

# FCDO Services

Annual Report and Accounts 2020/21  
(for the year ended March 2021)



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and Accounts 2020/21  
(for the year ended March 2021)

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Front cover image: Shipment of oxygen ventilators being loaded onto Antonov plane

Back cover image: Aerial view of the new Remote Radar Head (RRH) Brizlee wood, delivered as part of Programme HYDRA



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## Overview

The Overview section contains forewords by the Minister responsible for FCDO Services, the Chair of the FCDO Services Board and the Chief Executive Officer (and Accounting Officer). It also contains summary information about the organisation and a performance overview.



## Foreword by Lord (Tariq) Ahmad of Wimbledon

Minister of State, FCDO

**I'm delighted to introduce this year's Annual Report and Accounts as the Foreign, Commonwealth and Development Office (FCDO) Minister responsible for overseeing the work and strategic objectives of FCDO Services.**

I would like to start by thanking Danny Payne and FCDO Services staff for their phenomenal efforts over the past year. It has been an extraordinary year for the Trading Fund, which has had to navigate not only the effects of the COVID-19 pandemic, but also the merger of the Foreign and Commonwealth Office and Department for International Development (DfID) and the UK's new relationship with the EU. On behalf of the Foreign Secretary and the FCDO staff around the world, I thank FCDO Services for continuing to maintain the diplomatic platform during a period of unprecedented change.

FCDO Services is an integral part of the FCDO, and I am pleased to see the relationship between the two grow from strength to strength. It has been a challenging year, but FCDO Services continued to deliver. It has worked effectively and efficiently, which is reflected in the feedback from customers. FCDO Services has played an integral role in the delivery of vaccines to the UK platform overseas; supported the Rapid Deployment Team in Beirut in August and helped the FCO and DfID join digital platforms

during the merger. I am grateful to all FCDO Services staff for their continued efforts to support the FCDO and other departments on the overseas platform in their work in the UK and around the world.

This year the UK National Authority for Counter-Eavesdropping (UK NACE) celebrated its 75th Anniversary. UK NACE was established just after WW2 after the discovery of a number of eavesdropping devices installed in British Embassies across Communist Eastern Europe. Today, it continues to deliver services to protect our nation's diplomatic, military and economic wellbeing and I thank our UK NACE colleagues who continue to deliver the excellent work started by our former colleagues.

The events of the past year have provided many learning experiences, from how we connect to each other to how we serve our partners. FCDO Services has demonstrated its ability and flexibility to adapt to change whilst continuing to meet its objectives. It continues to meet its Ministerial Targets and deliver customer satisfaction. When I look at the customer returns it speaks volumes about everyone across the organisation who help to achieve such great results, and its investment in the progression of its staff is commendable. The importance of investing in people cannot be understated, and FCDO Services staff should look forward to a year of new opportunities.

The Integrated Review has presented FCDO Services with the strategy on how it can work together with the FCDO and wider HMG to deliver on the government's ambitions. FCDO Services is well placed to deliver in this space; I am pleased to see the organisation build on its excellent relationships with the Ministry of Defence (MOD) and Whitehall colleagues. With the launch of One FCDO Services and the creation of an Innovation unit, FCDO Services has positioned itself at the heart of the government's push for greater research and development in science and technology.

Whilst the year ahead will continue to present us with challenges, as the world starts to open up we will have new opportunities. Build Back Better resonates for the whole organisation, not just our country, and I know the leadership and staff at FCDO Services are already looking ahead, developing the business and enhancing its operations. I look forward to my next visit to Hanslope Park and to meeting the staff at FCDO Services who are responsible for all the services the organisation continues to deliver.

**Lord (Tariq) Ahmad of Wimbledon**  
*Minister of State, FCDO*

## Foreword by Sir Simon Gass

Chair of the FCDO Services Board



## Foreword by Danny Payne CMG

Chief Executive FCDO Services

**As Chair of the FCDO Services Board I would like to congratulate Danny Payne and all FCDO Services staff for their contribution to the success of the Trading Fund. This has been a year full of challenge but also full of achievement. Whilst adapting the business to the new environment of the COVID-19 pandemic, the organisation also navigated the end of the transition period with the EU and the FCDO merger. Throughout this, the team continued to deliver excellent services to the FCDO and customers across Whitehall and the globe.**

FCDO Services successfully adapted its strategy early in the pandemic to drive towards more wider-market business. The Board endorsed this approach and the end of year results show that the revised Grow, Save, Innovate strategy has worked. The careful balance of increasing wider-market business and making cost saving efficiencies has enabled the organisation to finish the financial year in a position of surplus: a significant achievement considering the challenges.

FCDO Services staff have continued to show their wide range of skills over the past 12 months. Throughout the COVID-19 pandemic staff have continued to support the FCDO and its partners overseas through our teams across the globe.

From maintaining the diplomatic platform, to ensuring vital supplies (including vaccines) get to Posts via our logistics operation, staff have once again gone the extra mile to keep as many services as operational as possible.

In recent years, the Board has taken a close interest in the organisation's Diversity and Inclusion strategy. We will take better business decisions if we have diverse ways of thinking about them. I am pleased with the progress made. Although reduced levels of recruitment as a result of the pandemic have had a bearing on progress in improving workforce representation, we are still moving in the right direction. We have seen an increase in the proportion of disabled staff we now employ and female representation in technical roles has also risen to our highest ever level.

The Board has met several times over the past year to discuss the revised strategy of FCDO Services and chart progress against the Corporate Plan. In my role as Chair of the Nominations Committee, I continue to support Danny and the executive team to nurture and promote talent. The Board is particularly pleased with the positive staff survey results FCDO Services achieved this year. The organisation saw significant improvements in the scores on 'My Manager' and 'Leadership and Managing Change'. To do so in a

year where staff members have had to adapt to significant change in their work and home lives is a testament to the leadership teams of FCDO Services. Our staff survey results also show that the continued focus on diversity and inclusion is having a positive impact on our culture with our inclusion score now at 80%.

We were delighted to welcome a new Non-Executive Director to the Board this year. Jenny Bates joined us as the FCDO representative, taking over from Sir Philip Barton. We also welcomed Juliette Wilcox onto the Audit Risk and Assurance Committee (ARAC). Both are very well qualified and are already bringing significant value to our organisation.

Finally, this has been Danny Payne's last full year as CEO. I cannot overemphasise the impact Danny has made on the organisation since he joined in 2008. His drive and energy, the clarity of his thought and the warmth of his personality mean that he will be missed by the Board and staff of FCDO Services. The organisation is stronger, healthier and more successful because of his leadership. We wish Danny well for the future. We expect soon to announce Danny's successor as CEO.

**Sir Simon Gass**  
Chair of the FCDO Services Board

**COVID-19 has meant we have had to learn how to navigate working with new and continually adapting challenges. The past year has demonstrated the incredible ability of FCDO Services staff, who have continued to deliver a world-class service despite the impact on operations. FCDO Services is a global organisation with a global footprint; the closure of international borders had huge implications for the way our organisation operates, but the experience and agility of our trusted teams has meant the organisation continued to deliver, ending the year in a much better position than we had forecast at the beginning of the financial year.**

FCDO Services responded rapidly to a changing situation. The organisation adjusted its strategy and Corporate Plan to reflect the new operating environment. Very early on in the pandemic we launched our Business Continuity plan under Gold, Silver and Bronze leadership. A year on, we are still operating under this structure and I would like to give my heartfelt thanks to all those who have worked tirelessly to navigate the organisation through this period of unprecedented change.

As a Trading Fund, we continue to focus on retaining the trust of the FCDO to deliver services to its overseas platform and maintaining the FCDO estate. With the merger of the Foreign

and Commonwealth Office and the Department for International Development, we look forward to the opportunities the merger has given us to support the D in FCDO, indeed we are now supporting Development and Aid for example: urgent logistics to ship oxygen generators to India using an Antonov 124 (see page 29). With the end of the Transition Period with the EU, our Frankfurt Hub and meticulous preparation for the EU Exit has enabled us to continue to provide support to the diplomatic platform and we have supported the FCDO with its distribution of vaccines to Posts and staff around the world.

With the closure of international borders and the disruption to global travel, the organisation

has continued to grow its wider market work and nurture its portfolio of customers outside of the FCDO. Our Grow, Save, Innovate strategy has enabled us to grow this side of the business, working closely with other UK government departments including the MOD and international partners. The Integrated Review will help us build on our strategy and we are well placed to assist the FCDO and HMG to deliver on its ambitions.

We continue to invest in engagement with our staff and in their skills. I, and my executive team, remain committed to building and maintaining a diverse and inclusive workforce. Thanks to the passion and hard



The Diplomatic Wireless Service, founded on 1 April 1946



CEO Danny Payne speaking at one of our online staff forums

work from staff across the organisation, including our staff associations, I am pleased to say we are seeing improvements in the number of staff who feel comfortable declaring their status' across all areas.

Though recruitment has been limited this year, we have also seen improvements in both disability and Black, Asian, Mixed or Other ethnic group representation so I am pleased to see our efforts are making an impact. I recognise we have more to do, and the improvements to date provide a strong platform to enable us to achieve this. We have also focused heavily on nurturing talent and developing our leadership team, and the great response rate and scores in our Your Say results are a testament to the important work being done across the organisation in building our workplace culture.

This year we celebrated 75 Years of the Diplomatic Wireless Service, established on 1 April 1946 by Ernest Bevin to provide direct wireless communication between the Foreign Office and its overseas Missions. FCDO Services continues this important work to this day, and for the past 75 years, we have continued to specialise in secure communications around the world. I also echo the Lord Ahmad's tribute to the work of UK NACE, also celebrating their 75th year and continuing to build on the excellent work they've done in the past 12 months.

As we end the financial year, I reflect on how far the organisation has come since its inception and all it continues to achieve. The world in which we operate will keep changing and the next year will continue to be impacted by the COVID-19 pandemic, and will present us with new set

challenges. However, FCDO Services has shown its ability to adjust rapidly and respond quickly to support our customers.

This is my last Annual Report and Accounts as I move on from FCDO Services to new opportunities. I feel privileged to have been able to steer the organisation and its staff through the past year. FCDO Services staff should be proud of all they have achieved and I wish the organisation all the very best for the future.

**Danny Payne CMG**  
Chief Executive FCDO Services

## Who We Are and What We Do

FCDO Services is an Executive Agency and Trading Fund, owned by the Foreign Commonwealth and Development Office. Our work supports diplomacy, defence and development for UK government and our global partners.

### What we do

Our secure services underpin the diplomatic network. We provide aid to embassies and high commissions and protect against counter-terrorism and espionage.

- We support a wide range of highly secure government facilities, from design and construction, to providing ongoing maintenance and consultation.
- Within the digital sphere we provide data management and secure cloud hosting, IT advisory and professional managed services.
- Our secure logistics service which includes our renowned Queen's Messengers, delivers diplomatic mail around the world for the UK and other governments.
- Other services include provision of diplomatic and ministerial vehicles, regional technical support and protective security and translation and interpreting.
- Alongside these services we offer project management and consultation, testing, monitoring, product development, delivery and more.

The UK National Authority for Counter Eavesdropping (UK NACE) is part of FCDO Services and recognised as a national authority for technical security. Along with their partner National Technical Authorities - National Cyber Security Centre (NCSC) and Centre for the Protection

of National Infrastructure (CPNI) - they protect UK assets from technical espionage.

### How We Are Organised

We operate on a global scale, working in more than 250 Missions across 168 countries.

Our staff are based in the UK and around the world, where they can offer the best support to customers. In the UK, staff are based at Hanslope Park, near Milton Keynes and at the FCDO's London headquarters, King Charles Street. Overseas, staff are based at our four regional hubs in Washington, Brussels, Pretoria and Bangkok, or at other Posts.

Our regional structure allows us to respond more quickly to customers, to build local supply chains and alter our approach based on the needs of each region. Each hub is headed by a Regional Services Director.

### New organisational structure

The UK government has set out its aim for the UK to become a global leader in science and technology. Our owner, the FCDO, will be central in helping to deliver this and so to provide support to FCDO, we moved to a new streamlined organisational structure in September 2020 - One FCDO Services. The reorganisation will see an increased focus on science and innovation and improve our ability to grow our business while making careful savings. The new operating model will also improve our ability to be flexible and enhance customer service.

As part of the restructure, a new Operations function was created which includes Engineering and Operations, Technology and Operations, the Regions and Customer Relationships (formerly ETD, GDT, SGS and GGP, though these former directorates are referenced in the Accountability Report as 2020/21 is a transitional year). To strengthen the business-wide focus on digital technology and innovation, a new Chief Digital and Innovation Officer (CDIO) role was established. Read more about the work we are doing in Innovation on page 30.

## Our Organisation



## Our Global Reach

We operate  
in more than  
**250**  
Missions

across  
**168**  
countries



# Our History

This year marks 75 years since the department which ended up as FCDO Services became what was then a Foreign Office agency. The Diplomatic Wireless Service was born on 1 April 1946. On 23 April 1946, Ernest Bevin sent a Foreign Office circular to all Posts, stating: 'From the 1st April, 1946, the wireless telegraph service hitherto described as "Government Wireless" which provides

direct wireless communication between Foreign Office and those of His Majesty's Missions in which transmitting and receiving stations have been installed is to be regarded as a regular Foreign Office organisation and to be described as "Diplomatic Wireless". During the Second World War, Special Communications Units were set up to protect and maintain radio communications.

After the war, radio communications between the UK and Foreign Office Posts abroad were still extremely important. The Diplomatic Wireless Service was created as part of the Foreign Office because it was so important for their work. For the past 75 years, we have continued to specialise in secure communications. Today, we still work with secure radio, as well as electronic communications like emails and video calls.







## Performance Analysis

The Performance Analysis section outlines our strategic vision and our objectives, including how we measure performance.

## Performance summary

We are in our thirteenth year as a Trading Fund of the FCDO, providing vital support to diplomatic Missions and other government departments around the world.

### Organisational goals

FCDO Services has a clear vision to be a trusted government partner that is agile in deployment and global in scale. Our strategic objectives for 2020/21 are to **Grow, Save and Innovate**. The restructure of our organisation to create a single, unified FCDO Services operating unit, will improve our ability to deliver on this.

### Our Purpose (Mission)

We provide trusted, secure and resilient services to support diplomacy, defence and development for the UK Government and our global partners.

### Our Ambition

The organisation of choice for innovation in protecting the people, assets and data of the Government and its partners worldwide.

### Grow our business

We have begun working towards our goal to increase and improve on the amount of work we do outside of the FCDO. This approach will ensure we protect our revenues and broaden our customer base and is supported by the FCDO. The creation of the new FCDO, following the former FCO's merger with the Department for International Development, also presents us with the opportunity to deliver different services which our new structure will allow us to achieve.

### Save resource

We aim to save by streamlining our business to reduce costs, and increase agility, scalability, productivity, collaboration and teamwork. We have created a unified operations unit to lead all our delivery, projects and operations, this will help us make careful savings as we grow by maximising productive activity. We will continue to focus on improving our operational efficiency and delivering even better value for our customers.

### Innovate for future growth

The Foreign Secretary has announced that our owner, the FCDO, will be a key department delivering the government's ambitions for security and defence set out in the Integrated Review. In supporting the FCDO and delivering the innovation in technology needed, we are perfectly placed to be at the heart of that policy.

In order to better provide science and technology capability in the future for our customers in the UK and around the world, we have introduced a Digital & Innovation Office that will focus on innovation, science, technology and product development.

### Measuring our performance

FCDO Services is accountable to the Secretary of State for Foreign, Commonwealth and Development Affairs, via an appointed minister and several boards which govern the organisation.

The Executive Board meets monthly to take ownership of the day-to-day management and strategic leadership, ensuring FCDO Services is following its key strategic aims and policies. The Board receives regular reports detailing financial performance, sales and marketing plans, HR statistics and service delivery issues. This board is accountable to the main FCDO Services Board chaired by Sir Simon Gass. Separately, the Investment Board meets to ensure all spend and investment across the organisation is in

line with our strategic goals and required in order to meet our Ministerial and organisational targets. A detailed explanation of our governance and oversight structures are set out in the Accountability Report on page 58.

### Assessing our risks

The principal risks faced in achieving our ministerial targets and our corporate objectives are managed proactively within our Risk Management Framework, set out in detail in the Annual Governance Statement (page 65). The framework, and risk landscape of FCDO Services, is supported by a Risk Review and Assurance Board which meets monthly. Additional oversight is provided by the Audit and Risk Assurance Committee, which meets quarterly. Effective identification and management of risk is fundamental to the

success of the organisation, this is managed via a register of primary risks, reviewed and updated on a monthly basis.

Risks posed by the impact of COVID-19 upon our operational activities have been managed through careful crisis management and a sound Business Continuity Framework.

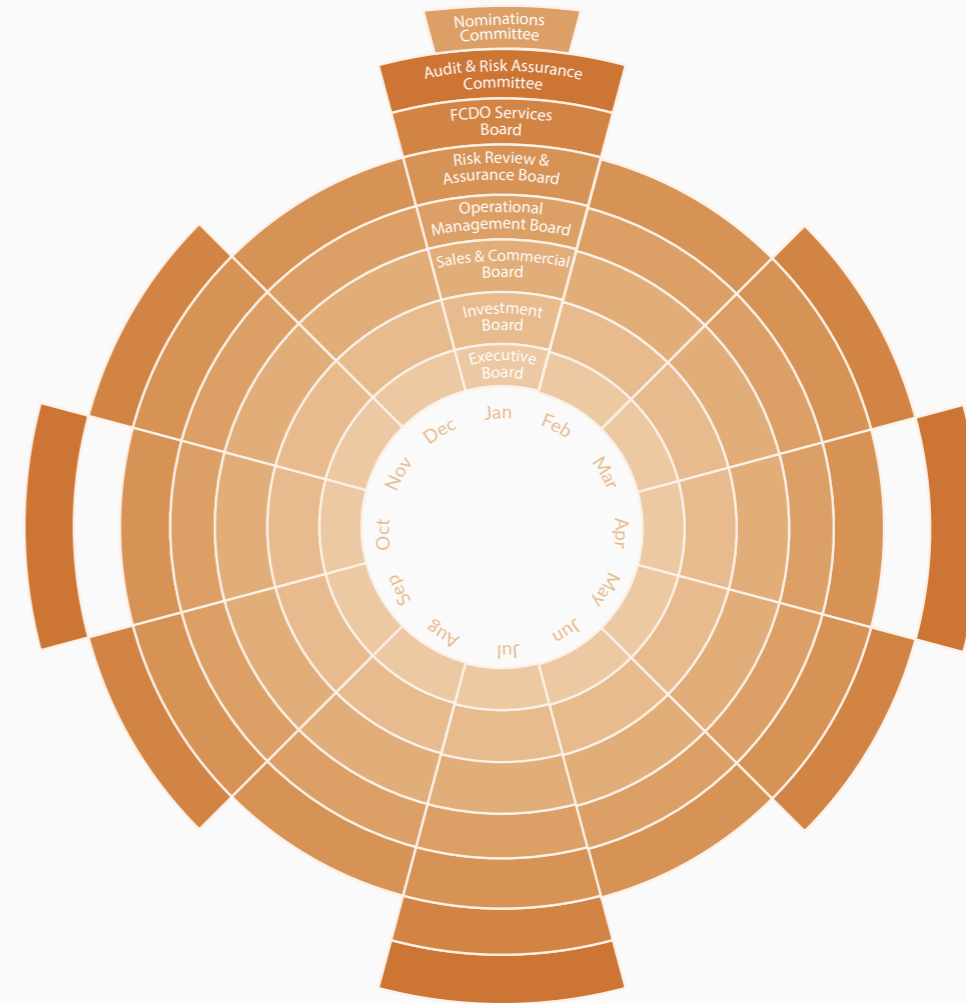
### Investing in our people

The success of our organisation is dependent on our people and they are a trusted and valued part of the diplomatic family. It is our ambition to become a consciously inclusive employer of choice. An updated FCDO Services' Diversity and Inclusion Strategy 2020-2023 has been agreed with a supporting action plan which incorporates actions in response to issues highlighted during 2020 by our colleagues from diverse groups.

Progress on improving workforce representation in 2020/21 was stalled by recruitment controls applied to manage the financial impact of the pandemic. As a result we saw a marginal dip in female, ethnic minority and LGBT+ representation, although there was an increase in disability representation. Overall, there has been a sustained upward trend since 2016 and we envisage levels returning and improving as external recruitment activities resume and we target campaigns to attract a diverse range of candidates.

We started to enhance outreach initiatives in schools and colleges to increase awareness of FCDO Services as an inclusive employer. This will be expanded as pandemic restrictions are lifted, including encouraging more females into STEM roles. The FCDO Services Executive Board has maintained gender balance.

### Board meeting frequency



### Our performance targets and results for 2020/21



Apprenticeship recruitment was put on hold in 2020 due to the effects of COVID-19, but recruitment is underway for 42 apprentices across 12 schemes to start in September 2021.

We also took positive steps forward this year in developing a job family framework, core role profiles and skills matrices covering the whole business and these are being used to underpin implementation of a skills-based pay structure in 2021/22.

We seek feedback from our staff in a number of ways, with the most measurable being the annual civil service Your Say survey. Overall, the Your Say feedback 2020 was the most positive since becoming a Trading Fund in 2008,

with improvements against nine of the ten indices. These included staff engagement of 65% (+2%) and significant improvement in the 'my manager' index to 73% (+7%) that exceeded our ministerial target, and leadership and change also rose by 7% to 51%.

The survey included additional questions covering staff mental health and wellbeing. The responses compared favourably with civil service benchmarks and was indicative of the good practices we implemented and the focus on these during the pandemic. There was marginal improvement in bullying, harassment and discrimination feedback and this continues to be a priority area this year. The sustained improvement in Your Say feedback in recent

years has been underpinned by our Culture 2020 initiatives, including investment in improving leadership and management capability. In 2020/21 we implemented a new talent management process to identify and develop high potential leaders, and designed a new leadership and management development framework for launch in 2021/22.

Regular updates on our policies and organisational news are shared via a weekly bulletin, and during the COVID-19 period regular Silver Command emails. A weekly wellbeing email containing content supporting physical and mental health has also been introduced, with more information contained on the FCDO Services intranet, The Hub. Staff forums

have been made more accessible, with a move towards holding them virtually over MS Teams now happening across the organisation. This allows greater engagement through accessibility tools like subtitles and recording. MS Teams has enabled a much greater flexibility in the workplace and its introduction made the move to Business Continuity during the pandemic much easier for staff.

### Business continuity

During the COVID-19 pandemic, our structured and comprehensive Business Continuity approach has enabled us to continue activities which support our delivery to our customers and safeguard our staff. Although at times challenging, due to global pandemic restrictions, our commitment to effective and

comprehensive Business Continuity structure has helped us maintain resilience during critical times. We have worked hard across the whole organisation to retain and be recommended for transition to the new 2019 version of ISO 22301, the international standard for Business Continuity. Our continued focus reflects this with ongoing Business Continuity planning, exercising and delivery which underpins our commitment to our staff and customers.

### Health and Safety

FCDO Services recognises the importance of keeping our staff, customers, contractors and delivery partners safe in their work. Through safety focussed planning, design and delivery we work to keep all involved in the

delivery of our projects, products and services safe. Following the internal organisation restructure, the health and safety function now reports directly to the Chief Operating Officer, strengthening our safety culture and behaviours through direct collaboration between our operations and our leadership.

In response to the challenges of the pandemic we have integrated our COVID-19 controls into our existing safety tools and processes to deliver cohesive safety risk management in our activities. Collaborating across our delivery teams in the UK and overseas, we continue to provide a flexible but effective risk management approach to COVID-19. Safety learning, reporting, audit and inspection have been moved to virtual platforms to effect continuing performance

review and development. Our new safety reporting tool facilitates quicker and clearer reporting resulting in improved safety risk management activities.

### Security

We have further enhanced our security culture through combining our internal security teams. Collaborative working and a dedicated security education function has been established to support continuous aligned improvements. Performance and compliance monitoring and measurement influences both proactive and reactive training, education and communications amongst our workforce. Collaboration between departments during the COVID-19 pandemic helped to create a range of efficient and agile processes including remote eLearning modules to ensure our important security function and training could continue to be delivered.

Further to ongoing ISO 27001 and Cyber Essentials Plus compliance, we have continued to implement the Information Security Strategy. We have continued to expand the full project governance board across the organisation to ensure security and standards are met. We have carried out and established a routine number of checks and tests to ensure risks are reported regularly and, working with colleagues across the organisation, established action plans to reduce any risks and issues found.

Risk management and governance, in conjunction with cyber defence, security health checks and new major systems security initiatives, are contributing to safeguarding our staff, information, technology and other assets proportionate to organisational risk. At the

same time, our understanding of threat and opportunity has grown through sustained external engagement with the FCDO and our Partners Across Government.

### Personal data

There have been no significant lapses of protective security, or referrals to the Information Commissioner's Office (ICO) in 2020/21.

### Performance in responding to correspondence from the Public

As a public organisation, FCDO Services is subject to the Freedom of Information Act (FOI) which creates a public "right of access" to information held by public authorities. Individuals also have the right to obtain a copy of their personal data held by the organisation as well as other supplementary information, known as a Subject Access Request (SAR). Under this Act, FCDO Services must provide answers to the public when they submit an FOI request. In the last 12 months, FCDO Services received 11 FOI requests and 1 SAR.

### Modern slavery

FCDO Services recognises its responsibility to take a robust approach to modern slavery and human trafficking and is absolutely committed to preventing modern slavery in its corporate activities, and to ensuring that its supply chains are free from modern slavery. A full statement can be found on our website.

### Ethics

Our Ethical Code sets the standards of behaviour and conduct expected of our people, employees or contractors. They must carry out their duties ethically, with integrity and in strict accordance with our Code, which incorporates the Civil Service Code and covers conduct, declaration of gifts and interests, how we work with our colleagues, raising concerns, dignity at work and how we handle information and work to eradicate unethical practices from our organisation. The Dignity at Work Policy explains how we ensure our people receive fair treatment and respect, no matter their background and enable them to fulfil their potential and avoid discrimination in the workplace.

FCDO Services also has policies in place covering the use of agency workers and best practice on monitoring the services provided to us by suppliers.

### Whistleblowing, anti-corruption and bribery

FCDO Services is committed to ensuring high standards of conduct in all that it does. These standards are reinforced by the Civil Service Code, Diplomatic Service Regulations (DSR) and Home Service Regulations (HSR). Our Raising a Concern Policy, aligned with the Foreign Commonwealth and Development Office, is designed to make it easy for workers to make disclosures, without fear of retaliation. Details are available for staff on FCDO Services' intranet site.

