the effectiveness of existing systems through the targeting of potential weaknesses. Review of operational risks through risk register reviews and mitigation plans. Deep dives into cyber security and commercial risks to assess the adequacy and comprehensiveness of the mitigating actions that risk owners report as being in place, and exploring how appropriate assurance can be provided. Analysis of planned activity and results of both internal and external audit services, including the Whistleblowing Policy and the outcome of fraud investigations. Consideration of FCO accounting policies and resource accounts prior to PUS signature. An effectiveness review of the Audit and Risk Assurance Committee was undertaken in 2019, by a senior DG using best practice experience and the NAO checklist. The review noted that ARAC was a fully effective committee. Its recommendations were on enhancement, and are now being progressed.

Frequency of meetings: Five times during the financial year

Investment, Infrastructure and Operations Committee

The Investment, Infrastructure and Operations Committee provides oversight and assurance of the FCO's estates, IT, project, programme and other investments. It is chaired by the Chief Operating Officer and has delegated authority from the Management Board to take investment decisions between £5m and £15m. The Committee is also required to endorse programmes between £3m and £5m. If decisions are required above the £15m threshold, the Committee makes a recommendation to the Management Board. The Committee ensures decisions offer value for money and meet the business needs of the FCO and One HMG partners overseas. The Committee provides the same level of oversight on FCO programme spending with scrutiny focused on capacity, delivery model, financial requirements and fiduciary risk.

Membership: Chief Operating Officer (Chair), Operations Directors, Regional Directors, Consular Director, Strategy Director, Heads of Mission, Overseas Staff

Summary of Discussions during 2019-20: Review of the FCO's Global Asset Management Plan, including addressing health and safety issues across the network and other estate related investment decisions exceeding £5m in value, including new Posts as part of the Global Network Uplift and Washington Embassy renovation. Oversight of the FCO's IT portfolio, with a focus on the refreshed ECHO 2 programme and other IT investment decisions exceeding £5m in value. Approval of physical security guarding contracts and mission life support contracts in major conflict zone and fragile posts. Oversight of HR projects such as the One HMG Healthcare Contract and the FCO's Travel Contract. Policy Programme Portfolio spend over £5m including projects in India, North Africa and Brazil.

Frequency of meetings: Fortnightly

Board observers

To increase transparency, the Management Board invites observers to its meetings. During the year, we invited ten London based staff and up to five local staff to five out of six meetings. Observers are also invited to attend most sub-committee meetings during the month of the Management Board. Observers are given access to all Board papers (unless commercially sensitive) and attend a pre-brief, which provides further information on FCO governance.

Issues considered by the Management Board in 2019-20

A key issue for the Board during 2019-20 has been the EU Exit negotiations and broader preparations for the UK's exit from the EU, including for a possible No Deal. The FCO contributes to the wider HMG negotiations but also leads on specific negotiation issues, including Gibraltar, Overseas Territories, UK Nationals, Consular, Third Country Agreements, Sanctions, Common Foreign and Security

Policy and Common Security and Defence Policy. The Board has monitored the FCO's work, particularly ensuring priority resource allocation and operational preparedness for a possible No Deal, drawing on crisis structures in London and in the Europe and wider network. During 2019-20, the Management Board and Executive Committee discussed the EU Exit negotiations at eighteen meetings.

Towards the end of the financial year, the FCO began responding to the global Covid-19 pandemic. The Management Board in March considered the FCO's top risks and objectives for the overall response. Since 10 March, the Executive Committee has discussed Covid-19 policy and operational issues at its weekly meetings. ExCo took the decision to adopt an Emergency Governance Function for the duration of the response to the pandemic, which has enabled greater resilience, oversight and challenge for decision-making and strategic thinking.

The Management Board is required to approve and monitor major projects, as defined by the Infrastructure and Projects Authority (IPA). It takes investment decisions at key stages in the IPA process and monitors progress. At each Management Board meeting in 2019-20, Board members considered a dashboard reporting on progress on delivering the major IT, finance and HR programme, Atlas. The Board was updated on the progress of the Atlas programme in more detail at the October Management Board, where members approved the revised business case and were content to proceed with commercial procurement.

The Management Board reviewed our progress on diversity and inclusion. This followed the Board's request in 2018-19 for new targets and measures to be adopted to encourage improvement. In February 2020, the Board agreed a new Inclusion Strategy to help deliver our aspiration for the FCO to be the most inclusive government department and for the UK to have the most inclusive and diverse Diplomatic Service in the world. The Board welcomed the new Strategy's three-pillar approach to building an inclusive working environment: supporting staff wellbeing, including good mental health; attracting and supporting diverse talent; and promoting respectful behaviours to counter bullying, harassment and discrimination (BHD). Tackling BHD remained a priority and the Board committed to discussing organisational culture in the future. Further data on the equality impact of the FCO's employment practices and activities can be found at gov.uk/fco.

The Management Board also discussed and agreed recommendations on the following:

- » Workforce Strategy
- » FCO Staff Counsellor
- » Consular Strategy
- » Global Asset Management Plan (GLAMP)
- » Security
- » FCO Services Corporate Plan
- » Top risks and impact
- » Corporate Capability Programme
- » Diplomacy 20:20
- » Open Source Unit

- » British Council
- » Echo2 programme
- » FCO Beyond the South East project
- » SMS Pay: Ending Forced Distribution

Board Effectiveness

The 2019-20 Board Effectiveness Evaluation, covering the reporting period 1 April 2019 to 31 March 2020, was carried out in April 2020. The Supervisory Board met once during this period, under Secretary of State for Foreign and Commonwealth Affairs The Rt Hon Dominic Raab. The Board Secretariat therefore decided to postpone a more detailed evaluation of the effectiveness of the Supervisory Board until 2020-21. The Foreign Secretary has agreed dates for the Supervisory Board for the remainder of 2020, so we are confident that a more comprehensive evaluation will be possible in the next financial year.

As a result, this year's effectiveness evaluation again focused on the FCO Management Board, which met eight times during the reporting period. This comprised a light-touch review based on desk research, feedback from an external observer (Henry Dimpleby, Lead Non-Executive Director at the Department for Environment, Food, and Rural Affairs), and feedback from participants in the FCO Board Observers Scheme. A planned facilitated Board discussion on Board effectiveness and dynamics was cancelled due to the Covid-19 pandemic.

The evaluation found that agendas had been compressed due to the reduction in meetings, but were still well set and strategic; and pressure on agendas had not led to more out-of-committee decision-making. Improvements to the management of actions logs had led to better delivery of Board decisions, with no actions red-rated by the final Board meeting of the review period. Board decision-making benefitted from expertise and challenge, in particular from the Non-Executive Directors. The Terms of Reference for the Board were updated during the review period, and efforts made to better communicate the links between forward agendas of various sub-committees; more could be done to improve understanding of the FCO's wider governance structures across the organisation, particularly with new staff.

The Board carefully assesses the data that it is provided to support decisions or recommendations to determine its accuracy, relevance and reliability. The Board will ask for clarifications as to how data was compiled and verified when required.

Engagement with FCO stakeholders

Senior Appointments Board

The Senior Appointments Board meets around eight times a year (usually on the same day as the Management Board), to consider candidates for jobs at home and overseas in SMS Pay Bands 2-4.

Membership: PUS, Chief Operating Officer, DG Political, DG Consular and Security, DG Global and Economic Issues, DG Europe, DG Political, Legal Adviser, Deputy National Security Adviser, HR Director, Gaenor Bagley (Non-Executive Director), with PPS/Foreign Secretary as an observer

Summary of Discussions during 2019-20: The Senior Appointments Board considered appointments at SMS2 and above, weighing up candidates' experience, expertise, and their performance against SMS competences. The Board also considered issues affecting senior appointments such as the diversity of appointments, workforce planning in the SMS and the grading of roles.

Frequency of meetings: Around 8 meetings a year

Sounding Board

The Sounding Board first met in December 2016. Its aim is to act as a consultative body formed of a representative group of staff to enable a staff voice to provide a sounding board for proposals and a quick feedback mechanism. It is chaired by a Management Board member who provides the link between the Sounding Board and the Management Board. Meetings take place once a month. Board members represent different grades, Heads and Deputy Heads of Mission, staff association groups, and specialist staff. Members provide feedback to the Board on any staff-related issues coming to the Management Board or Executive Committee.

Senior Leadership Forum (SLF)

The SLF comprises the FCO's senior global leadership, bringing together the PUS, our Directors-General and our most senior heads of mission. The group meets in London two or three times a year to develop and inform corporate and policy initiatives.

Cross-Whitehall Collaboration through the One HMG Network Board

The One HMG Overseas Network Board is chaired by the FCO's Chief Operating Officer and attended by equivalents from the seven other largest government departments represented overseas, as well as HM Treasury and the Cabinet Office. It serves as a forum to coordinate HMG activity overseas so that we operate the One HMG Overseas platform as effectively and efficiently as possible. The Network Board is essential for resolving shared challenges and helping set the strategic direction for One HMG Overseas.

Membership: FCO Chief Operating Officer (Chair) and representatives from the Department for International Development, Ministry of Defence, Department for International Trade, Her Majesty's Revenue & Customs, British Council, National Crime Agency, Home Office, Her Majesty's Treasury and Cabinet Office.

Summary of Discussions during 2019-20: Continued focus on the Global Network Uplift and EU Exit planning; oversight of a fundamental review of the One HMG MOU Review and review of the FCO Corporate Capability Programme. The Board held strategic discussions on future priorities for the overseas network and considered options for platform provision and governance. The Board held discussions on shared issues such as machinery of government changes; local staff pay; domestic violence and child safeguarding policy; and managing risks to the network of Covid-19.

Frequency of meetings: Quarterly. The Board held two additional extraordinary meetings in 2019 to discuss the impact of EU Exit on One HMG Overseas.

National Audit Office (NAO) report on Role and Performance of the FCO

During 2019, the NAO began a study on the FCO's system for capturing its performance. As the work progressed, it became clear that the topic could not be separated from issues about the clarity of the FCO's role alongside other departments and, in part because of this NAO did not publish a report. However, their findings were presented to the Accounting Officer in October. The main fieldwork for the study was carried out between January and March 2019 and included short visits to The Hague and Tunis. The work raises some issues that it is not within the FCO's gift alone to address. These include the need for clearer accountability and a more integrated strategic framework in relation to the way that the FCO works alongside other departments in delivering overseas. But the work also highlighted a number of opportunities for the FCO to improve its approach to measuring its performance and using data. The NAO is continuing to share its cross-government experience of performance measurement with the Finance and Strategy teams to help identify practical ways for the FCO to move forward.

Ministerial Directions

There have been no Ministerial directions during 2019-20.

Effectiveness of mechanisms for Raising Concerns

The FCO is committed to ensuring a high standard of conduct in all that it does, including the effective use of taxpayers' money and mitigating the risk of fraud and error. An effective policy for raising concerns, or whistleblowing, is one of the key

ways of identifying fraud and error. The policy was refreshed in 2019 to clarify the routes for challenge and complaint.

Staff can raise concerns about perceived wrongdoing through their line management chain or via an independent Nominated Officer who can provide a confidential source of advice on matters where the Civil Service Code may have been breached. Where concerns relate to financial management or fraud, we maintain a confidential whistleblowing hotline (phone/email/mail) accessible 24 hours a day, 7 days a week, 365 days a year. All reports under the raising concerns policy are taken seriously and investigated.

To complement the Nominated Officers, a new Staff Counsellor role was created in October 2019 to provide an additional avenue for staff to raise concerns about any aspect of the FCO's work that might breach the values of the Civil Service Code. The Staff Counsellor has a particular focus on concerns of ethics or conscience but also acts as an independent sounding board on a range of issues to help staff clarify and identify next steps. Where appropriate, the Staff Counsellor will take action with senior managers. As well as providing a route for resolving concerns, the option for staff to raise concerns in confidence with a senior officer helps to manage risk (e.g. of unauthorised disclosure). So far, it has proved to be a popular route for staff to discuss their concerns and the role will continue to be developed. The Staff Counsellor reports to the Management Board on trends, emerging issues and recommendations.

Identities of those raising a concern remain confidential and senior management and the Audit and Risk Assurance Committee take all concerns raised very seriously, ensuring full and adequate review and consideration. Heads of Mission and Department are required to ensure that their teams are aware of procedures across the organisation and encourage them to report a concern (including via Nominated Officers). Our Internal Audit team also review both the raising concerns procedures, and awareness of the procedures.

During 2019-20, one concern was raised with a Nominated Officer and was dealt with appropriately. The table below provides data on fraud-related concerns raised and compares these figures with previous years. The department's Anti-Fraud and Corruption Unit received 27 reported concerns outside of normal line management reporting, of which five were passed to other teams or Government Departments. In 2020-21, we will continue to ensure that staff are aware of the procedures, have confidence in their use and that all reports are investigated.

FY	No. of concerns received by FCO counter fraud	How Resolved						
		FCO counter fraud investigation				(Gross) Amount lost	Passed to other FCO team as not fraud	Passed to another Government Department
		Complete	Ongoing	Proven				
19-20	27	17	5	0	£0	3	2	
18-19	23	14	4	2	£7,500	0	5	
17-18	15	14	0	0	£0	0	1	
16-17	9	5	0	0	£0	0	4	

FCO Risk Management and Control

The FCO faces a particularly wide range of risks because of its global footprint and activities. The complexity of the organisation is inherently challenging, and the world in which the FCO operates is increasingly complex. Active management of risk is an essential part of the management of the FCO, informing operational decision-making, policy options, planning, and financial management and control.

Risk management policy sets out how risk should be managed at different levels in the organisation. Heads of Mission and Directors manage and are accountable for risks within their Post or Directorate. Directors escalate risks if necessary to the **Top Risk Register** or the Bubbling-Under Risk Register. The Top Risk Register typically contains 25-30 major, urgent risks that pose a significant threat to our ability to deliver our policy and operational objectives as set out in our Single Departmental Plan. The Bubbling-Under Risk Register typically contains upcoming risks that are not yet significant enough for the Top Risk Register, but should be brought to the attention of the Board. A Risk Appetite Statement sets out our broad approach to risk appetite for foreign policy and operational risks and aids with prioritisation.

The Top Risk Register marshals risks into a 'heat map' in order to demonstrate those risks most urgently requiring the attention of the Management Board and its committees. The Audit and Risk Assurance Committee and the Executive Committee consider the Top Risk Register on a quarterly basis. The Management Board and Supervisory Board also review Top Risks formally at least twice per year.

The FCO's Internal Audit team reviews risk management arrangements in home departments, at Posts overseas and thematic network-wide matters, as part of their programme of visits. Findings and conclusions are reported to the Audit & Risk Assurance Committee (ARAC) and the Accounting Officer. Their overall opinion this year was that internal controls provide a moderate level of assurance that objectives will be achieved. This is the same overall opinion as in 2018-19 and in common with the majority of central government departments. As in previous years, core financial controls in both Global Transaction Processing Centres (GTPCs) (Milton Keynes and Manila) were found to be particularly strong with substantial assurance opinions in all areas tested. The controls include audit sampling of all credit card transactions, pre-payment review of all high value payments to check for duplication, aged debt management, quarterly error reporting and balance sheet reviews. Pre year end a review is carried out of high value accruals and prepayments to assess that transactions appear in the right financial year.

Particular attention is given to areas where Internal Audit published a limited assurance opinion (e.g. Risk Management Framework, Travel Package, Medical Claims, Diplomatic Appointments & Privileges, the Pyramid estates asset database, Abidjan, Anguilla and facilities management in Paris) and common internal control issues overseas, e.g. IT asset safeguarding and

contract letting. Directors and Heads of Post submit an Annual Consolidated Certificate of Assurance (ACCA) each year to confirm that agreed remedial action has been taken. The ACCA also facilitates the identification of any new emerging operational risks and helps strengthen the risk management framework'.

In 2019, Internal Audit also undertook a review of the FCO's risk management framework overall, leading to recommendations to implement a number of improvements to the risk management process, including establishment of clearer roles and responsibilities, and enhanced monitoring of mitigations. Most recommendations have been implemented, with a revision of risk guidance ongoing into 2020-21.

The FCO divides top risks into two categories: **policy risks** and **operational risks**. Policy risks relate to the delivery of the FCO's key foreign policy objectives. These include for example security risks from terrorism, conflicts and internal instability, prosperity issues such as economic slowdown, and bilateral and multilateral disputes over key issues. Operational risks are threats to the FCO's ability to function successfully as an organisation. These include our capacity and capability of resources; managing risks in our supply chain; information management; the integrity of our infrastructure and protecting our staff. Policy and operational risks also interact, in particular in relation to crisis response.

In 2019-20, a continued high number of **policy risks** faced by the FCO concerned the Board. While consideration was given to trying to reduce the number of risks held on the Top Risk Register, the high number reflects the reality of the FCO seeking to deliver its objectives in a world that currently faces more varied and serious risks, from many sources: climate change, degraded international relationships, continuing conflicts and cyber-crime. Some risks relating to the UK's departure from the EU were removed from the register in 2019-20, while risks were added relating to COP26, and a global economic slowdown. Measures undertaken to mitigate policy risks include regular policy refreshes, engagement with key allies and multilateral organisations, cross-government working groups on specific issues, and focused communication efforts.

Like many other organisations with a global presence, the FCO's operations face increasing threats to our people, premises and information, from civil disorder, conflict, crime, espionage and terrorism across the network. **Operational risks** are scrutinised most closely by the Audit and Risk Assurance Committee, on behalf of the Management Board, including deep dive investigations of key areas of risk that it identifies. In 2019-20, these investigations included cyber security, and health and safety matters. Major projects are regularly scrutinised by the Board.

In 2019-20, major risks rising up the Operational Top Risk Register included risks from prolonged under-investment in maintenance around the global estate, cyber security and data protection risks, and commercial and supply chain risks. Each of the risks was met with mitigation measures to reduce the likelihood of the risk occurring or to reduce

its impact if it did come to pass. Risks arising from both the introduction of new IT for financial management, and the continued use of legacy IT, were also significant.

During the last quarter of 2019-20, the onset of the **global Covid-19 pandemic** had an unprecedented effect on the operations of the FCO and our ability to deliver our intended objectives internationally. To help manage the elevated risks associated with the new circumstances, a rapid review of the Top Risk Register was initiated. A separate weekly Risk and Delivery Update was instituted for the attention of ExCo, setting out the top risks to delivery of the FCO's short-term Covid-19 objectives; allowing the Board and ExCo to prioritise their attention to enable continued operation of the organisation, and focus on the most serious risks to delivery of the short-term priorities.

Risk management and control has continued to improve in the FCO during 2019-20, with closer focus on the mitigations of the most serious risks. There will be scope to introduce significant further improvements in 2020-21, benefitting from the experience of using risk management even more actively during the Covid-19 pandemic. The FCO's arm's length bodies experienced financial difficulties as a result of the pandemic, and letters of comfort have or will provide assurance that they can meet their financial obligations.

In 2019-20, the key operational risks addressed, or which remain under management, were as follows:

Cyber Security

A heightened risk of cyber attack was considered, with a corresponding risk of compromise of FCO information, or impact on delivery of services. Meanwhile, the FCO has made good progress on data protection implementation, but is still working through a few requirements to ensure full compliance with the UK Data Protection Act 2018, which in the meantime leaves a higher degree of risk of data breach or of being non-compliant in some particular respects, with potential negative implications for reputation and penalties.

Mitigations:

- » The Tech Overhaul programme has delivered more modern and flexible IT for the FCO. A Chief Information Security Officer was appointed and a business case has been developed for a cyber security enhancement programme to address areas with the potential for improvement, as identified in a maturity assessment.
- » Cooperation with the National Cyber Security Centre (NCSC) has provided additional monitoring and audit software. A practical test attack exercise for all staff was also conducted, with tailored follow-up briefing. A Future Security Operations Centre (SOC) project brought the service back in-house from an external supplier. A proof of concept is underway for the next generation of the FCO's IT system, built around a range of new cloud security technologies.
- » A decommissioning programme is underway to remove legacy IT that is no longer needed after

the Tech Overhaul, with an additional roadmap for future iterations of legacy IT removal.

- » A team responsible for overarching compliance with data protection legislation is working to achieve full compliance through implementation of recommendations from Internal Audit, the ongoing review of systems to ensure they fulfil data obligations, and the establishment of appropriate data sharing agreements with all organisations which share our platform or data. The FCO's Commercial team is also leading on ensuring the Department's contracts are compliant with the 2018 Data Protection Act.

Financial Risks

The FCO's duty to deliver the Government's ambitious international programme of activity, in the context of strictly constrained government resources, meant that there was a risk of insufficient finance being available to deliver all commitments, including for example the major global network uplift undertaken in 2019-20, as well as necessary maintenance and operational costs.

A new resource management software system is under development which will provide improved management information and processes better aligned with the organisation's needs, but the complexity of the new system raises a number of risks in relation to delivery of the project on time and within budget.

Mitigations:

- » The network uplift was overseen by a **Global Network Uplift Board**, which focussed frequently on risk mitigation through estate and human resources planning, analysis of management information and scrutinising financial forecasting.
- » **Project management training** continues to develop and draws on cross-government experience and the IPA's work to professionalise the whole Civil Service Project Delivery cadre.
- » The programme to deliver dedicated new resource management IT revised the business case to deliver a phased approach to implementation. This was approved in October 2019, with a strengthened internal team, processes and controls. A supportive IPA review in October gave the programme an Amber rating, reflecting the need for continued management attention to key risks.

Commercial Delivery and Supply Chain

Efforts have been made in 2019-20 to ensure that FCO commercial contracting aligns with best practice. Limited commercial capability within the FCO has been supplemented by staff working to the Government Commercial Organisation (GCO).

Mitigations:

- » Recruitment and retention was improved through **working with the GCO**, and through benchmarking pay and reward with other government roles. Specialist contractors were also used to manage policy programme contract delivery and other contracts while recruitment takes place.

- » A **commercial programme management function** was created to carry out pipeline and resource management. Commercial governance processes were also reviewed and improvements implemented, including a new Commercial Assurance Board to advise on commercial risks.

Estate management

Maintenance and renewal of the estate in order to deliver the FCO's objectives and to fulfil duty of care obligations in difficult environments is an ongoing challenge. Previous underfunding of required essential maintenance over many years and lack of capability at overseas Posts has led to a rapid deterioration in the condition of the overseas estates, raising Health and Safety risks, and increased costs due to failure and disruption of business. The Annual Consolidated Certificate of Assurance (ACCA) has flagged significant non-compliance with critical H&S areas such as electrical and gas safety inspections, and fire safety training, which we are addressing. Major projects are required in Beijing, Kabul, Washington, Paris, Mexico City and in a number of African Posts, but these will require significant additional Treasury funding to be delivered, in addition to recycling the proceeds of the Bangkok Embassy sale. Without additional funding, there remain ongoing risks from the poorly maintained and non-modernised estate.

Mitigations:

- » Estates and Security Directorate will work with Posts to address the non-compliance being seen in the ACCA, to the extent that staff capacity and funding levels allow. The FCO is currently carrying a higher estates health and safety risk than FCO property professionals recommend and is in danger of breaching its duty of care obligations.

The Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman was set up by Parliament to provide an independent complaint handling service for complaints that have not been resolved by NHS England and UK government departments. They share their findings with Parliament, to help it to scrutinise public service providers. Findings are also shared more widely to help drive improvements in public services and complaint handling. In 2019-20, there were 17 enquiries concerning the FCO. Four of these complaints were assessed and one accepted for investigation; the investigation was subsequently upheld.

People

The FCO's global presence, and the UK's global interests, create particular resourcing and staff requirements. In 2019-20, this included several crises responses, work related to leaving the EU and a significant expansion in our global network. New funding allocated for EU Exit, Global Britain and Africa translated into just over 1300 new staff positions—a mixture of UK Based and Local Staff, overseas and in the UK. Eighty percent of

all uplift new jobs have been filled, with the remainder to be in place by end of 2020. The Global Britain uplift funded the opening of ten new Posts in 2019.

Delivering EU Exit, Global Britain and the Africa uplift while addressing capacity and capability gaps put the delivery of key objectives at risk.

Mitigations:

- » Diplomacy 20:20. The FCO's transformational change programme launched in 2016 was designed around three pillars: Expertise, Agility and Platform. Agility and expertise need to be underpinned by a world-class platform: efficient services and systems that make the best of our buildings and our technology and support all HMG partners on the platform. The Covid-19 pandemic tested our IT capability and the upgraded equipment proved transformational for remote working.
- » The Global Network Uplift Programme Board, chaired by the Chief Operating Officer, has strategic oversight of delivery of the network uplift and has ensured operating risks were managed. The Programme is scheduled to close in April 2020, when the EU Exit and Global Britain uplift will be largely complete.
- » A Workforce Strategy is in place, along with an Implementation Plan, and is reviewed by the Management Board annually.

The FCO continues to increase the diversity of the workforce through targeted apprenticeship schemes, internships programmes and promoting the FCO as a great place to work at outreach events. Diversity includes visible diversity but also promoting diversity of thought, skills and background.

Despite these mitigations, risks associated with re-aligning resources to meet objectives continue to be classified as 'likely' and would have a significant impact on the FCO's outcomes.

Conclusion

The Foreign and Commonwealth Office has made a number of improvements this year to further strengthen our governance and to ensure we can identify and respond to risks effectively. The leadership role that the FCO plays on the overseas platform means we must ensure robust financial and compliance controls and good governance to enable us to manage our global network.

The work delivered in 2019-20 to further improve risk management and mitigation within the FCO, and the priority placed on governance controls across all areas of the Department, has assured me that the FCO's overall performance, governance framework, risk management and internal controls are satisfactory.

Sir Simon McDonald

Permanent Under-Secretary of State for Foreign and Commonwealth Affairs and Principal Accounting Officer

Remuneration and Staff Report

Remuneration Report

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service and Diplomatic Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration Policy

The pay of senior civil servants (SCS) is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. From time to time, the Review Body advises the Prime Minister on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In making its recommendations, the Review Body considers:

- » the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;

- » regional and local variations in labour markets and their effects on the recruitment and retention of staff;
- » government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- » the funds available to departments as set out in the government's departmental expenditure limits; and
- » the government's inflation target, wider economic considerations, and the affordability of its recommendations.

For the Permanent Under-Secretary (PUS), remuneration is set by the Prime Minister on the recommendation of the Permanent Secretaries' Remuneration Committee.

For the remaining executive members of the FCO Board remuneration is determined by the FCO's Senior Pay Committees.

Senior Pay committees

Dependent on the grade of senior pay being considered, the pay committees responsible for reviewing pay comprise either the PUS and a senior outside member (usually a non-executive director), or the PUS, the Directors General and a senior outside member (usually a non-executive director).

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Management Board members) of the department.

Remuneration (salary, benefits in kind and pensions)

Ministers—Single total figure of remuneration (audited)

Ministers	Salary (£)		Pension benefits (to nearest £1000) ¹		Total (to nearest £1,000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Rt Hon Dominic Raab Foreign Secretary (from 24/07/19)	46,455 ²	-	- ³	-	46,000	-
Nigel Adams Minister for Asia (from 14/02/2020)	2,640 ⁴	-	1,000	-	4,000	-
Lord (Tariq) Ahmad of Wimbledon Minister for the Commonwealth, UN and South Asia	85,423	82,831	21,000	17,000	106,000	100,000
Rt Hon James Cleverly Minister for Middle East and North Africa (from 14/02/2020)	4,096 ⁵	-	1,000	-	5,000	-
James Duddridge Minister for Africa (from 14/02/2020)	2,893 ⁶	-	1,000	-	4,000	-
Rt Hon Lord Zac Goldsmith Minister of State for Pacific and the Environment (from 13/02/2020)	- ⁷	-	-	-	-	-
Wendy Morton Minister for European Neighbourhood and the Americas (from 14/02/2020)	1,864 ⁸	-	1,000	-	3,000	-
Rt Hon Baroness Sugg CBE Minister for the Overseas Territories and Sustainable Development (from 13/02/2020)	- ⁹	-	-	-	-	-
Rt Hon Jeremy Hunt Foreign Secretary (from 09/07/18 to 25/07/19)	21,231 ¹⁰	48,996	6,000	12,000	27,000	61,000
Harriett Baldwin Minister of State for Africa (to 25/07/19)	- ¹¹	-	-	-	-	-
Rt Hon Sir Alan Duncan Minister for Europe and the Americas (to 23/07/19)	9,794 ¹²	31,680	3,000	7,000	13,000	39,000
Rt Hon Mark Field¹³ Minister for Asia and the Pacific (to 25/07/19)	-	-	-	-	-	-
Rt Hon Dr Andrew Murrison Minister for the Middle East and North Africa (from 09/05/19 to 13/02/2020)	24,262 ¹⁴	-	6,000	-	30,000	-
Rt Hon Christopher Pincher Minister for Europe and the Americas (from 25/07/19 to 13/02/2020)	18,480 ¹⁵	-	4,000	-	22,000	-
Andrew Stephenson Minister for Africa (from 25/07/19 to 13/02/2020)	18,480 ¹⁶	-	4,000	-	22,000	-
Heather Wheeler Parliamentary Under-Secretary for Asia and the Pacific (from 26/07/19 to 13/02/2020)	12,023 ¹⁷	-	3,000	-	15,000	-

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

² Rt Hon Dominic Raab MP full year equivalent salary was £67,505 in 2019-20

³ Rt Hon Dominic Raab MP has opted out of the pension scheme

⁴ Nigel Adams MP full time equivalent salary was £31,680 in 2019-20. Ministers who have transferred from another Department are paid with effect from first day of the month following their date of appointment. The previous department will continue to pay their former Minister up to the end of the previous month. The FCO began to pay Nigel Adams MP from 1 March 2020.

⁵ Rt Hon James Cleverly MP full time equivalent salary was £31,680 in 2019-20

⁶ James Duddridge MP full time equivalent salary was £22,375 in 2019-20

⁷ Rt Hon Lord Zac Goldsmith is a joint Minister with the Department for International Development and the Department for Environment, Food and Rural Affairs. He does not claim a salary or pension.

⁸ Wendy Morton MP full time equivalent salary was £22,375 in 2019-20. Ministers who have transferred from another Department are paid with effect from first day of the month following their date of appointment. The previous department will continue to pay their former Minister up to the end of the previous month. The FCO began to pay Wendy Morton MP from 1 March 2020.

⁹ Rt Hon Baroness Sugg is a joint Minister with the Department for International Development (DFID) and is paid by DFID.

¹⁰ Rt Hon Jeremy Hunt MP full year equivalent salary was £67,505 in 2019-20

¹¹ Harriett Baldwin was a joint Minister with DFID and was paid by DFID.

¹² Rt Hon Sir Alan Duncan MP full time equivalent salary was £31,680 in 2019-20

¹³ Rt Hon Mark Field MP did not claim a salary or pension in 2018-19 or 2019-20

¹⁴ Rt Hon Andrew Murrison MP full time equivalent salary was £31,680 in 2019-20

¹⁵ Rt Hon Christopher Pincher MP full time equivalent salary was £31,680 in 2019-20

¹⁶ Andrew Stephenson MP full time equivalent salary was £31,680 in 2019-20

¹⁷ Heather Wheeler MP full time equivalent salary was £22,375 in 2019-20

Senior Management—Single total figure of remuneration (audited)

Officials	Salary (£'000)		Bonus payments (£'000)		Pension benefits (£'000 to the nearest £1000) ¹⁸		Total (£'000)	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Sir Simon McDonald Permanent Under-Secretary	195-200	190-195	-	-	55	12	250-255	200-205
Menna Rawlings Director General, Economic and Global Issues	135-140	10-15 ¹⁹	5-10	-	192	18	330-335	20-25
Richard Moore Director General, Political	135-140	125-130 ²⁰	5-10	10-15	52	46	195-200	180-185
Jenny Bates Director General Europe (from 02/03/20)	10-15 ²¹	-	-	-	6	-	15-20	-
Thomas Drew Director General Consular and Security (from 27/01/20)	20-25 ²²	-	-	-	8	-	30-35	-
Peter Jones Chief Operating Officer	135-140	130-135	5-10	-	11	46	150-155	175-180
Sir Iain MacLeod Director General, Legal	140-145	135-140	5-10	-	21	19	165-170	155-160
Jonathan Sinclair Human Resources Director	105-110	50-55 ²³	5-10	-	336	59	145-150	110-115
Andrew Sanderson Finance Director	105-110	105-110	5-10	-	40	36	150-155	140-145
Kumar Iyer Chief Economist (from 01/07/19)	80-85 ²⁴	-	-	-	32	-	115-120	-
Helen Bower-Easton Director of Communication	110-115	105-110	5-10	-	43	39	160-165	140-145
Dr Liane Saunders Strategy Director and Strategic Programmes Coordinator	105-110	100-105	5-10	10-15	-40	40	70-75	155-160
Jill Morris Management Board Overseas Network Representative	100-105	10-15 ²⁵	5-10	-	49	6	155-160	15-20
Philip Barton Director General, Consular and Security (to 26/01/20)	115-120 ²⁶	130-135	5-10	10-15	-15	30	110-115	160-165
Christian Turner Deputy National Security Adviser (to 01/05/19)	10-15 ²⁷	120-125	-	5-10	18	32	25-30	160-165

¹⁸ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

¹⁹ Menna Rawlings full year equivalent salary was £130k-135k in 2018-19

²⁰ Richard Moore full year equivalent salary was £135k-140k in 2018-19

²¹ Jenny Bates full year equivalent salary was £130k-135k in 2019-20

²² Thomas Drew full year equivalent salary was £135k-140k in 2019-20

²³ Jonathan Sinclair full year equivalent salary was £100k-105k in 2018-19

²⁴ Kumar Iyer full year equivalent salary was £110k-£115k in 2019-20

²⁵ Jill Morris full year equivalent salary was £90k-£95k in 2018-19

²⁶ Philip Barton full year equivalent salary was £135k-140k in 2019-20

²⁷ Christian Turner was paid by Cabinet Office from May 2017, but retained his role on the FCO Board. His full year equivalent salary was £120k-£125k for 2019-20.

Fees paid to Non-Executive Board and Committee Members (audited)

Official	Fees (£'000)	
	2019-2020	2018-2019
Miranda Curtis	20-25	15-20
Warren Tucker	20-25	15-20
Gaenor Bagley	15-20	10-15 ²⁸
Sir Edward Lister (to July 19)	0-5	10-15
Helen Pernelet (from Sept 19) ²⁹	0-5	-
Simon O'Regan ³⁰	5-10	0-5

²⁸ Gaenor Bagley full year equivalent salary was £10k-15k in 2018-19

²⁹ Helen Pernelet is a non-executive member of ARAC. The fees for ARAC members are based on a daily rate for actual days worked rather than an annual fee. Her full year equivalent was £5k to £10k for 2019-20.

³⁰ Simon O'Regan is a non-executive member of ARAC. The fees for ARAC members are based on a daily rate for actual days worked rather than an annual fee. His full-year equivalent was £5-£10k in 2018-19.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts.

In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£79,468 from 1 April 2019) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to

which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

No ministers, senior management or non-executive directors received any benefits in kind in 2019-20 or 2018-19.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to the performance in 2017-18.

Minister's Pension Benefits (audited)

Minister	Accrued pension at age 65 as at 31/3/20	Real increase in pension at age 65	CETV at 31/3/20	CETV at 31/3/19 ³¹	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Dominic Raab Foreign Secretary (from 24/07/19)	-	-	-	-	-
Nigel Adams Minister for Asia (from 14/02/2020)	0-5	0-2.5	7	6	1
Lord (Tariq) Ahmad of Wimbledon Minister for the Commonwealth, UN and South Asia	10-15	0-2.5	142	118	11
Rt Hon James Cleverly Minister for Middle East and North Africa (from 14/02/2020)	0-5	0-2.5	3	2	1
James Duddridge Minister for Africa (from 14/02/2020)	0-5	0-2.5	3	2	1
Rt Hon Lord Zac Goldsmith Minister of State for Pacific and the Environment (from 13/02/2020)	-	-	-	-	-
Wendy Morton Minister for European Neighbourhood and the Americas (from 14/02/2020)	0-5	0-2.5	8	7	1
Rt Hon Baroness Sugg CBE Minister for the Overseas Territories and Sustainable Development (from 13/02/2020)	-	-	-	-	-
Rt Hon Jeremy Hunt Foreign Secretary (from 09/07/18 to 25/07/19)	15-20	0-2.5	221	215	3
Harriett Baldwin Minister of State for Africa (to 25/07/19)	-	-	-	-	-
Rt Hon Sir Alan Duncan Minister for Europe and the Americas (to 23/07/19)	5-10	0-2.5	156	111	2
Rt Hon Mark Field Minister for Asia and the Pacific (to 25/07/19)	-	-	-	-	-
Rt Hon Dr Andrew Murrison Minister for the Middle East and North Africa (from 09/05/19 to 13/02/2020)	0-5	0-2.5	39	32	4
Rt Hon Christopher Pincher Minister for Europe and the Americas (from 25/07/19 to 13/02/2020)	0-5	0-2.5	22	17	2
Andrew Stephenson Minister for Africa (from 25/07/19 to 13/02/2020)	0-5	0-2.5	10	7	1
Heather Wheeler Parliamentary Under-Secretary for Asia and the Pacific (from 26/07/19 to 13/02/2020)	0-5	0-2.5	23	19	2

³¹ Where revised information has been received from the pension provider, prior year figures have been restated accordingly.

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Senior management pension benefits (audited)

	Accrued pension at pension age as at 31/3/20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 ³² £'000	Real increase in CETV £'000
Sir Simon McDonald Permanent Under-Secretary	90-95 plus a lump sum of 275-280	2.5-5 plus a lump sum of 7.5-10	2216	2055	58
Menna Rawlings Director General, Economic and Global Issues	45-50 plus a lump sum of 110 - 115	7.5-10 plus a lump sum of 17.5-20	893	700	155
Richard Moore Director General, Political	5-10	2.5-5	80	36	32
Jenny Bates Director General Europe (from 02/03/20)	35-40 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0-2.5	496	492	3
Thomas Drew Director General Consular and Security (from 27/01/20)	30-35 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0-2.5	769	762	4
Peter Jones Chief Operating Officer	60-65 plus a lump sum of 75-80	0-2.5 plus a lump sum of 0-2.5	1359	1285	11
Sir Iain MacLeod Director General, Legal	55-60 plus a lump sum of 165-170	0-2.5 plus a lump sum of 2.5-5	1287	1205	21
Jonathan Sinclair Human Resources Director	35-40 plus a lump sum of 75 - 80	0-2.5 plus a lump sum of 0-2.5	612	556	20
Andrew Sanderson Finance Director	30-35 plus a lump sum of 60 - 65	0-2.5 plus a lump sum of 0-2.5	504	459	19
Kumar Iyer Chief Economist (from 01/07/19)	20-25	0-2.5	250	231	13
Helen Bower-Easton Director of Communication	30-35	2.5-5	380	341	17
Dr Liane Saunders Strategy Director and Strategic Programmes Coordinator	40-45 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0-2.5	748	757	-47
Jill Morris Management Board Overseas Network Representative	35-40 plus a lump sum of 85-90	2.5 - 5 plus a lump sum of 2.5-5	719	647	30
Philip Barton Director General, Consular and Security (to 26/01/20)	60-65 plus a lump sum of 175-180	0-2.5 plus a lump sum of 0-2.5	1345	1313	-29
Dr Christian Turner Deputy National Security Adviser (to 01/05/19)	40-45 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0-2.5	655	641	13

³² Where revised information has been received from the pension provider, prior year figures have been restated accordingly

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced—the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha—as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%.

In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha—as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay multiples (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the FCO in the financial year 2019-20 was £195-200k (2018-19, £190-195k). This was 5 times (2018-19, 5.2) the median remuneration of the workforce, which was £39,421 (2018-19, £36,909).

In 2019-20, (2018-19, 0) no employee received remuneration in excess of the highest-paid director. Remuneration ranged from £19,800 to £200,000 (2018-19, £19,384–£195,000)

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2019-20	2018-19	% change
Band of highest paid director's total remuneration	195-200k	190-195k	2.60%
Median remuneration of all UK Based staff	39,421	36,909	6.81%
Ratio	5.0	5.2	-3.85%

2018-19 figures have been recalculated from those published in the prior year Remuneration Report to apply a more accurate methodology, which is consistent with the 2019-20 calculation.

Median remuneration in the FCO has increased due to changes in the workforce composition and implementation of the second stage of a two-year pay settlement for staff in the delegated grades. The median person in the FCO is graded at C4 (Higher Executive Officer) in 2019-20 as was also the case in 2018-19. This, coupled with a smaller increase in the highest paid Director's remuneration, has led to a reduction in the ratio of median vs. highest paid.

Local staff salaries are excluded from the pay multiple calculation for a number of reasons. Data on Local Staff salaries is not held centrally, salary payments are paid in local currency and based on local market conditions and local staff salaries are subject to individual countries taxation and social security arrangements and adhere to local law. The variation of arrangements plus differences in rates of pay and local purchasing power would distort the pay multiple calculation and would make comparisons with other organisations impossible.

³³ From August 2019 Special Adviser contracts have been held by the Cabinet Office rather than with their host department and are paid through Cabinet Office payroll.

Compensation for loss of office (audited)**Officials**

No officials left under Voluntary Exit, Voluntary Severance or Compulsory Severance terms.

Ministers

- » The Rt Hon Jeremy Hunt left under severance terms on 24 July 2019 and received a compensation payment of £16,876.
- » Rt Hon Sir Alan Duncan KCMG MP left under severance terms on 22 July 2019 and received a compensation payment of £7,920.
- » Mrs Heather Wheeler MP left under severance terms on 13 Feb 2020 and received a compensation payment of £5,593.
- » Dr Andrew Murrison MP left under severance terms on 13 Feb 2020 and received a compensation payment of £7,920.

Special Advisors³³

- » Paul Carter, Special Advisor, received a severance payment of £17,500.00 due to his contract being terminated with the departure from Government of The Rt Hon Jeremy Hunt on 24 July 2019.
- » Tim Smith, Special Advisor, received a severance payment of £ 35,000.00 due to his contract being terminated with the departure from Government of The Rt Hon Jeremy Hunt on 24 July 2019.
- » Edward Jones, Special Advisor, received a severance payment of £ 39,750.00 due to his contract being terminated with the departure from Government of The Rt Hon Jeremy Hunt on 24 July 2019.
- » Christine Robinson, Special Advisor, received a severance payment of £21,388.89 due to her contract being terminated with the departure from Government of The Rt Hon Jeremy Hunt on 24 July 2019.

Staff Report**Our workforce**

The FCO had 13,751 employees as at 31 March 2020 comprising 5,263 (38%) UK-Based (UKB) staff and 8,488 (62%) local staff. The UKB full-time equivalent was 5,193. The average UKB full time equivalent over the year was 5,135. 37% of UKB staff were working in the UK and 63% were based in our Missions overseas.

The increase in workforce is due to the recruitment of additional staff to deliver the expansion of our global network in support of EU Exit, Global Britain, and the delivery of a new approach to Africa. This expansion continues to strengthen talent and expertise at our Posts across the world, as well as deepening our engagement in key countries and institutions.

FCO Staff Headcount (audited)

The table below shows the number of employees as at 31st March.

	2019-20	2018-19
UK Based	5,263	5,055
Local Staff	8,488	8,178
Ministers	6	4
Special Advisors	3	3

Our Workforce Structure

The FCO has a senior management structure (SMS) comprising four pay bands; of which three (SMS1-3) are equivalent to bands in the Senior Civil Service. The table below shows the number of SMS employed by the FCO.

Grade	31 March 2020	31 March 2019
Permanent Under-Secretary	1	1
SMS4	2	2
SMS3	31	28
SMS2	103	105
SMS1	298	286
Total	435	422

Below the SMS, UKB staff are placed into one of seven grades depending on the weight of the role. These grades comprise the "Delegated Grades". FCO grades map onto wider Civil Service Grades as follows:

FCO Grade	Civil Service Grade
D7	Grade 6
D6	Grade 7
C5	Senior Executive Officer (SEO)
C4	Higher Executive Officer (HEO)

Staff Costs (audited)

The figures are calculated using average staff numbers through the financial year.

	2019-20						2018-19
	Permanent Staff						Total
	Local staff	UK staff	Others	Special advisors	Ministers	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Wages and salaries	175,840	305,567	3,209	189	248	485,053	432,038
Social security costs	0	21,396	0	17	13	21,426	18,736
Other pension costs	18,824	54,230	1	32	22	73,109	54,185
	194,664	381,193	3,210	238	283	579,588	504,959
Less recovered from Outward Secc	0	-2,605	0	0	0	-2,605	-2,430
Total net costs	194,664	378,588	3,210	238	283	576,983	502,529

FCO Grade	Civil Service Grade
B3	Executive Officer (EO)
A2	Administrative Officer (AO)
A1	Administrative Assistant (AA)

Staff Loans (audited)

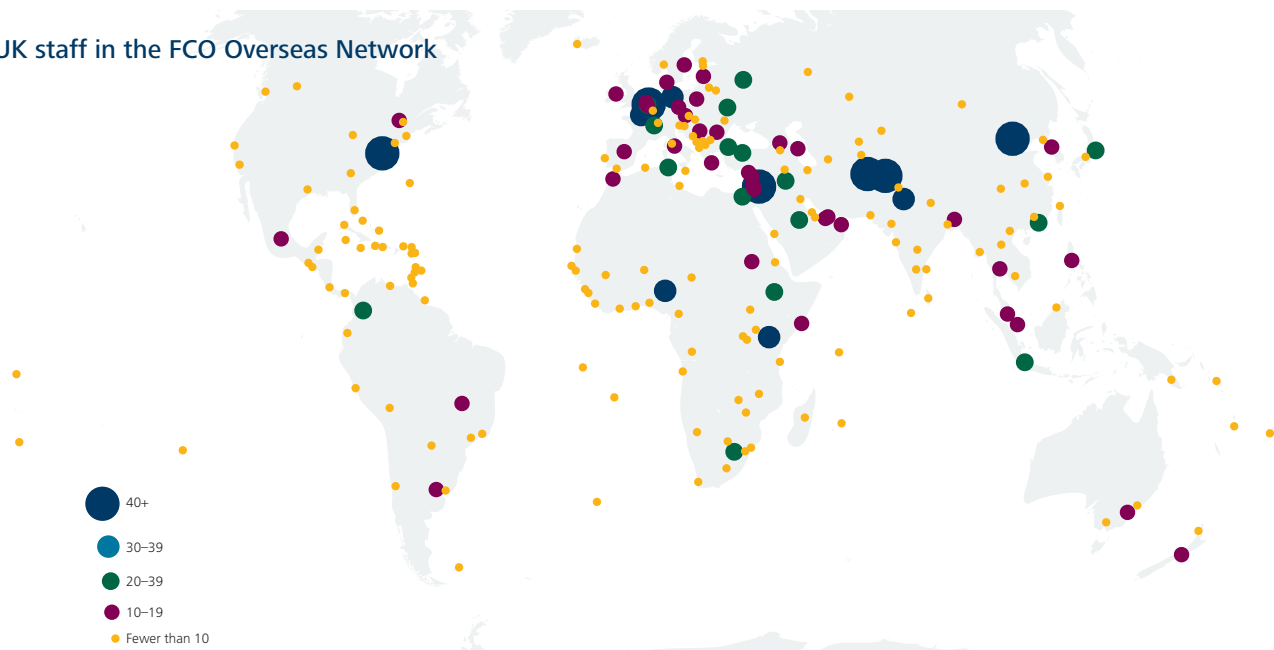
Career experience outside of the FCO helps to build expertise and organisational agility. The table below shows the number of staff loaned to or loaned out from the FCO to Other Government Departments as at 31 March 2020.