How staff have been kept informed during the COVID-19 period





## Our highlights

In this section we focus on our work with the FCDO and our Partners Across Government.

We look back at our achievements over the past year measured against our key strategic objectives: Trusted, Agile and Global.



# Trusted



Being a trusted part of government is central to the FCDO Services core offering. Throughout the last 12 months we have continued to serve our customers and partners around the world, maintaining our broad range of critical services at the highest tier of security. Our teams have delivered secure programmes for the MOD of vital importance to national security and finished complex construction programmes in remote parts of the world.

Earlier this year, we supported the FCDO in transporting life-saving equipment to India to help in the fight against COVID-19.

More than 600 pieces of vital medical equipment, including ventilators and oxygen concentrators were packed at the FCDO Services site near Milton Keynes and shipped to India. Our Logistics teams in the UK and the regional team in India worked collaboratively to ensure the seamless transportation of the equipment. In total, nine airline container loads of supplies, including 495

oxygen concentrators, 120 non-invasive ventilators and 20 manual ventilators were sent.



### Vaccinations

Our network has helped deliver the vaccination programme for UK government staff around the world, in some of the most challenging locations. This required quickly setting up a completely new supply chain which could deliver the vaccines to over 140 overseas Posts while maintaining the correct temperature with a collective team effort involving staff in the UK and at Post. The complication of a volcanic eruption in Guatemala and the disruption that

caused to the planned route did not stop our team delivering the supplies to our colleagues and dependents in diplomatic Missions across the globe. As the financial year drew to a close, our staff had either delivered or had detailed plans in place to deliver 93% of the total rollout of vaccines.



### Live services

Our live services have been maintained, enhancing the government's capabilities at Secret and on bespoke applications. We have migrated government departments onto new digital platforms and delivered the rollout of Microsoft 365 for

the FCDO, helping connect our Posts around the world when communication was needed most. The support our technical teams have provided during this period, including the monitoring of the FCDO digital platform, has helped deliver the use of MS Teams, which has been critical for our work. During the merger of the FCO and DfID, we worked to join the two legacy departments' IT systems, helping to bring the organisation together as one.



### Sensitivity Review Service

Our Sensitivity Review Service (featured in-depth in last year's report) is increasing the pace on FCDO digital records for transfer to The National Archives. The team has also started implementing solutions for a variety of other legacy microform media requiring digitisation, in addition to other digital file formats. The reviewers are increasingly helped by our assistive technology, using Artificial Intelligence techniques to speed up the process of sensitivity review, which is vital to deal efficiently with the large volume of digital records.

We continue to work with specialist companies and organisations within our "Cicero Trusted Community" to enhance our efficiency technologies. We have also completed a Digital Sensitivity Review feasibility study with HM Treasury in order

to demonstrate the application of the service to them, and to other government departments.



### UK NACE

As it celebrates its 75th year, UK NACE, the National Technical Authority (NTA) for technical security, has performed over 125 inspections and evaluations of government and industry sites. This has included eight major building projects, seven of which were overseas. UK NACE has strengthened its place in the UK security community by playing a central role alongside the other NTAs - the CPNI and the NCSC - in the Government Security Group, which develops policies, strategies and advice for the government.

The Government Security Function Strategy launched this year, setting out a five-year plan. UK NACE will provide expertise, advice and services to government



The UK NACE pages on our corporate website

departments, agencies and Arm's Length Bodies. UK NACE already works with around 100 different organisations across government and industry. In September 2020, UK NACE was added to Schedule 4 of the Investigatory Powers Act 2016. It joins a range of security agencies in the authority to gain access to certain types of communications data in the interests of national security.

While the very nature of its work demands a covert approach, this year UK NACE has taken deliberate steps to raise its own profile to encourage greater understanding of the work it does across government and to demonstrate the benefit it provides to our partners in the Five Eyes community. Promoting news and stories which demonstrate the strength, expertise and broad capabilities of UK NACE, will also act as a deterrent to those who wish to attack the UK's critical infrastructure.

A new website [www.uknace.gov.uk](http://www.uknace.gov.uk) was created and went live in March 2021. The site contains information about its history, operations and training academy and helps visitors understand the full scope of the vital work it does. In addition, UK NACE has secured a page on the gov.uk site and launched a new LinkedIn page to broaden awareness and engage with the security community more widely.

## Case Study

# A new FCDO Services website

On 23 March 2021 we launched our new corporate website.

*"I am excited to launch our brand new website, a really collaborative effort from teams across the organisation. It showcases the range of work we do and our new brand, building greater awareness of our organisation. It's also hosted and supported by our own secure digital teams."*

Danny Payne CMG, Chief Executive Officer, FCDO Services



The site is designed to be easy to use and contains more information about us.

We developed our new website because we became FCDO Services in September 2020. We wanted to use our new brand to give our website a fresh, contemporary look. Plus, we knew customers were not using our old website.

#### What did we do?

We made it easier to find information about our products and how we work. We talk about our services clearly, and showcase

key case studies and projects we've been involved in and how we've helped our customers and Partners Across Government. Our website now contains more detail about our leadership, regional structure and what makes our organisation unique.

UK NACE, the National Technical Authority for technical security, is a key part of FCDO Services. For the first time in their 75 year history, they now have a dedicated space to explain the important work they do and publish their latest news. This allows them to reach more people interested in technical security.

In order to support our global customers and partners, our overseas work sits within a regional structure. We've created new pages to explain the work our regional teams do and outline how they operate.

We designed the website with accessibility and mobile devices as our top priority. We want to be sure that however you use or access our website, you can easily find what you need. This included disposing of PDFs and simplifying certain parts of the website.

# IT Rapid Response Support

When the Coronavirus pandemic hit at the start of last year, the Foreign, Commonwealth and Development Office (FCDO) needed to urgently bolster communications systems to support their global consular response.



Coronavirus restrictions started to be rolled out in the UK and on 23 March 2020 the first official lockdown began, with the UK Government's message to the population to stay at home. This provided a significant number of challenges for the FCDO at a time when consular support across the globe was in higher need than ever. We were commissioned to provide vital IT support so that FCDO colleagues could provide critical crisis response.

## Vital communications support

As other countries also began going into lockdown, we needed to find a way for consular staff at our centres in Ottawa and Malaga to work from home and take calls while Posts were closed.

The right kind of equipment was required, this wasn't simply a case of ordering from an online supplier due to the security requirements of the system. Working closely with our supply chain we supplied headsets and phones to a number of Posts, and made needed changes to the phone system to reroute inbound and outbound calls.

One of our critical challenges was working to a tight timescale to get the equipment out to staff in time while shipping restrictions were in place. Thanks to the tireless work of our logistics team, delivery was successful, swift and efficient.

## Network support

Additional capacity to the IT network was also required to support working from home globally. We worked with the FCDO to ensure staff could log

## Case Study

*"When FCDO needed to embrace remote working globally as COVID-19 restrictions came into force, FCDO Services provided trusted logistical support to distribute essential IT equipment quickly and, working in partnership with other suppliers, enabled speedy changes to infrastructure, increasing capacity for virtual meetings and hybrid working practices."*

Head of IT Delivery, FCDO

into the VPN by assisting in implementing additional network capacity and Firewall changes. This work was delivered within 3 weeks with our teams working extra hours to ensure limited disruption to business as usual.

We also implemented bespoke changes to enable additional conferencing applications for the FCDO, this enabled its key officials to attend daily No.10 Downing Street calls and important international conferences remotely.

## Customer response

Key to the success of this work was our agility, our speed of response, and collaboration with our supply chain. These behaviours enabled us to bolster the IT and comms systems, supporting the FCDO's crisis response.

## Case Study

*"While numerous other programmes stalled in 2020 as a consequence of COVID-19, FCDO Services adopted class-leading workarounds to deliver Programme HYDRA both to schedule and exactly in line with user requirements; the results are striking."*

Group Captain Iain Lunan, RAF

In July 2017, FCDO Services sought to develop a new concept for UK Air Defence Radar sites: a fully secure, remotely monitored Air Defence radar site footprint. Project Tartarus, as it became known, was the first of its kind.

Due to the successful completion of Tartarus, in June 2019 we were commissioned to deliver three new Remote Radar Head (RRH) rationalisation projects under the banner of Programme HYDRA. The sites included RRH Buchan (Aberdeenshire), RRH Brizlee Wood (Northumbria) and RRH Benbecula (Outer Hebrides). We took on the role of Principal Contractor, Principal Designer and Project Management specialist to deliver these works.

## COVID-19 challenges

Due to the emerging threat of the COVID-19 pandemic in March 2020, HYDRA Benbecula was deferred until 2021. However, HYDRA Buchan and Brizlee Wood saw just a three week pause for COVID-19 risk mitigation planning prior to recommencing works at pace.

We used this time to create bespoke, comprehensive Site Operating Procedures and Risk Management Strategies. These included the sole-hire use of two hotels for our teams, and specialist COVID-19 nurse-led weekly

testing of all personnel involved. We operated in isolated 'bubbles' away from the rural local communities to prevent any risk of infection and transmission.

**The delivery phase**  
Construction work commenced in April 2020, and with robust COVID-19 mitigations in place we could focus on delivering phase one of this programme in a necessarily tight timescale to meet RAF requirements.

As Principal Designer, we provided a small, highly-skilled core team of specialist designers including architects, structural engineers, mechanical & electrical engineers and security engineers. The team created the concept designs for the sites, and led on developing detailed designs ensuring cost, quality and security standards were robustly maintained during the design and build phases.

In our Principal Contractor role we were the lead delivery agent for the Client for all secure infrastructure, radar and radome move, and construction works on site. Through our frameworks, we tendered and procured all sub-contractors, and worked closely with RAF and MOD specialist teams to support their radar and communications-related activities.

We coordinated the construction phase, with a Senior Site Manager on-site, ensuring the works ran smoothly and to schedule. We managed every aspect of the projects including procurement, finances, project reporting, risks and issues, COVID-19 mitigation measures, handover documentation and through-life Health and Safety support.

Despite the challenges posed by the pandemic, the projects at RRH Buchan and Brizlee Wood were both completed to the time and quality parameters set, with zero COVID-19 infection transmission at either site or within the project personnel team involved. Our team worked diligently and collaboratively to ensure both projects were delivered smoothly and to the satisfaction of our customer.

See Programme HYDRA image on the back cover.

# HYDRA: Critical National Infrastructure upgrades to Remote Radar Heads

The RAF needed to install new state of the art communications buildings, radar towers and bespoke perimeter security to upgrade three of their radar sites.



# Global deployment of COVID-19 vaccines for HMG

With staff at 182 Posts around the world, covering 68 different UK government agencies, an ambitious international vaccine rollout programme was designed to run in sequence with the NHS vaccination timetable. The FCDO approached FCDO Services in November 2020 to provide assistance with the planning and delivery.

Our operational teams in logistics and regions, both in the UK and abroad, joined the vaccination taskforce. They helped develop plans to deploy the vaccine to the FCDO and other government colleagues across the globe.

A questionnaire was sent to Posts to identify how many vaccines were required based on the age and health demographic at the Post. The total requirement was approximately 64,000 doses. We worked closely with the Ministry of Defence (MOD), with FCDO Services delivering 70% of the doses and the MOD delivering 30%.

## Two phase approach

The UK's overseas network includes many remote and vulnerable Posts. Disruption to delivery is always built into our planning, and prompted a different approach to the vaccination distribution. The rollout had to be delivered

in line with the UK's Joint Committee on Vaccination and Immunisation (JCVI) programme, with the same priority groups. However, to minimise the potential impact of travel disruption, two doses were shipped simultaneously to ensure each colleague was guaranteed to receive full coverage.

This happened in two phases. Phase one included both doses of the vaccination for the over 50s and those classed as clinically at risk. Phase two included the two doses for the remaining personnel under 50.

The rollout of the vaccines started on 1 March 2021. In the first week we tested the rollout process on just four Posts. After successful delivery in week one, we ramped the programme up to 18 Posts in the following week. By 12 April 2021, the team had planned the delivery of 91% of the total number of vaccines, equating to more than 22,000 overseas staff in some of the most remote locations in the world.

## A variety of challenges to navigate

Along with the remote nature of some of the Posts overseas, there have been other challenges to overcome along the way.



Differing time zones required our teams to work round the clock to ensure successful delivery to all locations. We adapted by setting up shift patterns to ensure staff were able to rotate. The constantly changing environment affected the planning and operations of the various shipments. Factors included COVID-19

There was a chartered flight available to Türkmenabat airport, however, given the uncertainties regarding this flight we decided to take a different approach, even though this required more planning and involved more people. It turned out to be a good decision as the chartered flight was cancelled at the last minute.

At the border the reps from BE Tashkent were met by reps from BE Ashgabat. From the border the vaccines were taken via a flight from Türkmenabat to Ashgabat, and were successfully delivered and stored with the medical provider on 10 April.

Our expertise and experience in global logistics enabled us to navigate the challenges both in the planning and delivery stages of the rollout. Staff at Post were able to provide on the ground support, and their local knowledge was crucial to the success of this programme. Collaboration has been crucial throughout. Our teams based in the UK, at the Frankfurt logistics hub and in region worked tirelessly, putting in extra hours and working night shifts to ensure that Posts received the vaccinations.

The total time taken to deliver the vaccinations from start to finish was three months and involved more than 100 staff across FCDO Services.

*"I want to say a huge thanks to everyone in the team that contributed. It is hard to express quite how much difference the vaccines are making here. The boost that this programme is bringing – and the palpable sense of the UK Government valuing its staff – is hard to put into words."*  
Deputy Head of Mission (DHM), Brasilia

levels, Red Listed countries, Frankfurt logistics hub usage, Resource track and trace, VISA and border restrictions and flight reliability.

On 8 April one of our Queen's Messengers flew to Tashkent, via Istanbul with the vaccinations. They arrived in Tashkent on 9 April at 0100 local time, where they were received by the Regional Overseas Security Manager (ROSM). The ROSM secured the vaccines until they were handed over to British Embassy (BE) Tashkent Reps for onward journey via car and train to Farab on the Uzbek/Türkmenabat border.

In addition, we had to ensure we could effectively support the temperature controlled vaccines in transit. Appropriate storage and continuous temperature monitoring was in place, taking into consideration the wide variety of climates we had to travel through.

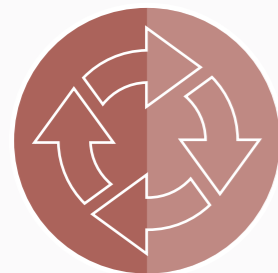
## Ashgabat

Temperatures in Ashgabat, Turkmenistan in April reach the mid-30s, and logistics options were very limited to this location, so delivery required careful planning. The vaccines were needed urgently due to the rapidly rising COVID-19 infection rates in the country.

*"I want to send my personal thanks to all of you for what has been a remarkable programme of work. I have followed the progress of the vaccination programme closely. Delivering the COVID-19 vaccine to over 200 Posts and making vaccines available to more than 30,000 FCDO colleagues and dependents across the globe is a huge achievement."*  
Sir Philip Barton,  
Permanent Under-Secretary, FCDO



# Agile



## Business Continuity

The last 12 months have underlined the ability of FCDO Services to adapt to meet the needs of our customers, alongside the determination of our staff in delivering services in challenging circumstances.

With travel restrictions limiting the ability for some of our teams to work as normal, it was imperative that the customers continued to have access to our expertise and guidance. For our Technical Works Officers and our Secure Technical Services Officers who are usually based overseas, a change of approach was needed.

As part of our response to restrictions on overseas work we focused on increasing our activity in engineering and security works for our UK based clients such as the MOD. This enabled our staff to continue working and using their skills whilst they were unable to travel overseas.

Delivering the support and assistance they usually give face-to-face was a new challenge, and required a new way of working. They quickly developed a new set of protocols enabling them to provide risk assistance, estates and facilities advice, including online 'tool talk' sessions with Posts around the world.



## EU Exit

Planning ahead is built into the culture of FCDO Services, exemplified in the critical support our officers provided to the UK's negotiation teams and our FCDO colleagues during the trade negotiations with the European Union.

As part of our Business Continuity plans, established after the EU Referendum in 2016, we made a long term plan on how to prepare for the changes ahead. This included assessing the potential impact on the way we operate and we worked tirelessly to predict multiple scenarios. All projects in EU countries were factored into the planning

process, ensuring we were able to deliver all planned works.

We established a dedicated logistics hub in Frankfurt to mitigate any potential issues with border access. The hub was up and running by the start of the financial year in April 2020, and we have delivered at least 50% of our European work through this channel. The team in Berlin have been invaluable.

As a key member of the FCDO's D20 group, we worked very closely with our partners on the planning process throughout the last year. Being embedded within the wider FCDO team enabled us to share any operational concerns in meetings, and work collaboratively on solutions.

As last year progressed we merged the EU Exit planning with Silver Command to make sure it went through the Transition Command process (read more about Silver Command on page 38). Merging it into the same risk preparation channel as COVID-19, meant we could assess everything in its totality in order to pick up on any issues.

In the run up to the end of December 2020, priority work in the EU area was planned well in advance of the end of the transition period, ensuring a smooth transition - whatever the outcome of the negotiations. Our teams in Brussels and across Europe worked collectively with the Regional Hub, the FCDO and our Partners Across Government.

The meticulous planning meant that the transition out of the EU went off without any issues, and was a tremendous success. We continue to support the FCDO's ambition to project a Global Britain which is ambitious, self-confident and global in its outlook. Read more about

Global Britain on page 36 in our case study about a new Mission in the Maldives. We recognise the hard work of the many people across our organisation involved in the extremely diligent and cautious preparation over the last four years. It is down to not just the work of one team, but a collaborative effort, that we have successfully adapted and developed our processes in response to the changing circumstances throughout the transition period.



## UKVI

Despite travel into and out of the UK reducing dramatically, the need for UK Visa and Immigration (UKVI) to maintain its systems was critical. The technology capturing biometric data of visa applicants wanting to travel to the UK relies on very secure passes produced by FCDO Services, which are sent around



## Logistics

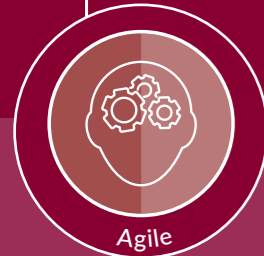
Our logistics operation has understandably had an exceptionally busy year. Staff have been on our secure sites throughout the last 12 months, running the diplomatic bag and Queen's Messenger services alongside the private mail service for the FCDO, which has been so vital in keeping our colleagues in contact with their loved ones at home.



A shipment packaged and awaiting departure at our logistics facility in Hanslope Park



## Multi-language translation for HGV app



Agile



Translation and Interpreting



European Union

After the UK's exit from the EU, the Cabinet Office identified the need to create an app for Heavy Goods Vehicle (HGV) drivers. This app would deliver clear and easy to follow steps on the new rules for entering and leaving the UK.

In October 2020, the Cabinet Office commissioned us to work on the translations for their HGV app. The multiple-choice app gives a step by step guide on entering and leaving the UK. The app needed to be translated into eight languages: Bulgarian, Dutch, French, German, Polish, Romanian, Spanish and Welsh.

We translated the English and reviewed the text on a 'pre-live' site to make sure it made sense in context. The app went live in January 2021, and we have since supported the team with small tweaks to align with changes in the law, feedback from stakeholders and changing COVID-19 guidelines.

### Project success

Two key actions were crucial to producing quick, accurate translations.

First, we recommended that the English content for the app was finalised and signed off before we started translating. This meant the Cabinet Office had to set an early deadline for the wording to be completed, however it saved time and money later in the project.

The second was reviewing translations in a 'pre live' site. This meant our translators were able to work with the wording in situ, ensuring accuracy and clarity for drivers.

## Case Study

*"On behalf of the Cabinet Office, Future Borders and the C-HGV team, I would like to pass on our gratitude to you and your team for the support you have given to the Check-an-HGV service. Your particular unwavering commitment and dynamic response to meet all of our demands, has been recognised by the team as exceptional. Your reliable and quick turnaround reduced risk to delivery, and created a high level of trust between departments and contributed to the success of the Check-an-HGV service."*

*Eliza Beattle, Deputy Director, Project Director for C-HGV and Supplier Chain Visibility*

We worked closely and collaboratively with the Cabinet Office throughout the process. We provided a single point of contact to ensure clear communication, transparency and ultimately the smooth delivery of this project.

The main challenge of this project was the tight deadline we were working to, but we completed the work on time and to great satisfaction from the Project Team at the Cabinet Office.

## Case Study

## Reconfiguration of the King Charles Street reception

As the home of the Foreign, Commonwealth and Development Office (FCDO), King Charles Street welcomes hundreds of visitors and guests on a daily basis.



Agile



Design, Construction and Installation



Advice and Consultancy

In its previous state, the King Charles Street reception area was deemed as feeling cramped, and in need of significant improvement.

The FCDO initiated The King Charles Street Reception Refurbishment Project to address these issues. And, in 2018, they commissioned FCDO Services to deliver this project. Our role was to design a new space to welcome visitors to the FCDO, and project manage the works which includes managing all contractors, and supervising the construction activities on site.

The original reception was on the ground floor, with guests entering and exiting via the same door. The new reception is spread over two floors with guests entering from

King Charles Street, climbing a new bespoke staircase to the new reception located on the first floor.

The works involve a full strip-out of the existing space, installation of structural elements including a new staircase, construction of new bathroom facilities, decorating and furniture and fittings and managing the installation of all necessary mechanical and electrical infrastructure. We oversaw the construction of a temporary reception for use while works are ongoing, ensuring business as usual for anyone visiting King Charles Street.

### Project Challenges

After the design phase, the works commenced on site in

December 2019 but were put on hold in January 2020 due to planning limitations. King Charles Street's Grade I listing adds to the complexity of this project, and stakeholder engagement and liaison with all key parties is crucial.

Throughout 2020 the team managed the works site and temporary King Charles Street reception, as well as working closely with the FCDO, Heritage England and Westminster City Council successfully managing the re-design works required to obtain all necessary planning approvals. Works recommenced in January 2021 and are planned to complete in Summer 2021.

# Logistics

## Focus On

FCDO Services' logistics service ensures diplomatic mail and materials get where they need to be, when they need to be there – securely and without compromise.



Agile



Advice and Consultancy



Queen's Messengers



Unaccompanied Diplomatic Bag Services

### Our Service

We are the only secure overseas delivery service for UK government departments. Our Diplomatic Bag Service transports diplomatic mail at two levels of security: accompanied (ADB) and unaccompanied (UDB).

The Queen's Messengers escort Accompanied Diplomatic Bags to Posts globally and ensure their safe arrival. The rich history of the Queen's Messenger Service dates back over 800 years, and whilst the modes of transport have changed, its core purpose has not. A more detailed explanation of the Queen's Messengers is given on the new FCDO Services website: [fcdoservices.gov.uk](https://fcdoservices.gov.uk).

We also transport private mail to staff based at Post, making it more affordable for the overseas network and helping them keep in contact with their families and friends in the UK.

When the pandemic hit, it came with international border closures and travel bans for

many countries. With country guidelines changing regularly, it was extremely challenging to get mail to Post.

### What did we do?

The Logistics team continued working on-site in the UK throughout the pandemic to

"Despite serious disruption caused by the Pandemic, FCDO Services has managed to keep the Accompanied and Unaccompanied Diplomatic Bag Services running. These provide a vital link to the UK for our Posts and staff overseas and FCDO Services should be congratulated on what it has managed to achieve in very difficult circumstances."

Head of Knowledge Management Department, Information and Digital Directorate

ensure the service continued, adhering to all necessary government guidelines in place.

We supported Posts overseas by ensuring business critical and urgent deliveries arrived safely. We also provided an Accompanied Bag Service across government within the UK, supporting our government colleagues with their vital logistics requirements.

### Private Mail

We continued to deliver private mail to staff around the world throughout the pandemic. Demand for our overseas Private Mail Service rose by an unprecedented 30% in the run up to Christmas last year. Our on-site team worked hard to make sure staff isolated at Posts across the globe still had that vital connection with family and friends in the UK.

"At this time, we feel very far away from family and friends in the UK. The service you provide connects us to our loved ones, you can't put a price on that."

Her Majesty's Consul and Consular Regional Operations Manager for Greece and Cyprus, British Embassy, Athens, FCDO

### Helpdesk

During this uncertain period, our logistics helpdesk kept longer hours to support customers, as volume increased, and timely communication was crucial during this time.

Our Logistics Helpdesk Survey conducted in January 2021 demonstrated the positive impact the team had during the pandemic. The average satisfaction score for the Logistics Helpdesk remained significantly above the ministerial target, and there was a substantial increase in Helpdesk activity.

We measure our customer experience against our 3Rs framework: Reliability, Responsiveness and Relationships. The survey shows that customers have been pleased with the way that we have handled COVID-19 impacts through the Helpdesk and see the service as a lifeline during this time. Feedback from the survey showed that the professionalism of our staff was the highest scoring question.

"I have always experienced extremely prompt communications whenever I have contacted this service. If the person in question was not sure of the answer to my query, they would go and research and come back with a solution in a timely fashion."

Country Director/TCM Oman, British Council

### Building on 2020/21

Our Logistics team has continued to support the FCDO in the pandemic effort, working round the clock to ship ventilators to India, and continuing to support the global vaccination programme.



Antonov plane ready for oxygen ventilators to be loaded for onward journey to India

# Innovation

## Focus On



Agile



Innovation

FCDO Services is on a mission to drive and develop a culture of innovation in the organisation. We recognise that innovation does not simply 'happen' but needs to be nurtured and grown. Our newly created Digital and Innovation Office (DIO) which encompasses: Innovation, Digital Sensitivity Review Service, information security and cyber security and UK NACE will enable us to pursue this goal.

We are aligned with the UK government's National Data Strategy which aims to unlock the power of data in order to drive growth within the digital sector and across the economy.

Key areas of focus for DIO are:

- Capture of data from remote locations to allow monitoring, with consolidated data fusion analytics to underpin decision making and fidelity of virtual environments;
- Automated logistics and prognostics to drive efficient supply chains and maintenance of the diplomatic platform;
- Carbon neutral technologies – monitoring (linking to data fusion) and Global Utility Management;
- Micro-grid, local power management, renewables (PV, wind, micro-hydro, thermal);
- Remote working and virtual presence technologies to

support new agile ways of working along with remote maintenance support

### Work throughout the pandemic

We are proud to be a government organisation which has its own in-house manufacturing and production department. This has enabled our teams to continue their work and create novel solutions to business problems despite restrictions brought about by the pandemic.

### Unique solutions

Helping to maintain the security of the global overseas estate is a key priority for FCDO Services, and our Innovation team has continued the long history of creating specialist and bespoke security solutions

and systems for our customers. This can be anything from bespoke software development to rapid prototype capabilities, and our close relationship with user communities allows us to quickly develop solutions which work for our partners.

Customers engage our teams because the services we provide simply don't exist in the commercial space. Our security cleared staff and our extensive knowledge of overseas operations allows us to create solutions by reaching into specialist vendors and modifying and adapting unique security applications. We have a dedicated team whose specialist knowledge and tools allow them to produce prototypes and develop new solutions for problems like these in an efficient and cost effective way.

We use a process called Design Thinking, and Agile methodologies to convert a customer problem into engineered design solutions. We're used to supporting Proof of

Concepts, which are then refined, built into internal pilots and then designed into a final prototype, which may not always be the solution which was predicted at the beginning of the process.

### Support from beginning to end

We have the ability to tap in to live in-service performance and make engineering interventions

and adjustments to refine our product's capabilities. This is as true in software and digital infrastructure as it is in the physical products we manufacture. We take a collaborative approach with subject matter experts and in academia, whether with our Digital Sensitivity Review Service (see page 18) or UK NACE's research (see 2019/20 Annual Report and Accounts).

FCDO Services has the unique ability to provide a service from the beginning to the end. We can go from design, to rollout to global support. Our customers often know the threats they face, but in an ever more complex world with a variety of fluid risks, we are able to help build engineering solutions which protect their most secure assets.

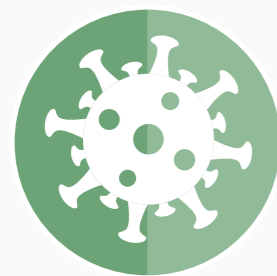
Our Innovation team can be contacted via the FCDO Services website: [www.fcdoservices.gov.uk](http://www.fcdoservices.gov.uk)



Large touch screen device used to speed up the sensitivity review process



FCDO Services' core purpose is to provide a range of integrated, secure services worldwide to support diplomacy, development and defence for the UK Government. We also offer services and expert advice to foreign governments and international organisations closely linked to the UK.



### Delivering our services

Maintaining the service we provide to our customers and partners has been one of our main priorities, alongside the safety of our teams around the world who carry out vital work for our

colleagues across government. Across the four regions, the impact of COVID-19 could have halted all service operations. However, collectively, the teams established a new strategy and ways of working to ensure Posts were predominantly supported remotely, with any opportunities for delivery visits taken whenever possible.

This new approach ensured that Base Posts (Posts where we are resident around the world) continued to receive an almost normal service with our teams observing appropriate COVID-19 mitigations, including staggered shift patterns and alternate working days. For our remote Posts, an extensive outreach service was provided by the Estates and Customer contact team ensuring that questions and requirements were answered and addressed. For example, in the Americas, our teams went the extra mile making visits to various Posts (including New York, Ottawa, Santiago and Quito) whilst having to endure long but necessary self-isolation periods. Our teams

have looked to add additional value and their contribution to the Washington Project has been important in ensuring the IT and other installations have kept pace with plans.



### Global partnerships

Our relationship with our international partners has gone from strength to strength. With Global Affairs Canada, we have been actively working on numerous joint projects delivering outcomes in difficult places in difficult circumstances to achieve mutual benefits. Our joint collaborative approach will continue and with more

vigour once the fluctuating restrictions from COVID-19 are relaxed. Our team in Australia have been working closely with the Department of Foreign Affairs and Trade (DFAT) (see case study on page 34) with further work in development.



Supporting the consular effort overseas in a time of crisis is something FCDO Services teams are well prepared for. Our teams came together to respond quickly

in support of the FCDO following the devastating explosion which killed 200 people in Beirut in August 2020 (see case study on page 35). Our teams quickly made areas safe and carried out inspections to damaged properties, including the embassy. We've continued to deliver new Missions and embassies for the UK government, including the completion of the Bangkok embassy in Thailand (as seen in last year's report) and the final GB12 portfolio of new Missions were completed in March 2021, including Malé in the Maldives.



The office space at the new Mission in Malé, Maldives (see page 36)

## Perimeter upgrade for the Australian High Commission in Pretoria

The Australian Department of Foreign Affairs and Trade (DFAT) needed a perimeter security upgrade at their High Commission in Pretoria, South Africa.



FCDO Services has undertaken projects for DFAT since our earliest days as a Trading Fund, delivering works of varying size and scope, for this valued and trusted 'Five Eyes' partner.

Our Asia-Pacific hub was approached in February 2020 with a requirement to replace the perimeter infrastructure at the Australian High Commission in Pretoria. A site visit was quickly arranged, where scopes of work and plans were then passed for review and developed by our team of engineers.

The construction process was co-ordinated by our UK-based Project Manager, inviting local companies

to bid in a competitive tender, with DFAT's Project Director in Canberra acting as ultimate approver. Australian building codes and in-house security standards were incorporated into designs and specifications, to ensure full compliance with DFAT's technical and security requirements.

The project was reviewed at pre-agreed milestones, with the help of our team on the ground in Pretoria communicating with our teams in London and Canberra.

Through dynamic collaboration of expert personnel in Africa, Asia-Pacific and the UK, FCDO Services delivered a robust, long-term solution for our valued partners at DFAT.

## Case Study

*"The complexities of working remotely, as well as in a COVID-19 environment, created a number of challenges which the FCDO Services team along with local support were able to manage to a successful completion. The project management team were responsive, providing excellent advice and recommendations. The team was able to drive the project to a successful conclusion encompassing all of the project deliverables including time, cost and quality. I look forward to working with FCDO Services to deliver more projects in the future."*

*Project Manager, Australian Department of Foreign Affairs and Trade (DFAT), Pretoria*

### Impact of COVID-19

The worsening COVID-19 situation in South Africa presented unforeseen complications to the project. These challenges were handled by various teams working together, adjusting timelines and resetting project milestones, all in consultation with the DFAT Project Director in Canberra. This responsiveness was central to achieving timely delivery, minimising delays and delivering full completion and handover in December 2020.

## Case Study

*"We are very grateful for the professionalism, pragmatism, hard work and flexibility shown by the FCDO Services teams supporting us from the immediate aftermath of the devastating explosion, which impacted all our homes and the Embassy, through to repairing the Embassy, despite all the challenges of COVID-19, travel restrictions, security and supply chain disruption."*

*Deputy Head of Mission, Beirut, Lebanon.*

We were commissioned to swiftly respond to support Post and survey the damage to the Foreign Office estate as a result of the explosion. At a time of critical importance, staff at Post desperately needed to continue their essential work safely and securely. Our teams began an assessment of all damaged buildings, reviewing the impact on both physical and technical security. We carried out a rapid inspection of the embassy, undertook urgent make-safe works and coordinated remedial works to ensure the safety and security of the Mission. In addition, we inspected more than 50 residential apartments all damaged by the blast, and organised works as required.

Our Middle East and Africa (MEA) Team, based in region, coordinated and led the response and ongoing remedial works.

In the first few days we proactively reached out to a range of International Partners through our regional teams based in Europe, Americas and Asia Pacific. We offered expert technical security and estates support and advice from our team, which was already deployed in Beirut.

### A variety of challenges to navigate

The situation presented a number of challenges for the team including dealing with the ongoing security situation and COVID-19 related issues in order to deploy and undertake the urgent work safely.

Restricted communications, flash lockdowns and security alerts were just some of the hurdles to overcome. The team dealt admirably with these and worked long days to complete the work and restore and secure the platform, despite the complex and fragile environment.

### Project success

Being able to successfully provide an emergency response to customers requires speed, efficiency and expertise, all the while maintaining effective communication with stakeholders. Our teams from across FCDO Services delivered exactly this, through collaboration and the best use of strategy and skills – all to the satisfaction of the customer.

## Emergency response in Lebanon

In August 2020, a catastrophic and unprecedented explosion caused extensive damage to a large area of Beirut. The blast, said to be equivalent to a 3.3-magnitude earthquake was heard as far away as Cyprus and impacted the British Embassy and embassy staff residential properties.



## Global Britain: new Mission for the Maldives



Global



The Foreign Commonwealth and Development Office's (FCDO) Global Network Uplift programme (Global Britain) is one of the most significant expansions of the FCDO estate in decades. With 11 new Missions across the Americas, Africa and Asia, the programme expands Britain's ability to deliver its foreign policy throughout the world.

FCDO Services was the FCDO's partner of choice to undertake development, design and construction of 11 new global Missions in order to support the Prime Minister's 2018 Global Britain initiative.

We developed initial concepts, supported the FCDO to generate the brief, created designs, and sourced suitable properties for both the Missions and the residences. We ran the tenders to appoint a construction partner to complete the works. Each Global Britain Mission is different and each required a unique tendering strategy.

In March 2021, we delivered the final Asia Pacific Mission in Malé, Maldives. We managed and delivered the entire project from conception to implementation,

building to the high standards required in our overseas Missions.

The new British High Commission is on the fourth floor of a modern, multi-tenanted office complex, with far reaching views out to the Kaafu Atoll. As a brand new building with no previous tenants, we had a blank canvas to deploy the fit-out accordingly. Works on site included an open plan office space, with conference rooms, a private office for the Head of Mission, a kitchen and toilet facilities. We also completed bespoke work to secure the perimeter of the Mission, improving site safety.

### Unique challenges

COVID-19 presented unique challenges to construction works, and as the pandemic took hold, all workers returned to the UK, as a result. We remobilised in January 2021 when it was safe to do so. Delays were limited and we provided effective communication and project management

## Case Study

*"FCDO Services completed the British High Commission Maldives project on time and to budget, as part of the Global Britain programme, despite a series of COVID-19 related challenges. This would not have been possible without the professional and determined approach taken throughout. Completion of the High Commission now gives us a brand new platform for diplomacy."*

*Project Director, Estates Security and Network Directorate, FCDO*

throughout, allowing us to get back on track quickly and efficiently. We encountered significant logistical challenges. In order to meet client requirements, a large majority of specialist construction material was shipped from the UK, and shipping patterns were hugely disrupted due to the pandemic. This, combined with the lack of storage facilities, meant we had to swiftly reschedule construction activity, in line with the shipping schedule and availability of materials.

Despite the challenges faced due to the pandemic, logistics, and the remoteness of the location, we delivered the new High Commission to cost and quality, and the full satisfaction of the FCDO.

The Maldives has recently re-joined the Commonwealth and the FCDO's new platform in Malé is delivering a great platform for diplomacy.

## Managing the COVID-19 pandemic

As an organisation that delivers critical services in every corner of the world, the risk landscape and constraints on the movement of our people, material and supply chain has required significant changes to the way we operate over the past year.

In early 2020, when the potential impact of COVID-19 began to unfold, FCDO Services pre-emptively mobilised a purpose-built crisis response business continuity and operational recovery command structure. We identified early on that timely, accurate intelligence, effective communications and structured, strong leadership were vital to success and infrastructure.

### Silver Command

A specialist crisis management and business continuity infrastructure was mobilised on the Bronze, Silver, Gold Command principle. This involved Gold navigating strategic and business management of COVID-19 implications with stakeholders, whilst Silver Command governed all aspects of the critical internal

operation. The initial stages of this was covered in depth in last year's Annual Report and Accounts. The team had expertise in operational leadership, crisis response, resilience, business continuity, communications, workplace strategy, health and safety, intelligence, security, pandemic management, project/programme management, operations and human resources. This ensured that we could both anticipate and respond to any challenge across the entire organisation.

During the year, it was decided to bring the organisation's team managing our preparations for the UK's departure from the European Union under the same command structure. The process for addressing risks and mitigating any issues concerning travel and planning were best done in conjunction with the broader organisation.

Installing a connected Transition Command team was also vital to keep our people safe and to manage risk to our operations and business. We put in place a set of criteria – a Transition Checkpoint – that all projects, services and subscription services needed to go through, before work could commence. This includes work to be conducted in both the UK and overseas. This process continues to this day and has been so successful it has been used as the basis for international partners' COVID-19 response.

This year Silver Command has governed the organisation's participation in over 500 revenue generating activities, ranging from short, simple domestic projects to long and complex overseas engagements in a wide range of risk environments. We have suffered only 4 instances of COVID-19 infection, none of which were attributable to work activities, and all of which received rapid and appropriate response. This ensured favourable outcomes in all cases.

The Silver Command and Transition Command processes have driven a higher business tempo than would otherwise have been possible and operations have remained safe and secure.



### Helping our people

The emotional and physical wellbeing of people across the organisation has been fundamental to the maintenance of effective operations. FCDO Services implemented a range of support measures which individuals and managers could draw upon at all levels. New policies were quickly created and implemented, supporting working at home and working on our sites in a secure and safe way. We checked on the physical and mental health of our staff, using pulse surveys as well as direct engagement, and adapted our approach accordingly. We moved to remote conferencing and set up a dedicated wellbeing page and newsletter for our staff. Most training moved to online, including the important security and technical development our staff have to do.

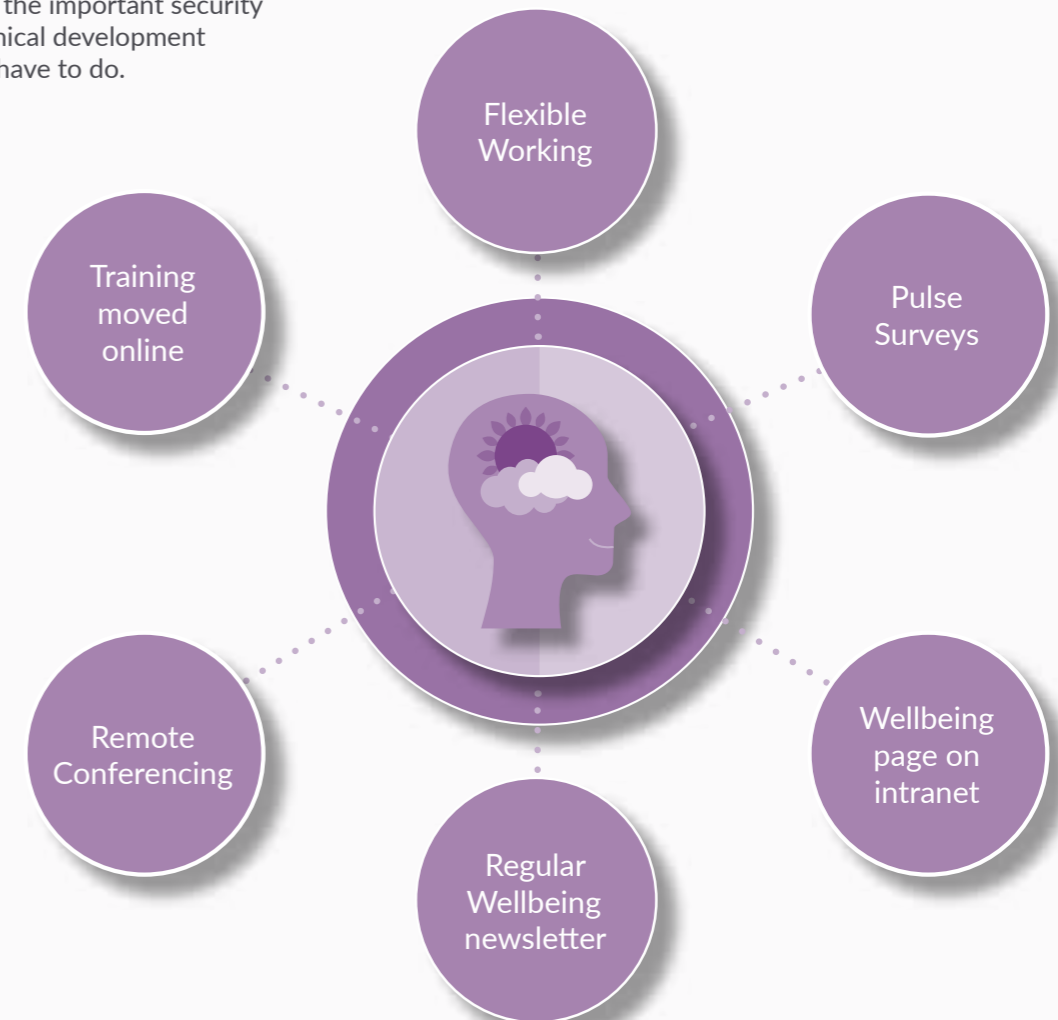
### Grow, Save, Innovate

The challenges of the pandemic and its impact on our customers encouraged FCDO Services to bring forward strategic plans to grow its business to build for the longer term. A review identified three strategic imperatives – to Grow, Save and Innovate by:

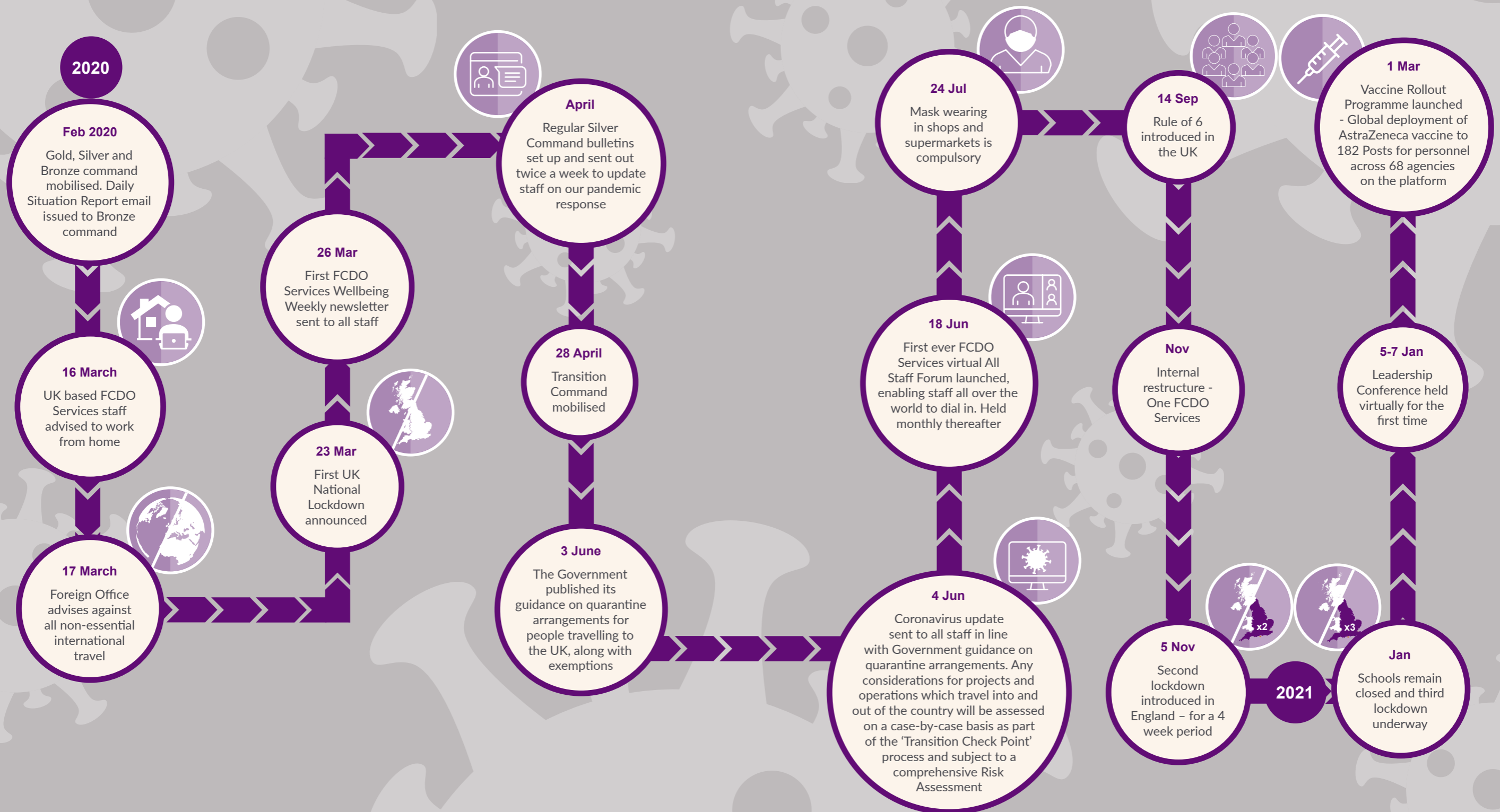
- Growing our wider market business to enable our organisation to adapt to any situation;
- Making careful savings to streamline our operations, improving our customer service, service delivery quality and raise overall productivity; and

- Being more innovative by developing more compelling products, services and solutions and increase digitisation of our customer service and delivery processes.

In our 12 years as a trading fund, we've come a long way. We have evolved and improved, and this year underwent a significant enhancement to our operating structure under the One FCDO Services programme. This programme has identified areas where we can work more collaboratively, reducing hand-offs in our processes and making our organisation easier to understand for our customers.



# Timeline of COVID-19





# The Sector Strategy approach

As the Trading Fund has matured, so our approach to growing our business has evolved. Our primary focus from the outset was meeting the needs of the FCDO and those who also used the global diplomatic network. This has not changed. Our work as part of the FCDO family remains our core concern and delivering exceptional service provides the foundation for all of the other work we do. However, as we have grown, so has our capability. This enables us to develop relationships and partnerships with departments within both UK government and friendly foreign governments.

In the last several years, our approach to working with partners became increasingly strategic and resulted in the adoption of account management approach. The objective was to form and develop deeper relationships that aligned us as a government partner, rather than a traditional customer-supplier relationship. This approach has given us a platform to now evolve into a sector based approach.

The initial driver for this was to ensure that we were resilient against a backdrop of potential reducing budgetary spend. Then, as COVID-19 took hold, it was clear that we needed to develop our approach as requirements and delivery capability for the platform reduced.

As a medium sized organisation we need to be focussed in our efforts; to concentrate on segments that are going to produce the best results as effectively as possible. By taking a sector based approach, we have

selected where we concentrate our time, money and effort. This enables us to align and frame our offering and look at areas within each sector where we add value. By tailoring our services to the sector, the outcome will be for us to generate better recognition in each sector for what we do, and what we deliver and the perception of value.

All of the customers within each sector will have common challenges and pressures and it's probable that their direction of travel, objectives and needs will be similar. We have viewed a sector as a group of customers linked by their primary role.

## Selecting Sectors

From local government, to Defence, to Academia to Health & Social Care - the size and diversity of the public sector mean there



are many segments that could command our attention. It was therefore important to ensure that we selected the right sectors and several criteria were used to do this:

- Needs of each sector: The sectors chosen are all linked by the requirement to protect government assets, people and property. The common need is to remove or minimise the risk to all three and is where we can add value.

- Sector behaviour: The values of the sectors align with our own. They are driven by ensuring the security and safety of assets and place importance on reliability and reputation.
- Staff experience: By having members of staff with working experience of potential customers, it means they are better placed to understand the terminology, the way of working and the processes in place.

Using this criteria, we were able to select four sectors to direct our efforts towards: FCDO & Platform-based HMG; Defence; National Security; and International.

Our history and foundation of being civil servants wrapped in a security environment makes us unique. It means our security cleared, civil service staff based at crown locations, with accessibility to the global platform in an organisation with its history based in security gives us a distinctiveness over others. We have many customers that do not sit within the sectors selected and we would not ignore inbound opportunities that are outside of the selection, but the sector strategy highlights where the outbound energy and focus is going to be.

## What is next?

Each of the sectors are at different stages of maturity. Some sectors will be focussed on taking our existing platform and expanding our relationships. Others will be starting from a lower baseline, making activities such as stakeholder engagement more of a focal point. As a response to the COVID-19 pandemic, the strategy was designed to deliver flexibility in our organisation. However, with the sector strategy aligned with the Corporate Plan and dovetailing with many of the key areas highlighted in the Integrated Review, it will provide the roadmap for business growth for the future.



Aerial view of the new Remote Radar Head (RRH) Brizlee Wood, delivered as part of Programme HYDRA

# The importance of wellbeing

Protecting colleagues' health and wellbeing has always been a top priority for FCDO Services. Our staff are our most valuable asset, and vital to the success of our organisation. When the pandemic first hit in early 2020, our staff were impacted in a variety of ways, and we quickly took action to ensure that everyone had access to information, resources and support for their wellbeing.

We listened to our staff and colleagues across the business who told us how the pandemic was affecting them. This enabled us to create a framework of communications, events and resources to help support our teams based around the globe.

As the pandemic took hold it quickly became apparent that many staff wouldn't be returning to the workplace for a prolonged period. In line with Government guidelines, staff were instructed to work from home if they could. This was a break from usual working practice, and we issued special guidance for staff, easily

available on our Intranet and regularly highlighted in our communications. The guidance covered many important areas including Health and Safety requirements such as Display Screen Equipment (DSE) assessments, access to extra equipment, wellbeing and fostering inclusive team working despite prolonged periods at home. We were able to maintain our usual high security practices within this new way of working.

We also put together a range of guidance for working on site for UK-based staff, such as our Logistics team and for our staff working overseas, where rules varied depending on



*"Lockdowns have meant that we've been unable to see loved ones and have had to adjust our lives accordingly; with many of us feeling isolated and alone. I'm so grateful for the support FCDO Services has provided over this time. There are a variety of resources available to support staff, but for me the Wellbeing Weekly newsletter hugely helped my mental health, equipping me with tools and knowledge in order to cope and adapt with the imposed lifestyle changes. I have found Managers to be encouraging, empathetic and supportive of flexible working."*

Member of staff

location. All guidance had wellbeing at the heart, with a focus on staying in touch and keeping connected with managers and teams. The adaptability shown by all of our staff during this time, particularly travelling staff and teams based overseas, many of whom haven't seen family and friends in over a year, has been key to our success.

Silver Command was established as part of our new business continuity command structure, read more about Silver Command on page 38.

In March 2020 we launched our first 'Wellbeing Weekly' newsletter. Through the newsletter we shared practical advice and examples

*"In these difficult times, achieving a positive work-life balance has become a challenge, with our staff juggling family life, home and work. Now more than ever it is important to provide colleagues with flexibility and trust and empower them to focus on their wellbeing and mental health."*

Claire Shepherd, Chief Operating Officer & Wellbeing Champion, FCDO Services

of how colleagues across the organisation pulled together and supported each other.

Other valuable support channels that were already in place prior to the pandemic included our Mental Health First Aid Officers (MHFAs). MHFAs receive training from MHFA England on recognising the

signs and symptoms of common mental health issues, provide help on a first aid basis and signposting to relevant support services. In addition, we have an Employee Assistance Programme (EAP) available to all FCDO Services staff across the globe. The EAP provides a confidential, 24/7 service offering the opportunity of resolving and

managing everyday situations and more serious problems, which may be causing concern, whether of a work or personal nature. Our communications during the pandemic regularly highlighted the support networks available.