Grade	Loaned in total	Loaned in for <6 months	Loaned in for 6+ months	Average loan length (in years)
A2	6	3	3	2 years
B3	38	3	35	2 years
C4	237	60	177	2 years
C5	107	25	82	1 years
D6	227	36	191	2 years
D7	76	11	65	2 years
SMS	66	8	58	3 years

129 (17%) of staff on inward loan are in programme funded roles

Grade	Loaned out total	Loaned in for <6 months	Loaned in for 6+ months	Average loan length (in years)
A2	2	0	2	3 years
B3	2	0	2	1 year
C4	16	4	12	1 year
C5	8	4	4	2 years
D6	31	8	23	2 years
D7	27	8	19	2 years
SMS	34	23	11	2 years

UK staff in the FCO Overseas Network



Where we are located (above)

This map differs from that shown at page 8 as instead of showing all posts in the network it shows where UK staff are based overseas.

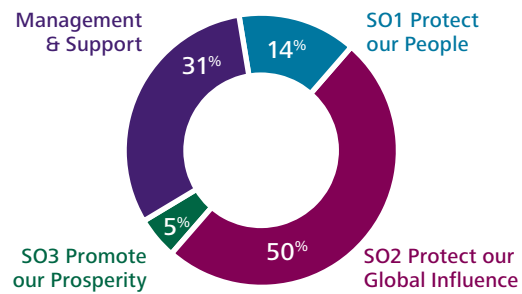
Departmental Activity (audited)

The figures in the table below are calculated using average staff numbers throughout the financial year, as opposed to staffing levels at the year-end. The figures include front line activity only. A management and support element has been proportionally distributed across these activities.

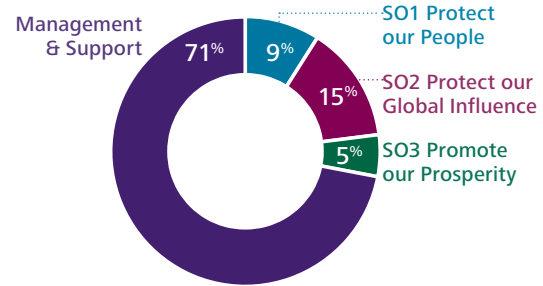
Departmental Activity	2019-20				2018-19	
	Local staff	UK staff	Others	Total	Total	
SO1—Protect our People	2,482	1,073	19	3,574	3,633	
SO2—Project our Influence and demonstrate diplomatic leadership	4,179	3,813	67	8,059	7,111	
SO3—Promote our Prosperity	1,383	387	7	1,777	2,082	
	8,044	5,273	93	13,410	12,826	
Of which:						
Core FCO	8,044	5,134	93	13,271	12,604	
Wilton Park	-	81	-	81	81	
Other Designated Bodies	-	58	-	58	141	
	8,044	5,273	93	13,410	12,826	

In addition to the above numbers there were eight ministers and three special advisors whose portfolios can cover all foreign policy priorities and therefore have not been allocated specifically in the table.

Percentage of UK staff time spent on priorities (as at March 2020)



Percentage of local staff time spent on priorities (as at March 2020)



Diversity and Inclusion

Diversity and inclusion matters because people perform better when they feel valued and respected at work. The FCO is becoming more diverse: FCO UKB staff are 47% women, 17% BAME, 11% disabled and 6% LGBT, although diversity remains greater in more junior grades. A new Inclusion Strategy, agreed in February 2020, will help us deliver our aspiration for the FCO to be the most inclusive government department, and for the UK to have the most diverse and inclusive Diplomatic Service in the world.

Male and Female Employees

	31 March 2020		31 March 2019	
	% Female	% Male	% Female	% Male
UKB SMS	37%	63%	35%	65%
UKB Delegated Grades	48%	52%	47%	53%
Local Staff	43%	57%	42%	58%

The reported percentages are calculated based on the voluntary returns of staff and exclude nil returns of those who did not want to disclose the information. These figures (and those below) exclude all staff working from other Whitehall Partners on the FCO platform overseas, including Wilton Park and FCO Services.

Declared Diversity of FCO UKB Staff as at 31 March 2020

	All UKB staff	SMS	All delegated grades	D7	D6	C5	C4	B3	A2	A1
Female	47%	37%	48%	43%	43%	42%	47%	60%	59%	71%
BAME	17%	7%	18%	7%	11%	12%	19%	30%	33%	8%
Disabled	11%	7%	12%	10%	10%	10%	11%	17%	17%	31%
LGBT	6%	5%	7%	7%	8%	5%	7%	4%	5%	15%

Declared Diversity of FCO Heads of Missions, Heads of Posts & Governors as at 31 March 2020

Female	28%
BAME	5%
Disabled	10%
LGBT	5%

The FCO is an accredited 'Disability Confident Employer' under the government's Disability Confident Scheme (<https://disabilityconfident.campaign.gov.uk/>), which denotes organisations which have a positive commitment towards disabled people. Disability support for UK based staff complies with the Equality Act 2010, which requires employers to make "reasonable adjustments" in the workplace when a member of staff has a disability which places them at a substantial disadvantage compared to an officer without a disability. Terms and conditions for Local Staff working at FCO Posts abroad are governed by local law, which means there is no legal duty to comply with the terms of the Equality Act 2010 in respect of Local Staff. However, the FCO encourages Posts to adopt a best practice approach and observe the spirit of the legislation.

Disabilities disclosed by UK-based staff cover a broad range of conditions, including neuro-diverse conditions (e.g. dyslexia, dyspraxia and Asperger's), mobility issues and hearing or visual impairments. Reasonable adjustments for disabled staff can include an expert disability assessment; the supply of specialised office equipment and/or provision of IT software and hardware and appropriate training. More general awareness training and support is also available to disabled staff, their managers and (where appropriate) team colleagues. Staff

who are profoundly deaf or with a significant hearing impairment can additionally request the support of qualified British Sign Language interpreters and lip speakers.

Health, Safety and Wellbeing

This year we continued to make progress to achieve the PUS's strategic Health, Safety and Welfare (HSW) goal for the FCO to become an exemplar on HSW risk management across the FCO's eight corporate streams of HSW risk. We have expanded use of a risk management tool to better assess fire safety standards in living accommodation overseas. An Estates led Health and Safety improvement program received board approval and we are on track to establish an Estates Operations Unit, introduce tiered property standards more closely focused on risk, and a new Safe Systems of Work policy to protect maintenance workers.

We conducted a health check review of the Health and Safety Function to ensure it remains effective and are working through remaining recommendations. We agreed our first Health and Safety specific service level agreement with other Government Departments that operate on our estate to aid partnering. The Hanslope Park Management Board has been re-invigorated to oversee FCO's landlord's duties on Health and Safety, and the sub-board Working Party has made good progress on responding to a Health and Safety Audit of the site looking at cross cutting landlord and tenant Health and Safety duties.

On Wellbeing the FCO faces challenges unique to the Civil Service. Our staff can often work in hostile or challenging environments far from home, family and friends. The wellbeing of our staff is a key priority, which we continue to promote throughout our global network, including through activities to support good physical and mental health. The FCO's global network of Mental Health First Aiders stands at more than 350 officers, and the new Inclusion Strategy, agreed in February 2020 provides a framework for a more ambitious approach to promoting staff wellbeing, supported by an active staff association for wellbeing.

Sickness Absence Rates

We measure the average number of days lost to sickness absence, known as the average working days lost (AWDL) for our UKB staff based on the number of full-time equivalent employees. In 2019, The FCO had an AWDL of 3.6, which is a slight increase to the 2018 figure of 3.3 but remains below the Civil Service average.

In 2019, we implemented a new attendance management policy, aligned to Civil Service employee policy, with revised guidance to support our managers in managing sickness absence proactively, taking a wellbeing-focussed approach and allowing more discretion to take account of individual situations.

Sickness Absence in the FCO	Jan to Dec 2019	Jan to Dec 2018
Working Days Lost (Short Term)	8,192	7,006
Working Days Lost (Long Term)	10,733	8,867
Total Working Days Lost	18,925	15,873
Average Annual Working Days lost per staff year	3.6	3.3
Percentage of staff with no sick leave	75%	74%

Expenditure on Consultancy and Temporary Staff

Professional services external resources can generally be split into two broad categories. Temporary staff includes temporary workers, interim managers and specialist contractors who are used to cover business-as-usual or service delivery activity within an organisation. Consultancy includes staff who provide objective advice relating to strategy, structure, management or operations of an organisation and may include the identification of options with recommendations.

Spend on consultancy and the need for temporary staff within the FCO is largely driven by the nature of the projects being undertaken and the expertise required.

The 2019-20 spend figure on consultancy is £2,936,902 (18-19 £1,927,753).

Spend on temporary staff in 19-20 was £11,211,304 (18-19 £5.07m).

Reporting of high-paid off-payroll appointments

Table 1: For all off-payroll engagements as of 31 March for more than £245 per day and that last longer than six months.

	FCO	Agency	ALBs
No. of existing engagements as of 31 March 2020	100	-	-
Of which...			
No. that have existed for less than one year at time of reporting.	85	-	-
No. that have existed for between one and two years at time of reporting.	8	-	-
No. that have existed for between two and three years at time of reporting.	6	-	-
No. that have existed for between three and four years at time of reporting	-	-	-
No. that have existed for four or more years at time of reporting	1	-	-

Table 2: For all off-payroll engagements as of 31 March for more than £245 per day and that last longer than six months.

	FCO	Agency	ALBs
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	84	-	-
Of which...			
No. assessed as caught by IR35	-	-	-
No. assessed as not caught by IR35	84	-	-
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-	-	-
No. of engagements reassessed for consistency / assurance purposes during the year.	-	-	-
No. of engagements that saw a change to IR35 status following the consistency review.	-	-	-

Table 3: For any off-payroll engagement of board members, and/or senior officials with significant finance responsibility between 1 April 2019 and 31 March 2020.

	FCO	Agency	ALBs
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-	-	-
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	-	2	-

Reporting of Civil Service and other compensation schemes—exit packages (audited)

UK Based staff exits

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	- (-)	- (-)	- (-)
£10,000–£25,000	- (-)	- (1)	- (1)
£25,000–£50,000	- (-)	- (-)	- (-)
£50,000–£100,000	- (-)	- (-)	- (-)
£100,000–£150,000	- (-)	- (-)	- (-)
£150,000–£200,000	- (-)	- (-)	- (-)
Total number of exit packages	- (-)	- (-)	- (-)
Total cost /£000	- (-)	- (21)	- (21)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Local staff exits

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	44 (1)	36 (36)	80 (37)
£10,000–£25,000	16 (2)	7 (31)	23 (33)
£25,000–£50,000	4 (1)	5 (9)	9 (10)
£50,000–£100,000	2 (-)	1 (4)	3 (4)
£100,000–£150,000	- (-)	- (-)	- (-)
£150,000–£200,000	- (-)	- (1)	- (1)
Total number of exit packages	66 (4)	49 (81)	115 (85)
Total cost /£000	602 (54)	610 (1,473)	1,212 (1,527)

HM Treasury agreed the terms of a local staff exit scheme in December 2017. The terms of compulsory redundancy will vary depending on local employment law.

Trade Union Facilities Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisations.

Table 1—Relevant Union Officials

The total number of employees who were relevant union officials between 1 April 2019 and 31 March 2020.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	5

Table 2—Percentage of time spent on facility time

For employees who were relevant union officials employed between 1 April 2019 and 31 March 2020, percentage of their working hours spent on facility time.

Percentage of time	Number of employees
0%	-
1-50%	10
51%-99%	-
100%	-

Table 3—Percentage of pay bill spent on facility time

For employees who were relevant union officials employed between 1 April 2019 and 31 March 2020, percentage of pay bill spent on facility time.

	Figures
Provide the total cost of facility time	£106,856
Provide the total pay bill	£427.7m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

Table 4—Paid Trade Union activities

For employees who were relevant union officials employed between 1 April 2019 and 31 March 2020, percentage of time spent on paid trade union activities.

	Figures
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%

Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires FCO to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes. The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Summary of Resource and Capital Outturn

		2019–20						2018–19		
Note		Outturn			Estimate			Saving / (Excess)		Outturn
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit										
Resource	SoPS 1.1	2,581,558	0	2,581,558	2,644,995	0	2,644,995	63,437	63,437	2,410,132
Capital	SoPS 1.2	147,655	0	147,655	152,495	0	152,495	4,840	4,840	141,744
Total		2,729,213	0	2,729,213	2,797,490	0	2,797,490	68,277	68,277	2,551,876
Annually Managed Expenditure										
Resource	SoPS 1.1	4,380	0	4,380	202,000	0	202,000	197,620	197,620	31,319
Capital		0	0	0	0	0	0	0	0	0
Total		4,380	0	4,380	202,000	0	202,000	197,620	197,620	31,319
Total Budget										
Resource	SoPS 1.1	2,585,938	0	2,585,938	2,846,995	0	2,846,995	261,057	261,057	2,441,451
Capital	SoPS 1.2	147,655	0	147,655	152,495	0	152,495	4,840	4,840	141,744
Total Budget Expenditure		2,733,593	0	2,733,593	2,999,490	0	2,999,490	265,897	265,897	2,583,195
Non-Budget		0	0	0	0	0	0	0	0	0
Total Budget and Non Budget		2,733,593	0	2,733,593	2,999,490	0	2,999,490	265,897	265,897	2,583,195

		2019–20			2018–19	
Note		Outturn	Estimate	Saving / (Excess)	Outturn total	
		£000	£000	£000	£000	
Net Cash Requirement	SoPS 3	2,568,301	2,740,007	171,706	2,316,611	
Administration Costs		118,199	191,250	73,051	128,552	

Figures in the areas above labelled 'voted' cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Parliamentary control of FCO spending applies to:

- » The net resource DEL requirement;
- » The net capital DEL requirement;
- » The net resource AME requirement; and,
- » The net cash requirement for the Estimate as a whole

Should the FCO exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. Explanations of variances between estimate and outturn are given in the Financial Review contained within the Accountability Report.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn. The SOPS summary table above details performance against the control limits that Parliament have voted on, cash spent (budgets are

compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 25, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (SOPS note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (SOPS note 2); a reconciliation of outturn to net cash requirement (SOPS note 3); and, an analysis of amounts and cash to be repaid to the Consolidated Fund (SOPS note 4).

The outturn for Annually Managed Expenditure (AME) covers demanded and volatile spending, which falls into four main areas: Impairments and Provisions, Unrealised Gains/Losses on Foreign Exchange, Tax Reimbursements and Other (e.g. actuarial gains/losses on Pension schemes, depreciation on donated assets).

Notes to the Statement of Parliamentary Supply (Audited)

SoPS 1 Net Outturn

SoPS 1.1 Analysis of Departmental Group Net Resource Outturn by Section

Type of spend (resource)	2019–20											2018–19	
	Outturn							Estimate			Outturn vs estimate saving/(excess)	Outturn	
	Administration			Programme				Total	Total	Virements	Total inc. Virements	£000	£000
	Gross	Income	Net	Gross	Income	Net	Total						
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limits (DEL)													
Voted expenditure													
A: Administration and programme expenditure	370,429	(252,230)	118,199	1,105,569	(95,315)	1,010,254	1,128,453	1,184,722	(26,000)	1,158,722	30,269	1,007,942	
B: Programme and international organisations grants	0	0	0	382,926	0	382,926	382,926	383,672	0	383,672	746	374,454	
C: British Council	0	0	0	191,500	0	191,500	191,500	165,500	26,000	191,500	0	188,300	
D: Net Funding for NDPBs	0	0	0	5,804	0	5,804	5,804	6,673	0	6,673	869	5,779	
E: Prosperity and Integrated Activity Funds	0	0	0	112,481	0	112,481	112,481	124,199	0	124,199	11,718	65,745	
F: Conflict Prevention Programme Expenditure	0	0	0	422,379	(4,357)	418,022	418,022	439,129	(1,272)	437,857	19,835	423,697	
G: Peacekeeping	0	0	0	342,372	0	342,372	342,372	341,100	1,272	342,372	0	344,215	
Total voted DEL	370,429	(252,230)	118,199	2,563,031	(99,672)	2,463,359	2,581,558	2,644,995	0	2,644,995	63,437	2,410,132	
Non-Voted expenditure	0	0	0	0	0	0	0	0	0	0	0	0	
Total non-voted DEL	0	0	0	0	0	0	0	0	0	0	0	0	
Total spending DEL	370,429	(252,230)	118,199	2,563,031	(99,672)	2,463,359	2,581,558	2,644,995	0	2,644,995	63,437	2,410,132	
Spending in Annually Managed Expenditure (AME)													
H: AME Programme	0	0	0	(33,985)	0	(33,985)	(33,985)	160,000	0	160,000	193,985	(3,106)	
I: Reimbursement of certain duties, taxes and licence fees	0	0	0	38,365	0	38,365	38,365	42,000	0	42,000	3,635	34,425	
Total voted AME	0	0	0	4,380	0	4,380	4,380	202,000	0	202,000	197,620	31,319	
Non-Voted expenditure	0	0	0	0	0	0	0	0	0	0	0	0	
Total non-voted AME	0	0	0	0	0	0	0	0	0	0	0	0	
Total spending AME	0	0	0	4,380	-	4,380	4,380	202,000	0	202,000	197,620	31,319	
Total resource	370,429	(252,230)	118,199	2,567,411	(99,672)	2,467,739	2,585,938	2,846,995	0	2,846,995	261,057	2,441,451	

A reclassification of the Integrated Activity Fund has been made to the prior years numbers in line with the treatment in 2019-20. This has removed £7,655k from Line B to Line E.

SoPS 1.2 Analysis of Departmental Group Net Capital Outturn by Section

Type of spend (capital)	2019–20						2018–19	
	Gross	Income	Outturn	Net	Virements	Estimate	Outturn vs Estimate, saving/ (excess)	Outturn
			Net			Total inc. virements		Total
£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limits								
Voted expenditure								
A: Administration and programme expenditure	153,897	(29,889)	124,008	123,121	887	124,008	0	122,681
B: Programme and international organisations grants	0	0	0	2,000	(887)	1,113	1,113	2,236
C: British Council—Capital grant	0	0	0	0	0	0	0	0
E: Prosperity and Integrated Activity Funds	0	0	0	0	0	0	0	0
F: Conflict Prevention Programme Expenditure	23,647	0	23,647	27,374	0	27,374	3,727	16,827
G: Peacekeeping	0	0	0	0	0	0	0	0
Total Voted DEL	177,544	(29,889)	147,655	152,495	0	152,495	4,840	141,744
Non-voted expenditure	0	0	0	0	0	0	0	0
Total non-voted expenditure	0	0	0	0	0	0	0	0
Total spending in DEL	177,544	(29,889)	147,655	152,495	0	152,495	4,840	141,744
Spending in Departmental Expenditure Limits (AME)								
Voted expenditure								
Total non-voted expenditure	0	0	0	0	0	0	0	0
Total spending in AME	0	0	0	0	0	0	0	0
Total capital	177,544	(29,889)	147,655	152,495	0	152,495	4,840	141,744

SoPS 2 Reconciliation of Departmental Group Outturn to Net Operating Cost

SoPS 2.1 Reconciliation of Net Resource Outturn to Net Operating Cost

		SoPS Note	2019–20	2018–19
			Outturn Total £000	Outturn Total £000
Total Resource Outturn		1.1	2,585,938	2,441,451
Add:	Capital Grants and Capital Grants in Kind	1.2	0	2,236
	Research and Development		6,004	6,447
	Other	1.2	23,647	16,827
Total			29,651	25,510
Less:	Income payable to the Consolidated Fund	4.1	(228)	(2,791)
	Net Profit/Loss on Disposal		(26,145)	(21,448)
Total			(26,373)	(24,239)
Net Operating Expenditure in CSCNE		CSCNE	2,589,216	2,442,722

As noted in the footnote to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

Capital grants are budgeted for as CDEL, but accounted for as spend on the face of the SOCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure.

There were no capital grants included in 2019-20. An explanation of the CFER amount is included in SOPS Note 4.1. "Other" is the capital spend of the Conflict Prevention Programme (see SOPS Note 1.2). Net Profit/Loss on Disposal is explained in Note 5.

Research and development expenditure that meets the criteria laid down by ESA 10 for National Accounts are recorded as capital in budgets. Where this differs from the treatment in the accounts, where research expenditure is usually expensed in the SoCNE, then a reconciling item is shown in SOPS 2.

SoPS 3 Reconciliation of Departmental Group Net Resource Outturn to Net Cash Requirement

		2019-20			2018-19
	Note	Outturn total	Estimate	Saving/ (Excess)	Outturn total
		£000	£000	£000	£000
Resource Outturn	SoPS 1.1	2,585,938	2,846,995	261,057	2,441,451
Capital Outturn	SoPS 1.2	147,655	152,495	4,840	141,744
Accruals to Cash Adjustments					
Adjustments for designated ALBs:					
Remove voted resource and capital		(5,803)	(6,673)	(870)	(5,779)
Add cash grant-in-aid	CSCNE	6,450	6,650	200	6,550
Adjustments to remove non-cash items:					
Depreciation / Amortisation	3	(157,129)	(229,460)	(72,331)	(142,539)
New provisions and adjustments to previous provisions	3	(7,712)	(15,000)	(7,288)	(9,828)
New impairments and adjustments to previous impairments	3	(15,888)	0	15,888	(52,527)
Other non-cash items (except profit on disposal of PPE)		32,236	(110,000)	(142,236)	15,512
Adjustments to reflect movements in working balances:					
Increase/(decrease) in inventory	CSCF	70	0	(70)	(73)
Increase/(decrease) in receivables	CSCF	59,319	0	(59,319)	(8,694)
(Increase)/decrease in payables	CSCF, 12	(85,538)	80,000	165,538	(81,151)
Use of provisions	13	8,518	15,000	6,482	10,548
Adjustments re pension schemes	15	306	0	(306)	1,492
Other Adjustments		(121)	0	121	(95)
Total		2,568,301	2,740,007	171,706	2,316,611
Removal of Non-Voted Budget Items					
Removal of Non-Voted Budget Items		0	0	0	0
Other Adjustments		0	0	0	0
Total		0	0	0	0
Net Cash Requirement		2,568,301	2,740,007	171,706	2,316,611

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

SoPS 4 Income Payable to the Consolidated Fund

SoPS 4.1 Analysis of Income Payable to the Consolidated Fund

In addition to income retained by the FCO, the following income relates to the FCO and is payable to the Consolidated Fund.