Our HR team added 'Mental Health Awareness for Managers' sessions to our training programme in order to provide guidance for managers to support their teams effectively throughout the pandemic and going forward.


We moved to online All-Staff Forums, the first being held in June 2020 and monthly thereafter. These have been well attended and enable staff worldwide to join and contribute.





## Sustainability

This annual report provides an overview of FCDO Services' performance against both the FCDO's Sustainability requirements and the Greening Government Commitments and targets (GGC) 2020/2021 and how we meet our obligations to report sustainability performance under the Annual Report and Accounts.



*Flower garden at Hanslope Park*

## Sustainability

The report focuses on the key impacts of our operations measured against GGC targets. These targets are for reductions in greenhouse gas (GHG) emissions, waste arising, and water use. In addition, the travel and transportation carbon footprint and where possible, increasing the procurement of more sustainable goods and services.

delivering sustainable operations and procurement post 2021. We will review our performance in the light of the report to ensure compliance with targets set.

FCDO Services' work with non-FCDO organisations are not included in the Greening Government Commitment data as the GGC Exemption Panel decided in 2012/13 that they should be exempted from the scope.

the use of assets and resources, materials and supply chain, it also includes planning for the long-term to take account of environmental and socio-economic risks and opportunities.

Our aim is to deliver more than the minimum requirement, to work towards becoming a truly sustainable business and in turn, partner of choice to our key markets.

This report highlights key areas relating to energy and energy innovation, waste minimisation, supply chain ethics and community.

### Climate change

FCDO Services is committed to continual improvement in its environmental performance and minimising the impact of its own operations on the natural environment. The organisation is taking steps to ensure its policies adapt to future impacts of climate change and to this end is producing a sustainability strategy to be presented to FCDO Services Board, which will support the FCDO's own commitment and UK and UN sustainability goals.

### COVID-19

COVID-19 has impacted on our ways of working and our use of office space. The figures in this report should be viewed in that context. However this experience and our learning from it has provided opportunities to embed more sustainable behaviours in our operations and further progress our GGC targets.

### Sustainability in FCDO Services

Our vision is for sustainability to be embedded into the design and delivery of our products and services across all our operations. While this involves efficiency in

*Sustainability is everyone's responsibility*

Operating as a Trading Fund of the Foreign, Commonwealth and Development Office (FCDO) means we are fully aligned with its aim to achieve the ambitious Greening Government Commitment (GGC) targets in the UK and maximise energy efficiency of its global estate to assist with the transition to net zero carbon. The FCDO's focus in 2021/22 will be to set more ambitious targets as part of the Greening Government Commitments to 2025 and particularly improve performance where it has been challenged in the past.

We await DEFRA's upcoming GGC report which will set out the UK government's commitments for

*Small changes lead to big impacts*

## Summary of performance and review of GGC for last year

### Energy use and energy innovation

#### Global Utilities Monitoring and Holistic Environmental Monitoring

Our Global Utilities Monitoring (GUM) programme is an ongoing innovation which makes use of utilities data and Internet of Things (IoT) technology to help reduce energy consumption and costs across the FCDO estate.

Following a period of data collection, monitoring and making recommendations, the programme and its successful pilots have been developed and expanded to incorporate a Holistic Environmental Monitoring System (HEMS). This additional programme includes

the examination of air quality, temperature, water sensing and other factors harnessing an array of future sensing technology. This additional information will complement GUM analytics to provide a richer data set for analysis with added benefit at a low cost impact for a wider range of potential subscribers.

Data from the combined programmes can offer enhanced analysis that not only underpins environmental and greening targets, but also provide opportunities for potential health and safety benefits for occupying staff, and provide complementary forensic security information. Remote monitoring can offer additional savings on routine travel and inspection costs. Work in this exciting field is

progressing at pace and has attracted interest within the Five Eyes community and from the FCDO. A second and more thorough investigation is being scoped and will focus on the expressed 'commercial' interest around providing secure outputs from smart buildings around the globe.

We plan to have this product and service offering as part of a sustainability toolset in time for FCDO attendance at COP26 in November 2021. The work conducted so far was Highly Commended for 'Sustainability and Collaboration' at the 2021 FCDO Services Staff Awards.

### Emissions - Vehicle transport

Under usual conditions, our vehicle fleet is a significant source of carbon emissions in FCDO Services. However, due to the impact of COVID-19 travel restrictions throughout the year, many of our overseas road trips were temporarily suspended therefore resulting in fewer emissions.

Throughout the 2020/21 period, the FCDO Services freight fleet completed 195 combined UK and overseas operational vehicle trips covering 335,000

miles and conveying total road freight of 301,346kgs.

Our vehicle fleet supports the door-to-door deliveries to the 40 plus European Missions and delivers consolidated Diplomatic loads to the Frankfurt Hub for forwarding via international flights. Much of our Accompanied Diplomatic Bag Service in Europe is transported by road.

As part of our aim to reduce environmental impact and enhance the logistical performance and

flexibility of our fleet, we regularly carry out reviews of the fleet and of older vehicles. During 2020/21 we replaced an eight year old rigid lorry from our official HGV fleet.

The replacement lorry is a new Euro VI compliant vehicle which adheres to the new Euro emission standards within the UK and Europe, produces less CO<sup>2</sup> and has a lower carbon-footprint compared to the older vehicle. The replacement vehicle also allows for greater flexibility for UK and European operations.

## Waste minimisation

### Reduce

We work with our Logistics colleagues to manufacture bespoke shipping crates onsite for confidential and unclassified despatch. These reduce the overall shipping weight as the crates are constructed according to the precise weight/size of the shipment ensuring minimal weight/volume/costs are incurred.

### Re-use

We continue to collaborate with the National Offender Management Service by cleaning our Diplomatic Bags at HMP Bullingdon's laundry facility. In the year April 2020 to April 2021 17,624 Diplomatic Bags were laundered, recycled and reused. A further 500 bags were re-used which required no laundering.

### Recycle

We recycle waste in line with our Environmental Management System which is audited internally and externally. This includes a range of activities from ensuring staff and contractors know how to dispose of waste accordingly, to ensuring we take sustainable actions through the course of our work activities. <https://www.smithrecyclingmk.co.uk/waste-management/materials-recycling-facility/>

We make use of Pallitte boxes for shipping components. Pallitte boxes are 100% recyclable and made from managed sources. <https://www.pallite.co.uk/our-products/pallet-boxes/>

## Biodiversity

Along with our landlord FCDO, we are committed to enhancing, improving and protecting the biodiversity of the Hanslope Park site. Ongoing grounds maintenance is carried out via a facilities management contract with designated areas for wild flowers. We conduct an annual arboriculture survey and carry out regular tree maintenance. Ecological surveys are carried out prior to any works on-site, paying particular attention to any protected species, for example, a flock of bats resident in Park House. During 2020-21 new trees and hedges were planted on-site to enhance the area and provide habitat for wildlife.

## Rural proofing

In our policy development and implementation cycles we take care to ensure our operations do not disadvantage rural areas and that there is no negative economic or environmental impact. Whether in a rural or metropolitan setting, we work with local communities to minimise impact and actively look for opportunities to make a positive contribution and enhance the area where possible.

## Sustainable construction

To ensure the principles of sustainable construction are upheld, we work closely with our customers to ensure their requirements are met.

## Ethical sourcing and procurement

### Sustainable sourcing

We source our timber products from FSC / PEFC approved sources.

<https://www.fsc-uk.org/en-uk/about-fsc/what-is-fsc>

<https://www.pefc.org/>

During 2020 our Production Unit passed an external audit to demonstrate compliance with ISPM15. ISPM15 is the International Standards For Phytosanitary Measures No. 15. Demonstrating compliance is important to prevent and control the spread of insects, pests and diseases which affect plant products – this includes both living and processed plants, such as wooden packaging.

### Sustainable procurement

FCDO Services adopts UK government best practice in sustainable procurement.

FCDO Services also contributes to the FCDO Greening

Government Commitments for Sustainable Procurement; wherever possible, products are sourced via government framework contracts, which place up to date sustainability obligations upon our suppliers.

The sustainability credentials of our suppliers are examined and reviewed rigorously in the selection process. FCDO Services also reviews the ongoing compliance with sustainability requirements by its suppliers; for example, Forest Stewardship Council chain of custody certification in respect of timber procurement is monitored.

The emissions of our freight and private hire contractors are regularly reviewed as part of our ongoing contract management activity and where possible incorporating the use of hybrid or electric vehicles. Where bespoke contracts are placed, UK Buying Standards and government sustainability terms and conditions are incorporated.

Our Sustainable Procurement Policy reflects the strategic direction, as well as the commitment in this area. The implementation of key activities reinforces this; including:

The move from a sustainability compliance approach to a sustainability performance approach with supply chain partners

- Sustainability risk in the supply chain will be identified through the addition of sustainability impact areas to contract risk registers and managed through the Category Management process
- Sustainability is considered throughout the procurement cycle

As well as delivering sustainability through contracts, sustainable procurement is also about making opportunities accessible to a wide range of suppliers; particularly small and medium enterprises. FCDO Services' supply base is over 25% SME suppliers; exceeding the Government's target. In addition, our procurement team hold the CIPS Corporate Ethics certification, renewed annually. In line with the Modern Slavery Act 2015 FCDO Services publishes a Modern Day Slavery statement annually which is published on our website.

## Community

A donation of used tyres from our vehicle fleet was made to the Orchard Academy School in October 2020 for use in their forest school.

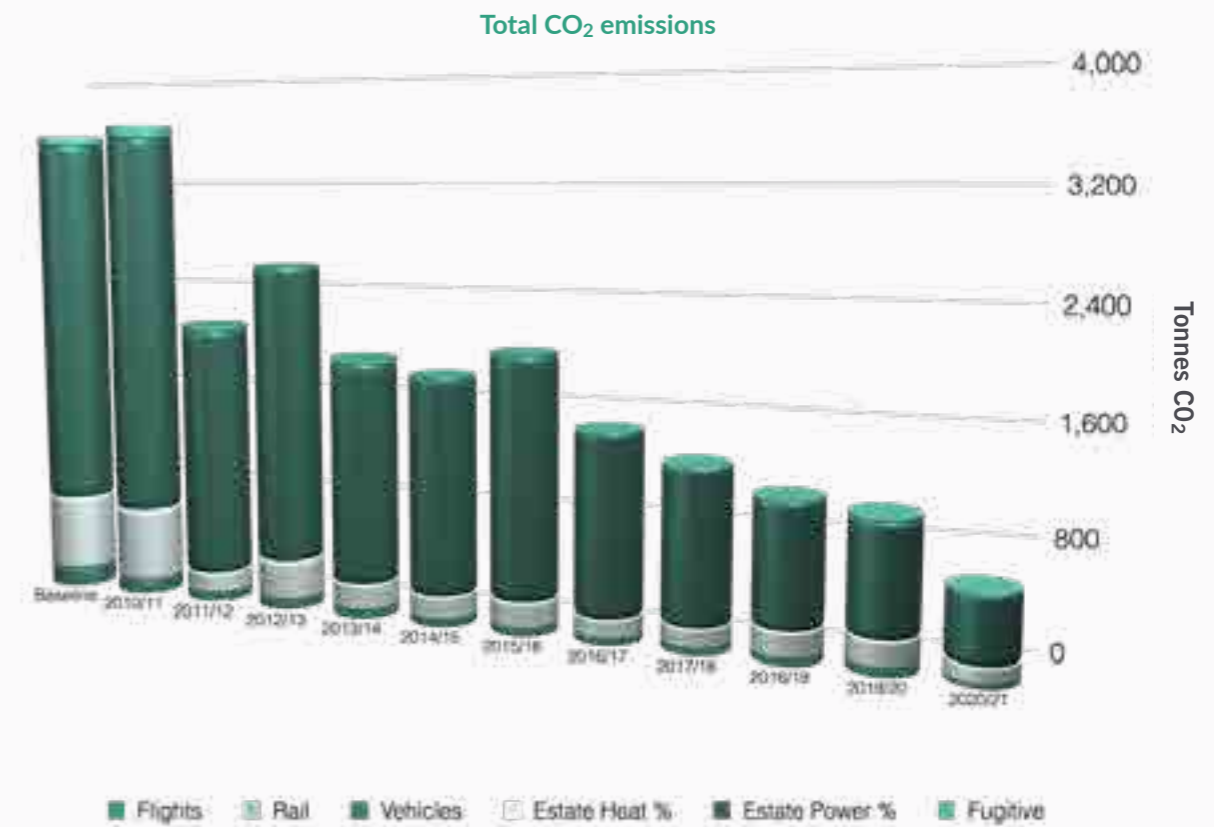
## 2020/21 Annual Report Performance and Statistical Information

| Impact  | 2020/21 Performance                               | 2019/20 Performance                        | FCDO Services results for FCDO Greening Government Commitment Targets against 2009/10 baseline   |
|---|---|--|--|
| Greenhouse gas emissions from UK estate, vehicles and domestic train and air travel | <b>624 tonnes of CO<sub>2</sub></b>               | 1,062 tonnes of CO <sub>2</sub>            | Reduce greenhouse gas emissions by at least 49% from a 2009/10 baseline. 96% reduction from baseline <b>Target met, reduction of 70%</b>   |
| Estate energy expenditure   | <b>£418,923</b>                                   | £579,369                                   | Estate energy expenditure decreased by 21% from 2019/20  |
| No. of domestic flights   | <b>26</b>   | 73   | Reduce the number of domestic business flights by at least 30% from the 2009/10 baseline <b>Target met, reduction of 57%</b>   |
| Vehicle and domestic train and air travel expenditure                               | <b>£37,246</b>                                    | £210,842                                   | Reduction of 82% from 2019/20  |
| Office water consumption  | <b>1.94 cubic metres per Full Time Equivalent</b> | 5.68 cubic metres per Full Time Equivalent | Continue to further reduce water consumption. Each department will continue to improve year on year reductions <b>6m3 per FTE = good practice Target met and in line with good practice</b>  |
| Office water expenditure  | <b>£12,411</b>                                    | £15,956                                    | Reduction of 22% from 2019/20  |
| Paper consumption   | <b>369 A4 reams equivalent</b>                    | 2,499 A4 reams equivalent                  | Reduce government's paper use by at least 50% from a 2009/10 baseline <b>Target met, reduction of 95%</b>  |
| Waste arising   | <b>31 tonnes</b>                                  | 90 tonnes                                  | Reduce the amount of waste going to landfill to less than 10%; Also to continue to improve our waste management by reducing the overall amount of waste generated and increasing the proportion which is recycled. <b>Target met, 0 Landfill</b> |
| Total waste disposal expenditure  | <b>£16,044</b>                                    | £22,048                                    | Reduction of 27% from 2019/20  |

| Impact                   | Per full time equivalent (FTE) (2020/21) | Per full time equivalent (FTE) (2019/20) |
|--------------------------|--|--|
| Greenhouse gas emissions | 0.54 tonnes of CO <sub>2e</sub> per FTE  | 1.21 tonnes of CO <sub>2e</sub> per FTE  |
| Office water consumption | 1.94 cubic metres per FTE                | 5.7 cubic metres per FTE                 |
| Waste arising            | 48g per FTE                              | 104g per FTE                             |

Please note, all baselines from 2009/10 are included on the following bar charts.

| Greenhouse Gas Emissions | 2020/21                                |                  |                 | 2019/20                                |                  |                 |
|--------------------------|--|------------------|-----------------|--|------------------|-----------------|
|                          | kWh/miles (m)                          | tCO <sub>2</sub> | GBP (£)         | kWh/miles (m)                          | tCO <sub>2</sub> | GBP (£)         |
| Electricity              | 1,862,953 kWh                          | 472              | £356,652        | 2,823,336 kWh                          | 783              | £485,645        |
| Gas                      | 102,535 kWh                            | 19               | £2,552          | 209,227 kWh                            | 38               | £5,607          |
| Heating oil              | 194,763 kWh                            | 51               | £4,085          | 358,009 kWh                            | 94               | £17,441         |
| Biodiesel                | 146,261 kWh                            | 1                | £9,198          | 335,385 kWh                            | 1                | £24,493         |
| Biomass                  | 18,789 kWh                             | 0.0              | 0               | 32,688 kWh                             | 0.5              | 0               |
| District heating         | 180,378 kWh                            | 48               | £46,436         | 240,739 kWh                            | 64               | £46,183         |
| Fugitive                 | -                                      | 5                | -               | -                                      | 27               | -               |
| Domestic flights         | 5,581 m                                | 1                | £10,677         | 10,798 m                               | 2                | £10,101         |
| Train                    | 1,252 m                                | 0                | £540            | 37,478 m                               | 2                | £46,325         |
| Private mileage          | 30,769 m                               | 9                | £11,825         | 152,520 m                              | 48               | £86,305         |
| Fleet                    | 48,915 m                               | 14               | -               | 79,336 m                               | 24               | -               |
| Car Service              | 136 m                                  | 0                | £4,338          | -                                      | -                | -               |
| Car hire                 | 12,438 m                               | 4                | £4,338          | 865 m                                  | 0                | £1,295          |
| Taxis                    | 3,196 m                                | 1                | £5,527          | 91,379 m                               | 2                | £65,522         |
| <b>TOTALS:</b>           | <b>2,505,679 kWh<br/>102,287 miles</b> | <b>624</b>       | <b>£456,169</b> | <b>3,999,384 kWh<br/>372,376 miles</b> | <b>1,087</b>     | <b>£788,917</b> |

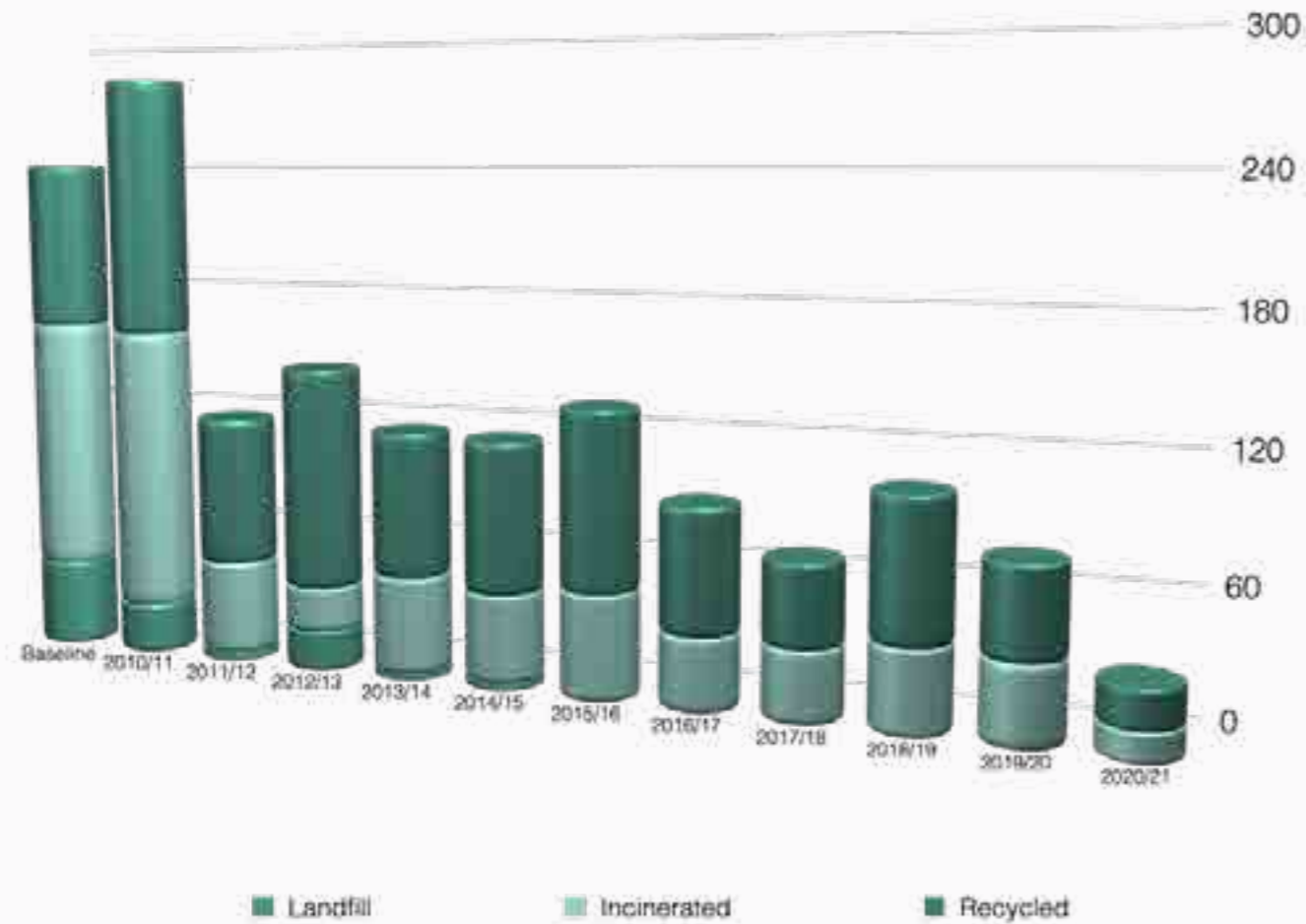


### Performance and controllable impacts commentary

FCDO Services engages in site specific energy efficiency measures, including the use of reusable energy sources. In addition the use of energy efficient data centres and hybrid vehicles support continuing improvement.

| Waste                                 | 2020/21          |         | 2019/20          |         |
|---------------------------------------|------------------|---------|------------------|---------|
|                                       | tCO <sub>2</sub> | GBP (£) | tCO <sub>2</sub> | GBP (£) |
| Total Waste                           | 31.5             | £16,044 | 90               | £22,048 |
| Hazardous Waste                       | 4.3              | £1,128  | 11               | £1,448  |
| Total waste by method of disposal     | tCO <sub>2</sub> | GBP (£) | tCO <sub>2</sub> | GBP (£) |
| Landfill                              | 0                | £0      | 0                | £0      |
| Reused/Recycled                       | 18               | £5,087  | 51               | £6,532  |
| Incinerated (without energy recovery) | 1.5              | £1,210  | 2                | £770    |
| Incinerated (with energy recovery)    | 11.9             | £9,747  | 37               | £13,297 |

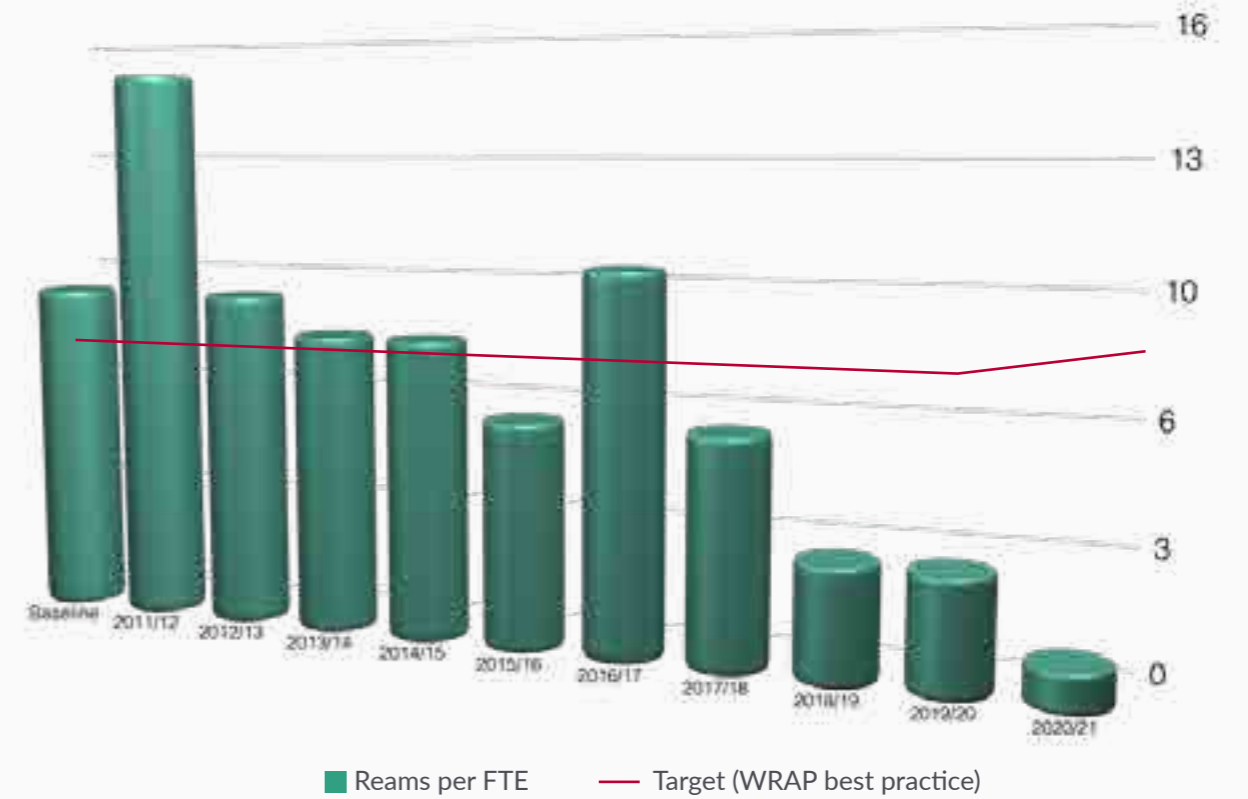
Waste generation (Tonnes)



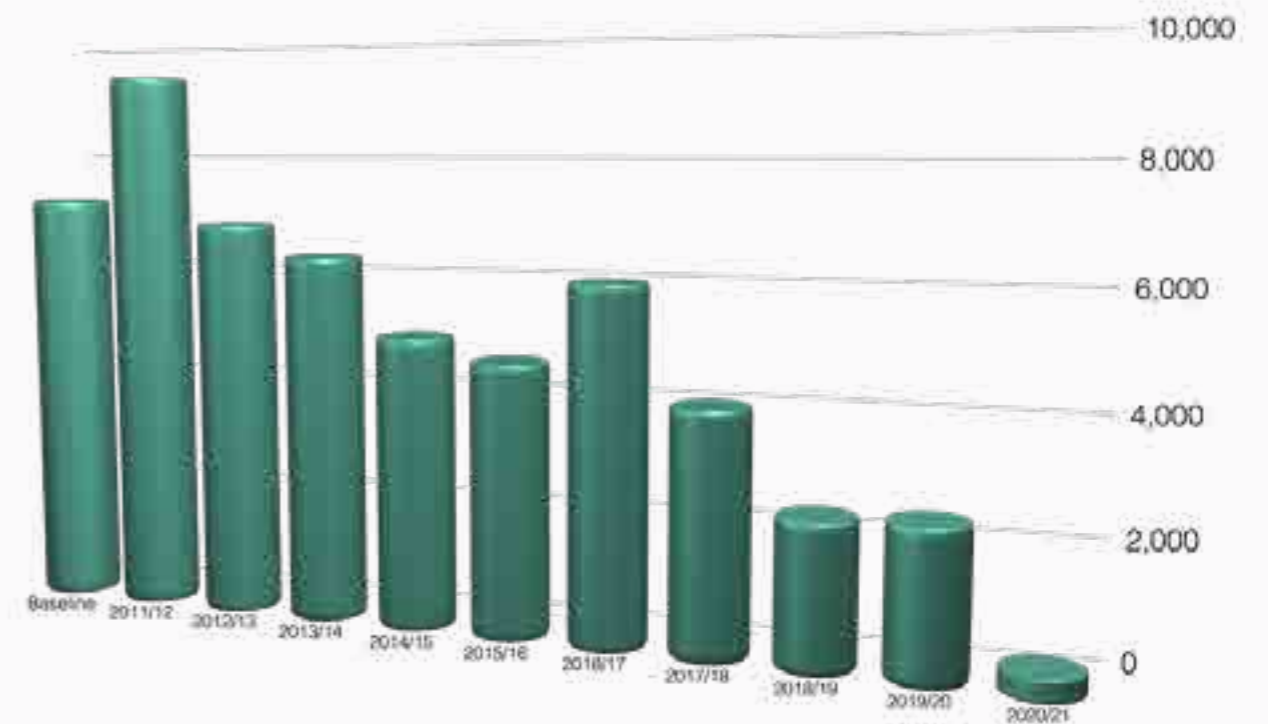
Performance and controllable impacts commentary

Waste generated has reduced with no waste going to landfill, and an increase in the recycling of waste produced. As FCDO Services continues to return to more normal working practices, focus on waste reduction and sustainable management of waste will feature in the design and delivery of our products and services.

Reams per FTE



Paper Consumption

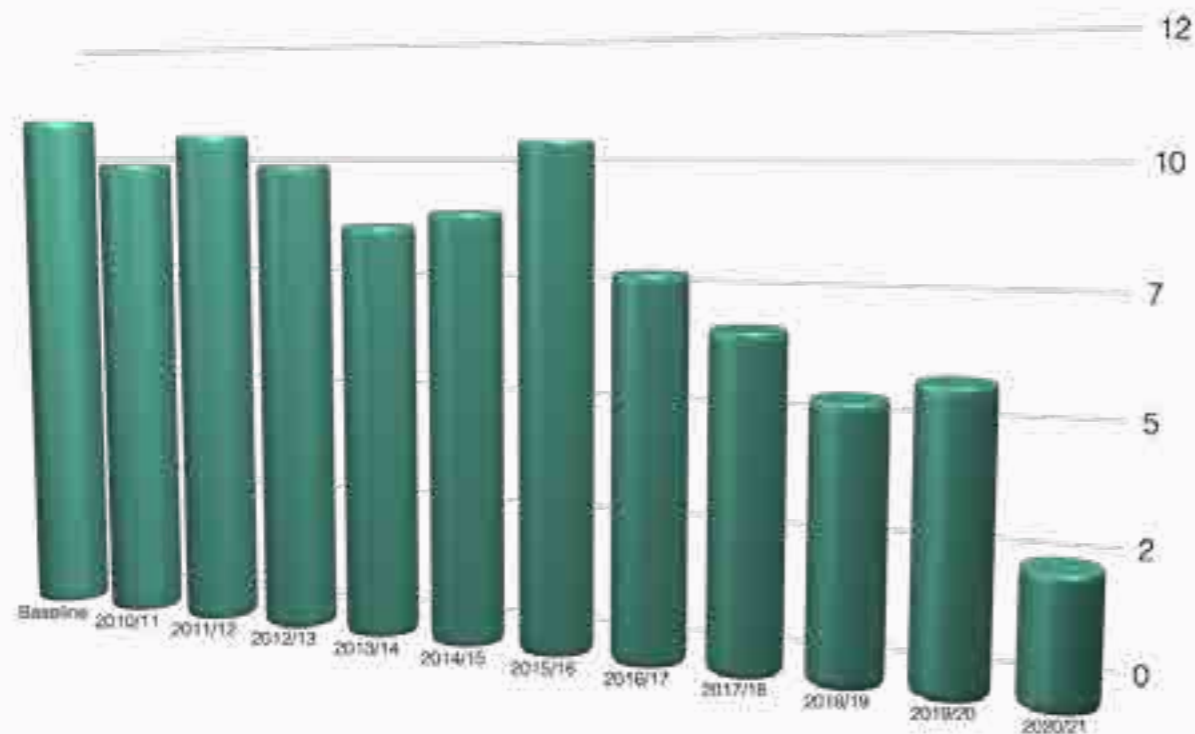


Performance and controllable impacts commentary

COVID-19 has resulted in a significant reduction in the use of paper; FCDO Services continues to change behaviours around paper usage to maintain a downward trend. This is facilitated by the use of new technology, reporting tools and collaborative online platforms which enable access to information and knowledge sharing.

| Finite resource consumption – water (supplied) | 2020/21      |         | 2019/20      |         |
|--|--------------|---------|--------------|---------|
|  | Cubic metres | GBP (£) | Cubic metres | GBP (£) |
| Office Water Consumption                       | 2,234        | £7,771  | 4,881        | £10,832 |
| Non-Office Water Consumption                   | 1,334        | £4,639  | 2,287        | £5,124  |
| Total  | 3,568        | £12,410 | 7,168        | £15,956 |

Office Water Consumption - All Buildings (m<sup>3</sup> per person)



**Performance and controllable impacts commentary**

Reduced site attendance has led to a decrease in water usage for this reporting period. Continued use of evaporative cooling for data centres and engagement with collaborative site water controls support an extended programme to reduce consumption in line with GGC targets.

**Danny Payne CMG**  
Chief Executive Officer and Accounting Officer

02 July 2021

**Notes**

1. FCDO Services (along with Wilton Park) are included in the figures of the FCDO Sustainability Report; as part of the FCDO family, they are included in the FCDO's sustainability targets.
2. The sustainability impacts of FCDO Services (or the FCDO's) overseas operations are not included.
3. Fugitive emissions refer to the air conditioning, refrigerants and cooling systems for data centres.
4. The respective costs for energy, water and some waste are not paid for by FCDO Services, but form part of our tenancy with the FCDO. The tables in the report reflect FCDO Services' proportion of these, as well as our carbon impact; this equates to 11.7% after allowing for wider market impacts.
5. The greenhouse gas figures exclude carbon emissions associated with one wider market server hosting service at the FCDO's Hanslope Park site. With the agreement of Defra, DECC (now BEIS) and OGC, responsibility for reporting those emissions were contractually passed to the customer. Estate electricity consumption includes electricity consumed in charging FCDO Services owned electric vehicles. Some emissions from official train and underground, bus or coach travel have not yet been base-lined or reported.
6. Defra conversion factors have been used to calculate carbon emissions. Some totals include estimates where actual readings could not be taken. The methodology and calculations for each estimate is documented.
7. The Greenhouse Gas Emission figures are non-weather corrected.
8. The expenditure figures relate to FCDO Services' UK operations only and include VAT. FCDO Services purchase fuel for the fleet (except electricity for electric vehicles)
9. The three scope area for GHG emissions are:
  - Scope 1 – Direct Greenhouse Gas Emissions (including gas usage, fuel oil, LPG and fuel from vehicles owned and operated by FCDO Services
  - Scope 2 – Energy Indirect Emissions (FCDO Services % usage of electricity supplied to the overall FCDO estate)
  - Scope 3 – Other Indirect Emissions (includes business travel by air, rail, and hire/private car use)



# Accountability Report



## Review of Financial Performance

### Financial outturn 2020/21

Total revenue delivered in 2020/21 was £174.4m, a decrease of £23.5m (11.9%) on the revenue of £197.9m reported for 2019/20. The Secure Global Services (SGS) group recorded a decline in revenue of £30.7m (19.4%) predominantly down to coronavirus restricting our ability to deliver revenue overseas. The Global Digital Technology (GDT) group recorded positive growth of £7.3m (17.8%) with the IT operations business largely unaffected by coronavirus.

Revenue from the FCDO (£109.2m) recorded a decrease of £50.1m (31.5%), with the decrease reflective of the impact coronavirus had on our operations, specifically overseas due to strict travel restrictions.

FCDO Services achieved a gross surplus before operating expenses of £41.4m, a return of 23.7% on revenue which is higher than 2019/20 (22.3%).

During 2020/21 other income of £0.2m was received (£0.2m in 2019/20) being solely the drawdown of monies from the apprenticeship levy relating to recoverable training costs of eligible personnel.

Our operating expenses at £34.9m are running at 20% of revenue compared to 19.1% in 2019/20, a decrease of £2.9m, as compared to the prior year reported. This was primarily driven by the reduction in revenue due to travel restrictions hindering our ability to deliver projects and services to our partner organisations. The largest operating expense, staff costs, was in line with prior year and we endeavoured to retain our highly skilled, security cleared staff throughout the pandemic.

There was one Voluntary Exit Scheme (VES) programme during the year totalling £1m (none in 2019/20). This was wholly funded by a supplier relief claim with the FCDO and

as such does not appear on the Statement of Comprehensive Income.

SGS generated total revenue of £127.5m in the current year, £30.7m below the 2019/20 reported performance of £158.2m, a reduction of 19.4%. This was primarily driven by the travel restrictions due to COVID-19 preventing delivery of overseas projects and subscription services, such as the Global Maintenance Programme. The SGS operating surplus performance of £2.7m compares to an operating surplus of £6.2m for the prior year, which at 2.1% of revenue is lower than the prior year performance in percentage terms. The performance is predominantly driven by the downturn in revenue delivery during the year.

GDT total revenue was £48.4m (2019/20 - £41.1m), an increase of £7.3m from the previous year. IT Operations, the largest contributor to GDT revenue, was largely unaffected by COVID-19 and growth was seen in the wider market business with new business wins. The operating surplus of £4m (8.3% of total revenue) is higher than the surplus of £0.3m (0.7% of revenue) for 2019/20 and predominantly driven by the increased revenue delivered in year.

Overall for 2020/21, FCDO Services achieved an operating surplus before financing of £6.7m; a return of 3.9% on revenue, compared to £6.5m and a return of 3.3% in the prior year, which is expanded further within the Surplus for the year section below.

### Impact of COVID-19

The costs incurred by the business that can be directly attributed to COVID-19 disruption were £3.8m. The majority of this cost, £3.0m, was related to staff members who were unable to work due to either COVID-19 restriction preventing revenue delivery, or disruption caused by COVID-19 such as childcare. Due to the inability to furlough,

and the need to retain our highly skilled, security cleared staff to ensure the timely restart of critical projects and services, a business relief agreement was put in place with FCDO. The first principle of the agreement when considering COVID-19 mitigation response was to 'do no harm'. Other costs incurred included professional services for crisis response, communications and project management, PPE shipments to overseas posts, IT peripherals and office equipment to support homeworking, and travel and living costs for evacuations of overseas staff.

Whilst the business incurred costs directly attributable to COVID-19, measures were also put in place to manage costs.

### Financing income and costs

There was no net finance income in 2020/21, compared to a net finance income of £0.2m in 2019/20.

### Surplus for the year

Our reported surplus for the financial year of £6.7m (2019/20 - £6.8m) saw an increase on our return from 3.4% in 2019/20 to 3.8% in 2020/21, reflecting the measures implemented during the course of the year to protect the financial position of the business.

The statutory dividend charged in this financial year was £2.1m (2019/20 £1.9m) with no discretionary charged (2019/20 no discretionary charged), which resulted in a retained surplus for the financial year of £4.6m (2019/20 £4.9m).

### Net assets

FCDO Services continues to invest in accordance with the requirements in our Corporate Plan, with capital additions of £1.6m in property, plant and equipment. This was lower than 2019/20 expenditure (£2.7m) as investment

was deferred to manage cash during the coronavirus pandemic.

At 31 March 2021, FCDO Services held net assets of £60.6m against an opening year position of £54.6m, with the movement of £6m driven by an increase in the cash balance.

Net assets comprise: non-current assets of £8.8m (2019/20 £8.8m), inventories of £2.7m (2019/20 £2.6m), cash and cash equivalents of £69.1m (2019/20 £35.8m) and other net liabilities of £20m (2019/20 other net assets £7.3m).

### Cash generation

FCDO Services generated a positive cash flow in year of £33.2m, with a cash position of £69.1m at 31 March 2021 (2019/20 £35.9m). This increase in cash relates primarily to timing differences in respect of the FCDO current account settlement.

### Cash management

Trade receivable days outstanding were 25.2 days at the end of March 2021 (March 2020 39.9 days), reflecting timing delays in relation to receipts as a result of the coronavirus disruption at the end of the previous financial year. In 2020/21, FCDO Services sustained the average payment rate of 83% (2019/20 87%) of suppliers paid within five working days of receipt.

Effective cash management ensured that liquidity remained strong, with a quick ratio of 2.1 at 31 March 2021 (2019/20 2.4).

### Financial performance targets

FCDO Services' financial performance in 2020/21 was measured against one key financial performance indicator: Return on Capital Employed (ROCE). The key performance indicator of in year surplus before interest was removed at the start of the year as initial forecasts suggested the impact of coronavirus could result in no surplus in year.

### Return on Capital Employed

(ROCE): Target achieved  
The result for the year of 13.5% (2019/20 12.6%) compared against a weighted average target of 3.5%. Given the service based, non-capital intensive nature of the business, ROCE is typically higher than 3.5%.

### Other ministerial targets

#### Customer Satisfaction: Target achieved

We achieved an 86.8 (2019/20 89.7) customer satisfaction rating exceeding our target of at least 80.0. Our customer base is varied and includes FCDO and other government customers. Our performance is in line with the previous year, and we are working closely with our customer base continuing to demonstrate our ongoing commitment to improving customer service and to building positive, strong and future-focused relationships.

#### Productivity ratio: Target achieved

Our productivity ratio target of at least 80.0% has been exceeded, with an average productivity over Q3 and Q4 of 80.9% achieved by revenue earning staff (2019/20 full year 84.1%). This performance continues to reflect tight operational grip, good time recording and accurate forward planning of work force requirements.

#### People - My Manager: Target achieved

In 2020/21 the target was achieved with a resulting score of 73.0% (2019/20 66.0%) compared to the target of 63.0%.

#### Pensions

Information regarding pensions is provided in the Remuneration and Staff Report.

### Events after the Reporting Period

These accounts have been audited by the Comptroller and Auditor General whose certificate and report appears on page 98. There have been no significant events after the reporting period which is noted in Note 20 of the accounts on page 123. The total audit fee for 2020/21 is £122k (2019/20 £110k).

As far as I, the Accounting Officer, am aware, there is no relevant audit information of which the National Audit Office is unaware, and I have taken all reasonable steps to ensure I have been kept informed of any relevant audit information and to establish that all such information has been brought to the attention of the Trading Fund's auditors.

**Danny Payne CMG**  
Chief Executive Officer and  
Accounting Officer

02 July 2021

## Table of performance against ministerial targets

| KPI                        | Target   | Result |
|----------------------------|--|--------|
| Return on capital employed | A Return on capital employed (ROCE) of at least 3.5% (weighted average before accounting for costs directly associated with COVID-19);                       | 13.5%  |
| Customer satisfaction      | In-year customer satisfaction rating average at least of 80 (Q3 and Q4 only - normalised for the impact of COVID-19)   | 86.8   |
| Productivity               | Productivity ratio of at least 80%, measuring actual billable hours versus available billable hours (Q3 and Q4 only - normalised for the impact of COVID-19) | 80.9%  |
| Management                 | An average Your Say score for "My Manager" measuring 63%.  | 73%    |

## Corporate governance report

### Directors' report

Details of FCDO Services' executive and non-executive directors for the period April 2020 to March 2021 are on page 66 (Board attendance table) of this report.

All Board members are required to declare any interests they may have to enable possible conflicts to be managed. We consider no Board member has any interests that conflict with their management responsibilities. In the case of each of the directors listed on page 66 there is no relevant audit information of which the National Audit Office is unaware. The directors have taken all steps to make themselves aware of any relevant audit information and to establish that the National Audit Office is aware of that information.

#### FCDO Services Main Board



From left to right:  
**Sir Simon Gass**, Non-Executive Director & Chair  
**Richard Gunning**, Non-Executive Director and Audit and Risk Assurance Committee Chair  
**Joy Hutcheon**, Non-Executive Director  
**Jenny Bates**, Non-Executive Director  
**Ann Tourle**, Non-Executive Director

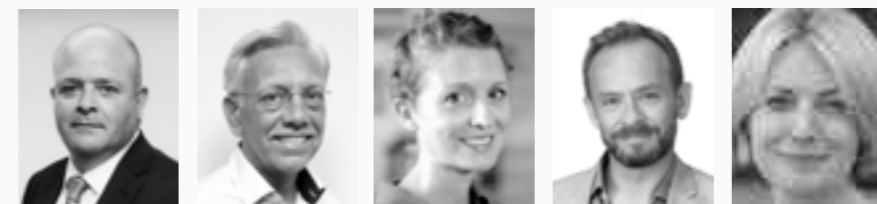


From left to right:  
**Bill McCluggage**, Non-Executive Director  
**Danny Payne CMG**, Chief Executive Officer  
**Claire Shepherd**, Chief Operating Officer  
**Yvonne Laird**, Chief Finance Officer  
**Rob Eason**, Chief Digital & Innovation Officer (CDIO) & Senior Information Risk Owner (SIRO)

#### FCDO Services Executive Board



From left to right:  
**Danny Payne CMG**, Chief Executive Officer  
**Claire Shepherd**, Chief Operating Officer  
**Yvonne Laird**, Chief Finance Officer  
**Rob Eason**, Chief Digital & Innovation Officer (CDIO) & Senior Information Risk Owner (SIRO)  
**Nasrin Cobb**, Director of Customer Relationships



From left to right:  
**George Hickerton**, Director of Engineering and Operations  
**Phil Worthington**, Director, Human Resources  
**Suzanne Pinkett**, Chief of Staff and Director of Communications  
**Fraser Addiscott**, Interim Director of Regions  
**Liz Arneill**, Interim Director of Technology and Operations

For a full list of our board directors roles and responsibilities go to [www.fcDOServices.gov.uk/about/our-senior-management/](http://www.fcDOServices.gov.uk/about/our-senior-management/)

## Statement of FCDO Services Agency's and Accounting Officer's responsibilities

Under the section 4 (6) of the Government Trading Funds Act 1973, HM Treasury has directed FCDO Services to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trading Fund and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer 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;
- 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 financial statements;
- prepare the financial statements on a going concern basis; and
- 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.

The HM Treasury has appointed the Chief Executive as Accounting Officer of FCDO Services. 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 Trading Fund's assets, are set out in Managing Public Money published by the HM Treasury.

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 National Audit Office are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

**Danny Payne CMG**  
Chief Executive Officer and Accounting Officer

02 July 2021

## Governance statement

### 1. Scope of Responsibility

As Chief Executive (CEO) of FCDO Services, I am accountable to the Secretary of State for Foreign, Commonwealth and Development Affairs for the performance of FCDO Services, in accordance with the Framework Document and our Corporate Plan, which was approved by our Minister, Lord Ahmad of Wimbledon.

My responsibilities as Accounting Officer are defined in a letter to me from the Permanent Secretary, HM Treasury. The letter confirms that I am responsible to the Foreign Secretary and accountable to Parliament for the Trading Fund's use of resources in carrying out its functions.

Overall responsibility for the strategic direction of our organisation rests with the Secretary of State for Foreign, Commonwealth and Development Affairs, who delegates these responsibilities during the year to a FCDO Minister.

### 2. Corporate Governance

FCDO Services operates within the terms of its Framework Document, which takes primacy in determining the responsibilities and accountabilities of the Secretary of State for Foreign, Commonwealth and Development Affairs, the FCDO and FCDO Services. It remains the overarching statement of the Trading Fund's governing principles, from which stem all agreements and arrangements between the FCDO and FCDO Services.

First published in 2008 when FCDO Services became a Trading Fund, the Framework Document was subject to a review in 2020/21 to ensure its continued relevance and accuracy, and deposited in both Houses of Parliament on 10 November 2020. Additionally, FCDO Services' Corporate Governance Framework sets out the corporate governance structures within FCDO Services. The framework is periodically reviewed and internally assessed to ensure continued compliance with HM Treasury<sup>1</sup> and Cabinet Office guidance<sup>3</sup>.

### 3. The Governance Framework

Our corporate strategy and ministerial targets are set out in the Corporate Plan, which seeks the input and support of the Partnership Board, the FCDO Management Board, the FCDO Director General for Finance and Corporate, the FCDO Permanent Under-Secretary and ministers prior to submission. Our ministerial targets are then laid in both Houses of Parliament in Written Ministerial Statements.

The FCDO Services Board is responsible for the strategic management of the business. It is chaired by a non-executive director, Sir Simon Gass, and comprises the CEO, the Chief Finance Officer, the Chief Operating Officer, and the Chief Digital Innovation Officer. The FCDO Services Board began the year with five part-time non-executive directors, closing the year with six following one appointment.

The Board has an agreed agenda that includes standing items and those requiring periodic or annual review. Standing items include:

- Reports from the CEO, Audit and Risk Assurance Committee (ARAC) and Nominations Committee
- Approval of the previous meeting's minutes
- Board action log discussion
- A corporate performance dashboard and reports on finance, corporate risk and health and safety, as well as other management information

Additionally the Board receives regular reports to ensure it is comprehensively informed. The information in these reports provides a clear view of organisational performance against key performance indicators and controls, and the Board is content with the quality of data presented.

Alongside corporate governance items and papers for information, the Board discusses strategic items at each Board meeting. This includes discussions about the strategic direction of individual directorates; diversity and inclusion; and customer satisfaction.

Furthermore, the Board receives regular reporting and assurance on risk management, health and safety and systems of internal control, through the work of the ARAC.

The Board provides oversight and endorsement of the development of FCDO Services' Corporate and Business Plans and receives regular updates throughout the year on FCDO Services' major strategic programmes. Offsite meetings (held virtually through 2020/21) have been held at appropriate intervals to help shape the future strategic direction of the organisation and mitigate key long-term risks.

<sup>1</sup> HM Treasury & Cabinet Office; Corporate governance in central government departments – Code of Good Practice, published in April 2017

<sup>2</sup> Managing Public Money, published in July 2013 (annexes updated March 2018)

<sup>3</sup> Partnerships between Departments and Arm's-Length Bodies: Code of Good Practice published in February 2017

All Board and Committee members are required to declare any conflict of interests and all FCDO Services Boards and Committees must dedicate an item on the agenda of each meeting to allow the opportunity for such declarations.

A comprehensive Board effectiveness review was carried out in March 2020. Recommendations included a review of how the long-term vision and strategy are set; clarification of interaction between the FCDO Services Board and Executive Board; and enhancing stakeholder communication and engagement. On the basis of the recommendations, the Board also considered the creation of more precise performance metrics and strengthening the Secretariat. These recommendations, and the means of implementing them, were explored and realised in 2020/21. Given the proximity of the thorough review, and the ongoing monitoring of the actions to completion into the latter quarter of 2020/21, the Chair concluded he was assured of the Boards effectiveness. A follow-up review is planned for the Board in 2021/22.

**Board**

| Board Member   | FCDO Services Board | ARAC   | Nominations Committee |
|--|---------------------|--------|-----------------------|
| <b>Sir Simon Gass</b> Non-Executive Director, Chair of Board and Nominations Committee     | 8 of 8              | -      | 3 of 3                |
| <b>Richard Gunning</b> Non-Executive Director, Chair of ARAC                               | 8 of 8              | 5 of 5 | -                     |
| <b>Joy Hutcheon CB</b> Non-Executive Director  | 8 of 8              | 5 of 5 | -                     |
| <b>William McCluggage</b> Non-Executive Director   | 8 of 8              | -      | -                     |
| <b>Ann Tourle</b> Non-Executive Director   | 8 of 8              | -      | 3 of 3                |
| <b>Jenny Bates</b> Non-Executive Director (Appointed 20 May 2020)                          | 3 of 7              | -      | -                     |
| <b>Steve Dunne</b> Independent Director (resigned 30 June 2020)                            | -                   | 0 of 2 | -                     |
| <b>Juliette Wilcox</b> Independent Director (appointed 1 July 2020)                        | -                   | 3 of 3 | -                     |
| <b>Susan Graham</b> FCDO Deputy Finance Director (resigned, 30 June 2020)                  | -                   | 2 of 2 | -                     |
| <b>Danny Payne</b> CMG CEO and Accounting Officer  | 8 of 8              | -      | 3 of 3                |
| <b>Rob Eason</b> Digital and Innovation Officer and Senior Information Risk Officer (SIRO) | 8 of 8              | -      | -                     |
| <b>Yvonne Laird</b> Chief Finance Officer  | 8 of 8              | -      | -                     |
| <b>Claire Shepherd</b> Chief Operating Officer   | 8 of 8              | -      | -                     |
| <b>Philip Worthington</b> Director of Human Resources                                      | -                   | -      | 3 of 3                |

The Board has two sub-committees, the ARAC and the Nominations Committee. The Board, the ARAC and the Nominations Committee provide advice and support with regard to my responsibilities. They are committed to ensuring that FCDO Services achieves and maintains high standards of corporate governance, risk management and internal control. Their purpose is outlined within table 4.1.

The ARAC membership, at the end of the reporting period, consisted of three members. Comprised of two non-executive Directors (both of whom are also Board members) one serving as Chair and one further member. The following also have a standing invitation to attend: a lead representative of the FCDO's Internal Audit & Investigations Directorate; the National Audit Office; the Chief Finance Officer; the Accounting Officer; all Non-Executive Directors formally appointed to the Board and the Chair of the Board. Members of the Executive Board and others attend by invitation, as required.

The Nominations Committee membership, at the end of the reporting period, consisted of two non-executive directors, the CEO, and the Director of Human Resources. One of the Non-Executive members chairs the Committee and is also the Chair of the Board. The Committee met three times within 2020/21.

In compliance with Business Appointment rules, FCDO Services is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on our website <https://www.gov.uk/government/organisations/fcdo-services>.