This note shows excess cash that is payable to the Consolidated Fund as at year end. The disclosure splits the total payable to the Consolidated fund by a) income received that is either outside the ambit of the Estimate or which cannot be retained as it is outside FCO's settlement limit and b) other excess cash that has not been spent and which must be returned to the Consolidated Fund.

Income can be included as part of the Estimate (detailed in SOPS note 1) and used to fund expenditure. However, where the type of income is not one which an entity can retain (i.e. if it is not included in its ambit as part of the Estimate) or where income received exceeds settlement limits (or the amount of income an entity can retain to offset spend), then the income is payable to the Consolidated fund.

Income due to the Consolidated Fund is therefore, shown as a reconciling item in SOPS Note 2. The total CFER's payable to the Consolidated Fund are disclosed as part of the Statement of Changes in Taxpayers' Equity (SOCTE) in the Financial Statements.

The disclosure shows cash payable both on an accruals basis and on a cash basis (which may differ, given budgets are compiled on an accruals basis and not a cash basis). Consolidated Fund income shown below only includes amounts collected by the department where it was acting as the principal, rather than agent of the Consolidated Fund.

	Note	2019-20 Outturn total		2018-19 Outturn	
		Accruals basis	Cash basis	Accruals basis	Cash basis
		£000	£000	£000	£000
Operating income outside the ambit of the Estimate	SoPS 2	228	228	2,791	2,791
Excess cash surrenderable to the Consolidated Fund		0	0	0	0
Total income payable to the Consolidated Fund		228	228	2,791	2,791

SoPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOPS 4.1 above does not include any amounts collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal. Of the various types of Consular Fees, only one is surrendered to the Consolidated Fund, this is the Notarial & Documentary Services line in the Consular Fees table on page 62. Fees are set by Statutory Instrument under the Consular Fees Act 1980.

The amounts collected as agent for the Consolidated Fund (which are excluded from the FCO's income) were:

	2019-20 Outturn total	2018-19 Outturn total
	£000	£000
Consular fees	1,548	1,840
Miscellaneous income	11	12
Amount payable to the Consolidated Fund	1,559	1,852
Balance held at the start of the year	376	506
	1,935	2,358
Payments into Consolidated Fund	(1,675)	(1,982)
Balance held on trust at the end of the year	260	376

Parliamentary Accountability Disclosures *(The following sections are subject to audit)*

Losses and Special Payments

Losses	2019–20		2018–19	
	Value	Number of Cases	Value	Number of Cases
	£000		£000	
Cash losses	3	2	2,462	5
Administrative write-offs	1	1	7	1
Stores losses	62	3	11	3
Fruitless payments	0	0	781	2
Claims waived and abandoned	48	2	191	3
Total value of losses	114	8	3,452	14
Special payments				
Total Value of Special Payments	6,378	2	395	5

Losses

These include compensation and ex-gratia payments in respect of personal injury and severance payments. Severance payments are paid under certain circumstances to employees, contractors and others outside of normal statutory or contractual requirements, when leaving employment in the public service, whether they resign, are dismissed, or reach an agreed termination of contract.

Special Payments

The following payments are disclosed below:

- » Payment of £868k as settlement for a loss of earnings claim made by a former Ministry of Defence UK Civil Servant, posted to an FCO funded position overseas. The liability arose from incidents occurring during the posting, and settlement was based on expert medical advice and advice from Counsel.
- » Payment of £5.51m to settle a legal case, which was provided for in 2018-19. No disclosure is made on the grounds of commercial confidentiality.
- » A severance payment of £457k on behalf of the MOD for a local member of staff based on the FCO's platform overseas; although the accountability sits with MOD and was authorised by HMT, for technical reasons the payment needed to be made by the FCO. The payment was fully reimbursed by MOD, and as no payment was made from FCO Voted funds a net nil loss was made by FCO.

Fraud

All Frauds, whether resulting in a loss to the FCO or not, are published in the FCO's contribution to the Cabinet Office's quarterly fraud report and on gov.uk, <https://www.gov.uk/government/publications/fco-counter-fraud-losses-april-2019-to-march-2020>.

Foreign exchange cash loss

There was no foreign exchange cash loss in 2019-20. In 2018-19, the FCO had a realised exchange loss of £2.4m arising from the day-to-day management of its operations around the globe.

Gifts

For the year ended 31 March 2020, there were no gifts that exceeded £300k.

Fees and Charges

The FCO is required, in accordance with HM Treasury's Managing Public Money, to disclose results for the areas of its activities where fees and charges are levied. The information set out below is for fees and charges purposes and is not intended to meet the requirements of IFRS 8 Operating Segments.

The power to charge fees for consular work is set out in the Consular Fees Act 1980. Under the current version of the Act, the FCO is permitted to take into account the expenses incurred in relation to exercising other consular functions. The current fees are prescribed in the Consular Fees (Amendment) Order 2016 No. 373 and the Consular Fees (Amendment) Order 2019 No. 182. In line with HM Treasury guidelines, the fees charged are reviewed annually.

The fees and charges table lists the services the FCO provides to external and public sector customers where the full cost to the FCO exceeds £1 million. It is the FCO's financial objective to recover the full cost of providing consular services. Disclosed in the table for each service is the income received, the full cost incurred and the amount of any surplus or deficit between the income received and the full cost of providing the services. Surpluses and deficits can arise for a number of reasons, including demand fluctuations or variations to FCO costs during the year.

The fees are grouped into the three categories: Legalisation fees include those fees paid for legalising documents; the fees for Emergency Travel Documents and Emergency Passports; and Notarial and Documentary Services. Notarial and Documentary services include services such as administering an oath or issuing a certificate of no impediment to marriage.

Consular Premiums

The table also includes income received from the Consular premium (a levy of £15.50 on each standard passport issued). This income is used to fund non fee bearing consular services provided by our consular officers in London and in our Embassies and Consulates overseas. This income is claimed directly from the Consolidated Fund as a reserve claim.

Consular Directorate may also receive funding from the Emergency Defence Relief Fund (£0.69 on each standard passport issued) to contribute to the cost of responding to major crises overseas. Claims against this fund are calculated on a cost recovery basis. A claim of £588,000 was made against the EDRF in 2019/20 for the Matterhorn crisis response.

Analysis of Consular Fees and Charges where the full cost of providing the service exceeds £1 million

	2019–20			2018–19		
	£000 Income	£000 Full Cost	£000 Surplus/(Deficit)	£000 Income	£000 Full Cost	£000 Surplus/(Deficit)
Legalisation Office	20,130	3,804	16,326	22,893	2,944	19,949
Emergency Travel Documents	3,104	12,152	(9,048)	3,086	12,537	(9,451)
Notarial & Documentary Services	1,548	6,286	(4,738)	1,840	6,047	(4,207)
Total for fee-bearing services	24,782	22,242	2,540	27,819	21,528	6,291
Consular Premiums* & EDRF**	84,033			81,154		
Consular and Crisis Assistance and Support		96,342	(12,309)		96,829	(15,675)
Total	108,815	118,584	(9,769)	108,973	118,357	(9,384)

*Consular Premiums are the two premiums in the cost of passports

**An EDRF claim was made in 19/20 only

Financial Guarantees and Indemnities

The FCO has entered into the following quantifiable contingent liabilities by offering indemnities. These are given on behalf of the British Council for art exhibitions overseas which are not commercial activities that fall outside the FCO's core activities. Any decision to offer an indemnity is only given on the basis of a cost-benefit analysis. As part of the agreement between FCO, British Council and HMT, the British Council will meet the first £3m of any claim. These liabilities have decreased from £3,200k as at 31 March 2019 to £3k as at 31 March 2020. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They are disclosed here under parliamentary reporting requirements, and are measured following the requirements of IFRS9.

Indemnities

1 April 2019 (£000)	Increase in year (£000)	Liabilities crystallised in year (£000)	Obligations expired in year (£000)	31 March 2020 (£000)	Amount reported to Parliament by Departmental Minute (£000)
3,200	3	0	(3,200)	3	0

Remote Contingent Liabilities

The FCO has no further liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability as per IAS 37. Contingent liabilities within the meaning of IAS 37 can be found in Note 14 in the Annual Accounts.

Audit Fees

The Accounts have been audited by the Comptroller and Auditor General. The audit fee for the Core Department is £305,000 (2018-19: £290,000) in total. The non-cash audit fee for Wilton Park was £29,000 (2018-19: £27,000). The total cost of audit for all the bodies across the Departmental Group is £374,000 of which £40,000 is a cash charge and £334,000 is a notional charge (2018-19: total £353,750 comprising £36,750 cash costs and £317,000 notional charge). The audit of the designated bodies was carried out by the National Audit Office (NAO) under various statutes, and the costs are included in the figures disclosed above. Further details are given in the accounts of the bodies concerned.

The FCO directly paid the NAO £21,765 in 2019-20, with the NAO also receiving fees indirectly from FCO of £41,304 for carrying out international technical co-operation advisory services via other organisations managing FCO programmes. For comparison, in 2018-19 the NAO received fees indirectly from FCO totalling £56,721.

Regularity

During 2019-20 the FCO complied with the concept of regularity, which specifically encompasses compliance with all relevant legislation, delegated authorities and the guidance set out in HMT's Managing Public Money publication. The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of FCO's Principal Accounting Officer. Treasury approval has been obtained for all novel, contentious or repercussive transactions relating to 2019-20.

Sir Simon McDonald

13 July 2020
Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

The Certificate of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Foreign and Commonwealth Office (FCO) and of its Departmental Group for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2019. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flow, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- » the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2020 and of the Department's net expenditure for the year and Departmental Group's net expenditure for the year then ended; and
- » the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder..

Emphasis of matter—valuation of land and buildings

I draw attention to Note 5, Property Plant and Equipment, of the financial statements, which describes the material uncertainty in the valuation basis for Property, Plant and Equipment as a result of COVID-19. My opinion is not modified in respect of this matter.

Opinion on regularity

In my opinion, in all material respects:

- » the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- » the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial

statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Foreign and Commonwealth Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- » the FCO's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- » the FCO has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the FCO's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- » identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- » obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the FCO's internal control.
- » evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- » Conclude on the appropriateness of the FCO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FCO's or where relevant, the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the FCO's or where relevant, the group to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance

conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- » the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- » in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- » the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- » adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- » the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- » I have not received all of the information and explanations I require for my audit; or
- » the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

14 July 2020

Accounts

Consolidated Statement of Comprehensive Net Expenditure

This account shows key areas of expenditure and income as detailed in the associated notes. Other comprehensive net expenditure directly impacts the general fund and therefore is not reclassified in net expenditure for the year.

	Note	2019–20		2018–19	
		Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
Revenue from contracts with customers	4	(345,786)	(345,786)	(326,724)	(326,724)
Other operating income	4	0	0	0	0
Total operating income		(345,786)	(345,786)	(326,724)	(326,724)
Operating Expenditure					
Staff costs	3	573,371	576,983	499,529	502,529
Grants	3	1,281,818	1,297,223	1,252,818	1,266,356
Subscriptions to international organisations	3	156,447	156,447	148,009	148,009
Rentals under operating leases	3	142,888	142,888	123,636	123,636
Other costs	3	656,068	656,109	609,611	609,648
Non-cash costs	3	151,302	151,368	183,884	183,918
		2,961,894	2,981,018	2,817,487	2,834,096
Net Operating Expenditure		2,616,108	2,635,232	2,490,763	2,507,372
Other Income					
Finance income	4	(29,113)	(29,113)	(47,365)	(47,365)
Consolidated Fund Extra Receipts	4	(228)	(228)	(2,791)	(2,791)
Income of consolidated bodies	4	(3,860)	(16,675)	(3,681)	(14,494)
		(33,201)	(46,016)	(53,837)	(64,650)
Other Expenditure					
Grant in Aid to designated Arm's Length Bodies	3	6,450	0	6,550	0
Net Other Expenditure		(26,751)	(46,016)	(47,287)	(64,650)
Net Expenditure for the Year		2,589,357	2,589,216	2,443,476	2,442,722
Total Expenditure		2,968,344	2,981,018	2,824,037	2,834,096
Total Income		(378,987)	(391,802)	(380,561)	(391,374)
Net Expenditure for the Year		2,589,357	2,589,216	2,443,476	2,442,722
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
Revaluation of property, plant and equipment	5	(123,785)	(123,785)	(172,259)	(172,259)
Revaluation of intangibles	6	(4)	(4)	(5)	(5)
Revaluation of assets held for sale	5	77	77	322	322
Actuarial (gain)/loss on defined benefit pension schemes	15	(1,417)	(1,417)	(900)	(900)
		(125,129)	(125,129)	(172,842)	(172,842)
Total Comprehensive Net Expenditure		2,464,228	2,464,087	2,270,634	2,269,880

The notes following these main schedules form part of these financial statements.

Consolidated Statement of Financial Position

This statement presents the financial position of the FCO as at 31st March 2020.

	Note	2019–20		2018–19	
		Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
Non-Current Assets					
Property, Plant and Equipment	5	3,013,857	3,014,034	2,922,667	2,922,692
Intangible Assets	6	160	160	350	350
Financial Assets	8	21,477	21,477	9,532	9,532
Retirement benefit schemes asset	15	3,813	3,813	2,322	2,322
Other Non-Current Assets	11	35,417	35,303	28,473	28,473
Total Non-Current Assets		3,074,724	3,074,787	2,963,344	2,963,369
Current Assets					
Assets classified as held for sale	5	15,216	15,216	10,617	10,617
Inventories	9	997	997	927	927
Trade and other receivables	11	172,062	174,824	122,747	124,978
Contract Assets	11	36,139	36,139	33,754	33,754
Financial Assets	8	22,059	22,059	7,022	7,022
Cash and cash equivalents	10	90,294	93,525	76,942	80,424
Total Current Assets		336,767	342,760	252,009	257,722
Total Assets		3,411,491	3,417,547	3,215,353	3,221,091
Current Liabilities					
Trade and Other Payables	12	(501,411)	(505,201)	(382,101)	(385,629)
Contract Liabilities	12	(4,775)	(4,775)	(24,146)	(24,146)
Financial Liabilities	8	(949)	(949)	(3,177)	(3,177)
Provisions	13	(7,316)	(7,316)	(10,316)	(10,316)
Total Current Liabilities		(514,451)	(518,241)	(419,740)	(423,268)
Non-Current Assets plus / Net Current Assets / Liabilities		2,897,040	2,899,306	2,795,613	2,797,823
Non-Current Liabilities					
Provisions	13	(42,367)	(42,366)	(39,026)	(39,062)
Other Payables	12	(24,976)	(24,976)	(26,195)	(26,195)
Financial Liabilities	8	(756)	(756)	(2,649)	(2,649)
Retirement Benefit Schemes Liability	15	(26,231)	(26,231)	(26,463)	(26,463)
Total Non-Current Liabilities		(94,330)	(94,329)	(94,333)	(94,369)
Total Assets less Liabilities		2,802,710	2,804,977	2,701,280	2,703,454
Tax-payers Equity and Other Reserves					
General Fund	CSCTE	1,000,398	1,002,665	960,742	962,916
Revaluation Reserve	CSCTE	1,802,312	1,802,312	1,740,538	1,740,538
Total Equity		2,802,710	2,804,977	2,701,280	2,703,454

The notes following these main schedules form part of these financial statements.

Sir Simon McDonald

13 July 2020
Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

Consolidated Statement of Cash Flow

The Statement of Cash Flow shows how the FCO generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities. The PFI liability reduced by £1,030k (2018-19: £2,123k) with capital payments of £1,762k (2018-19: £1,648k) and an exchange rate loss of £732k (2018-19: £475k gain).

	Note	2019–20		2018–19	
		Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Cash Flows from Operating Activities					
Net Expenditure for the Year	CSCNE	(2,589,357)	(2,589,216)	(2,443,476)	(2,442,722)
Adjustments for non-Cash Transactions		123,405	123,512	167,518	167,548
(Increase)/Decrease in Trade and Other Receivables	11	(59,319)	(59,735)	8,694	7,824
Less Movements in Receivables relating to items not passing through the CSCNE		20,250	20,197	20,281	20,288
(Increase)/Decrease in Inventories	9	(70)	(70)	73	73
Increase/(Decrease) in Trade Payables	12	85,368	85,630	81,151	82,581
Less Movements in Payables relating to items not passing through the CSCNE		4,251	4,135	2,904	2,904
Use of Provisions	13	(8,518)	(8,518)	(10,548)	(10,548)
Adjustment to replace Defined Benefit Pension Scheme CSCNE charge with cash payments	15	(306)	(306)	(1,492)	(1,492)
Net Cash Outflow from Operating Activities		(2,424,296)	(2,424,371)	(2,174,895)	(2,173,544)
Cash Flows from Investing Activities					
Purchase of Property, Plant and Equipment		(150,721)	(150,936)	(142,157)	(142,171)
Purchase of Intangible Assets	6	(7)	(7)	(7)	(7)
Proceeds from Disposal of Property, Plant and Equipment		9,641	9,680	4,886	4,884
Loan Payments to Other Bodies	8	(927)	(927)	0	0
Net Cash Outflow from Investing Activities		(142,014)	(142,190)	(137,278)	(137,294)
Cash Flows from Financing Activities					
From the Consolidated Fund (Supply)—current year	CSCTE	2,581,768	2,581,768	2,139,463	2,139,463
Capital Element of Payments of Finance Leases and On-Balance Sheet (SoFP) PFI Contracts		(1,762)	(1,762)	(1,648)	(1,648)
Net Financing		2,580,006	2,580,006	2,137,815	2,137,815
Net Increase/(Decrease) in Cash and Cash Equivalents in the period before Adjustment for Receipts and Payments to the Consolidated Fund		13,696	13,445	(174,358)	(173,023)
Receipts of Amounts as agent of the Consolidated Fund	SoPS 4.2	1,559	1,559	1,852	1,852
Payments of Amounts Due to the Consolidated Fund	SoPS 4.1, 4.2	(1,903)	(1,903)	(4,773)	(4,773)
Net Increase/(Decrease) in Cash and Cash Equivalents in the period after Adjustment for Receipts and Payments to the Consolidated Fund		13,352	13,101	(177,279)	(175,944)
Cash and Cash Equivalents at the beginning of the period	10	76,942	80,424	254,221	256,368
Cash and Cash Equivalents at the end of the period	10	90,294	93,525	76,942	80,424

The notes following these main schedules form part of these financial statements.

Consolidated Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the two reserves held by the FCO.

- » The general fund includes those reserves that reflect a contribution from the Consolidated Fund.
- » The revaluation reserve which reflects the change in asset values that have not been recognised as income or expenditure. The depreciation charge on a revalued asset will be different to the depreciation that would have been charged based on the historical cost of the asset. Annually FCO transfers an amount equal to the excess annual depreciation from the revaluation reserve to the general fund, which ensures that when the asset becomes fully depreciated there is no residual balance for that asset within the revaluation reserve.

	Note	Core Department & Agencies			Departmental Group		
		General Fund	Revaluation Reserve	Total	General Fund	Revaluation Reserve	Total
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	CSoFP	1,114,184	1,620,738	2,734,922	1,115,604	1,620,738	2,736,342
Net Operating Cost	CSCNE	(2,443,476)	0	(2,443,476)	(2,442,722)	0	(2,442,722)
Net Gain/(Loss) on Revaluation of PPE	5	0	172,259	172,259	0	172,259	172,259
Net Gain/(Loss) on Revaluation of Intangibles	6	0	5	5	0	5	5
Net Gain/(Loss) on Revaluation of Assets Held for Sale	5	0	(322)	(322)	0	(322)	(322)
Net Gain/(Loss) on Foreign Exchange		4,469	0	4,469	4,469	0	4,469
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	15	900	0	900	900	0	900
		(2,438,107)	171,942	(2,266,165)	(2,437,353)	171,942	(2,265,411)
Net Parliamentary Funding—drawn down		2,139,463	0	2,139,463	2,139,463	0	2,139,463
Supply Receivable Adjustment		(76,566)	0	(76,566)	(76,566)	0	(76,566)
Net Parliamentary Funding deemed		253,715	0	253,715	253,715	0	253,715
Parliamentary Funding—Supply receivable		(81,672)	0	(81,672)	(81,672)	0	(81,672)
CFERS Payable to the Consolidated Fund	SoPS 4.1	(2,791)	0	(2,791)	(2,791)	0	(2,791)
Non-Cash Charges—Auditors Remuneration	3	317	0	317	317	0	317
Transfers between Reserves		52,139	(52,139)	0	52,139	(52,139)	0
Consolidation and other In-year Adjustments		60	(3)	57	60	(3)	57
Balance at 31 March 2019	CSoFP	960,742	1,740,538	2,701,280	962,916	1,740,538	2,703,454
Net Operating Cost	CSCNE	(2,589,357)	0	(2,589,357)	(2,589,216)	0	(2,589,216)
Net Gain/(loss) on Revaluation of PPE	5	0	123,785	123,785	0	123,785	123,785
Net Gain/(Loss) on Revaluation of Intangibles	6	0	4	4	0	4	4
Net Gain/(Loss) on Revaluation of Assets Held for Sale	5	0	(77)	(77)	0	(77)	(77)
Net Gain/(Loss) on Foreign Exchange		(3,284)	0	(3,284)	(3,284)	0	(3,284)
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	15	1,417	0	1,417	1,417	0	1,417
		(2,591,224)	123,712	(2,467,512)	(2,591,083)	123,712	(2,467,371)
Net Parliamentary Funding—drawn down		2,581,768	0	2,581,768	2,581,768	0	2,581,768
Supply Receivable Adjustment		(90,034)	0	(90,034)	(90,034)	0	(90,034)
Net Parliamentary Funding deemed		76,566	0	76,566	76,566	0	76,566
Parliamentary Funding—Supply receivable		0	0	0	0	0	0
CFERS Payable to the Consolidated Fund	SoPS 4.1	(228)	0	(228)	(228)	0	(228)
Non-Cash Charges—Auditors Remuneration	3	334	0	334	334	0	334
Transfers between Reserves		61,938	(61,938)	0	61,938	(61,938)	0
Consolidation and other In-year Adjustments		536	0	536	488	0	488
Balance at 31 March 2020	CSoFP	1,000,398	1,802,312	2,802,710	1,002,665	1,802,312	2,804,977

The notes following these main schedules form part of these financial statements.