**3.1 FCDO Services' Board and Committee Attendance**

(April 2020 to March 2021, including extraordinary Board and ARAC meetings in June 2020)

**4. System of Internal Control**

Our assessment and management of risk is informed and supported by the system of internal control. This is built on a framework of regular management information, financial

regulations and procedures, a system of delegations and accountability, and appropriate segregation of duties. Key elements of the system of internal control include:

**4.1 Boards and Committees**

| Meetings  | Frequency           | Purpose   |
|---|---------------------|---|
| FCDO Services Board   | Bi-monthly          | Responsible for agreeing our strategic agenda, setting corporate policy and monitoring corporate performance. Meeting at least six times a year, the Board supports the CEO in the development of the vision and strategy, agreeing the broad allocation of resources, establishing key standards, managing risk and overseeing the change process  |
| Audit and Risk Assurance Committee (ARAC) (Board subcommittee)  | Quarterly           | Provides independent advice to the Board and Accounting Officer on strategic processes for internal control and governance. This is done by reviewing accounting policies and the effectiveness of risk management, oversight of assurance and the review provided by internal and external audits.   |
| Nominations Committee (Board subcommittee)                      | At least Biannually | The Nominations Committee is responsible for advising the Board on workforce policy and issues, including relating to the appointment, development and reward of senior staff and succession-planning for Board and senior leadership roles to ensure an appropriate balance of skills and experience. Overseeing the appointment of new Non-Executive Directors and promoting diversity in Board membership. It also acts as the FCDO Services pay panel to agree SCS appraisal and talent ratings and annual awards in accordance with Cabinet Office and FCDO policy.  |
| Executive Board (Executive Body)                                | Monthly             | Supports the CEO in developing the vision and strategy, and by taking ownership of day-to-day management, performance and delivery against the agreed business plan. It has responsibility for providing leadership and promoting a culture of information health and safety and security awareness. This is undertaken by agreeing strategic aims, objectives and key policies, translating them into team and individual objectives and by leading the delivery of the performance targets set out within the business plan.  |
| Investment Board (Executive subcommittee)                       | Monthly             | The Investment Board drives, oversees and approves investment, ensuring delivery in line with both the strategic direction and the required returns as outlined by the Corporate Plan. It is responsible for approving all Capital and Research and Development expenditure and monitoring and reviewing progress against the Corporate Plan in terms of investment performance and out-turn risk. The board discusses and agrees wider investment opportunities, and seeks assurance from the governance across FCDO Services that all investment governance/controls are in place. Finally, it validates any adjustment to dividend, pricing or investment policy, provided the CEO is in attendance. |
| Sales and Commercial Board (SCB) (Executive subcommittee)       | Monthly             | The SCB monitors compliance with the commercial processes and new business sales pipeline. It provides oversight of corrective actions in relation to non-compliance and ensuring order targets can be achieved. Finally, it provides a point of escalation to and from the Executive Board.  |
| Operational Management Board (OMB) (Executive subcommittee)     | Monthly             | The OMB monitors operational delivery and issues across the whole business. It provides oversight of corrective action when targets are not met and the conduit to drive performance improvements developing best practice initiatives through sharing information. It resolves any issues or disputes between or within areas of the business. It identifies points of escalation to be raised for further discussion at the Executive Board as required.  |
| Risk Review and Assurance Board (RRAB) (Executive subcommittee) | Monthly             | The Risk Review and Assurance Board (RRAB) provides oversight and assurance of the effective management of the principle risks, supporting the application of the risk management processes and the risk governance framework. Members are primarily functional specialists and/or senior operational leaders with influence.   |

## 4.2 Processes

| Meetings                  | Frequency | Purpose   |
|---------------------------|-----------|---|
| Corporate Plan            | Annual    | An outline of the future direction of FCDO Services' strategy and governance. Target and budget setting are realised through the Corporate Plan process, covering both operational and capital investment requirements. |
| Revised Annual Plan (RAP) | Quarterly | Base-lining of the annual plan against the present known business position and updated forecasts.   |
| Monthly Trading Accounts  | Monthly   | A financial report providing timely information to the business. The information is used by management to control costs, monitor cash flow, and compare budgets and forecasts.  |

## 4.3 Assurance

| Assurance   | Frequency                                      | Purpose   |
|---|--|---|
| Executive team letters of assurance                   | Annual   | Uniform, mandatory documents intended to clearly identify the responsibilities of key individuals. These letters are supported by documented assurances from senior managers and information asset managers, confirming compliance with operational risk management and internal control responsibilities, and identifying any perceived weaknesses and the actions recommended to address these.   |
| Annual programme of internal audits                   | Annual   | Delivered by independent auditors, to Public Sector Internal Audit Standards, providing regular reports and an overall annual opinion on risk management, control and governance within FCDO Services.  |
| NAO external audit                                    | Annual   | Providing internal control comments in its management letters and audit of the annual financial statements.   |
| Business Continuity Management Steering Group (BCMSG) | Quarterly                                      | Assurance to the Executive Board that plans are robust, resilient and effective against a range of disruptive scenarios; and ensuring all work is on track to maintain compliance with the International standard ISO 22301. The BCMSG is a key driver to implement changes and monitor delivery, thus ensuring that the business's plans and procedures individually and collectively are fit for purpose.   |
| Health and Safety Committee                           | Quarterly                                      | Provides direction to the organisation on matters of health and safety. Its purpose is to lead and influence FCDO Services in the proactive delivery of the health and safety management system. Significant changes to health and safety policies are considered and ratified. The Committee reviews recommendations and proposals to senior management on changes to policies, procedures, training, facilities and equipment which it believes will lead to higher standards of safety risk identification and management. Also considered are accident statistics, analysis of trends in safety management performance, safety policies and procedures. |
| Health and Safety internal audits and inspections     | Periodically (Throughout the reporting period) | Statutory and policy compliance from within the business.   |
| Information Assurance Declarations                    | Quarterly /Annual                              | Assurance to the SIRO that information assets are effectively managed and that risks and concerns are raised and addressed. Mitigations and controls are monitored to ensure the confidentiality, integrity and availability of information assets are maintained.  |
| Information Assurance Compliance Dashboards           | Quarterly                                      | An overview to the Information Asset Owners and Lead Information Asset Coordinators on their group's compliance status covering their Information Asset Registers, declarations and Data Protection obligations.  |

Continued from the previous page

| Assurance  | Frequency                                      | Purpose   |
|--|--|---|
| SIRO Dashboard   | Monthly  | Assurance to the SIRO, Board and the ARAC, on matters involving Information Management and Information Security. Stakeholders feeding in to the dashboard are the CISO (Chief Information Security Officer); the Corporate Information Assurance team; the Corporate Security Team; the Cyber Security Team; the Knowledge and Information Management Team and HR Team  |
| Enterprise Risk Report (Replaced the Corporate Risks report in April 2021) | Bi-monthly                                     | A consolidated report of the principal and high level operational risks to FCDO Services. A singular reporting thread running through the risk governance structure.  |
| Executive approval of capital expenditure projects                         | As appropriate                                 | Individual approval of capital (including research and development) expenditure projects, supported, with appropriate business cases, by the Executive.   |
| Cascaded delegations for capital and revenue expenditure                   | As appropriate                                 | A system of cascaded delegations for capital and revenue expenditure and authority to contract. Supported by clear mandate letters, and enforced through system controls and exception reports, via the Investment Board and in line with the Delegated Authorities Matrix.   |
| British Standards Institution (BSI) ISO 9001 certification                 | Periodically (Throughout the reporting period) | A total of twenty-three processes across our key operational and functional areas are now formally recognised for their effectiveness. [Reduced from 24 in 2019/20 due to the consolidation of 2 processes]   |
| British Standards Institution (BSI) ISO 27001 Certification                | Periodically (Throughout the reporting period) | Specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system within the context of the organisation.  |
| Cyber Security Working Group   | Monthly  | The principle objectives of the Group are to provide a forum for review and assessment of security and vulnerability threat and risk to FCDO Services and development, review and recommendation of policies, standards, procedures and process to address security threats and risks.  |
| Digital Design Authority (DDA)   | Weekly   | Key stakeholders ensure that projects that deliver a technical or information based product or service are reviewed throughout its lifecycle. This ensures it meets our technical, security, service, delivery and assurance standards. The DDA assesses and signs off digital system designs and builds for all our customers both internal and external and includes any significant changes to existing systems.   |
| Data Governance Board  | Quarterly                                      | The Data Governance Board focusses on ensuring information in all its forms has been appropriately managed as an asset through its lifecycle. It's central to the processes set and is focussed on governance around creation of new data sets, as well as management of existing data sets. There are two sub working groups that report in: Major Systems Working Group and Digital Continuity Working Group. In addition, the Data Governance Board (key members) review Web Access Requests on FCDO Services systems. |

Continued on the following page

### Raising Concerns

In FCDO Services we are committed to dealing professionally and responsibly with any concern our staff may have about possible malpractice. We encourage them to report any acts they encounter in the course of their work that they believe to be illegal, improper or unethical. All such approaches are taken seriously and treated in confidence.

We do not tolerate the victimisation of anyone who comes forward to raise a genuine concern. The Public Interest Disclosure Act 1998 provides legal protection for employees who make disclosures about suspected malpractice in the workplace.

During the year we have promoted our FCDO Services' Ethical Code and our joint FCDO and FCDO Services Raising Concerns policy.

We have also taken steps to appoint more, and raise awareness about, our Nominated Officers. These are officers whom individuals can speak with in confidence outside their management chain if they have concerns relating to ethics and conduct, including the standards as set out in the Civil Service Code.

## 5. The Risk and Control Framework



Figure 5.1: FCDO Services Governance Structure – Risk information flows through the structure, with the governance set into the terms of reference for each board

### 5.1 Risk management framework

FCDO Services operates a tiered framework of risk reporting supporting the identification, management and escalation of operational and strategic risk. Directorate and subject matter specialist registers are held by local management, with summarised reports provided to the monthly Risk Review and Assurance Board (RRAB).

The RRAB is a forum of area and specialist risk leads. This board meets monthly to examine the risk landscape of FCDO Services, drawing out rising or emerging concerns, and providing both challenge and support in the examination of enterprise wide operational and principle risks. Should the need arise there is direct access to Executive Board members.

Risks are considered in terms of those that are Fixed (a standard organisational risk including e.g. capacity and capability) and Transient (those which are recognised as of temporary consideration). For the purpose of consideration and planning, risks are set within a taxonomy of Customer; People; Process; Technical (Operational and Hardware); Finance; Data, Information Management and Information Security; Governance; and, External.

First line risk assurance is provided by senior managers within the departments, where a named responsible risk owner is cited for each risk registered.

An assessment of second line risk assurance is undertaken by specialist staff and senior leaders who oversee

the management and compliance of organisational policies and process (thereafter undertaken by relevant supervisory and directing Boards).

The FCDO's Internal Audit function provides a key element of our third line of assurance. They are employed to undertake a programme of work based upon a (risk based) rolling three-year plan, enabling them to assess and advise on our capacity to manage risk. Planning includes one-to-one discussions with internal stakeholders and a risk based method of assessment to determine the audit plan. The plan is advised to the FCDO Services Board following review by the ARAC. As Accounting Officer, I am provided with an objective evaluation of, and opinions on, the effectiveness of our risk management, internal control, and governance arrangements (see section 6).

This is further supported by an annual audit from the National Audit Office (NAO) and commissioned external audits from professional bodies such as the BSI.

In addition to the above, in 2020/21 the FCDO Services Board reviewed and approved high level appetite statements across key areas of risk. These statements were linked to the operational objectives of FCDO Services.

I am not aware of any evidence to suggest major deficiencies in our risk management process. However, we look for continuous maturity within our organisational processes and will continue to strengthen and embed those around the management of risk.

### 5.2 Management of information risk

FCDO Services is committed to protecting and using its information securely and effectively, in compliance with its legal obligations and with the standards and requirements set out by the Cabinet Office.

The risk profile of the management of information is reported to the FCDO Services Board through the Enterprise Risk Report. The Senior Information Risk Officer (SIRO) is an FCDO Services Board member, and provides a monthly oversight report to the Executive Board on information risk management activities. This is further supported in the form of assurance provided to the ARAC with a SIRO report on the activities underway across the organisation to manage information risk.

All staff and contractors are required to complete the mandatory Security in the Supply Chain e-learning course available on the training platform. Executive Directors, as Information Asset Owners (IAOs), have been issued with terms of reference for their role and made accountable through quarterly and annual reporting for their information assets.

There are regular formal communications through the Office of the SIRO to all staff and the Information Assurance (IA) community. New IA community members receive briefings from the Corporate IA Manager on their role and responsibility and workshops and training are given to existing members when needed.

Quarterly Data Protection newsletters, training and guidance material are posted on the intranet to raise awareness around the changes to the UK Data Protection laws. A supplier assurance process, checklists and declarations are in place to tighten up controls and to gain assurance from third party suppliers who are handling our information. Contracts have been updated and processing agreements put in place where necessary.

Throughout 2020/21 the cyber threat landscape continued to evolve with increased threat due to COVID-19 and the increase in home working. Within FCDO Services there are a limited number of systems facing the internet. The available surface for conventional cyber-attack is therefore low.

FCDO Services continues to invest in our cyber defence capabilities which are central to containing the ever-growing diversity of cyber-attacks. New tools are being introduced along with further development of an integrated Cyber Defence Capability to mitigate future risks.

FCDO Services re-certified for ISO 20000 and ISO 27001 in 2020. ISO 27001 policy is implemented across the organisation but procedure is restricted to the customer facing element of our IT services. This improves customer assurance and information security practices.

#### Priorities for 2021/22

- Continuous improvement of our confidentiality, integrity and availability processes to manage operational risks
- Establish a single source of security incident reporting to aid efficient incident resolution, trend reporting, education and to reduce process
- Full cyber defence maturity review
- Delivery of new SIEM tool and increased cyber defence capability. Increase in end point monitoring and incident response capability
- Review new solution for capturing and recording the processing activities of personal data.
- Implementation of M365 to FCDO Services, dependant on approval
- Revised Information Asset Registers following restructure
- Launch of new mandatory Information Security/ Assurance e-learning

## 6. Report of the Audit and Risk Assurance Committee 2020/21

The Audit and Risk Assurance Committee (ARAC) provides advice on the strategic processes for control, governance and risk management as well as the adequacy and effectiveness of processes for the leadership to manage risk. It reviews accounting policies and financial accounts, including the process for their review prior to submission for audit.

The activities undertaken by Internal Audit & Investigations and the National Audit Office (NAO) fall within the scope of the ARAC. This includes NAO value for money reports, the NAO annual Audit Management Letter, and the adequacy of responses to issues identified. It also encompasses the planned activity and results of both internal and external audits.

The Committee considers assurances and information relating to operational and principal areas of risk including e.g. security; information and cyber threats; capacity; capability; health and safety; supply chains; etc. as requested by myself as Accounting Officer.

As per the guidance provided by the Audit and Risk Assurance Committee handbook (HM Treasury, 2016), at least one member of the ARAC has recent and relevant financial experience, and is a qualified accountant. The Committee met five times in 2020/21 and has been quorate throughout the year. In June 2020 the committee member representing our parent organisation retired. Due to structural and organisational changes, in both organisations, the appointment of a replacement representative has been deferred until later in 2021.

Following each meeting, the FCDO Services Board was provided with a summary report and a verbal update by the Chair of the Committee.

When assessing the year-end accounts, the Committee considered in detail areas subject to management judgement and received reports from the Chief Finance Officer, on each area, setting out the methodology and key

assumptions. The NAO, who receive these papers, have assessed that there were no material differences between the views of management and the NAO on the appropriateness of the accounting policies adopted by FCDO Services for 2020/21.

FCDO Services continues to enjoy a strong relationship with the NAO and close relations were maintained formally at working level, through the ARAC and the Executive. The ARAC oversaw the development of the Annual Governance Statement and the members were grateful for the guidance and advice of the NAO in its preparation.

The annual report from Internal Audit provided an overall opinion that there was a moderate level of assurance. This opinion was based on the findings and conclusions from internal audit and counter-fraud work undertaken during the year.

The management of a risk-based programme of audits was supported with a mid-year review to confirm business and assurance requirements. The Committee was content with the visibility afforded by the programme, despite ongoing logistical and resource challenges due to the pandemic and remote working. The Investigations department has provided the Committee with reports and advice on matters relating to the investigation and prevention of fraud, and has continued to represent FCDO Services on the Government's 'Counter-Fraud Champions' Network.

Policy and processes are in place to enable staff to raise concerns. This is supported internally by four nominated officers who are available to provide confidential advice and support. There have been no credible concerns or suspected frauds reported to me by the Investigations department during this period.



## 7. Annual Risk Assessment

FCDO Services' objectives:

|                             |                         |                                      |
|-----------------------------|-------------------------|--------------------------------------|
| <b>Grow</b><br>our business | <b>Save</b><br>resource | <b>Innovate</b><br>for future growth |
|-----------------------------|-------------------------|--------------------------------------|

The following is a reflection of the 2020/21 key operational risks.

### Coronavirus (COVID-19) Pandemic Recovery

Operations have been severely impacted by the global COVID-19 pandemic and it is anticipated that global mobility will be continued to be restricted throughout the next financial year as well as continuing impacts across our delivery areas due to continuing space restrictions and COVID-19 transmission risk.

| Primary factors considered   |  |   |
|--|--|---|
| <p><b>Health and Welfare of Staff</b> – Staff are stationed both in the UK and at 4 regional hubs globally, travelling regularly to remote, fragile / low-infrastructure environments and may suffer long-term health and welfare impacts as a result of continued exposure.</p> <p>There is a risk that the recovery from the pandemic may have long term mental health and wellbeing impacts on the staff.</p> <p><b>Resource Capacity</b> – Pressures of the pandemic, particularly nervousness associated with international travel, and the pressures of repeated and prolonged periods of quarantine/isolation has</p> | <p>and may continue to impact our resource capacity. As we progress out of pandemic restrictions, the risk of this remains as other competitors for our skilled resources increase the tempo of their operations.</p> <p><b>Supply Chain Issues</b> – The pandemic has and will continue to impact the entire supply chain since the cost of doing business overseas has significantly increased, as has the operational risk. Delays in the availability of goods should be expected to continue throughout this financial year. Key partners and suppliers may be significantly impacted as a result of adverse financial or operational effects of the pandemic</p> | <p>and this could impact our ability to re-mobilise in line with customer expectations. Supply vs demand issues have also had a significant impact on raw material prices.</p> <p><b>Client Funding</b> – Continued pressure on global mobility may see client funding for overseas work reduced.</p> <p><b>Travel</b> – We continue to experience increases in cost in excess of inflation as a result of the travel and transport industries re-mobilising; routes may take longer than expected to re-open leading to delays and increased costs of transport.</p> |

| Key controls in place  |  |   |
|--|--|---|
| <p>Comprehensive COVID-19 specific plans, processes and infrastructure, adapted from our overall Business Continuity and Crisis Management Plan, have been successfully implemented and used to manage risk and optimise operations. This has evolved continuously with the dynamic situation and flexed as we have moved in and out of operational restrictions locally and globally.</p> <p>COO has direct command of the pandemic response, supported by a highly skilled and versatile Silver Command Team. The activities of this team have been comprehensive and far reaching. These include:</p> <p>Comprehensive intelligence on global pandemic issues, regulations, legislation and impact on FCDO Services staff and operations.</p> | <p>Continuous assessment and forecasting of both risk and opportunity to ensure safety of operations and maximisation of operational tempo when conditions allow.</p> <p>Careful consideration of all aspects of all operational activity to ensure that work is carried out efficiently and safely to maximise operational tempo whilst maintaining appropriate levels of duty of care.</p> <p>Dynamic guidance to projects and programmes to maximise effective activity.</p> <p>Response to incidents, including infections.</p> <p>Customer and supply chain management.</p> | <p>Identification of critical failure points and implementation of intensive monitoring of metrics that signpost the approach of those points.</p> <p>Staff communication and engagement plans to support health and safety, welfare and wellbeing.</p> <p>Interim policies and guidance to support appropriate working arrangements.</p> <p>Dedicated supply chain communications and management to identify critical and at risk suppliers.</p> <p>Executive Directors are responsible for harnessing and driving activity in their business group.</p> |
| Planned further mitigation (2021/22)   |  |   |
| <p>Continuing review of Strategy, Corporate Plan and financial budgets.</p> <p>Maintaining Silver Command working group processes until business as usual is returned.</p> <p>Finalising a return to workplace programme with associate employee and managerial support.</p>   | <p>Finalising a hybrid working strategy anticipating a change in working requirement for the future.</p> <p>Monitoring of business resilience and financial stability; increased rigour in relation to expenditure and cost management.</p> <p>Daily monitoring of situation reporting across entire business, including global impact.</p>  | <p>Continuation of communication programmes with staff, supply chain and customers.</p> <p>Continuous planning for transition to new BAU conditions, or adapting to new restrictions.</p> <p>Building key learnings from the pandemic response into the new One FCDO Services operating model.</p>  |



## Workforce Skills, Capability and Productivity

There is a risk that if FCDO Services cannot effectively attract, retain, develop and engage enough of the right people at the right time, it will not have the skills, capability and productivity to meet current and future customer and other organisational requirements (e.g. VFM, Ministerial targets and health and safety duties).

### Primary factors considered

|  |   |  |
|--|---|--|
| Business area workforce plans should effectively identify future medium and longer-term skill requirements and recruitment activity should always align to shorter-term plans. Strategic workforce planning could be made difficult due to changing customer requirements and limited longer-term commitments and requirements for some products and services. | Shortage of some skills; competitiveness of reward package; Hanslope Park location; and, security clearance timescales, may make it difficult to have an agile workforce and recruit skills quickly. This is offset by relatively high retention rates. | can impact on employee career development and engagement.  |
|  | Reliance on long-term contractors in some business areas; some jobs have not been market tested and   | Strengthening further FCDO Services brand visibility as a diverse and inclusive employer.  |
|  |   | Impact of COVID-19 on staff wellbeing, engagement, revenues workforce productivity, planning and skills recruitment and retention. |

### Key controls in place

|   |   |   |
|---|---|---|
| Reward package, including flexible working targeted allowances, used to attract and retain employees leading to 90+% recruitment success rate.                        | Additional measures people policy, guidance, learning and development implemented for managers and staff covering, for example, wellbeing, working arrangements and managing teams remotely.              | Work packages used to fill priority gaps and deliver projects.  |
| Continuous improvements made to workforce planning process. More skills training, other learning and development, recruitment and on-boarding is delivered virtually. | Investments in leadership and management development, other Culture 2020 and organisational development initiatives, underpinning sustained and significant improvements in Your Say feedback since 2016. | Business Continuity procedures established for all staff globally, with over 90% working flexibly and remotely; with shift patterns applied as appropriate, alongside enhanced staff wellbeing support and remote working guidance. |
| Hybrid security clearance policy in place.  |   | Interim hybrid model workplace strategy 2021/22 agreed.   |
| New Diversity & Inclusion Strategy and action plan 2020-23 agreed with overall implementation on track.   | Contractor management and staff recruitment controls delivered c£6m reduction in workforce costs against original 2020/21 plan.   |   |

### Planned further mitigation (2021/22)

|   |  |   |
|---|--|---|
| Additional workforce plan controls to be implemented for RAP1.  | campaigns to improve workforce diversity and representation.       | Develop high potential leaders identified through talent management process.                                      |
| Recruit new Transformation Director to lead on strategic workforce planning aligned to One FCDO Services.   | Plan to recruit c40 new apprentices across 12 schemes by Sept 21.  | Pilot and implement talent and succession management process for professional / specialists.                      |
| Review Diversity and Inclusion Strategy and implement year 2 of action Plan 2020-23, including developing outreach programmes, targeted recruitment and career pathway initiatives. | Local Engagement Plans (LEAPs 2021) being updated and monitored.   | Implement career pathways / support for underrepresented staff groups.  |
| Restart broader recruitment to deliver strategy, with targeted  | Implement skills based pay structure (stage 2 of pay flex 2018/19) | Implement new leadership and management development framework to improve capability and competence at all levels. |
|   | Agree longer-term workplace strategy and working arrangements.     |   |



## Health and Safety

If we fail to identify, mitigate and manage health and safety and personal security risks, this may result in injury, ill health, financial loss, legal action and penalty, and reputational damage.

### Primary factors considered

|   |   |  |
|---|---|--|
| <p>Identification and management of operational health and safety risks: preventing injury, ill health and loss.</p> <p>Compliance with statutory and regulatory requirements to provide safe working environments, facilitate safe work activities: preventing</p> | <p>injury and ill health, legal action, financial and reputational loss.</p> <p>Safe Delivery; staff, contractors, delivery partners demonstrate safety competence to ensure safe design and delivery of products and services.</p> | <p>COVID-19 - an additional hazard requiring specific risk management in differing work activities and locations which is integrated into other safety risk management activities.</p> |
|---|---|--|

### Key controls in place

|  |  |  |
|--|--|--|
| <p>Health and safety management system including policies, procedures and management tools supported by internal governance and competent health and safety support.</p> <p>Risk management tools including assessment, audit and inspection</p> <p>Regulatory and internal compliance assurance</p> | <p>through assurance activities, inspection and routine audit.</p> <p>Continual development of safety skills and knowledge through education and skill extension opportunities.</p> <p>Inclusion of COVID-19 hazard management activities in policy and procedures; inclusion of COVID-19 control measures in risk</p> | <p>assessments, safe systems of work, design and delivery of services, products and work activities.</p> <p>Post drawdowns and addition health and welfare support for employees in overseas Posts with higher instances of COVID-19, in accordance with FCDO policy and measures.</p> |
|--|--|--|

### Planned further mitigation (2021/22)

|  |  |  |
|--|--|--|
| <p>Continual improvement of risk identification and management through enhanced collaborative working with customers, suppliers and delivery partners.</p> <p>Revision of safety governance to embrace all areas of the organisation to lead and influence</p> | <p>cross function collaboration to provide cohesive safety risk management activities.</p> <p>Ongoing analysis of risks and issues to achieve focussed improvements in governance and safety behaviours and culture.</p> | <p>Safety in design and delivery of products and services with suppliers, contractors and delivery partners.</p> <p>Multi layered assurance of effective safety risk management.</p> |
|--|--|--|



## Account and Commercial Management

There is a risk that failure to identify and manage key accounts and key relationships and stakeholders underpinned by a robust and clear commercial strategy may lead to a lack of developing the appropriate opportunities in order to deliver our Corporate Plan targets and result in financial underperformance.

### Primary factors considered

|  |   |  |
|--|---|--|
| <p>Requirement for a Marketing and Account Management strategy identifying target strategic customers, aligned to clear ownership of and management of stakeholder relationships.</p> <p>Market presence - targeted marketing of our product and services portfolio focused on</p> | <p>demonstrating value for money proposition and uniqueness elements of offer (security, agility).</p> <p>Perception of value - competitive pricing strategy aligned to delivering value for money to customers whilst ensuring that the financial needs of the organisation are met.</p> | <p>Commercial excellence - demonstrable, performance led best commercial practices combined with appropriate controls of the commercial process.</p> |
|--|---|--|

### Key controls in place

|  |  |   |
|--|--|---|
| <p>Marketing and Account Management Strategy reviews, identifying core markets, customers and key stakeholders. Objectives and performance reviewed monthly and strategy reviewed annually.</p> <p>Strategic account and key account owners aligned via a Customer Relationship Management (CRM) tool. Internal governance structure in place, reporting and reviewing. Structured Partnership</p> | <p>review groups, assuring alignment of objectives.</p> <p>Analysing and reporting emerging product and service demands in terms of customer, competitor and market engagement.</p> <p>Terms of Business Arrangement (ToBA) and Service Level Agreement (SLA) in place with our selected key accounts.</p> | <p>Pricing strategy and implementation plan.</p> <p>Enhanced recording of commercial performance metrics to support development of performance of commercial community.</p> |
|--|--|---|

### Planned further mitigation (2021/22)

|   |   |   |
|---|---|---|
| <p>Development of sector strategy to proactively expand the market by focusing on key departments and building long term relationship with the relevant stakeholders.</p> <p>Development of One FCDO Services transformation programme to create coordinated approach to customer engagement, understanding their key drivers and delivering better services.</p> | <p>Detailed evaluation of cost vs price and pricing policy to create a competitive pricing policy to enhance Value For Money.</p> <p>Executive led strategic account reviews implemented by key account owners and integration with the Annual Plan report/review process.</p> <p>Ongoing enhancement of CRM reporting and data quality management.</p> | <p>Management of commercial performance through the introduction of relevant commercial metrics (financial/ contractual), aligned to Customer Experience Strategy (3 R's - Reliability, Responsiveness, Relationships) and customer satisfaction reporting.</p> <p>Development of specific marketing strategies for selected products and services.</p> |
|---|---|---|



## Financial Control

If we do not adequately control revenue, costs and assets, this may result in poor commercial decisions being taken, error or fraud in financial results and reduced-quality forecasts, potentially leading to diluted surpluses, an inability to demonstrate value for money, and an adverse effect on the organisation's reputation and ability to continue as a Trading Fund.

### Primary factors considered

|   |   |   |
|---|---|---|
| Financial processes and procedures: safeguarding against errors and potential instances of fraud or non-compliance with statutory regulations | Compliance with commercial processes and procedures: risk-aware culture reflected in leadership and management behaviours | An operational understanding of IFRS15: both finance and non-finance staff alike adhering to the standard and ensuring our processes and tools help to support compliance |
|---|---|---|

### Key controls in place

|   |   |   |
|---|---|---|
| Financial governance, including: <ul style="list-style-type: none"> <li>• Quarterly forecasting</li> <li>• Annual review of the Corporate Plan</li> <li>• Segregation of duties</li> <li>• Delegated authorities</li> <li>• Internal audits</li> <li>• Review of financial reports by a number of Boards</li> </ul> | <ul style="list-style-type: none"> <li>• Independent review and approval of investment business cases</li> </ul> Strengthened risk framework: <ul style="list-style-type: none"> <li>• Annual review of risk appetite</li> <li>• RRAB deep-dive review into key risk areas</li> <li>• Enterprise Risk management</li> <li>• Risk management training</li> </ul> | Monthly management accounts process, including review of performance against budget and forecasts, and production of standardised financial reports<br><br>Skilled and trained finance, commercial, and procurement teams |
|---|---|---|

### Planned further mitigation (2021/22)

|   |   |   |
|---|---|---|
| Continued refinement of financial reporting and review of key performance indicators                                | Continued enhancement of ERP systems in conjunction with the FCDO   | and to ensure risk management awareness is standardised across the organisation |
| Automation of key business support processes to reduce likelihood of error and free up time for business partnering | Launch of a new "finance for non-finance" training offer to make financial information easier for users to understand | Publication of job families and career pathways to retain talent                |



## Operational Delivery

If the operational delivery platform of the organisation is not to standard, continuously improved and co-ordinated across our people, process and technology, this may result in inefficiencies and inconsistency in the standard of delivery resulting in financial, operational and potentially reputation losses.

### Primary factors considered

|   |   |   |
|---|---|---|
| Customer requirements: clearly defined to ensure that both parties understand scope of delivery and agree expectations.<br><br>Co-ordination and scheduling: proactively managed to ensure projects and services run to time, budget and the highest quality. | Operational processes and procedures: to safeguard against errors and potential instances of fraud or non-compliance with statutory regulations.<br><br>Technology and Systems: appropriate underlying systems are in place with supporting technology. | Business Continuity: detailed Business Continuity Plans to enable business to continue operating in business continuity events. |
|---|---|---|

### Key controls in place

|  |  |  |
|--|--|--|
| Governance structure, made up of regular review of activities, including <ul style="list-style-type: none"> <li>• quarterly forecasting and annual review of the Corporate Plan</li> </ul> | <ul style="list-style-type: none"> <li>• monthly Operational Management Board covering all aspects of people process and technology</li> <li>• scrutiny and review of project and services delivery and pipelines</li> </ul> | System-generated workflows escalations and standardised reporting.<br><br>Certification to internationally recognised standards, including ISO 9001, ISO 27001, and ISO 22301. |
|--|--|--|

### Planned further mitigation (2021/22)

|  |   |   |
|--|---|---|
| Simplification and continuous improvement of processes and procedures, through the One FCDO Services Programme | Implement the outcomes of the One FCDO Services programme including any structure changes | Maturation of business performance monitoring through our balance scorecard and Operational Management Board. |
| Deliver the Logistics. transformation programme to modernise our service offering                              | Automation and digitisation of our business process.                                      |   |



## Supply Chain

If a high-quality, compliant and global supply chain is not sustained, this may affect the quality of products and services and the timeliness of delivery to our customers, resulting in a poor customer experience and cost overruns.

### Primary factors considered

|  |  |  |
|--|--|--|
| <p>High-quality relationships: robust tendering, on-boarding and contract management to ensure we have an ethical, compliant supply chain.</p> <p>Value for money and reliable delivery: engagement of suppliers with a global reach who have sufficient capacity to deal with our demand.</p> | <p>Resilience: we undertake routine checks to identify financial or control weaknesses to minimise risk of non-delivery or exposure to financial and non-financial losses, due to a failure in our supply chain.</p> | <p>Ethical considerations and corporate social responsibility: ensuring we take end to end responsibility for our supply chain and ensure our quality expectations are met throughout.</p> |
|--|--|--|

### Key controls in place

|   |   |  |
|---|---|--|
| <p>Governance structure, including segregation of duties, delegated authorities and standardised reporting.</p> <p>Tenders submitted using existing government frameworks where appropriate, accompanied by due diligence checks prior to contract award.</p> | <p>Maintenance of critical and key partner and supplier lists including checks on financial health, insurance etc.</p> <p>Contracts include Key Performance Indicators, requirements to provide Business Continuity Plans, information assurance etc.</p> | <p>Skilled procurement teams with Chartered Institute of Procurement and Supply (CIPS) Corporate Ethical Procurement and Supply accreditation.</p> |
|---|---|--|

### Planned further mitigation (2021/22)

|  |  |   |
|--|--|---|
| <p>Continuous improvement of processes and procedures, including automation of manual processes as part of the ERP system development.</p> <p>End to end review of supplier and contract management including automation of processes.</p> | <p>Review and refresh of KPI requirements within critical and key contacts to ensure they remain fit for purpose.</p> <p>Further development and use of frameworks to enhance flexibility and choice in how we procure goods and services in</p> | <p>a way that is more attractive to partners and suppliers.</p> |
|--|--|---|



## Security (Information, Physical, Personal, Technical and Cyber)

If we fail to comply with broad security best practice including information and data protection legislation, physical, personal, technical and cyber security, this may result in financial loss, legal action and penalty, and reputational damage.

### Primary factors considered

|   |  |  |
|---|--|--|
| <p>Dynamic security threat environment and spectrum monitored and understood.</p> <p>Legal obligations understood: ensuring that we have the ability to respond appropriately, and to confirm compliance with legal requirements.</p> | <p>Comprehensive approach to holistic security to protect personnel, information and infrastructure.</p> <p>Supply chain management to ensure cyber, physical, personnel and data protection clauses: making sure that, where practicable, suppliers have appropriate standards and clauses in place.</p> <p>Customer agreements to describe security balance of responsibilities.</p> | <p>Recognition of contractual implications to determine if new contract terms are required with European suppliers</p> <p>EU/UK Discussions conclude – no data adequacy but transition period was in place to allow EU to undertake work to determine whether UK is deemed adequate.</p> |
|---|--|--|

### Key controls in place

|   |   |   |
|---|---|---|
| <p>Education and Awareness of all aspects of holistic security behaviour to include cyber, information, personal, technical and physical.</p> <p>Development and maintenance of comprehensive cyber defence capability.</p> | <p>Development and maintenance of physical, personnel and technical security best practice and standards drawing on recognised National Technical Authorities.</p> <p>Information governance controls to include Data Protection Officer; the Senior Information Risk Owner; and the Data Governance Board.</p> | <p>Supplier assurance guidance, policy and process and adherence to recognised standards.</p> <p>Security and Information Governance processes overseen by the Senior Information Risk Officer and Digital and Information assurance teams.</p> |
|---|---|---|

### Planned further mitigation (2021/22)

|   |  |  |
|---|--|--|
| <p>Development of Security Operating Centre capability to enhance cyber defence capability.</p> | <p>Maturing compliance monitoring regime across all aspects of security.</p> | <p>Awaiting outcome of data adequacy decision and any associated output from central government/Information Commissioner's Officer of any new standard contract clauses.</p> |
|---|--|--|



## IT Platforms

Failure to maintain and evolve our core IT platforms, OGSAE (Official Government Secure Applications Environment), SGSAE (Secret Government Secure Applications Environment), related products and IT Service Management tooling through targeted investment, will result in a series of negative repercussions; including depreciation of offering to customers and increased cyber threat to our environment

### Primary factors considered

|   |   |   |
|---|---|---|
| Investment and development of customer facing IT infrastructure to meet needs of FCDO and wider market customers. | Alignment of designs with industry and National Technical Authority best practice.<br><br>Expanding into and achieving interoperability with cloud based platforms. | Rationalisation of GSAE platforms in line with customer data classification requirements. |
|---|---|---|

### Key controls in place

|  |   |   |
|--|---|---|
| Technology roadmaps, with associated investment plans, to maintain integrity of core IT platforms. | Comprehensive regime of monitoring and independent health checks and alignment with NCSC best practice. | Application and maintenance of recognised standards for information and IT security (ISO 27000, ISO 22000 and Cyber Essentials Plus). |
|--|---|---|

### Planned further mitigation (2021/22)

|   |   |   |
|---|---|---|
| Continued investment in GSAE platforms. | Upskilling of workforce to align to cloud technologies. | Leveraging expanded Cyber Defence capability. |
|---|---|---|

## Review of the 2019/20 Annual Risk Assessment

The 2019/20 governance statement gave notice of forty-five planned mitigating actions across the statements of risk. Of these, 71% have been advised as completed in respect of in-year planning, with the remaining 29% reporting as partially addressed. All residual work has been transitioned into the 2021/22 action plans.

### Going Concern

There are no material uncertainties that may cast significant doubt about FCDO Services' ability to continue as a going concern. The FCDO have reviewed our Corporate Plan covering the relevant period and concur that a letter of comfort is not deemed necessary.

Our diversity and inclusion agenda continues to hold pace, with groups established across different minority areas, supported by Executive Board champions. I am particularly proud of the ongoing provision of support services across our organisation.

The composition of the Board and the executive team is a reflection of our commitment to gender diversity within the workplace. We are striving to improve this across other areas of our organisation. Within the period of this report one additional non-Executive director has been engaged and two (interim) Executive directors appointed, their contribution has been welcome. Within the Audit and Risk Assurance Committee, two of the members have moved on. I express my thanks for their contribution throughout their time with us.

I note that the Head of Internal Audit has provided a Moderate assurance opinion for the year as a whole. This opinion takes into account core financial and risk based audits. I extend my thanks to our Internal Audit colleagues who, through an extended period of operational challenge, have provided a service which has enabled this opinion to be formed.

My thanks are also extended to the National Audit Office, who have audited our financial accounts to give reasonable assurance that the financial statements are free from material misstatement, providing FCDO Services with an unqualified opinion for 2020/21.

In conclusion, I consider that the assurance assessments undertaken across FCDO Services addressing, system of internal control; audit arrangements; and, risk management practices, have provided me with confidence as to their present level of maturity, evidencing the pursuit of on-going development. This is a fitting testament to the efforts and contribution of all involved.

## 8. Overall Summary

As we entered the financial year COVID-19 was already affecting service delivery and customer expectations. The resilience of FCDO Services is evident in its capability to remain open and functional at a time where the organisation has been tested operationally, geographically, and financially. This is a testament to the standard and new governance structures that are in place, enabling the delivery of essential services to our customers, stakeholders and thereafter, provided assurance to the capability of FCDO Services to the Board.

FCDO Services continues to provide support to the FCDO in implementing its policies and strategies globally on the diplomatic platform, whilst delivering essential international services for counter terrorism; defence security services; and, other foreign services departments. We have taken steps towards ensuring internal preparedness, including data protection compliance and the continuity of our logistics service.

**Danny Payne CMG**  
Chief Executive Officer and  
Accounting Officer

02 July 2021

# Remuneration and staff report

## Remuneration report

This report provides details of the remuneration, compensation payments, service contracts and Pensions of FCDO Services Board members for the year ended 31 March 2021. The Board is comprised of both Non-Executive and Executive Directors and the relevant disclosures of each are set out below.

### Remuneration policy for senior civil servants

The remuneration of senior civil servants that are executive members of the FCDO Services Board is designed to attract, retain, engage and motivate senior leaders, professionals and specialists of the right calibre in order to improve performance and deliver business objectives.

The Cabinet Office sets the policy for senior civil servant remuneration, including the minimum and maximum for each pay band. FCDO Services' base pay and allowances are determined within the policy. Yearly base pay and performance payments are also reviewed in accordance with annual Cabinet Office policy and take the FCDO's Senior Civil Service (SCS) pay award framework into account.

The remuneration for each senior employee is determined taking a range of factors into account, including:

- the need to recruit, retain and motivate suitably able and qualified people to exercise the responsibilities of the role;

- progress against and contribution towards delivery of FCDO Services agreed Corporate Plan and Ministerial targets;
- affordability and likely funds available to FCDO Services from its trading relationship with the FCDO and wider markets and the need to provide appropriate levels of service to customers in accordance with SLA and contractual agreements; and
- individual performance, capability and competence as assessed through annual appraisals.

Delivery against stretching objectives agreed at the start of the reporting period is a key determinant of the pay award within the prevailing Government policies. At the end of the performance year, individual contribution is assessed by the line manager and validated by a countersigning manager and moderated by the Nominations Committee acting in its capacity as the FCDO Services Pay Panel.

The assessments underpin annual pay reviews and bonus decisions and are also used to evaluate talent and potential.

### Employment contracts for Executive Directors who are civil servants

Civil Service appointments, including executive members of the FCDO Services Board, are made in accordance with the Civil Service recruitment principles. Appointments are made on merit and offers are made to the

most suitable person for the job. This policy incorporates practices for ensuring equal opportunities and promoting diversity and inclusion.

The following executive members of FCDO Services' Board are civil servants and hold appointments as Board members:

**Rob Eason** (Chief Digital & Innovation Officer and SIRO). Rob holds an open-ended appointment until retirement.

**Yvonne Laird** (Chief Finance Officer). Yvonne was appointed on 15 October 2018 on a four year fixed-term contract.

**Danny Payne CMG** (Chief Executive and Accounting Officer). Danny was appointed Chief Executive and Accounting Officer on 1 July 2015 on a four year fixed-term contract which was extended to 31 December 2021.

**Claire Shepherd** (Chief Operating Officer). Claire was appointed on 12 November 2018 on a four year fixed-term contract.

Termination by FCDO Services, other than for misconduct or early retirement on ill health grounds, could result in the above individuals receiving compensation as set out in the Civil Service Compensation Scheme.

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

## Remuneration

Single total figure of remuneration (Subject to Audit)

|  | Salary<br>£'000 |         | Performance<br>Related payment<br>£'000 |         | Pension Benefits<br>(to nearest<br>£'000) (Note 1) |         | Total<br>£'000 |         |
|--|-----------------|---------|---|---------|--|---------|----------------|---------|
|  | 2020/21         | 2019/20 | 2020/21                                 | 2019/20 | 2020/21  | 2019/20 | 2020/21        | 2019/20 |
| Rob Eason  | 105-110         | 105-110 | nil                                     | 5-10    | 46   | 70      | 150-155        | 180-185 |
| Yvonne Laird   | 110-115         | 110-115 | 5-10                                    | Nil     | 44   | 43      | 160-165        | 155-160 |
| Danny Payne CMG  | 150-155         | 150-155 | 5-10                                    | 5-10    | 58   | 57      | 215-220        | 215-220 |
| Claire Shepherd  | 140-145         | 140-145 | 5-10                                    | Nil     | 56   | 55      | 205-210        | 195-200 |
|  | 2020-21         |         |   |         | 2019-20  |         |                |         |
| Band of Highest Paid Director's Total Remuneration (£'000) | 155-160         |         |   |         | 155-160  |         |                |         |
| Median Total £ Remuneration                                | 42,233          |         |   |         | 41,192   |         |                |         |
| Ratio (Note 2)   | 3.7             |         |   |         | 3.8  |         |                |         |

Note 1. 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 decrease due to a transfer of pension rights.

Note 2. FCDO Services is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce. The basis for the median pay calculation for both financial years is based on the requirements specified in the Hutton Review of Fair Pay - Implementation Guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff (including contractors in line positions and excluding the highest paid director) of FCDO Services, at the reporting end date, on an annualised basis. The ratio year on year has broadly remained the same at 3.7 times earnings.

The annualised remuneration of staff includes, salary, non-consolidated performance-related pay, benefits in kind, allowances etc. matching the remuneration report disclosures for the directors.

The banded remuneration of the highest paid director in FCDO Services in 2020/21 was £155k-£160k (2019/20, £155k-£160k). This was 3.7 times (2019/20, 3.8) the median remuneration of the workforce, which was £42,233 (2019/20 £41,192). In both 2020/21 and 2019/20 no employees received remuneration in excess of the highest paid director. Excluding the highest paid director, remuneration ranged from £18,233 to £144,744 (2019/20 £15,467 to £142,109). The lowest paid employees are apprentices.

### Salary

'Salary' includes gross base salary; overtime; location allowance; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on accrued payments made to members of the FCDO Services Executive Board and thus recorded in these accounts.

### Performance Related Payments

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.

The FCDO set the performance bonus value for 2020/21 based on 2019/20 appraisals at £5,000 for all SCS staff, regardless of grade, within the Cabinet Office policy remit. The FCDO Services Pay Panel agreed to apply the same approach.

For fixed-term SCS appointments in FCDO Services, contracts of employment apply the same terms as above.

The table above shows the performance related payments paid in 2020/21 and are related to individual and team contribution in the prior year.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided and treated by HM Revenue and Customs as a taxable emolument. No executive member or key management personnel received any benefits in kind in 2020/21.

**Pension Benefits (Subject to Audit)**

|                 | Accrued pension at pension age as at 31 March 21 and related lump sum (Note 1) | Real increase in pension and related lump sum at pension age | CETV at 31 March 21 (Note 1) | CETV at 31 March 20 (Note 1) | Real increase in CETV (Note 1) | Employer contribution to partnership pension account |
|-----------------|--|--|------------------------------|------------------------------|--------------------------------|--|
|                 | £'000  | £'000  | £'000                        | £'000                        | £'000                          | Nearest £100   |
| Rob Eason       | 45-50 plus a lump sum of 120-125   | 2.5-5 plus a lump sum of 0-2.5                               | 1,019                        | 953                          | 31                             | -  |
| Yvonne Laird    | 5-10   | 2.5-5  | 65                           | 37                           | 18                             | -  |
| Danny Payne CMG | 35-40  | 2.5-5  | 436                          | 382                          | 29                             | -  |
| Claire Shepherd | 5-10   | 2.5-5  | 76                           | 43                           | 21                             | -  |

Note 1. Where officers have transferred from the PCSPS scheme to Alpha, the two values for each of accrued pension, real increase in CETV and opening and closing CETV values have been combined together in the table above.

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: three 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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in

the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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](http://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.

**Non-Executive Directors**

The following section provides details of the appointment, contracts and remuneration of the Non-Executive members of FCDO Services.

The Non-Executive Directors, (excluding the Chair), are appointed by the FCDO Services Chief Executive in his capacity as Accounting Officer on fixed-term appointments. The FCDO as sponsor, appoints the Chair. Their remuneration and terms are agreed at the time of their appointment, which is normally for three years with the option to be extended under mutually agreed terms. No compensation is payable for early termination.

FCDO Services' Non-Executive Directors are not employed on civil service terms and conditions of employment, except for Jenny Bates, Sir Simon Gass, and Joy Hutcheon, and are not members of the Civil Service Pension Scheme. The Non-Executive Directors, (excluding Jenny Bates, Sir Simon Gass and Joy Hutcheon), are paid through the FCDO Services payroll.

No pay or pension costs are included in FCDO Services' accounts in respect of Jenny Bates and Joy Hutcheon, who were civil servants employed by the Foreign, Commonwealth and Development Office. Travel expenses may be payable by FCDO Services for Jenny Bates' and Joy Hutcheon's attendance at Hanslope Park meetings.

The following have been Non-Executive Members of the FCDO Services Board during the year:

**Jenny Bates**, appointed on a three year contract as a Non-Executive Director on 20 May 2020.

**Sir Simon Gass**, appointed as Non-Executive chair on a four year contract from 1 April 2018.

**Richard Gunning** (Chair of the Audit and Risk Assurance Committee), appointed on a three year contract as a Non-Executive Director on 1 February 2018 which was extended to 31 January 2022.

**Joy Hutcheon CB**, appointed on a three year one month contract as a Non-Executive Director on 1 March 2016. (Member of the Audit and Risk Assurance Committee) Extended until 31 March 2022.

**William McCluggage**, appointed on a three year contract as a Non-Executive Director on 1 November 2018.

**Ann Tourle**, appointed on a three year contract as a Non-Executive Director on 1 November 2018.

Additionally there is one current Member of the Audit and Risk Assurance Committee who is not a Non-Executive Director:

**Juliette Wilcox**, was appointed a Member of the Audit and Risk Assurance Committee. No pay or pension costs are included in FCDO Services' accounts in respect of Juliette Wilcox.

**Steve Dunne and Susan Graham**, both Members of the Audit and Risk Assurance Committee, resigned during the period. Carmel Thornton, FCDO Deputy Director Financial Control and Reporting, joined the Audit and Risk Assurance Committee on 17 June 2021.



Remuneration payments to Non-Executive Directors (Subject to Audit)

|                                     | 2020/21 | 2019/20                              |
|-------------------------------------|---------|--------------------------------------|
|                                     | £'000   | £'000                                |
| Jenny Bates <sup>(Note 1)</sup>     | -       | -                                    |
| Sir Simon Gass <sup>(Note 2)</sup>  | -       | 5-10<br>(30-35 full year equivalent) |
| Richard Gunning                     | 15-20   | 15-20                                |
| Joy Hutcheon CB <sup>(Note 1)</sup> | -       | -                                    |
| William McCluggage                  | 15-20   | 15-20                                |
| Ann Tourle                          | 15-20   | 15-20                                |

Note 1. No pay or pension costs are included in FCDO Services' accounts in respect of Joy Hutcheon CB and Jenny Bates, who are civil servants employed by the Foreign, Commonwealth and Development Office (2019/20 £nil).

Note 2. Sir Simon Gass was remunerated as a Non-Executive Director until 30th June 2019 at which point he became a civil servant working for the Cabinet Office.

## Staff report

Number employed on Senior Civil Service terms and conditions (or equivalent) by band (Subject to Audit).

Details provided as at 31 March 2021

| Pay Band | Number of Senior Civil Service Staff |
|----------|--------------------------------------|
| SMS 1    | 4                                    |
| SMS 2    | 2                                    |

### Staff report (Subject to Audit)

The average number of whole-time equivalent persons employed during the year was as follows:

#### Summary of average FTE

| Staff numbers            | Permanent & Fixed Term Employees | Other *    | 2020/21 Total |
|--------------------------|----------------------------------|------------|---------------|
| Service Delivery         | 876                              | 137        | 1,013         |
| Corporate Services       | 136                              | 8          | 144           |
| <b>Total</b>             | <b>1,012</b>                     | <b>145</b> | <b>1,157</b>  |
| Capitalised Staff **     | (5)                              | (1)        | (6)           |
| <b>Net Staff Numbers</b> | <b>1,007</b>                     | <b>144</b> | <b>1,151</b>  |

| Staff numbers            | Permanent & Fixed Term Employees | Other *    | 2019/20 Total |
|--------------------------|----------------------------------|------------|---------------|
| Service Delivery         | 808                              | 189        | 997           |
| Corporate Services       | 155                              | 17         | 172           |
| <b>Total</b>             | <b>963</b>                       | <b>206</b> | <b>1,169</b>  |
| Capitalised Staff **     | (2)                              | (3)        | (5)           |
| <b>Net Staff Numbers</b> | <b>961</b>                       | <b>203</b> | <b>1,164</b>  |

\* Other comprises contractors, agency workers and fee paid officers.

\*\* No single resource is dedicated to working on capital projects. The figures for capitalised staff are whole time equivalent for the hours of labour charged to capital projects.

Danny Payne CMG  
Chief Executive Officer and  
Accounting Officer

02 July 2021

### Staff costs for the above persons (Subject to Audit)

| 2020/21                                       |  |                   |                |
|---|--|-------------------|----------------|
|   | Permanent & Fixed Term Employees*<br>£'000 | Other **<br>£'000 | Total<br>£'000 |
| Salaries / agency staff and fee paid officers | 49,251                                     | 16,010            | 65,261         |
| Social security costs                         | 4,361                                      | 117               | 4,478          |
| Apprenticeship Levy                           | 200  | -                 | 200            |
| Other pension costs***                        | 10,027                                     | 186               | 10,213         |
| <b>Total staff costs</b>                      | <b>63,839</b>                              | <b>16,313</b>     | <b>80,152</b>  |
| Capitalised staff costs                       | (311)                                      | (125)             | (436)          |
| <b>Total net staff costs</b>                  | <b>63,528</b>                              | <b>16,188</b>     | <b>79,716</b>  |

| 2019/20                                       |  |                   |                |
|---|--|-------------------|----------------|
|   | Permanent & Fixed Term Employees*<br>£'000 | Other **<br>£'000 | Total<br>£'000 |
| Salaries / agency staff and fee paid officers | 49,826                                     | 20,871            | 70,697         |
| Social security costs                         | 4,580                                      | 154               | 4,734          |
| Apprenticeship Levy                           | 183  | -                 | 183            |
| Other pension costs***                        | 9,335                                      | 298               | 9,633          |
| <b>Total staff costs</b>                      | <b>63,924</b>                              | <b>21,323</b>     | <b>85,247</b>  |
| Capitalised staff costs                       | (136)                                      | (300)             | (436)          |
| <b>Total net staff costs</b>                  | <b>63,788</b>                              | <b>21,023</b>     | <b>84,811</b>  |

\* Inward Seconded Staff costs have been included in other staff cost.