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement. The Statement of Parliamentary Supply (SoPS) and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The SoPS and supporting notes can be found in the Accountability section of the Accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified to account for the revaluation of property, plant and equipment, intangible assets and inventories where material, and certain financial assets and liabilities.

1.2 Basis of consolidation

These accounts comprise a consolidation of the core department, its departmental agency and those other arm's length bodies which fall within the departmental boundary as defined in the statutory instrument SI 2019 No 476 laid by HM Treasury. These bodies make up the 'departmental group'. Transactions between the entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given in Note 18 to the Accounts.

In the preparation of the group accounts, the Department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the Accounts.

1.3 Accounting estimates and judgements

The preparation of the department and group financial statements requires management to make significant judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and assumptions are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be

reasonable under the circumstances. However the actual results may differ from these estimates.

The key areas in which estimates and judgements have been used are:

- » the allocation of expenditure between administration and programme classifications. The FCO charges front line UK and overseas costs to Programme. These figures are arrived at using Activity Recording data that measures the Full Time Equivalent (FTE) percentage time spent on front line objectives and Management & Support. Cost drivers are used to allocate overheads to activities. The FCO makes an assessment of which support activities are directly associated with frontline service delivery in line with agreements made with HM Treasury.
- » the valuation of property, plant and equipment, including depreciation and estimated useful lives (see notes 1.14, 1.15 and 5). Such estimation is based on experience with similar assets. Overseas properties can be held under a number of different individual agreements, and the FCO values these appropriately within the local market. The estimated useful life of each asset is reviewed periodically. The FCO makes an assessment of material movements between the date of measurement (30 September) and the year end (31 March). Where the movement in FX and markets is not deemed material the 30 September valuation is used at year end. In 2019-20 the FCO's valuation of land and buildings is reported as at 31 March 2020 on the basis of "material valuation uncertainty" given the unknown future impact that COVID-19 may have. Details of this assessment is included in Note 5.
- » the estimation of provisions, which are the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is recognised where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed. Wherever possible expert advice is sought, e.g. Counsel opinion regarding legal provisions. The largest provision is for terminal benefits for local staff, more details are given in note 1.27.
- » the valuation of defined benefit pension schemes (see notes 1.24, 1.27 and 15). The present value of the net pension liability depends on a number of actuarially derived assumptions about variables such as inflation, discount factors, and mortality rates. The majority of pension investments are held in pension funds or insurances in order to give a guaranteed income. This has reduced the volatility that would otherwise occur if the assets had been directly invested in stocks and shares.

1.4 Impending application of newly issued accounting standards not yet effective

The following changes to IFRS may affect the FCO, and will be applied once they are adopted by the FReM (subject to any

interpretations or adaptations applied by the FReM). The effective dates of the IFRS changes are noted below.

- » **IFRS 16 Leases.** The IASB has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. Public sector adaptations and interpretations of the standard have been made by HM Treasury. Adoption by the public sector was due to be for financial year 2020-21. As a consequence of the Coronavirus outbreak a further one year postponement was agreed, so that IFRS 16 will now be implemented beginning financial year 2021-22. HM Treasury has agreed that leases will be budgeted for consistently with IFRS 16.

IFRS 16 eliminates the operating and finance lease distinction and imposes a single model geared towards the recognition of all but low-value or short term leases. The FCO considers short term leases to be those where the term is less than 12 months. For practical expediency the FCO considers low value to be where the underlying asset has a value under £10k (in line with our capitalisation threshold). Any lease which is not considered to be an IFRS 16 lease for the above reasons will continue to be treated as an operating lease and be expensed as per IAS 17. Where the FCO is the landlord and grants a lease, this will be treated as an operating lease.

IFRS 16 lease assets are known as Right of Use (ROU) assets. Both the lease obligation and the value of the underlying right-of-use asset will be recognised on the Statement of Financial Position. The rental expense on operating leases previously recognised within the SOCNE is replaced by a depreciation charge and a finance charge.

Charges that the FCO makes to partner organisations who share our platform overseas are not leases, and will continue to be collected under MOUs.

- » **IFRS 17 Insurance Contracts,** will replace IFRS 4 Insurance Contracts, and is expected to be effective for accounting periods beginning on or after 1 January 2022. The planned timetable for implementation of IFRS 17 in the public sector is the 2022-23 financial year.

IFRS 17 identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The FCO is discussing with HM Treasury whether any guarantee issued by the FCO, and disclosed as a contingent liability, could fall within the remit of IFRS 17 once adapted for the public sector. HM Treasury intends to publish application guidance and changes to the FReM in 2021.

- » **IAS 1 Presentation of Financial Statements,** amendment to classification of some liabilities as current or non-current. The planned implementation date for the private sector is January 2022. There is currently no planned date for adoption by the FReM.

1.5 Changes to the FReM

There has been no EU adopted standards, or amendments to standards applicable for 2019-20, which will be included in the FReM at present.

1.6 Rounding

The numbers presented in the accounts are consistent with the underlying data, the figures being taken either from the Prism system or offline input entered to the nearest pound wherever available. Please note that totals shown in the Notes may not sum however due to rounding that has taken place. In addition there may be rounding differences between the Notes and the main financial statements.

1.7 Operating Income and Revenue Recognition

Operating income is income which relates to the operating activities of the FCO. It principally comprises charges for services provided, on a full cost basis, to external partners across government. Operating income is stated net of VAT, and is recognised in accordance with the FReM and IFRS 15 on revenue recognition.

The FCO's operating revenue is primarily derived from providing services, with revenue recognised over time as the service is provided to the customer. The significant operating income streams of the FCO are income from other government departments and organisations, running costs receipts and consular fees, details of which can be found in note 4.

For income from other government departments and organisations, and running cost receipts, the service being provided is in accordance with an agreed memorandum of understanding or other form of contractual agreement. The performance obligation is that of providing the contractual service and is satisfied over time as the service is provided.

Consular fees are based on statutory authority and the income recognised is that received from the general public for consular goods or services provided, the fees for which are set out in legislation. The performance obligation is the point at which the goods or services are provided to the customer.

When applying IFRS 15 the FCO has recognised a contract asset and liability in the Statement of Financial Position, being the difference between the amount received from the customer and the latest achieved contract milestone. Where the amount received is lower than the value of services provided a contract asset is recognised and where the amount received is higher than the value of services provided, a contract liability is recognised.

1.8 Income collected as agent for the Consolidated Fund

Income collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal is excluded from the Consolidated Statement of Comprehensive Net Expenditure. Details of the amount and balance held at the year-end date are given in SOPS Note 4.2.

1.9 Notional costs—audit fees

In accordance with the requirements of the FReM, the external audit fees for the core department and its agency are charged to Net Operating Cost although they are notional costs to the FCO and are borne by the National Audit Office. As the amounts are notional they are treated as a non-cash charge through the General Fund. Further details of the amounts paid to the NAO are disclosed in the Parliamentary Accountability and Audit Report of the Annual Report and Account.

1.10 Staff costs

In accordance with IAS 19 *Employee Benefits*, all short-term staff costs accrued at the year end are recognised in the CSCNE. These short-term benefits largely relate to bonuses announced but not paid and accrued paid holiday entitlement at the period end date. Longer-term benefits, such as pensions provided to staff, are recognised in line with IAS 19 as modified by the FReM.

1.11 Value Added Tax

Most of the activities of the FCO and its NDPBs are outside the scope of VAT. Irrecoverable VAT incurred is included within the overall cost of purchases. For recoverable VAT, amounts are stated net.

1.12 Grants payable

Grants payable are accounted for on an accruals basis, and recorded as expenditure in the period in which the underlying event or activity giving entitlement to the grant occurs. Where grants are made to governments or international organisations and FCO contributions are pooled, every effort is made to match expenditure with particular activities. Where no other method can be applied, then contributions are matched pro rata over time. Recognition of the entitlement of grant will vary according to the individual programme.

Grant in Aid (GIA) payments from the Department to ALBs are paid only when the need for cash has been demonstrated by the body concerned. ALBs treat receipts of GIA as financing. These transactions are eliminated on consolidation. Where grants rather than GIA are given to ALBs any payables or receivables by the ALBs are accounted for on an accruals basis.

Programme grants reflect non-administrative costs, including payments of grants and other disbursements by the Department and certain staff costs where they relate directly to service delivery.

When the Department purchases goods which are to be provided for a project, rather than providing cash funding, the transfer of the goods is considered a grant-in-kind. A grant-in-kind differs from a capital grant where the Department provides funding to the recipient to be used to buy capital assets.

When the Department donates surplus goods with no preconditions and without the expectation of any return (or delivery of policy objectives) they donation is treated as a gift, which would require parliamentary approval.

1.13 Cash and cash equivalents

The FCO accounting policy is to disclose all cash and cash equivalents on the Consolidated Statement of Financial Position. FCO's cash and cash equivalents consist of cash at bank and in hand. Bank balances are in respect of official FCO bank accounts which are approved by the Finance Director. FCO bank accounts are provided either by the Government Banking Service, or by commercial providers where this is not possible, e.g. overseas accounts, and approved by HM Treasury. Balances from overseas bank accounts that are denominated in foreign currency are converted to Sterling at the FCO corporate rate prevailing at the Statement of Financial Position date. Bank overdrafts that are repayable on demand and which form an integral part of the FCO's cash management are included as a component of cash and cash equivalents. The FCO's policy on the balances of official bank accounts is to optimise bank balance levels to enable outstanding liabilities to be settled within agreed payment terms and to reduce cash holdings. The FCO acts as agent for UK Visas and Immigration Agency (UKVI) and accounts for income as cash, and recognises a payable to the UKVI in their accounts. If expenses are paid by the UKVI, they are made from bank accounts held and controlled by the FCO. FCO accounts for these expenses and recognises a receivable from UKVI in its accounts.

Non Current Assets

1.14 Property, plant and equipment (PPE)

On initial recognition property, plant and equipment are measured at cost including any costs such as installation directly attributable to bringing them into working condition. PPE are subsequently included in the accounts at the valuation applicable as at the Statement of Financial Position date; any movements in valuation during the year are taken to Other Comprehensive Net Expenditure in the CSCNE and to the revaluation reserve, or are treated as impairments where appropriate. The revaluation is contributed to by both market and foreign exchange movements.

The minimum level for capitalisation of a single tangible asset has been increased from the £3,000 level in previous years to £10,000 for 2019-20. This threshold is subject to grouping conventions where appropriate. No prior period adjustment has been made, as there is no material impact. Increasing the capitalisation threshold to £10,000 will mean a reduction in the net book value of non-current assets, and a matching increase in 2019-20 expenditure, compared to the £3,000 threshold. The total net book value removed from the fixed asset register is £2.5m.

The only asset categories not subject to the new £10,000 threshold are Land, Buildings and Antiques and Works of Art. The capitalisation threshold for these categories remains at £3,000. The FCO excludes Land and Building assets as these can have an actual revalued NBV much greater than historic cost. Also as compounds are split between individual assets it is reasonable to include all compound Land and Building assets, not just those above £10,000. Antiques and Works of Art was added as a

category relatively recently as a result of FRS 30 Heritage Assets. Consequently there was no definitive information on historic costs as many of the items would have been acquired many years ago. AWA is not depreciated as the length of their expected useful economic life is regarded to be close to infinite.

Non-specialised buildings

Non-specialised buildings which are owned or held on long term leases, and perpetual leasehold land, are stated at fair value on an existing use basis using periodic professional valuations. When a new property is brought into active use it is immediately re-valued in accordance with the relevant Royal Institute of Chartered Surveyors (RICS) guidelines. The overseas estate is subject to a three-to-five-year rolling revaluation programme and interim annual review. Since 2010-11, property valuations are carried out as at a 30 September valuation date. A review is undertaken as at 31 March to assess whether there are significant movements in the intervening period, and, where material, property values are updated.

Historically property valuations have moved upwards between 30 September and the following 31 March as a result of market movements. The FCO has assets across a diverse range of markets, some of which will be subject to market volatility and all market movements outside the UK will also be influenced by foreign exchange movements.

Specialised buildings

Specialised buildings are valued using Depreciated Replacement Cost methodology on a Modern Equivalent Replacement basis. Further detail on building valuations is given at Note 5.

Perpetual leases

In some instances the FCO enjoys the benefit of perpetual leases, which either continue at a peppercorn rent or are renewable at a de minimis premium indefinitely. These interests are non-reversionary and rest with the FCO for as long as the FCO requires. For valuation purposes these interests are regarded as akin to freehold interests, and valued accordingly.

Operating leases

Buildings and land held on short term leases are regarded as operating leases and rental payments are recorded in the CSCNE. Leases for buildings and land which do not meet the IAS 17 definition of finance leases, are treated as operating leases, and rental payments are recorded in the SoCNE. In practice, operating leases are defined as those where the lease is less than seven years or marked to market at no more than five-yearly intervals. The premium paid for the land element of a non-perpetual lease is recognised within prepayments. Prepayments are amortised over the life of the lease.

Assets held for Sale

Non-current assets are reclassified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sales transaction rather than continuing use. This will be the case when the FCO has made a firm decision to sell a non-

current asset and it is actively marketed. At year end, any such assets will be shown as assets held for sale.

Other PPE

Antiques and works of art (AWA) are grouped and valued on a market value basis by professional valuers. Valuations take place every five years on a rolling basis, valuing a separate region each year. Within each region the valuations focus on the posts with the highest-value AWA. Most AWA are held overseas, and the vast majority of what's held overseas is in Europe. The FCO collection includes furniture, carpets architectural fittings such as chandeliers, silverware, glassware and china, tapestries, sculpture, decorative arts and some paintings (but not the Government Art Collection). Around half of the FCO's art and antiques are in Europe, with the second largest collection in the Americas. The FCO does not have a purchasing programme for AWA. To maintain safe stewardship Posts are required to complete an annual physical check of their AWA against their existing inventory. A five yearly valuation and inventory exercise of the Posts with the higher value collections is also carried out. The FCO's records AWA assets in Note 5.

Transport, plant and machinery are stated at current value using appropriate indices.

1.15 Depreciation

PPE are depreciated and intangible assets are amortised at rates calculated to write off the cost or valuation of the assets on a straight-line basis over their estimated useful lives. Freehold and Perpetual Leasehold Land is not depreciated. Assets under construction are not depreciated until the asset is brought into use. The useful life of an asset is the period over which an asset is expected to be available for use. Useful lives are normally in the following ranges:

- » Freehold buildings—up to remaining 60 years
- » Leasehold land and buildings (including Non-residential enhancements)—term of lease
- » Information technology and communications—up to 10 years
- » Transport equipment—2 to 8 years
- » Plant and machinery—3 to 25 years. Within plant and machinery there are 3 main subcategories:
 - Office Equipment 5 years,
 - Technical Equipment 8 years, and
 - Heavy Machinery 20 years.

Non-residential enhancements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date. Freehold buildings have their remaining life adjusted annually based on expert valuation, and the depreciation is adjusted over the remaining life of the building. Non-property assets whose historic cost is greater than £150k are reviewed as part of the asset verification exercise, and

re-ified where appropriate. Such changes constitute a change in accounting estimate.

1.16 Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £10,000 or more is incurred. In line with tangible assets this threshold has increased from £3,000 from 1 April 2019. These assets are restated to current value either through the use of indices, or otherwise where reliable market evidence of current value can be readily ascertained. Capitalised software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.17 Capital commitments

Capital commitments represent capital expenditure contracted for at the end of the reporting period, but not recognised as liabilities as no payment has been made and no performance has been rendered by the supplier.

Financial Instruments

1.18 Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' requires disclosures in the accounts that enable users to evaluate the significance of financial instruments to the financial position and performance of the department. It requires the disclosure of the nature and extent of risks arising from financial instruments to which FCO is exposed, and requires explanation of how those risks are managed. Financial assets and liabilities are recognised when the department becomes party to the contracts that give rise to them and conditions satisfying recognition are met.

1.19 Financial assets—investment in other public sector bodies

The FCO holds an investment in FCO Services, comprised of 100% of its Public Dividend Capital (PDC). As a trading fund, FCO Services is not included within the FCO departmental boundary, and the Department's investment is reported in these accounts at historical cost.

1.20 Impairment of financial assets

Impairment under IFRS 9 is based on expected credit losses. The loss being the difference between contracted cash flows due to FCO, and what is expected to be received. The FCO recognises a loss allowance at an amount equal to the lifetime expected credit losses. An impairment is raised for any loss expected over the lifetime of the receivable.

The majority of financial instruments relate to contracts for non-financial items in line with the department's expected purchase and usage requirements and the department is therefore exposed to little credit, liquidity or market risk. As many of

the department's trade receivables are, by their nature, short term in duration, they are recorded at fair value. On this basis, no systematic exercise to compare the fair value with carrying amount is conducted.

FCO's largest group of trade receivables are with Other Government Departments. H.M. Treasury has mandated that receivable balances with core central government departments (including their executive agencies) are excluded from being recognised for impairments; with the liabilities being assessed as having zero 'own credit risk' by the entities holding these liabilities.

For those customers and counterparties that are not public sector organisations the department has policies and procedures in place to ensure credit risk is kept to a minimum.

The department is not exposed to material credit risk.

1.21 Foreign currency forward purchase contracts

The FCO has foreign currency forward purchase contracts for US Dollars and Euros in order to gain greater budget certainty for its peacekeeping expenditure obligations. Open contracts are measured at fair value with movements in fair value being charged or credited to the CSCNE. The fair value is measured as the difference between the currency's midmarket forward rate at the date of valuation (provided by the Bank of England) and the rate stipulated in the contract multiplied by the number of contracted units of currency. Once each contract has been settled it is removed from the Consolidated Statement of Financial Position with any further gain or loss, calculated by comparing the contract proceeds translated at the corporate rate of exchange at maturity with the purchase cost at the rate stipulated in the contract, taken to the CSCNE. Details of open and settled contracts are at Note 8.2.

1.22 Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at corporate rates of exchange determined on the first day of the month in which the transaction occurs (as an approximation of the actual exchange rate at the date of the transaction). Monetary assets and liabilities denominated in foreign currencies at the year-end are translated to sterling using the corporate rates of exchange at 31 March. Differences on translation are dealt with in the CSCNE in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The foreign exchange element of revaluations of property, plant and equipment is accounted for as part of the revaluation amount

1.23 Service concessions (PFI)

Private Finance Initiative (PFI) transactions have been accounted for in accordance with HM Treasury and FReM requirements. Where the terms of the PFI meet the definition of service concession arrangements in IFRIC 12 Service Concession Arrangements, the infrastructure asset is recognised as a non-current asset and the liability to pay for it is accounted for as if

a finance lease. Contract payments are apportioned between a reduction in the capital obligation and charges to the CSCNE for service performance and finance cost. Further details can be found in Note 16.3.1.

Pensions, provisions and contingent liabilities

1.24 Pensions—UK employees

From 1 April 2015 a new pension scheme known as Alpha was introduced, and all newly appointed civil servants, and most of those already in service, joined Alpha. Prior to that date UK-based employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Both Alpha and PCSPS defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The FCO recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the scheme of amounts calculated on an accruing basis. In respect of the PCSPS defined contribution 'money purchase' schemes, the FCO recognises the contributions payable for the year. For more details of these schemes please see the relevant section of the Remuneration Report.

1.25 Provisions

The FCO provides for legal and constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best estimate of the expenditure required to settle the obligation taking into account the risks and uncertainties surrounding the obligation. The provision for early departure costs (see below) is discounted at the Treasury pension discount rate. Each year the financing charges in the CSCNE include the adjustments to unwind one year's discount so that liabilities are shown at current price levels.

1.26 Early departure costs

For early departures under the Civil Service Compensation Scheme (CSCS) in 2010-11 and earlier years, the FCO met the additional costs of benefits, beyond the normal PCSPS benefits in respect of employees who retired early, by paying the required amounts annually to the PCSPS, over the period between early retirement and normal retirement date. After 1.4.2011 the FCO provided for this in full, when the early retirement programme became binding on the Department, by establishing a provision for the estimated payments discounted by HM Treasury pension discount rate of -0.5% (2018-19: 0.29%) in real terms.

The CSCS was revised in December 2010 so that early leavers are entitled to lump sum compensation depending on their number of years' service. Eligible leavers can use their lump sum, with a departmental top-up if necessary, to enable them to draw their pension without actuarial reduction. Once the lump sum plus any departmental top-up is paid over to the PCSPS there is no further liability for the department.

1.27 Overseas pensions and terminal benefits

The FCO is required to observe local employment laws regarding the payment of pensions, gratuities and terminal benefits at its overseas posts. Where state or other trustee schemes exist, the FCO discharges its obligation in-year by the payment of accrued contributions. Where the final gratuity or terminal benefit has to be met by the FCO, the full cost has been provided for in the accounts.

The FCO has adopted the requirements of IAS 19: Employee Benefits in respect of its overseas pension schemes. Actuarial gains/losses are taken through Other Comprehensive Net Expenditure. In respect of the defined contribution elements of the Schemes, the FCO recognises the contributions payable for one year. A summary of the performance of the schemes is provided in these financial statements, with further information available in Note 15.

Terminal gratuities are recorded within these accounts as provisions under IAS 37 (see Note 13). An exercise was carried out during 2019-20 to test for a material difference with adopting IAS 19 for terminal gratuities. Within the assumptions used the FCO found no material difference.

1.28 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the FCO discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of HM Treasury's *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

2. Statement of Costs by Operating Segments

	2019–20			2018–19		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Strategic Objectives						
SO1—Protect Our People	464,297	(103,249)	361,048	705,371	(108,083)	597,288
SO2—Project Our Global Influence	2,218,019	(243,487)	1,974,532	1,744,122	(229,318)	1,514,804
SO3—Promote Our Prosperity	298,702	(45,066)	253,636	384,603	(53,973)	330,630
Net Operating Costs (CSCNE)	2,981,018	(391,802)	2,589,216	2,834,096	(391,374)	2,442,722
SO2—Project Our Global Influence consists of:						
Promoting UK Interests and Values	0	0	0	1,060,760	(143,715)	917,045
British Council	191,500	0	191,500	188,300	0	188,300
Conflict and Stability	667,120	(21,555)	645,565	438,375	(21,784)	416,591
Diplomatic Leadership	1,144,057	(152,793)	991,264	0	0	0
Multilateralism	31,917	(1,335)	30,582	0	0	0
Europe Bilateral	29,195	(3,286)	25,909	0	0	0
EU Exit	42,126	(4,858)	37,268	0	0	0
Overseas Territories	61,847	(1,214)	60,633	0	0	0
Other	50,257	(58,446)	(8,189)	56,687	(63,819)	(7,132)
	2,218,019	(243,487)	1,974,532	1,744,122	(229,318)	1,514,804

The Department reports its expenditure by operating segment in accordance with IFRS 8 Operating Segments. The FCO Management Board has been identified as the Chief Operating Decision Maker (CODM). The CODM is responsible for allocating resources and assessing performance. Segmental information is reported to the Management Board at regular intervals during the year.

The segmental analysis presents the financial information based on the structure reported to the FCO Management Board as part of its role in meeting performance targets set for FCO by Parliament within the current Spending Round. The segments reflect this performance reporting structure, and are measured using activity recording. Activity recording collects staff time spent on each of the strategic objectives. Cost drivers are then associated with this time. FCO income and costs are disclosed per segment. It is not possible to accurately allocate assets and liabilities to operating segments and thus such information is not reported to the FCO Management Board or included in the segmental reporting in these financial accounts.

More details of the FCO's performance reporting can be found in the Performance Analysis within the Annual Report.

On 1 April 2019 the three Strategic Objectives (SO) and the Foreign Policy Priority Outcomes (FPPOs) that sit underneath them were updated:

- » SO1: Protect our people includes FPPO1: Consular and Crisis; FPPO2: Euro-Atlantic Security and FPPO3: Security Challenges.
- » SO2: Protect our influence and demonstrate diplomatic leadership includes FPPO4: Diplomatic Leadership; FPPO5: Multilateralism; FPPO6: Europe FPPO7: Conflict and Stability and FPPO8: Overseas Territories.
- » SO3: Promote our prosperity includes FPPO9: Global Economic Architecture; FPPO10: Economic Diplomacy and FPPO11: Climate Change

SO2 was updated to reflect our role in advancing UK interests by protecting and promoting the UK's values, influence and soft power, FPPO4 was added to lead the delivery of the UK's first Soft Power strategy, to protect and promote the UK's values and FPPO5 was added to defend the current Rules Based International System, and promote the UK's position within it. SO3 was also expanded, with FPPO9 added to promote a multilateral economic, financial and trading system for growth. FPPO11 recognises separately the work we do to tackle the global threat of climate change.

Expenditure previously in SO1 was reclassified in 2019-20 so that spend fell overall within that Objective, but rose within SO2.

For SO2 the FCO has in 2019-20 disaggregated the heading into several more detailed objectives, so that for example for 2019-20 the FCO shows a net £37.9m spend on EU Exit under SO2. The FPPO for EU Exit was not available in 2018-19, so spend on EU Exit of £21.4m would be recorded elsewhere against those FPPOs existing in that year.

3. Operating Costs

	2019–20		2018–19	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Staff costs				
Wages and salaries	482,240	485,053	429,632	432,038
Social security costs	20,278	20,570	17,684	17,919
Other pension costs	72,601	73,108	53,825	54,185
Recoveries outward secondments	(2,605)	(2,605)	(2,430)	(2,430)
Apprenticeship levy costs	857	857	817	817
	573,371	576,983	499,529	502,529
Grants				
FCO Programmes	322,547	337,952	287,210	300,747
British Council	191,500	191,500	188,300	188,300
Conflict, Stability and Security Fund programmes	787,248	787,248	789,375	789,375
Peacekeeping foreign exchange rate loss / (gain)	(19,477)	(19,477)	(12,067)	(12,067)
	1,281,818	1,297,223	1,252,818	1,266,356
Subscriptions to International Organisations				
United Nations	70,857	70,857	65,877	65,877
NATO	21,094	21,094	21,967	21,967
Council of Europe	28,259	28,259	28,326	28,326
Organisation for Economic Cooperation and Development	12,935	12,935	13,264	13,264
Commonwealth Secretariat	11,197	11,197	7,286	7,286
Organisation for Security and Cooperation in Europe	5,174	5,174	4,905	4,905
Residual payments to Western European Union	1,021	1,021	1,072	1,072
Office of the High Commissioner for Human Rights	2,500	2,500	2,500	2,500
Others	3,410	3,410	2,813	2,813
	156,447	156,447	148,009	148,009
Rentals under operating leases				
Hire of plant and machinery	10,857	10,857	12,038	12,038
Property rentals	132,031	132,031	111,598	111,598
	142,888	142,888	123,636	123,636
Interest charges				
On-balance sheet PFI contracts	2,114	2,114	2,265	2,265
	2,114	2,114	2,265	2,265
PFI and other service concession arrangements				
Service element of on-balance sheet contracts	2,173	2,173	2,277	2,277
	2,173	2,173	2,277	2,277

3. Operating Costs (cont.)

	2019–20		2018–19	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Other expenditure				
Reimbursements of duties to other Governments	38,365	38,365	34,425	34,425
Audit fees for Arm's Length Bodies	0	40	0	37
(Gain)/loss on exchange—realised	(110)	(110)	2,441	2,441
(Gain)/loss on exchange—unrealised	1,613	1,614	(2,850)	(2,850)
Business hospitality	12,167	12,167	12,027	12,027
Consular	3,407	3,407	1,869	1,869
Contractor, consultancy and fee based services	32,424	32,424	38,006	38,006
Estate, security and capital related costs	281,719	281,719	273,815	273,815
Information and commercial services	8,440	8,440	8,884	8,884
IT and communications	167,423	167,423	156,130	156,130
Medical	6,725	6,725	6,426	6,426
Recruitment	1,416	1,416	1,614	1,614
Representation	2,621	2,621	2,711	2,711
Transport equipment costs	7,534	7,534	6,925	6,925
Training	13,145	13,145	15,362	15,362
Travel	58,225	58,225	50,541	50,541
Other	16,667	16,667	(3,254)	(3,254)
	651,781	651,822	605,069	605,106
Total Operating Expenditure	2,810,592	2,829,650	2,633,603	2,650,178
Grant in Aid to other Arm's Length Bodies	6,450	0	6,550	0
Total Cash	2,817,042	2,829,650	2,640,153	2,650,178
Non-cash items				
Depreciation: Property, plant and equipment	156,927	156,988	142,122	142,140
Amortisation: Intangible assets	203	203	417	417
Non-perpetual leasehold land prepayment release	671	671	379	379
Loss on disposal of property, plant and equipment	672	713	174	172
Capital Grant in Kind—Property	0	0	0	0
Impairments - Net of reversals - Departmental Expenditure Limit	21,084	21,084	31,796	31,796
Impairments - Annually Managed Expenditure	7,731	7,731	36,417	36,417
Reversal of Impairments—Annually Managed Expenditure	(12,927)	(12,927)	(15,686)	(15,686)
	174,361	174,463	195,618	195,634
Auditors' remuneration and expenses	334	334	317	317
Provisions: Provided in year	8,185	8,185	18,266	18,284
Provisions: Written back	(480)	(516)	(8,465)	(8,465)
Provisions: Unwinding of discount	6	6	27	27
Unrealised (gains)/losses on forward contracts	(31,104)	(31,104)	(21,880)	(21,880)
	(23,059)	(23,095)	(11,735)	(11,717)
Total Non-Cash	151,302	151,368	183,884	183,918
Total Expenditure	2,968,344	2,981,018	2,824,037	2,834,095

For further information on Staff Costs please see the Remuneration and Staff Report.

4. Income

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Revenue from contracts with customers				
Income from OGDs ¹	288,442	288,442	261,365	261,365
Income from other organisations ²	4,357	4,357	9,752	9,752
Consular fees	23,235	23,235	25,979	25,979
Running cost receipts	29,752	29,752	29,628	29,628
	345,786	345,786	326,724	326,724
Total operating income	345,786	345,786	326,724	326,724
Finance income				
Dividends receivable—FCO Services	2,097	2,097	25,000	25,000
Interest on loans	159	159	745	745
Profit on disposal of property, plant and equipment ³	26,857	26,857	21,620	21,620
	29,113	29,113	47,365	47,365
Income due to the Consolidated Fund				
Consolidated Fund Extra Receipts ⁴	228	228	2,791	2,791
Income of consolidated bodies				
Agency: Wilton Park	3,860	3,860	3,681	3,681
Non-Departmental Public Bodies	0	12,815	0	10,813
	3,860	16,675	3,682	14,495
Total Income	378,987	391,802	380,561	391,374

¹ This includes the income from partner Departments that use our overseas platform.

² This includes income from partner countries to help fund FCO managed projects overseas.

³ The profit on disposal of property, plant and equipment in 2018-19 and 2019-20 stems mainly from the deferred income from the sale of the Bangkok compound

⁴ Income collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal is excluded from Note 4. Details of the amount and balance held at the year-end date are given in SOPS Note 4.2.

Income from OGDs are not subject to impairment, billing is made via a standard contract for platform charges, residential accommodation and other central charges. OGDs are largely charged on a per capita basis.

Income from other organisations is given to support overseas programmes carried out by FCO. Work supported by donor countries is scaled up and down as donations are received.

Consular fees are statutory based and further information is given in the Accountability Report under Fees & Charges. Consular fees comprise Emergency Travel Documents (ETDs) and Legalisation Fees.

Legalisation is a statutory duty undertaken by the FCO, fees are set in line with HMT guidelines. This is a direct charge for the service provided. Fees

are set to break even over the Spending Review period. The fees are normally non-refundable unless the FCO is at fault.

Running costs receipts are recovered under Memorandums of Understanding (MOUs) and signed letters of agreement with partner organisations. These receipts include secondment recoveries, rent, selling to wider markets, sponsorship income and recovery of overseas platform costs from organisations outside of One HMG.

Of the CFER income, £146k comes from refunds of unspent project funds from prior years, and £54k from litigation recoveries. We return 100% to the Exchequer. This follows guidance from HMT. The amount shown in Note 4 (and SOPS 4.1) is the only moneys FCO receives on behalf of the Consolidated Fund where we do not act as agent.

5. Property, Plant and Equipment

	Consolidated 2019–20											
	Non-residential Land	Buildings Excluding Dwellings	Non-residential Enhancements	Residential Land	Dwellings	Residential Enhancements	Information Technology ²	Transport Equipment	Plant and Machinery	Antiques and Works of Art	Payments on Account and Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation												
At 1 April 2019	430,946	1,602,777	93,174	492,617	1,113,554	2,812	323,270	116,386	245,415	17,207	130,028	4,568,186
Additions	0	0	423	1,393	3,250	0	4,973	3,445	4,211	0	130,190	147,885
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	(0)	(386)	(196)	(0)	(10)	(40)	(109,533)	(12,814)	(10,536)	0	0	(133,515)
Impairments	(638)	(1,262)	(233)	(4,291)	(2,783)	(155)	(588)	(810)	(6,589)	(36)	(17,291)	(34,676)
Reversals of Impairments	2,160	5,494	0	4,325	1,846	0	219	0	143	943	0	15,130
Reclassification ¹	76	9,023	9,343	4,438	7,783	477	24,198	13,155	20,461	(1)	(101,355)	(12,402)
Revaluation	9,275	112,772	0	(54,158)	155,663	1	4,461	(95)	4,497	1,347	0	233,762
Net Book Value at 31 March 2020	441,819	1,728,418	102,511	444,324	1,279,303	3,095	247,000	119,267	257,602	19,460	141,572	4,784,371
Depreciation												
At 1 April 2019	0	669,528	59,218	0	472,315	1,865	221,577	77,047	143,945	0	0	1,645,495
Charged in Year	0	43,166	7,173	0	29,184	200	40,837	14,969	21,459	0	0	156,988
Charged in Year—Donated Assets	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	(386)	(196)	0	(10)	(40)	(109,525)	(12,657)	(10,158)	0	0	(132,972)
Impairments	0	(292)	(122)	0	(582)	(119)	(472)	(668)	(4,534)	0	0	(6,789)
Reversals of Impairments	0	1,606	0	0	511	0	53	0	33	0	0	2,203
Reclassification ¹	0	0	82	0	(4,566)	0	2	0	(83)	0	0	(4,565)
Revaluation	0	50,237	0	0	54,849	0	2,699	(208)	2,400	0	0	109,977
Net Book Value at 31 March 2020	0	763,859	66,155	0	551,701	1,906	155,171	78,483	153,062	0	0	1,770,337
Net Book Value at 1 April 2019	430,946	933,248	33,957	492,617	641,239	947	101,693	39,339	101,470	17,207	130,028	2,922,692
Net Book Value at 31 March 2020	441,819	964,559	36,356	444,324	727,602	1,189	91,829	40,784	104,540	19,460	141,572	3,014,034
Asset Financing												
Owned	371,275	701,738	36,356	329,369	493,466	1,189	91,829	40,784	104,540	19,460	141,572	2,331,578
Leased	53,439	242,985	0	114,955	234,136	0	0	0	0	0	0	645,515
On-Balance Sheet (SOPF) PFI Contracts	17,105	19,836	0	0	0	0	0	0	0	0	0	36,941
Net Book Value at 31 March 2020	441,819	964,559	36,356	444,324	727,602	1,189	91,829	40,784	104,540	19,460	141,572	3,014,034
Of the Total												
Department	441,819	964,559	35,783	444,324	727,602	1,189	91,631	40,779	104,385	19,460	141,523	3,013,054
Agencies	0	0	409	0	0	0	186	5	154	0	49	803
ALBs	0	0	164	0	0	0	12	0	1	0	0	177
Net Book Value at 31 March 2020	441,819	964,559	36,356	444,324	727,602	1,189	91,829	40,784	104,540	19,460	141,572	3,014,034

Assets Under Construction includes Tangible and Intangible assets.

¹ Some assets have been reclassified to assets held for sale (Note 5.1).

5. Property, Plant and Equipment (cont.)

	Consolidated 2018–19											
	Non-residential Land	Buildings Excluding Dwellings	Non-residential Enhancements	Residential Land	Dwellings	Residential Enhancements	Information Technology ²	Transport Equipment	Plant and Machinery	Antiques and Works of Art	Payments on Account and Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation												
At 1 April 2018	410,679	1,478,281	77,772	473,261	1,090,467	3,253	395,371	109,590	206,193	17,018	128,729	4,390,613
Additions	1	7	59	511	1,216	43	697	1,928	12,190	0	124,738	141,390
Donations	0	0	(126)	0	0	0	0	0	0	0	0	(126)
Disposals	0	(30)	0	0	0	0	(113,641)	(7,194)	(991)	0	0	(121,856)
Impairments	(4,604)	(43,909)	(15)	(2,417)	(35,602)	(11)	(127)	0	(228)	0	(13,448)	(100,360)
Reversals of Impairments	4,661	6,901	0	2,660	3,101	0	413	1	338	189	0	18,264
Reclassification ¹	3,626	11,783	15,483	(2,806)	(3,895)	(472)	38,275	9,047	24,824	0	(109,991)	(14,125)
Revaluation	16,583	149,743	0	21,407	58,267	0	2,283	3,014	3,089	0	0	254,386
At 31 March 2019	430,946	1,602,777	93,174	492,617	1,113,554	2,812	323,270	116,386	245,415	17,207	130,028	4,568,186
Depreciation												
At 1 April 2018	0	583,515	53,608	0	448,787	1,559	295,361	68,621	124,334	0	0	1,575,786
Charged in Year	0	39,537	7,068	0	24,740	431	37,761	13,745	18,858	0	0	142,140
Charged in Year—Donations	0	0	(126)	0	0	0	0	0	0	0	0	(126)
Disposals	0	(30)	0	0	0	0	(113,640)	(6,996)	(895)	0	0	(121,562)
Impairments	0	(6,809)	(8)	0	(25,046)	(125)	(19)	0	(139)	0	0	(32,147)
Reversals of Impairments	0	1,492	0	0	794	0	252	1	39	0	0	2,577
Reclassification ¹	0	1,469	(1,325)	0	(3,394)	0	(53)	0	0	0	0	(3,302)
Revaluation	0	50,353	0	0	26,434	0	1,916	1,676	1,748	0	0	82,127
At 31 March 2019	0	669,528	59,218	0	472,315	1,865	221,577	77,047	143,945	0	0	1,645,495
Net Book Value at 1 April 2018	410,679	894,766	24,164	473,261	641,680	1,694	100,009	40,969	81,859	17,018	128,729	2,814,827
Net Book Value at 31 March 2019	430,946	933,248	33,957	492,617	641,239	947	101,693	39,339	101,470	17,207	130,028	2,922,692
Asset Financing												
Owned	366,486	684,204	33,957	380,015	426,026	947	101,693	39,339	101,470	17,207	130,028	2,281,372
Leased	48,507	230,536	0	112,602	215,213	0	0	0	0	0	0	606,858
On-Balance Sheet (SOPF) PFI Contracts	15,953	18,508	0	0	0	0	0	0	0	0	0	34,461
Net Book Value at 31 March 2019	430,946	933,248	33,957	492,617	641,239	947	101,693	39,339	101,470	17,207	130,028	2,922,692
Of the Total												
Department	430,946	933,248	33,735	492,617	641,239	947	101,420	39,333	101,349	17,207	129,959	2,922,000
Agencies	0	0	216	0	0	0	256	6	119	0	69	667
ALBs	0	0	6	0	0	0	17	0	1	0	0	24
Net Book Value at 31 March 2019	430,946	933,248	33,957	492,617	641,239	947	101,693	39,339	101,470	17,207	130,028	2,922,692

¹ Some assets have been reclassified to assets held for sale (Note 5.1)

² Following the roll-out of Tech Overhaul the old Firecrest equipment (which has been fully depreciated) has been moved to disposals within Information Technology.

The FCO has an agreement with HM Treasury (HMT) to recycle assets to reduce large fluctuations in capital receipts and spending between years. This is written into the Spending Round (SR) settlement. As a consequence the net profit/Loss is managed as part of the FCO's capital budget.

Notes to Property, Plant and Equipment

Property Valuations:

Physical inspections to inform valuations of properties were carried out as follows:

Property Location	Valuer	Effective Valuation Date
Asia Pacific and South Asia and Afghanistan (Asia Pacific Directorate) (South Asia & Afghanistan Directorate)	Colliers International	30 September 2018
European Union; Wider Europe and Russia; Caucasus; Central Asia (Europe Directorate) (Eastern Europe and Central Asia Directorate)		30 September 2017
Middle East & North Africa (Middle East & North Africa Directorate)		30 September 2016
Sub-Saharan Africa (Africa Directorate)		30 September 2015
Americas (Americas Directorate)		Knight Frank

Desk reviews for revaluation purposes were carried out for all FCO properties as at 30 September 2019 where not physically inspected in year. These desk valuations were carried out for directorate regions: Asia Pacific, South Asia and Afghanistan, Europe, Home Estate (UK), Eastern Europe and Central Asia, and Middle East and North Africa, by Colliers International using RICS registered valuers. End of year impairments were assessed by Colliers International and Knight Frank in conjunction with in-house FCO chartered surveyors. The total fees payable to the valuers in all cases represent less than 5% of the total fee income of the valuing firm/body.

Impact of Covid-19

In line with the advice provided by the RICS to Registered Valuers the FCO needs to consider the effect of the outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a 'global pandemic' on 11 March 2020, and how it has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation of land and buildings is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty—and a higher degree of caution—should be attached to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, the FCO will be keeping the valuations under frequent review.'

Red Book Global Standards defines material uncertainty as 'where the degree of uncertainty in a valuation falls outside any

parameters that might normally be expected and accepted' (VPS 3.2.2 (o)). It also explains circumstances of material uncertainty to assist the valuation process (with additional guidance in VPGA 10), but the decision to declare it remains with the independent valuer.

A key point is to ensure that those utilising these valuations are not misled. The inclusion of the "material valuation uncertainty" clause is not to be interpreted that the valuations cannot be relied upon. It is there to highlight that the valuations should be viewed with a much greater degree of caution at this time and due to the above mentioned unforeseen natural event, Covid-19.

Impact of valuation movements

As stated in Note 1.3 the FCO makes an assessment of material movements between the date of measurement (30 September) and the year end (31 March). Where the movement in FX and markets is not deemed material the 30 September valuation is used at year end. This assessment is required annually as the FCO uses a non-coterminous year-end valuation of land and buildings. The non-coterminous year-end valuation is driven by the requirement to revalue the entire FCO portfolio worldwide, which would delay the publication of the FCO's Annual Report & Accounts beyond July each year.

The assessment of the valuation movement between 30 September 2019 and 31 March 2020 identified a reduction in the value of land and buildings of £53.2M. This movement has been reflected in Note 5 above.

Specialised Properties

Specialised properties have been valued using Depreciated Replacement Cost (DRC) methodology on a Modern Equivalent Replacement basis ignoring listed status (where relevant). It should be noted that DRC valuations are only relevant subject to the continuing prospect of the property in question remaining viable and occupied. In the event the property is no longer required for service delivery then the achievable Market Value of the asset may be significantly less or more than the value now reported on a DRC basis. In cases where DRC valuations have been applied, Market Values are also supplied for comparison purposes.

All the valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Professional Standards (Global and UK) January 2014. All valuers are experienced and qualified Chartered Valuation Surveyors and Registered Valuers with relevant knowledge, skill and understanding. The desk valuations have been undertaken by way of a desk review of the valuations previously supplied by external Chartered Valuation Surveyors. Where possible, in arriving at an opinion of Market Value and/or Fair Value, observable prices and market data relating to actual transactions involving comparable properties has been utilised. For a number of properties, however, it has been necessary to rely on information obtained from market indices and benchmarks, informal advice received from local estate professionals and valuer judgement. These valuations are valid as at 30 September 2019, and reviewed at the reporting date

for any material impact from global market volatility. Unless there are material changes the valuation is not changed from that at 30 September.

The FCO also holds a number of cemeteries across the world which are classified as non-operational assets, and as such, have de minimis carrying values. The cemeteries were purchased from public subscriptions. The cemeteries are held in the Embassy name for the local British Community.

Leased properties

The leased properties disclosed constitute two elements 1) Leasehold buildings £441.1 million (2018-19 £445.7 million); 2) Leases for ground rent held in perpetuity £171.4 million (2018-19 £161.1 million), which are treated as akin to freehold tenure and disclosed within land. Neither category is regarded as a finance lease.

Antiques and Works of Art

Valuation visits have been carried out to the Home Estate in 2019-20. A revised quinquennial revaluation process focuses on Posts with the most material AWA values.

5.1 Assets Held for Sale

The FCO manages its property portfolio in line with its dynamic business needs, including investment in new properties and disposal of those no longer required. Capital disposal receipts are retained for further investment by the FCO as agreed with HMT. Note 1.14 explains the accounting policy for Assets Held for Sale.

The following assets are classified as held for sale:

Overseas properties

	2019-20 £000	2018-19 £000
Balance as at 1 April	10,617	3,733
Reclassification to Assets Held For Sale at Carrying Value	7,835	10,626
Revaluation to Fair Value Less Costs to Sell	(77)	(322)
(Impairments) / Reversals	0	0
Disposals	(3,159)	(3,420)
Balance as at 31 March	15,216	10,617

Proceeds from Assets Sales

In 2019-20 proceeds from the sale of assets mainly consisted of £18.9m deferred income from the sale of the Bangkok compound in 2017-18, and approximately £5m from the sale of property in Ghana.

6. Intangible Assets

	Consolidated 2019–20		
	Software Licences	Website Design	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2019	12,136	389	12,525
Additions	0	7	7
Disposals	(9,716)	(13)	(9,729)
Impairments	(1,344)	0	(1,344)
Reversals of Impairments	0	0	0
Revaluation	126	0	126
Reclassification	0	2	2
Net Book Value at 31 March 2020	1,202	385	1,587
Amortisation			
At 1 April 2019	11,858	316	12,174
Charged for the Year	166	36	202
Disposals	(9,716)	(13)	(9,729)
Impairments	(1,342)	0	(1,342)
Reversals of Impairments	0	0	0
Revaluation	122	0	122
Reclassification	0	0	0
Net Book Value at 31 March 2020	1,088	339	1,427
Net Book Value at 1 April 2019	277	73	350
Net Book Value at 31 March 2020	114	46	160
Of the Total			
Department	114	0	114
Agencies	0	46	46
ALBs	0	0	0
Net Book Value at 31 March 2020	114	46	160
Asset Financing			
Owned	114	46	160
Finance Leased	0	0	0
Net Book Value at 31 March 2020	114	46	160

The intangible assets are mainly licenses for software applications. The book value of these has been decreasing over recent years as the major licenses (Microsoft and Oracle) move towards the end of their asset lives.

	Consolidated 2018–19		
	Software Licences	Website Design	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2018	11,868	318	12,186
Additions	0	7	7
Disposals	0	0	0
Impairments	0	0	0
Reversals of Impairments	0	0	0
Revaluation	82	0	82
Reclassification	186	64	250
At 31 March 2019	12,136	389	12,525
Amortisation			
At 1 April 2018	11,437	189	11,627
Charged for the Year	344	73	417
Disposals	0	0	0
Impairments	0	0	0
Reversals of Impairments	0	0	0
Revaluation	77	0	77
Reclassification	0	53	53
At 31 March 2019	11,858	316	12,175
Net Book Value at 1 April 2018	431	129	560
Net Book Value at 31 March 2019	277	73	350
Of the Total			
Department	277	0	277
Agencies	0	73	73
ALBs	0	0	0
Net Book Value at 31 March 2019	277	73	350
Asset Financing			
Owned	277	73	350
Finance Leased	0	0	0
Net Book Value at 31 March 2019	277	73	350

7. Impairments

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Impairment and Reversals charged to CSCNE				
Land	(1,556)	(1,556)	(301)	(301)
Buildings and Dwellings	(2,053)	(2,053)	39,939	39,939
Enhancements	147	147	(107)	(107)
Information Technology	(50)	(50)	(54)	(54)
Transport Equipment	142	142	(0)	(0)
Plant and Machinery	1,946	1,946	(209)	(209)
Antiques and Works of Art	(906)	(906)	(189)	(189)
Payments on Accounts & Assets Under Construction	17,291	17,291	13,448	13,448
Intangible Assets	1	1	0	0
Assets held for sale	0	0	0	0
Other	926	926	0	0
Transferred from Revaluation Reserve				
	15,888	15,888	52,527	52,527

The total impairment for the year was charged directly to the Consolidated Statement of Comprehensive Net Expenditure. There was an impairment reversal of £3.1m for Land during 2019-20. In addition there were impairment reversals of £4.1m for Buildings. These impairment reversals resulted in an overall negative impairment for these asset categories. There was no movement between the revaluation reserve and general reserve in respect of impairments.

8. Financial Instruments

Summary of Financial Instruments

	Note	2019–20	2018–19
		£000	£000
Non-Current Financial Assets			
Investment in Other Public Sector Bodies	8.1	4,981	4,981
Other Financial Investments	8.2	1	0
Forward Currency Contracts	8.3	16,495	4,551
		21,477	9,532
Current Financial Assets			
Forward Currency Contracts	8.3	22,059	7,022
Current Financial Liabilities			
Forward Currency Contracts	8.3	(949)	(3,177)
Non-Current Financial Liabilities			
Forward Currency Contracts	8.3	(756)	(2,649)
		41,831	10,727

8.1 Investment in other public sector bodies

The FCO holds an investment in FCO Services, comprised of 100% of its Public Dividend Capital (PDC). As a trading fund, FCO Services is not included within the FCO departmental boundary, and the Department's investment is reported in these accounts at historical cost.

This is considered to be a reasonable approximation for fair value as any surplus from trading is paid annually to the Department in the form of a dividend. There have been no movements since 31 March 2017 and the value remains at £4,981,000

8.2 Other financial investments

France, Germany and the UK (the E3) created INSTEX, a special purpose vehicle to facilitate legitimate trade between European companies and Iran as part of the continued efforts to preserve the Joint Comprehensive Plan of Action (JCPOA). INSTEX aims to function as a clearing and netting mechanism through which Iran can facilitate payments related to their exports without the need for a direct banking channel. INSTEX was incorporated in France with an initial minimal capital investment of €1,000 from each of the E3 countries. Following registration each E3 country agreed to provide a €1m loan to INSTEX to seed the working capital of INSTEX. The terms of the loan operate under French law, with the loan to be paid back over 5 years with interest at 1.25% per annum.

	Share capital	Loan	Total (£000)
At 1 April 2019	-	-	-
Additions	1	926	927
Disposals	-	-	-
Loan Repayments	-	-	-
Revaluations	-	-	-
Other movements	-	-	-
Losses taken to SOCNE	0	-926	-926
At 31 March 2020	1	0	1

8.3 Forward Currency Contracts

The FCO is exposed to foreign currency risks which can be significant because of the nature of its business and geographical presence. The following describe the mechanisms by which FCO deals with the exposure:

- » The Foreign Currency Mechanism (FCM) originally agreed with HM Treasury in the 2010 Spending Review was updated in the 2015 Spending Review. The FCM increases or decreases the FCO's budget each year in the Supplementary Estimate to take account of movements in the top 100 currencies where the department spent most money in 2015-16. The FCM uses exchange rate movements covering the period February to January, and applies it to the FCO's baseline spend to calculate the adjustment to the FCO's budget. However, significant currency movements between February and March each year would only be reflected in a budget adjustment to the following financial year. Consequently there remains a foreign exchange risk related to movements in February and March in the current year. The FCM includes an element to take account of the differential inflation rates between countries. The FCM only applies to the FCO's core budget so does not cover expenditure on British Council, or peacekeeping.
- » As described above the FCO is exposed in the current year to exchange rate movements in February and March. FCO uses the spot rate for foreign currency transactions in that period. A budget adjustment is requested in the following year.
- » As the peacekeeping budget is not included in the FCM, the FCO continues to use forward purchase currency contracts for peacekeeping expenditure only, to minimise budget uncertainty. The Ministry of Defence (MoD) arranges the purchase of foreign currency on behalf of the FCO.

Forward purchases contracts matured as follows:

	2019-20			2018-19		
	Foreign Currency	Sterling cost	Average exchange rate	Foreign Currency	Sterling cost	Average exchange rate
	£000	£000		£000	£000	
Euro	39,300	35,118	1.12	40,810	35,062	1.16
US Dollar	364,300	272,089	1.34	381,000	275,123	1.38
		307,207			310,185	

Forecast unrealised gains and losses on forward purchases maturing in future periods, based on the actual rates of exchange at the reporting period date, are analysed as follows:

	Foreign Currency	2019-20			
		Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
		000	£000	£000	£000
Current Assets and Liabilities					
Maturing in 2020-21	Euro	38,600	35,201	119	(949)
	US Dollar	360,100	269,287	21,940	0
			304,488	22,059	(949)
Non-current Assets and Liabilities					
Maturing in 2021-22	Euro	22,954	20,929	130	(454)
	US Dollar	262,025	199,668	12,546	(128)
			220,597	12,676	(582)
Maturing in 2022-23	Euro	8,833	8,086	104	(174)
	US Dollar	123,073	95,940	3,715	0
			104,026	3,819	(174)
Total			629,111	38,554	(1,705)

	Foreign Currency	2018-19			
		Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
		000	£000	£000	£000
Current Assets and Liabilities					
Maturing in 2019-20	Euro	39,300	35,118	151	(1,359)
	US Dollar	364,300	272,089	6,870	(1,818)
			307,207	7,022	(3,177)
Non-current Assets and Liabilities					
Maturing in 2020-21	Euro	27,952	25,588	-	(1,222)
	US Dollar	241,949	178,040	3,521	(599)
			203,628	3,521	(1,820)
Maturing in 2021-22	Euro	14,622	13,398	-	(478)
	US Dollar	115,400	84,559	1,030	(350)
			97,958	1,030	(829)
Total			608,793	11,572	(5,826)

8.4 Financial Risks

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. Apart from forward currency contracts (as described above) the majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements, and the Department is therefore usually exposed to little credit, liquidity or market risk.

As many of the department's trade receivables and trade payables are, by their nature, short term in duration, they are recorded at fair value. On this basis, no systematic exercise to compare the fair value with carrying amount is conducted.

Most of the department's customers and counterparties are other public sector organisations. HM Treasury has mandated that receivable balances with core central government departments are excluded from being recognised for impairments.

For those customers and counterparties that are not public sector organisations the department has policies and procedures in place to ensure credit risk is kept to a minimum.

9. Inventories

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Total physical stock	997	997	927	927
	997	997	927	927

Physical stock held includes Emergency Travel Documents (ETDs) held at Posts, and the Government Wine Cellar (used to support the work of Government Hospitality in delivering business hospitality for all government ministers and departments).

10. Cash and Cash Equivalents

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	76,942	80,424	254,221	256,368
Net change in cash balances	13,352	13,101	(177,279)	(175,944)
Balance at 31 March	90,294	93,525	76,942	80,424

The following balances and overdrafts were held at 31 March:

Government Banking Service	40,762	40,762	6,799	6,799
Commercial banks and cash in hand UK and overseas	49,532	52,763	70,144	73,625
Balance at 31 March	90,294	93,525	76,942	80,424

Liquidity risk: The cash requirements of the Department for day-to-day operations and capital investments are met through the Estimates process and by the passing of the annual Appropriation Act. The Estimates process allows for amendments to funding to be made during the year via the Supplementary Estimate. Consequently there is limited liquidity risk.

11. Trade Receivables, Financial and Other Assets

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts Falling Due Within 1 Year				
Trade receivables	29,646	30,273	33,280	33,908
Deposits and Advances	6,565	6,874	1,296	1,494
Other receivables	4,117	4,117	12,028	12,028
Leasehold land (non-perpetual) prepayments	671	671	379	379
Other prepayments and accrued income	131,063	132,889	75,763	77,170
Contract Assets	36,139	36,139	33,754	33,754
	208,201	210,963	156,501	158,732
Amounts Falling Due After 1 Year				
Leasehold land (non-perpetual) prepayments	24,756	24,756	25,722	25,722
Other receivables	10,661	10,547	2,751	2,751
	35,417	35,303	28,473	28,473
Total	243,618	246,266	184,973	187,204

12. Trade Payables and Other Current Liabilities

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts Falling Due Within 1 Year				
Bank overdrafts	0	0	0	0
Other taxation and social security	15,471	15,501	1,244	1,254
Payments on account	263	263	377	377
Trade payables	48,615	49,783	34,210	35,308
Other payables	156,764	156,821	106,248	106,254
Accruals and deferred income	188,081	190,616	161,345	163,759
Contract Liabilities	4,775	4,775	24,146	24,146
Current part of finance leases	0	0	0	0
Current part of imputed finance lease element of on-SoFP PFI contracts	1,923	1,923	1,735	1,735
Total excluding amounts due to the Consolidated Fund	415,892	419,682	329,305	332,833
Amounts issued from the Consolidated Fund for supply but not spent				
At year end	90,034	90,034	76,566	76,566
Income due to be paid to the Consolidated Fund	260	260	376	376
	506,186	509,976	406,247	409,775
Amounts Falling Due After 1 Year				
Imputed finance lease element of on-SoFP PFI contracts	24,976	24,976	26,195	26,195
	24,976	24,976	26,195	26,195
Total	531,162	534,952	432,442	435,970

The increase in "Other taxation and social security" relates in part to a payable to HMRC for income tax and national insurance contributions. The increase in "Other Payables" relates to visa receipts collected on behalf of Home Office.

13. Provisions for Liabilities and Charges

Note 1 to the Accounts sets out the Statement of Accounting Policy and details about the calculation for early departure costs (Note 1.26) and local staff Terminal Gratuities (Note 1.27).

Legal provisions

This provision relates to claims made against the Department by third parties. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. Legal claims, which may succeed but are less likely to do so (or cannot be estimated), are disclosed as contingent liabilities in Note 14.

Local Staff Terminal Gratuities

Depending upon local employment law and custom, the FCO at Post may set up a Terminal Gratuity Provision for locally engaged staff. This is not a formal pension fund, but does allow the FCO to create a liability for payments to employees. These get paid out upon their retirement or when they leave service (depending on the specific terms and conditions of the scheme in that country). As the employee works through each year they gradually increase

the value of their own specific Terminal Gratuity Provision, which will be paid to them if they meet the conditions of the scheme. These are reported as Provisions, and follow the statement of accounting policy detailed in Notes 1.25 and Note 1.27.

Other Staff provisions

These relate to provisions by the core Department for claims made by staff against the Department. The provision is calculated based on general experience of what the most likely outcome is for each type of claim. Within the total is an amount to cover payments in respect of employees who retired early under a previous redundancy scheme. An amount is paid annually to the Principal Civil Service Pension Scheme (PCSPS) for the period between early departure and the normal retirement date. The Department and Agency provides for this in full when the early retirement becomes a binding liability.

Other provisions

These relate to provisions by the core Department for possible back-rental demands and other estate commitments.

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	49,342	49,378	48,858	48,877
Provided in year (bal)	8,185	8,185	18,266	18,284
Provisions not required written back	(480)	(516)	(8,465)	(8,465)
Provisions utilised in the year	(8,518)	(8,518)	(10,548)	(10,548)
Unwinding of discount	6	6	27	27
Terminal gratuities exchange unrealised (gain)/loss	1,148	1,147	1,203	1,203
Balance at 31 March	49,683	49,682	49,342	49,378

13.1 Analysis of Expected Timing of Discounted Cash Flows

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	7,316	7,316	10,316	10,316
Later than 1 year but not later than 5 years	14,953	14,953	12,899	12,935
Later than 5 years	27,414	27,413	26,127	26,127
Balance at 31 March	49,683	49,682	49,342	49,378

13.2 Analysis of Provision by Type

	2019–20				
	Legal provisions	LE Staff Terminal Gratuities	Other Staff Provisions	Other Provisions	Total
	£000	£000	£000	£000	£000
Not later than 1 year	2,287	3,146	1,836	0	7,269
Later than 1 year but not later than 5 years	49	12,196	1,028	1,680	14,953
Later than 5 years	0	27,380	80	0	27,460
Balance at 31 March	2,336	42,722	2,944	1,680	49,682

	2018–19				
	Legal provisions	LE Staff Terminal Gratuities	Other Staff Provisions	Other Provisions	Total
	£000	£000	£000	£000	£000
Not later than 1 year	2,475	2,596	888	4,357	10,316
Later than 1 year but not later than 5 years	124	9,652	1,797	1,362	12,935
Later than 5 years	0	26,087	40	0	26,127
Balance at 31 March	2,599	38,335	2,725	5,719	49,378

14. Contingent Liabilities and Contingent Assets disclosed under IAS 37

	2019–20	2018–19
	£000	£000
Potential Obligations	64,829	51,055

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the FCO discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of HMT's Managing Public Money. These can be

found in the Parliamentary Accountability and Audit Report of the Annual Report and Accounts.

Material contingent liabilities are not disclosed separately for commercial reasons, all other contingent liabilities are not individually material. The total reported includes varied areas of litigation, including, but not limited to personal injury, consular and sanction cases. Employment claims have risen since the abolition of fees for claimants in July 2017. In addition, there is generally a greater appetite for litigation. Other risks include estates related legal action covering the FCO's liability for properties overseas

15. Retirement Benefit Schemes

Retirement benefits for UK-based employees are provided through the Civil Service pension arrangements. For staff engaged overseas the FCO observes local employment laws and, where local state pension provision does meet FCO requirements, provides for the payment of pensions and other terminal benefits. The FCO contributes to retirement benefit schemes in the following ways.

Civil Service pension scheme

In respect of UK-based staff, from 1 April 2015 all those newly appointed, and the majority of those already in service, joined the new Civil Servants and Others Pension Scheme or Alpha. Prior to that date, UK-based employees participated in the PCSPS. These are unfunded multi-employer defined benefit schemes and the FCO does not separately identify its share of the underlying liabilities. For 2019-20, employer contributions of £55,259,490 (2018-19: £41,642,480) were paid to the Civil Service pension schemes. The contribution rates are based on salary bands and are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, which is a 'money purchase' stakeholder pension with an employer contribution. Employer contributions of £245,498 (2018-19: £230,145) were paid to one or more of the appointed stakeholder pension providers. In addition, employer contributions of £9,362 (2018-19: £8,731), 0.5% of pensionable pay, were paid to the Civil Service pension scheme to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Further details are given in the Remuneration and Staff Report.

Other defined contribution schemes

For staff engaged overseas, the FCO operates defined contribution schemes at some Posts. The value of contributions in 2019-20, excluding contributions to local government schemes, was £3,509,389 (2018-19: £2,839,551).

Other defined benefit schemes

The FCO also operates defined benefit schemes in the countries as shown in the tables below. These are based on final salary

and provide for pensions at retirement and for benefits on death or disablement in service. Posts retain responsibility for the stewardship of these schemes and funding is met by the FCO out of in year resources. They are accounted for under IAS 19 and are subject to annual actuarial review. Actuaries have valued the assets and obligations of each of the schemes as at 31 March 2020 and these values are incorporated in the tables below. These schemes are all closed to new members, and are funded other than for the Cyprus scheme (in respect of former BBC World

Service staff who operated on the island) which is unfunded with the benefits being paid out of current resources. The estimated amount of contributions expected to be paid to the schemes in the next financial year 2020-21 is £457,000.

Additionally, local staff terminal gratuities are provided at some Posts where other retirement schemes are not available or are insufficient. These are currently accounted for under IAS 37 and are included under Provisions for Liabilities and Charges shown in Note 14.

Defined Benefit Schemes Recognised in the Statement of Financial Position

	2019–20	2018–19
	£000	£000
Present Value of Funded Obligations		
Canada	(9,150)	(10,340)
Republic of Ireland	(5,763)	(5,799)
Jamaica	(2,407)	(2,374)
Mauritius	(106)	(200)
South Africa	(722)	(1,225)
Columbia	(159)	(572)
Belgium	(1,117)	(1,193)
	(19,424)	(21,704)
Fair Value of Plan Assets		
Canada	11,769	11,934
Republic of Ireland	6,151	5,721
Jamaica ¹	2,706	2,663
Mauritius	57	150
South Africa	1,229	1,666
Columbia	157	118
Belgium	637	666
	22,706	22,917
Net Asset/(Liability) of Funded Schemes	3,282	1,213
Present Value of Unfunded Obligations		
Cyprus	(25,700)	(25,355)
Total	(22,418)	(24,141)
Summary		
Net assets	3,813	2,322
Net liabilities	(26,231)	(26,463)
Net Asset/(Liability)	(22,418)	(24,141)
Amounts Recognised in the CSCNE		
Total service costs ²	446	412
Net Interest ³	481	511
Exchange differences	757	(494)
Total Included in Employee Benefits Expense	1,684	428
Remeasurements	(1,417)	(900)

¹ The Jamaica Scheme is subject to an asset ceiling which has reduced the carrying value of the plan assets by £336,000 (2018-19: £514,000), in respect of a limitation on the economic benefit of future employer contributions.

² Service costs contain both current and past service costs and curtailment costs where applicable.

³ Net Interest combines interest on obligations and expected return on plan assets

	2019–20	2018–19
	£000	£000
Changes in the Present Value of the Defined Benefit Obligation		
Opening defined benefit obligation	(47,059)	(48,512)
Pensioners in payment exactly matched by annuity contracts	(81)	(107)
Service cost	(446)	(412)
Curtailment / settlement cost	0	0
Interest cost	(1,437)	(1,417)
Contributions by participants	(123)	(124)
Actuarial (losses)/gains	2,510	(327)
Exchange differences	(321)	276
Benefits paid	2,892	2,681
Changes in assumptions underlying the present value of the scheme liabilities	(1,059)	883
Closing Defined Benefit Obligation	(45,124)	(47,059)
Changes in the Fair Value of Plan Assets		
Opening fair value of plan assets	22,917	21,980
Pensioners in payment exactly matched by annuity contracts	81	107
Expected return	956	906
Actuarial gains (losses)	(34)	344
Contributions by employer	580	419
Contributions by participants	123	124
Exchange differences	(436)	218
Benefits paid	(1,481)	(1,180)
Changes in assumptions underlying the present value of the scheme assets	0	0
Closing Fair Value of Plan Assets	22,706	22,917

The major categories of plan assets as a percentage of total plan assets are as follows

	2019–20	2018–19
Equities	31.12%	41.18%
Bonds	28.99%	34.65%
Other	39.89%	24.17%

Principal actuarial assumptions as at 31 March (expressed as weighted averages)

	2019–20	2018–19
Discount rate	1.36%	1.78%
Expected return on plan assets	4.19%	3.81%
Future salary increases	2.35%	2.51%
Future pension increases	1.91%	1.91%

Amounts for the current and previous four years	2019-20	2018-19	2017-18	2016-17	2015-16
Funded Schemes	£000	£000	£000	£000	£000
Defined benefit obligation	(19,424)	(21,704)	(20,896)	(20,960)	(18,054)
Plan assets	22,706	22,917	21,980	21,731	17,527
Surplus/(Deficit)	3,282	1,213	1,084	770	(528)
Unfunded Scheme					
Defined Benefit Obligation	(25,700)	(25,355)	(27,616)	(29,174)	(24,394)
Experience adjustments on plan liabilities	(1,059)	883	307	(3,791)	1,064
Experience adjustments on plan assets	0	0	0	0	0

Analysis of Movements in Obligations and Assets

2019–20

	Brought forward	Matched by annuity contracts	Exchange	Service cost, Curtailment / settlement costs	Interest, Finance income	Changes in assumptions, Employer contributions	Participants contributions	Benefits paid	Actuarial gains / (losses)	Carried forward
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present Value of Funded Obligations										
Canada	(10,340)	0	134	(114)	(347)	0	(30)	360	1,187	(9,150)
Republic of Ireland	(5,799)	0	(154)	(143)	(87)	342	(20)	16	82	(5,763)
Jamaica	(2,374)	(81)	66	(72)	(159)	0	(46)	197	62	(2,407)
Mauritius	(201)	0	116	(3)	(8)	0	0	0	(10)	(106)
South Africa	(1,225)	0	157	(30)	(95)	195	(27)	392	(89)	(722)
Colombia	(572)	0	66	(84)	0	0	0	413	18	(159)
Belgium	(1,193)	0	(30)	0	(16)	0	0	104	18	(1,117)
	(21,704)	(81)	355	(446)	(712)	537	(123)	1,482	1,268	(19,424)
Fair Value of Plan Assets										
Canada	11,934	0	(163)	0	398	79	30	(360)	(149)	11,769
Republic of Ireland	5,720	0	158	0	87	165	20	(16)	17	6,151
Jamaica	2,663	81	(73)	0	220	57	46	(197)	(91)	2,706
Mauritius	150	0	(112)	0	6	10	0	0	3	57
South Africa	1,666	0	(236)	0	138	43	27	(391)	(18)	1,229
Colombia	118	0	(27)	0	98	193	0	(413)	188	157
Belgium	666	0	17	0	9	33	0	(104)	16	637
	22,917	81	(436)	0	956	580	123	(1,481)	(34)	22,706
Net Asset/(Liability) of Funded Schemes	1,213	0	(81)	(446)	244	1,117	0	1	1,234	3,282
Present Value of Unfunded Obligations										
Cyprus	(25,355)	0	(676)	0	(725)	(1,596)	0	1,410	1,242	(25,700)
Total	(24,142)	0	(757)	(446)	(481)	(479)	0	1,411	2,476	(22,418)

2018-19

	Brought forward	Matched by annuity contracts	Exchange	Service cost, Curtailment / settlement costs	Interest, Finance income	Changes in assumptions, Employer contributions	Participants contributions	Benefits paid	Actuarial gains / (losses)	Carried forward
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present Value of Funded Obligations										
Canada	(9,510)	0	(379)	(100)	(342)	0	(32)	642	(620)	(10,340)
Republic of Ireland	(5,649)	0	99	(134)	(97)	(218)	(19)	127	92	(5,799)
Jamaica	(2,112)	(107)	(178)	(67)	(162)	0	(43)	191	104	(2,374)
Mauritius	(313)	0	97	(6)	(13)	0	0	0	35	(200)
South Africa	(1,650)	0	175	(47)	(123)	261	(29)	223	(35)	(1,225)
Colombia	(566)	0	32	(58)	0	0	0	0	20	(572)
Belgium	(1,096)	0	0	0	0	0	0	1	(97)	(1,193)
	(20,896)	(107)	(154)	(412)	(737)	43	(124)	1,184	(502)	(21,704)
Fair Value of Plan Assets										
Canada	10,976	0	437	0	393	72	32	(642)	665	11,934
Republic of Ireland	5,449	0	(97)	0	93	181	19	(127)	203	5,721
Jamaica	2,672	107	213	0	209	54	43	(191)	(446)	2,663
Mauritius	215	0	(99)	0	9	22	0	0	4	150
South Africa	1,900	0	(218)	0	176	79	29	(223)	(77)	1,666
Colombia	125	0	(7)	0	14	0	0	3	(16)	118
Belgium	644	0	(11)	0	12	11	0	(1)	12	666
	21,980	107	218	0	906	419	124	(1,180)	344	22,917
Net Asset/(Liability) of Funded Schemes	1,084	0	64	(412)	169	462	0	3	(158)	1,214
Present Value of Unfunded Obligations										
Cyprus	(27,616)	0	430	0	(680)	840	0	1,497	175	(25,355)
Total	(26,532)	0	494	(412)	(511)	1,302	0	1,500	17	(24,141)

Some of the schemes typically expose the FCO to key actuarial risks as outlined below which could result in an increase in recommended contributions to maintain their funding positions:

1. Investment risk—the long term real rate of return achieved on scheme assets and the market yields on long term fixed interest and index linked bonds reduce, creating a difference between the returns achieved and that assumed in the calculations.
2. Interest rate risk—a reduction in rates such that the expected costs of future pensions are greater than allowed for in the actuarial assumptions.
3. Remuneration risk—an unexpected increase in the general remuneration level of scheme members above that assumed in the calculations.
4. Inflation risk—future inflation higher than assumed will lead to higher pension payments.

5. Mortality risk—an increase in life expectancy of the schemes' participants will increase the schemes' liabilities.

Sensitivity analysis

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty we illustrate below the approximate effects on the actuarial liability of changes to the main actuarial assumptions. The tables show the indicative effects on the scheme total liability as at 31 March 2020 for the Cyprus unfunded scheme and the two largest funded schemes as a result of a change in the stated assumptions. The principal financial assumptions are the nominal discount rate and rate of inflation. An increase in the nominal discount rate assumption will decrease the value of the liabilities and vice versa, whilst an increase in the inflation assumption will increase the value of the liabilities and vice versa. A key demographic assumption is pensioner mortality.

Cyprus—Unfunded

Change in assumption	Approximate effect on total liability	
	%	Euros (000)
1% reduction in discount rate	14%	4,000
1% reduction in inflation rate	(11)%	-3,300
Pensioners living on average 2 years longer	8%	2,400

Ireland—Funded

Change in assumption	Approximate effect on pension liability	
	%	Euros (000)
1% reduction in discount rate	24%	1,500
1% reduction in inflation rate	(7)%	-500
Pensioners living on average 2 years longer	6%	400

Canada—Funded

Change in assumption	Approximate effect on pension liability	
	%	CAD (000)
1% reduction in discount rate	17%	2,700
1% reduction in inflation rate	(13)%	-2,100
Pensioners living on average 2 years longer	8%	1,300

16. Capital and Other Commitments

16.1 Capital Commitments

Contracted Capital Commitments at 31 March not otherwise included in these Financial Statements:

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Estates Projects	102,257	102,257	18,182	18,182
IT Infrastructure	2,581	2,581	2,168	2,168
Vehicles	75	75	39	39
	104,913	104,913	20,389	20,389

Estates Projects has a larger than normal capital commitments number due to delays in the award of a contract for a major project (circa £70m). Some capital projects have also been hampered by delays in contract completion due to the impact of Covid-19.

16.2 Commitments under Leases

16.2.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and Buildings				
Not later than 1 year	89,861	89,861	72,056	72,056
Later than 1 year but not later than 5 years	127,384	127,384	86,912	86,912
Later than 5 years	63,718	63,718	54,603	54,603
	280,963	280,963	213,571	213,571
Other				
Not later than 1 year	111	111	187	187
Later than 1 year but not later than 5 years	84	84	102	102
Later than 5 years	10	10	14	14
	205	205	302	302
Total	281,168	281,168	213,873	213,873

At present the FCO does not have any finance leases. The majority of the Operating Lease payments represent rentals for buildings within the FCO's overseas estate. Lease terms and rentals vary depending on local circumstances.

16.3 Commitments under PFI Contracts and other service concession arrangements

16.3.1 On-Balance Sheet (included within Consolidated Statement of Financial Position)

	2019–20	2018–19
	£000	£000
Not later than 1 year	3,919	3,817
Later than 1 year but not later than 5 years	15,677	15,267
Later than 5 years	20,577	23,854
	40,173	42,938
Less Interest element	(13,274)	(15,008)
Present Value of obligations	26,899	27,930
The above liability is disclosed under Payables (Note 13) as follows:		
Amounts falling due within 1 year	1,923	1,735
Amounts falling due after	24,976	26,195
	26,899	27,930

Private Finance Initiative (PFI) transactions have been accounted for in accordance with HMT and FReM requirements. Where the terms of the PFI meet the definition of service concession arrangements in IFRIC 12 Service Concession Arrangements, the infrastructure asset is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between a reduction in the capital obligation and charges to the CSCNE for service performance and finance cost.

Berlin Embassy

The contract in respect of the building, operation and maintenance of the British Embassy Berlin for a term of 30 years from 23 June 2000 with an option to extend for a further 30 years. The property meets the criteria determined by IFRIC 12, and therefore the embassy is included in the accounts within Property, Plant and Equipment. The initial capitalisation of the contract was reflected in the FCO's accounts for 2002-03.

Contractual payments therefore comprise two elements: imputed finance lease charges and service charges. The liability to pay for the property is in substance a finance lease obligation.

16.3.2 Charge to the Consolidated Statement of Comprehensive Net Expenditure and future commitments

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	2,294	2,294	2,262	2,262
Later than 1 year but not later than 5 years	9,174	9,174	9,048	9,048
Later than 5 years	13,762	13,762	15,834	15,834
	25,230	25,230	27,144	27,144

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £2,294k (2018–19: £2,262k).

16.4 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for facilities management, logistics and computer services. The payments to which the FCO is committed, analysed by the period during which the commitment expires, were as follows:

	2019–20		2018–19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	70,602	70,602	40,425	40,425
Later than 1 year but not later than 5 years	0	0	8,136	8,136
Later than 5 years	5,901	5,901	0	0
	76,503	76,503	48,561	48,561

17. Related Parties

The Foreign and Commonwealth Office is the parent Department of Wilton Park Executive Agency, sponsors FCO Services (a trading fund) and a number of non-departmental and other arm's length public bodies as listed in Note 18. These bodies are regarded as related parties with which the Department has had various material transactions during the year. In addition, The FCO has had regular transactions with Partners across Government.

Sir Iain Macleod, a member of the FCO Management Board, was during the year, a Trustee of the British Institute of International

and Comparative Law (a not-for-profit charity). The FCO paid the British Institute of International and Comparative Law £38,872 during 2019-2020..

No minister, board member, key manager or other related parties other than as mentioned above have undertaken any transactions that are material to either the FCO or the individual during the year. There are no potential conflicts of interest to report.

18. Entities within and outside the Departmental Accounting Boundary

Associated entities inside the Departmental accounting boundary

Within its accounting boundary (and thus consolidated in these accounts) the FCO has three Non-Departmental Public Bodies (NDPBs) and one Executive Agency. The entities within the boundary during 2019-20 were:

Wilton Park Executive Agency. Wilton Park provides a global forum for strategic discussions. Wilton Park is governed

by a Framework Document, which was updated in 2019, and is reviewed every three years. The FCO Director of Communications is the Senior Departmental Officer for the FCO relationship, and sits on the Wilton Park Board. Communications Directorate provide annual core funding to Wilton Park; other Directorates within the FCO may provide additional discretionary funding to support specific Wilton Park conferences. The Foreign Secretary appoints the Non-Executive Chair of the Wilton Park Board, for a period of five years (extendable) and the Permanent Under-

Secretary appoints the Chief Executive for a fixed period of three years, with a possibility of extension under Civil Service appointment terms. The Annual Report and Accounts of Wilton Park is published separately. See www.wiltonpark.org.uk.

The Great Britain-China Centre (Executive NDPB) and its subsidiary The UK China Forum. The FCO provides GBCC with annual Grant-in-Aid. The Foreign Secretary signs off appointments of the Chair. China Department is the sponsoring team for FCO; the head of the FCO's China Department sits on the Board. GBCC's mission is to promote mutual trust and understanding between the UK and China by building long-term connections between decision-makers. GBCC also works to promote the rule of law, good governance and sustainable development. The Annual Report and Accounts can be found at www.gbcc.org.uk.

The Marshall Aid Commemoration Commission (Executive NDPB). MACC was established under the 1953 Marshall Aid Commemoration Commission Act, and awards up to 40 postgraduate scholarships in the UK each year for students from the USA with the potential to excel in their chosen fields of study and future careers. The FCO provides MACC with Grant-in-Aid. The Head of the FCO Public Diplomacy Team within Communications Directorate represents the FCO at MACC Board meetings. The Foreign Secretary signs off the MACC annual report, and all appointments to the MACC Board, including the Chair.

The Annual Report and Accounts can be found at www.marshall scholarship.org.

The Westminster Foundation for Democracy Limited (Executive NDPB). WFD supports democratic practices in developing democracies. WFD is supported by both Grant-in-Aid from the FCO and via a grant from DFID. The relationship between the WFD and the FCO is governed by a Framework Document. The Foreign Secretary is accountable to Parliament for the activities of WFD and has responsibility for approving their strategic objectives, the appointment of the CEO, the Board, and laying of the WFD accounts before Parliament. Human Rights and Democracy Department is the sponsoring team in the FCO and is the principal source of advice to the Foreign Secretary and the PUS on these matters. Officials report regularly to Ministers on WFD-related issues, in particular on funding, corporate planning and review-related issues. The Annual Report and Accounts can be found at www.wfd.org.

Income and expenditure for the FCO incorporated financing of the following Non Departmental Public Bodies (NDPBs), in full or in part, in the current financial year:

UK India Round Table (Advisory NDPB).

Associated entities outside the Departmental accounting boundary

The FCO takes the lead for three public sector bodies which are outside the accounting boundary:

British Council (Executive NDPB, charity established by Royal Charter, Public Corporation). The British Council is a charity, public corporation and an NDPB. It is governed by a Royal Charter which sets its Charitable Objects. It is the UK's international organisation for cultural relations and educational opportunities, building lasting relationships between the UK and other countries. The British Council represents a UK voice in the world by teaching English abroad, encouraging international students to study in the UK and supporting British students to study overseas. Culture plays a vital role in its work promoting the UK abroad. The FCO provides the British Council with financial support, but the majority of the British Council's income and expenditure stems from its own earned income. The FCO's Director General Consular and Security is a member of the British Council Board of Trustees. FCO Ministers and senior officials meet the British Council Chair and Chief Executive regularly. The British Council must seek the agreement of the FCO if it proposes opening or closing any of its representation overseas. The Annual Report and Accounts can be found at www.britishcouncil.org.

FCO Services (FCOS) is an agency of FCO as well as a trading fund. As a Trading Fund FCOS provides a range of integrated secure services worldwide to the FCO, other UK public bodies and foreign governments and international organisations closely linked to the UK. FCOS generates its own income to fund its activities. The FCO holds an investment in FCOS, comprised of 100% of its Public Dividend Capital of £4,981,000. The Annual Report and Accounts can be found at www.fcosservices.gov.uk.

British Intergovernment Services Authority (BISA) which was set up to oversee delivery of the UK Government's obligations under Government to Government agreements, although to date it has not started trading. BISA and its subsidiary the Kuwait Delivery Authority (KDA) are companies limited by shares, incorporated on 27 August 2013 and 17 October 2013 respectively. The Foreign Secretary owns the entire issued share capital of BISA, which in turn owns the entire issued share capital of KDA. Neither company has traded therefore both are entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

19. Events after the Reporting Period

On 16 June 2020 the Prime Minister announced the merger of the Department for International Development (DFID) and Foreign and Commonwealth Office (FCO), uniting development and diplomacy that brings together Britain's international effort. From September, there will be a new, single department of state called the Foreign,

Commonwealth and Development Office, which will be led by the Foreign Secretary. All functions of the two existing departments will transfer into the FCDO. It is not possible at this stage to make an accurate estimate of the financial effect of the creation of the FCDO.

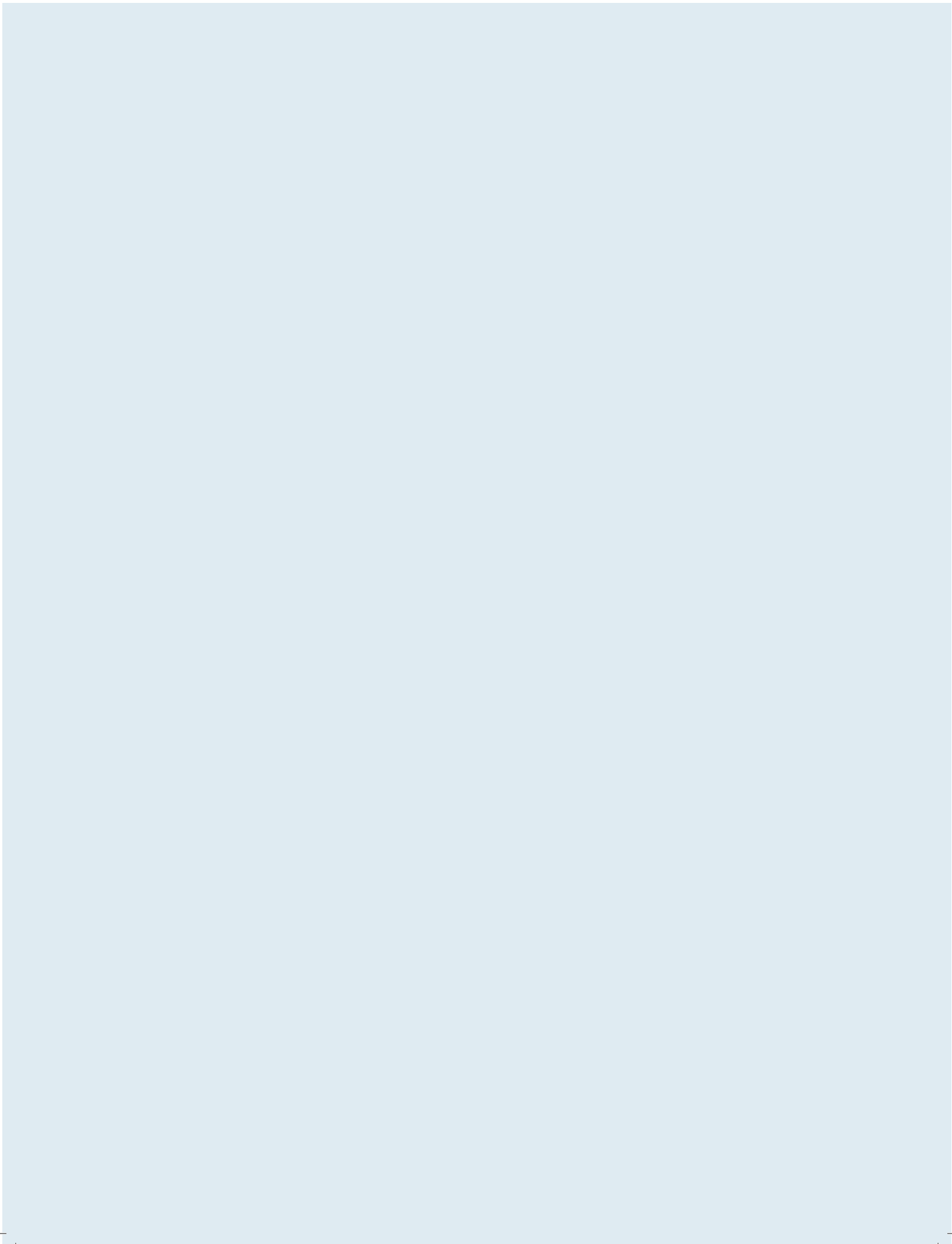
After 31 March 2020, the FCO issued Letters of Comfort to the following Arm's Length Bodies (ALBs), sponsored by FCO: FCO Services, Wilton Park Agency, GBCC, MACC and WFD. The Letters of Comfort give assurance to the ALBs that the FCO will provide them with sufficient financial resources in order to ensure they can meet their financial obligations, and that they can continue as going concerns, for at least 12 months from the date that their 2019-20 accounts are certified by the Comptroller & Auditor General. It is not currently possible to estimate the financial impact, if any, of these letters of comfort.

In order to give further support to mitigate the financial impact of Covid-19, in June 2020 the FCO agreed to give to the British Council a loan of £60M. This will be followed by a review of the funding arrangement between the FCO and the British Council.

In line with IAS 10, *Events after the reporting period*, all of these are considered to be non-adjusting events.

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The Accounting Officer authorised these financial statements for issue on the same date as the Comptroller & Auditor General's Audit Certificate. The accounts do not reflect events after this date.



Annex: Core Tables (unaudited)

The common core tables and annual accounts have both been prepared on a Clear Line of Sight basis since 2011-12. The expectation is that there should be consistency between these two sources of data. The common core tables below reflect total departmental budgets including the core FCO, bodies sponsored by the FCO and expenditure on prosperity, conflict prevention and peacekeeping. The Prosperity, Conflict Prevention and Peacekeeping funds are controlled on a multidepartmental basis and are not included in budgets shown in the Department's business plan. Due to the pressures of reporting under COVID-19 restrictions, we have decided not to publish the Sponsorship Tables as an Annex to the Annual Report and Accounts. The table will be published separately on gov.uk in due course. See footnotes for further details.

Total Departmental Spending

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£M	£M	£M	£M	£M	£M
Resource DEL						
Section A: Administration and programme expenditure ¹	853	904	901	1,008	1,128	1,073
Section B: Programme and international organisation grants ²	301	331	368	374	383	340
Section C: British Council	157	162	171	188	192	176
Section D: Net Funding for NDPBs	6	4	6	6	6	7
Section E: Prosperity and Integrated Activity Funds ²	0	0	46	66	112	156
Section F: Conflict Prevention Programme expenditure	281	339	404	424	418	616
Section G: Peacekeeping	356	318	311	344	342	388
<i>Departmental Unallocated Provision</i>	0	0	0	0	0	0
Total Resource DEL	1,953	2,058	2,208	2,410	2,582	2,756
Of which:						
-Pay	403	439	448	503	577	0
-Net Current Procurement	265	346	351	337	379	0
-Current grants and subsidies to the private sector and abroad	938	988	1,092	1,208	1,256	2,430
-Depreciation ³	191	123	146	174	178	150
-Other ⁴	157	162	171	188	192	176
Resource AME						
Section G: AME Programme	4	(88)	102	(3)	(34)	65
Section H: Reimbursement of certain duties taxes and licence fees	35	35	40	34	38	35
Total Resource AME ⁵	39	(53)	142	31	4	100
Of which:						
-Current grants and subsidies to the private sector and abroad	35	35	40	34	38	35
-Take up of provisions	15	2	11	10	8	15
-Release of provisions	(8)	(7)	(6)	(11)	(9)	(15)
-Depreciation ³	12	(36)	(8)	21	(5)	50
-Other	(15)	(47)	105	(23)	(28)	15
Total Resource Budget	1,992	2,005	2,350	2,441	2,586	2,856

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£M	£M	£M	£M	£M	£M
Of which:						
-Depreciation ³	203	87	139	195	173	200
Capital DEL						
Section A: Administration and programme expenditure	113	47	(271)	123	124	102
Section B: Programme and international organisation grants	14	10	10	2	0	0
Section C: British Council—Capital Grant	5	0	0	0	0	0
Section E: Prosperity and Integrated Activity Funds	0	0	0	0	0	0
Section F: Conflict Prevention Programme expenditure	0	3	9	17	24	0
Section G: Peacekeeping	0	0	0	0	0	0
Total Capital DEL	131	60	(252)	142	148	102
Of which:						
-Purchase of assets	249	104	142	148	154	117
-Income from sales of assets	(136)	(57)	(413)	(25)	(30)	(15)
-Capital grants to the private sector and abroad	14	13	19	19	24	0
-Capital support for public corporations	5	0	0	0	0	0
Total Capital Budget	131	60	(252)	142	148	102

Total Departmental Spending ⁶	1,921	1,977	1,959	2,389	2,561	2,757
Of which:						
-Total DEL	1,894	1,994	1,809	2,379	2,551	2,707
-Total AME	27	(17)	150	10	9	50

¹Outturn years reflect the Machinery of Government transfer of £2.797m Resource DEL to the Department for Exiting the European Union (DExEU) which took place in 2016-17. Plans for 2020-21 include a transfer for staff joining the FCO from DExEU which was disbanded in January 2020.

²The Prosperity Fund was included in Section A in 2017-18 and moved to Section E in 2018-19. In 2019-20 Section E includes the Gulf Strategy Integrated Activity Fund. Outturn Figures have been adjusted for comparability. In 2020-21 the Gulf Strategy Integrated Activity Fund will be in Section B. Plans for 2020-21 reflect this.

³Includes impairments.

⁴Includes grants to public corporations.

⁵Includes unrealised (gains)/losses on forward contracts for foreign exchange.

⁶Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Administration Budget

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£M	£M	£M	£M	£M	£M
Section A: Administration and programme expenditure	111	116	176	129	118	208
<i>Departmental Unallocated Provision</i>	0	0	0	0	0	0
Total Administration Budget ¹	111	116	176	129	118	208
Of which:						
-Paybill	147	166	163	167	180	
-Expenditure	69	146	219	216	190	408
-Income	(104)	(196)	(206)	(254)	(252)	(200)

¹£114m for the costs of security staff overseas and UK located staff with representative roles were reclassified to front line programme expenditure at Spending Review 2010. Around £400m of costs associated with front-line staff were reclassified to programme in CSR07..