\*\* Other comprises contracted, agency staff and fee paid officers.

\*\*\* 2020/21 variance in value of £7k to pension note below relates to opening and closing accruals (2019/20 £6k).

### Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "Alpha" are unfunded multi-employer defined benefit schemes but FCDO Services is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts)).

For 2020/21, employers' contributions of £10,213,258 were payable to the PCSPS (2019/20 £9,453,118) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set

to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Pension contributions for Inward Seconded Staff have been included in agency staff costs.

Employees can opt to open a civil service Partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £160,714 (2019/20 £168,874) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £5,208 (2019/20 £5,692), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Pension

contributions for Inward Seconded Staff have been included in agency staff costs.

Contributions due to the Partnership pension providers at the Statement of Financial Position date were £nil (2019/20 £nil). Contributions prepaid at that date were £nil (2019/20 £nil).

In the 12 months to March 2021 one individual (2019/20 one individual) retired early on ill health grounds; the total additional accrued pension liability in the year amounted to £nil (2019/20 £230).

### Diversity and inclusion

In an ever changing and uncertain world, attracting, developing and retaining people with diverse backgrounds and talents enables us to globally deliver our organisational goals and objectives. We have come a long way in recent years, and recognise that by working together with our Staff

Associations we can achieve our aim to be an inclusive employer of choice.

An inclusive and diverse working environment where wellbeing is at the heart of what we do is what we strive for at FCDO Services, all so our people can work at their best. Our Diversity and Inclusion strategy, updated in 2020, provides a clear focus to enable us to deliver this vision.

We have made significant progress towards our representation aspirations for female, ethnic minority and disability staff. Since 2017 our female representation has risen by 5.7% to 28.9%; our ethnic minority

representation by 2.4% to 10.8%; and our disability representation by 2.3% to 7.5%. We have 50:50 gender representation at Executive level and female representation in our technical roles now stands at 7.2%, the highest level since we started monitoring.

We have seen sustained progress in declaration rates across gender, ethnicity, religion and disability. Our target of 95% has been achieved (and exceeded) in relation to disability and ethnicity disclosure rates, and the rates for sexual orientation and religion have shown an increase of 17% and 20.5% respectively in March 21 compared to 3 years previously.

Although we have made good progress, we know we have more work to do. Our numbers for female and ethnic minority representation have dipped very slightly in the last year due to factors relating to COVID-19, and also due to the inclusion of the Sensitivity Reviewer population, who had previously been excluded from the calculations due to the transient nature of their contract which has since been reviewed.

We recognise that our diversity challenge is greater at more senior levels, and are committed to take actions to reduce the disparity.

### Staff Representation 2019 to 2021

|                 | March 21 | March 20 | March 19 |
|-----------------|----------|----------|----------|
| Female          | 28.9%    | 29.3%    | 26.5%    |
| Ethnic Minority | 10.8%    | 10.9%    | 9.5%     |
| Disability      | 7.5%     | 6.8%     | 6.4%     |

The reported percentages are calculated against all our employee workforce. We do not exclude those who have not responded or those who have responded but prefer not to disclose the information. This is a different calculation method from that used in Civil Service statistics where these populations are excluded.

Our Gender Pay analysis is included within the FCDO report.

### Staff turnover

In 2020/21 employee turnover (excluding VES, TUPE and COSOP exits and ending of fixed-term contracts) fell to 4.5% compared to 7.3% in 2019/20 and typical rates of about 6%-7% in recent years. The main reason for the reduction is the impact of the pandemic on the job market. In total there were 69 leavers last year and 60 new starters, down from over 150 new employees in the previous two years as recruitment controls were implemented to manage the financial impact of COVID-19 alongside reduction in contractor / agency headcount to 120 (-38).

### Staff engagement

The annual Civil Service People Survey staff engagement score has steadily improved in recent years, increasing to 65% in 2020 (up 2% on 2019 and 8% in the last 5 years). In 2020, positive feedback against most of the Survey key themes increased, including significant improvement for "my manager" 73% (+7%) and "leadership & managing change" 51% (+6%). Although many factors affect the Survey feedback, the main initiatives that are thought to have underpinned the more positive staff feedback are an ongoing focus and investment in leadership and management development, ownership of team issues by managers through Local Engagement Action Plans and the guidance, training and tools provided to line managers and other staff during the pandemic to support on new working arrangements and with managing priorities and wellbeing.

### Trade unions

As part of the FCDO, FCDO Services has a joint Employee Relations Framework that recognises three trades unions: PCS, Prospect and the FDA. The Trade Union Side (TUS) is the joint voice of these three unions which engages closely and cooperatively with management and the HR team. We engage regularly with the TUS on specific issues, such as negotiations on changes to terms and conditions, formal consultation on annual pay awards, people policies and organisation change and informally on other matters that affect members. FCDO Services also engages with employees through regular communications and, for example, consultation with employees directly impacted by proposed organisational design changes.

**Staff composition - gender analysis as at 31 March**

| 2020/21               |            |            |              |
|-----------------------|------------|------------|--------------|
|                       | Female     | Male       | Total        |
| Delegated             | 304        | 751        | 1,055        |
| Senior Civil Servants | 3          | 3          | 6            |
| <b>Total</b>          | <b>307</b> | <b>754</b> | <b>1,061</b> |

| 2019/20               |            |            |              |
|-----------------------|------------|------------|--------------|
|                       | Female     | Male       | Total        |
| Delegated             | 294        | 713        | 1,007        |
| Senior Civil Servants | 3          | 3          | 6            |
| <b>Total</b>          | <b>297</b> | <b>716</b> | <b>1,013</b> |

Included within the Senior Civil Servants split above, four (2019/20 – four) are the Executive directors of which 50% are female and 50% are male (2019/20 – 50% female, 50% male). Data above is based on headcount as at 31 March 2021 and 2020 respectively.

**Staff composition**

At 31st March 2021:

- Senior Civil Service Grades: 50% (2020/21 - 50%) female
- Delegated Grades 28.9% (2020/21 - 29.3%) were female

Historically, female representation has remained fairly static at around 25% with the exception in 2017 when we saw a drop to 23.2% due to the transfer of our vetting team, which had a high proportion of females, to MOD. As part of our diversity strategy, we have remained focussed on improving representation of female staff which poses a challenge due to a shortage of females working in STEM industry. Through a range of positive actions including focus on diversity in advertising setting, workforce ambitions, anonymised recruitment, diverse selection panels and unconscious bias training, we have seen female representation in the last 2 years maintained at 29%.

**Sickness Absence Data**

The average number of working days lost per employee due to sickness absence was 4 days in 2020/21. This compared to 6.2 days in 2019/20. We have updated our attendance management policy to improve support to staff on a range of issues such as menopause, disability and mental health. As detailed earlier, we have continued to promote staff wellbeing with a number of initiatives applied throughout 2020/21.

**Staff Policies applied during the financial year**

For giving full and fair consideration to applications for employment by disabled persons, initiatives applied in FCDO Services included the following:

- FCDO Services is committed to making its website accessible, in accordance with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. This website is partially compliant with the Web Content Accessibility Guidelines version 2.1 AA standard. Non compliances are listed on the site.
- We have installed an accessibility tool, Recite me, to our careers website which enables users to customise the content in a way that works for them.
- To promote diversity and fairness FCDO Services has for many years implemented anonymised recruitment, where the sifting process is focused on the skills knowledge and experience outlined.
- We are a Disability Confident employer with committed status; as part of that commitment we provide a guaranteed interview for applicants with a disability who meet the minimum selection criteria.
- Applicants are asked on their application form to disclose whether they have a disability

and if so, advise if they require any reasonable adjustments for the interview or assessment(s), access to the venue etc.

For continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled during the period when they were employed by the company:

- If staff become disabled during the course of their employment we will refer them to our Occupational Health provider, who can provide workstation assessments or advice on reasonable adjustments for the workplace, including psychological assessments for learning differences e.g. dyslexia.

Otherwise for the training, career development and promotion of disabled persons employed by the company:

- We work in close partnership with the Civil Service Workplace Adjustment Service and promote the use of the single disability passport forms which capture workplace adjustment plans and support staff moving across the civil service.
- All staff have been mandated to undertake equality and diversity training on CSL.

Further information on our diversity and inclusion goals can be found at <https://www.fcdo.servicescareers.co.uk/diversity-and-inclusion>

**Facility Time Publication requirements**

**Table 1: Relevant Union Officials**

| Number of employees who were relevant union officials during 1 April 2020 – 31 March 2021 | Full-time equivalent employee number |
|---|--------------------------------------|
| 10  | 5                                    |

**Table 2: Percentage of time spent on facility time**

Number of employees who were relevant union officials employed during 1 April 2020 – 31 March 2021 that spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

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

**Table 3: Percentage of pay bill spent on facility time**

|   |              |
|---|--------------|
| The total cost of facility time                             | £72,516      |
| The total pay bill  | £454,193,980 |
| The percentage of the total pay bill spent on facility time | 0.02%        |

**Table 4: Paid trade union activities**

|   |    |
|---|----|
| Percentage of time spent on paid trade union activities as a percentage of total paid facility time hours | 0% |
|---|----|

This data includes FCDO, FCDO Services and Wilton Park. The TU officials represent members from all 3 organisations. The tables above do not reconcile to the financial statements as these tables include costs in relation to FCDO, FCDO Services and Wilton Park.

**Expenditure on consultancy**

FCDO Services' expenditure on consultancy during 2020/21 was £nil (2019/20 £nil).

**Off-payroll engagements (audited)**

Note: Details below include Limited and Umbrella company contractors plus Agency Worker Regulations (AWRs).

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

|  |     |
|--|-----|
| (a) The total number of such engagements as of 31 March:                             | 111 |
| (b) The number that have existed for less than one year at time of reporting:        | 9   |
| (c) The number that have existed for between one and two years at time of reporting: | 14  |
| (d) The number that have existed between two and three years at time of reporting:   | 28  |
| (e) The number that have existed between three and four years at time of reporting:  | 15  |
| (f) The number that have existed for four or more years at time of reporting:        | 45  |

**Table 2:** For all new off-payroll appointments, or those that reach six months in duration, between 1 April 2020 and 31 March 2021 for more than £245 per day and that will last for longer than six months:

|  |    |
|--|----|
| (a) The number of new engagements or those that reached six months during the period:  | 22 |
| (b) The number of these engagements which were assessed as caught by IR35:   | 0  |
| (c) The number of these engagements which were assessed as not caught by IR35:   | 22 |
| (d) The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll:                            | 0  |
| (e) The number that were reassessed for consistency / assurance purposes during the year whom assurance has been requested but not received: | 0  |
| (f) The number that saw a change to IR35 status following the consistency review:  | 0  |

**Table 3:** For any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April and 31 March departments must also disclose:

|   |     |
|---|-----|
| (a) The number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year:  | 0   |
| (b) Details of the exceptional circumstances that led to each of these engagements:   | n/a |
| (c) Details of the length of time each of these exceptional engagements lasted:   | n/a |
| (d) The total number of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. This total figure must include engagements which are ON PAYROLL as well as those off-payroll: | 10  |

### Exit Packages (Subject to Audit)

The table below provides details of exit packages included within the financial statements.

| Exit Package Cost Band                       | Number of Compulsory Redundancies |         | Number of other departures agreed |         | Total number of exit packages by cost band |         |
|--|-----------------------------------|---------|-----------------------------------|---------|--|---------|
|  | 2020/21                           | 2019/20 | 2020/21                           | 2019/20 | 2020/21                                    | 2019/20 |
| <£10,000                                     | -                                 | -       | -                                 | -       | -  | -       |
| £10,000 - £25,000                            | -                                 | -       | 2                                 | -       | 2  | -       |
| £25,000 - £50,000                            | -                                 | -       | 5                                 | -       | 5  | -       |
| £50,000 - £100,000                           | -                                 | -       | 8                                 | -       | 8  | -       |
| £100,000 - £150,000                          | -                                 | -       | -                                 | -       | -  | -       |
| £150,000 - £200,000                          | -                                 | -       | -                                 | -       | -  | -       |
| <b>Total number of exit packages by Type</b> | -                                 | -       | <b>15</b>                         | -       | <b>15</b>                                  | -       |
| <b>Total resource cost (£'000)</b>           | -                                 | -       | <b>749</b>                        | -       | <b>749</b>                                 | -       |

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 that departure was agreed. 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.

The total payment received from FCDO in relation to the VES scheme amounted to £1.0m, which included £0.3m in relation to benefit in lieu of notice and unpaid leave not shown in the table above.

## Parliamentary accountability and audit report

### Regularity of Expenditure (Subject to Audit)

In spending public money, FCDO Services operates in accordance with the principles of HM Treasury's Managing Public Money (MPM).

### Losses and special payments

| Losses Statement               | 2020/21    | 2019/20    |
|--------------------------------|------------|------------|
|                                | £'000      | £'000      |
| Total Number of Losses         | 13         | 8          |
| <b>Total Value of Losses *</b> | <b>137</b> | <b>222</b> |
| Stores Losses                  | 47         | 32         |
| Fruitless Payments             | 7          | 24         |
| Constructive Loss              | 6          | -          |
| Loss on currency exchange      | -          | 34         |
| Other                          | 77         | 132        |

\* There were no individual losses over £300,000 in either 2020/21 or 2019/20. All losses are disclosed on an accruals basis.

### Special Payments and Gifts

In 2020/21 the costs falling into the category special payments and gifts was £nil (2019/20 £nil).

### Fees and Charges (Subject to Audit)

As a Trading Fund, FCDO Services manages its operations so that the revenue of the fund is sufficient to cover general running costs and the cost of capital, which are chargeable to the Statement of Comprehensive Income. Charges are set to recover full costs and to achieve the required rate of return on capital employed, before interest and dividends of at least 3.5% (weighted average).

Refer to Note 3 of the Notes to the Accounts on page 112 for FCDO Services Segmental Analysis, which provides details of fees and charges for 2020/21.

### Remote contingent liabilities (Subject to Audit)

Following analysis of statement of account reconciliations with our suppliers, and a review of guidance issued by HM Treasury, we are not aware of any material remote contingent liabilities.

**Danny Payne CMG**  
Chief Executive Officer and  
Accounting Officer

02 July 2021

# The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of FCDO Services for the year ended 31 March 2021 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited 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 FCDO Services' affairs as at 31 March 2021 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of FCDO Services in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that FCDO Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on FCDO Services' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## Other Information

The other information comprises information included in the Performance Report and Accountability 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 certificate thereon. The Chief Executive as Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Trading Funds Act 1973;
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

In the light of the knowledge and understanding of FCDO Services and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. 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.

## 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 in accordance with the applicable financial reporting framework and

for being satisfied that they give a true and fair view;

- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing FCDO Services' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by FCDO Services will either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## 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 Trading Funds Act 1973.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, FCDO Services' head of internal

audit and those charged with governance, including obtaining and reviewing supporting documentation relating to FCDO Services' policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the FCDO Services' controls relating to the Government Trading Fund Act 1973 and the HMT's Managing Public Money;

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in significant management estimates;
- obtaining an understanding of FCDO Services' framework of authority as well as other legal and regulatory frameworks that FCDO Services operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of FCDO Services. The key laws and regulations I considered in this context included Government Trading Fund Act 1973, Managing Public Money, Employment Law, Tax Legislation and the FCDO Services Trading Fund Order 2008; and

- Evaluating the risk of payments made under the voluntary exit scheme and confirming that they comply with the applicable laws and regulations.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- Testing a sample of the exit payments made to the staff leaving the organisation under the voluntary redundancy scheme to ensure payments were authorised appropriately and only made to the relevant people.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

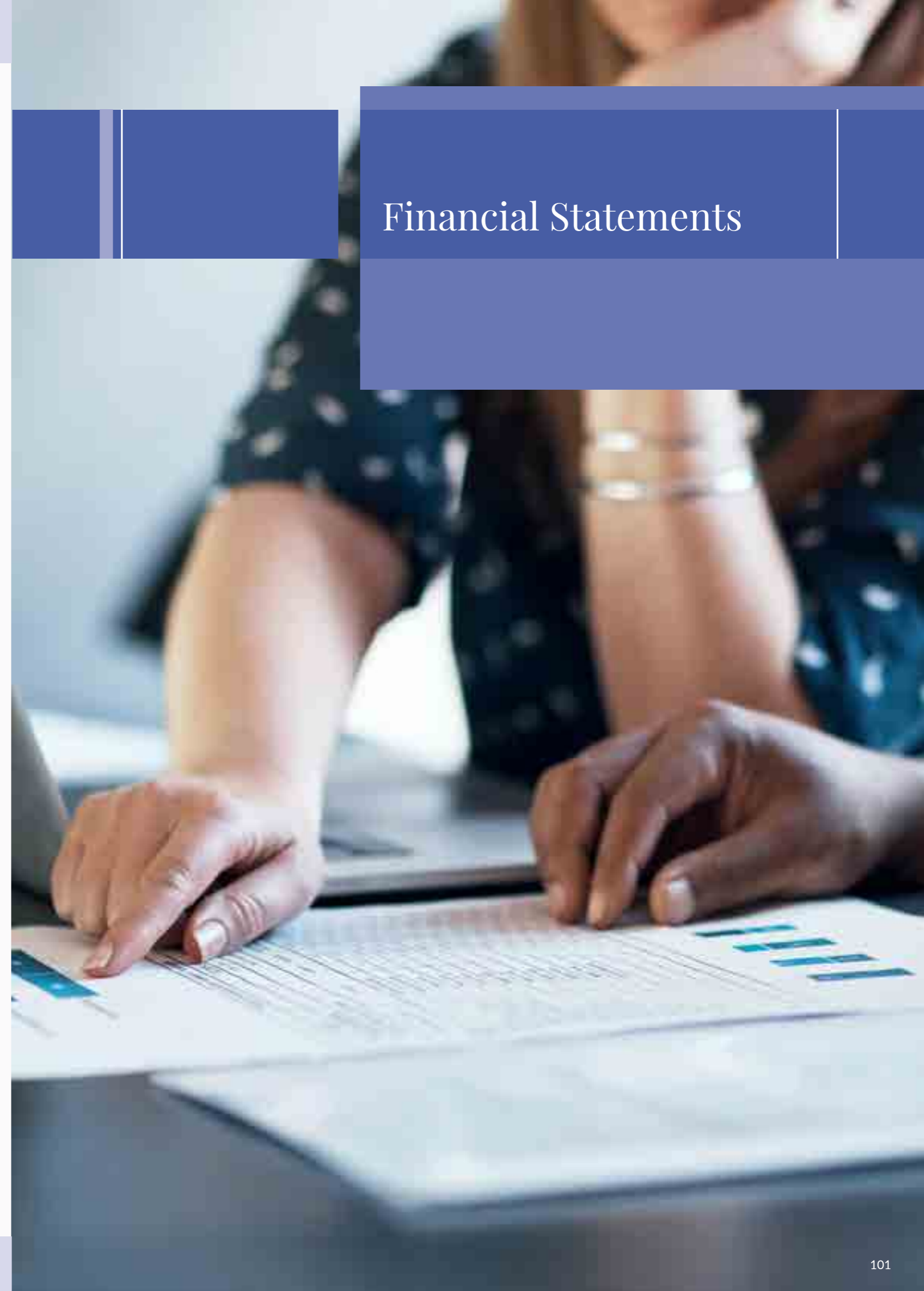
#### Report

I have no observations to make on these financial statements.

**Gareth Davies**  
08 July 2021  
*Comptroller and Auditor General*

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Financial Statements



## Statement of comprehensive income

for the year ended 31 March 2021

|  | Note | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------|------------------|------------------|
| Revenue from contracts with customers                        | 2    | 174,374          | 197,884          |
| Cost of sales  | 5    | (132,963)        | (153,821)        |
| <b>Gross surplus</b>   |      | <b>41,411</b>    | <b>44,063</b>    |
| Other Income   | 2    | 241              | 225              |
| Operating expenses   | 5    | (34,861)         | (37,813)         |
| <b>Operating surplus</b>                                     |      | <b>6,791</b>     | <b>6,475</b>     |
| (Loss)/profit on disposal of property, plant and equipment   |      | (73)             | 44               |
| <b>Surplus before financing</b>                              |      | <b>6,718</b>     | <b>6,519</b>     |
| Financing income   |      | -                | 235              |
| <b>Net financing</b>   |      | <b>-</b>         | <b>235</b>       |
| <b>Surplus for the financial year</b>                        |      | <b>6,718</b>     | <b>6,754</b>     |
| Dividend   | 6    | (2,086)          | (1,895)          |
| <b>Retained surplus for the financial year</b>               |      | <b>4,632</b>     | <b>4,859</b>     |
| <b>Other comprehensive net income</b>                        |      |                  |                  |
| Net gain on the revaluation of property, plant and equipment |      | 13               | -                |
| <b>Total comprehensive income for the financial year</b>     |      | <b>4,645</b>     | <b>4,859</b>     |

All income and expenditure are derived from continuing operations.

The notes on pages 106 to 123 form part of these financial statements.

## Statement of financial position

as at 31 March 2021

|  | Note | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------|------------------|------------------|
| <b>Non-current assets</b>                    |      |                  |                  |
| Intangible assets                            | 7    | 591              | 631              |
| Property, plant and equipment                | 8    | 8,257            | 8,210            |
| <b>Total non-current assets</b>              |      | <b>8,848</b>     | <b>8,841</b>     |
| <b>Current assets</b>                        |      |                  |                  |
| Inventories                                  | 9    | 2,664            | 2,646            |
| Trade and other receivables                  | 10   | 25,758           | 39,960           |
| Cash and cash equivalents                    | 11   | 69,063           | 35,845           |
| <b>Total current assets</b>                  |      | <b>97,485</b>    | <b>78,451</b>    |
| <b>Total assets</b>                          |      | <b>106,333</b>   | <b>87,292</b>    |
| <b>Current liabilities</b>                   |      |                  |                  |
| Trade and other payables                     | 12   | (44,893)         | (31,777)         |
| Provisions due within one year               | 13   | (851)            | (898)            |
| <b>Total current liabilities</b>             |      | <b>(45,744)</b>  | <b>(32,675)</b>  |
| <b>Total Assets less current liabilities</b> |      | <b>60,589</b>    | <b>54,617</b>    |
| <b>Total assets less liabilities</b>         |      | <b>60,589</b>    | <b>54,617</b>    |
| <b>Taxpayers' equity</b>                     |      |                  |                  |
| Public dividend capital                      |      | 4,981            | 4,981            |
| General reserve                              |      | 2,453            | 1,085            |
| Revaluation reserve                          |      | 81               | 109              |
| Income and expenditure account               |      | 53,074           | 48,442           |
| <b>Total taxpayers' equity</b>               |      | <b>60,589</b>    | <b>54,617</b>    |

Danny Payne CMG  
Chief Executive Officer and Accounting Officer

02 July 2021

The notes on pages 106 to 123 form part of these financial statements.

## Statement of cash flows

for the year ended 31 March 2021

|  | Note   | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|--------|------------------|------------------|
| <b>Cash flows from operating activities</b>  |        |                  |                  |
| Surplus on ordinary activities before dividend payable                                   |        | 6,718            | 6,754            |
| Adjustments for non-cash transactions  | 14     | 1,593            | 2,089            |
| Net interest receivable  |        | -                | (235)            |
| Increase in inventories  | 9      | (18)             | (1,793)          |
| Decrease / (increase) in trade and other receivables                                     | 10     | 14,203           | (15,859)         |
| less movements in receivables relating to items not passing through the income statement |        |                  |                  |
| - Accrued deposit interest   |        | (7)              | (13)             |
| Increase in trade and other payables   | 12     | 13,116           | 6,944            |
| less movements in payables relating to items not passing through the income statement    |        |                  |                  |
| - Dividend payable   | 12     | (191)            | (78)             |
| (Decrease) in provisions   | 13     | (47)             | (701)            |
| <b>Net cash inflow from operations</b>   |        | <b>35,367</b>    | <b>(2,892)</b>   |
| <b>Cash flows from investing activities</b>  |        |                  |                  |
| Purchases of intangible assets   | 7      | (12)             | (204)            |
| Purchases of property, plant and equipment   | 8      | (1,580)          | (2,695)          |
| Disposals of property, plant and equipment   |        | 4                | 71               |
| <b>Net cash outflow from investing activities</b>  |        | <b>(1,588)</b>   | <b>(2,828)</b>   |
| <b>Cash flows from financing activities</b>  |        |                  |                  |
| Interest received  |        | 7                | 248              |
| Contribution from parent   |        | 1,327            | -                |
| Dividend paid  | 6 & 12 | (1,895)          | (1,817)          |
| <b>Net financing</b>   |        | <b>(561)</b>     | <b>(1,569)</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents in the period</b>              |        | <b>33,218</b>    | <b>(7,289)</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>                          | 11     | <b>35,845</b>    | <b>43,134</b>    |
| <b>Cash and cash equivalents at the end of the period</b>                                | 11     | <b>69,063</b>    | <b>35,845</b>    |

The notes on pages 106 to 123 form part of these financial statements.

## Statement of changes in taxpayers' equity

for the year ended 31 March 2021

|  | Public Dividend Capital<br>£'000 | General Reserve<br>£'000 | Revaluation Reserve<br>£'000 | Income and Expenditure Account<br>£'000 | Total Reserves<br>£'000 |
|--|----------------------------------|--------------------------|------------------------------|---|-------------------------|
| Balance at 1 April 2019  | 4,981                            | 995                      | 199                          | 43,583                                  | 49,758                  |
| <b>Changes in taxpayers' equity for 2019/20</b>  |                                  |                          |                              |   |                         |
| General reserve transfer - depreciation charge difference in year on revalued cost basis compared to historic cost basis | -                                | 90                       | (90)                         | -                                       | -                       |
| Retained surplus for the financial year  | -                                | -                        | -                            | 4,859                                   | 4,859                   |
| Total recognised income and (expense) for 2019/20  | -                                | 90                       | (90)                         | 4,859                                   | 4,859                   |
| Balance at 31 March 2020   | 4,981                            | 1,085                    | 109                          | 48,442                                  | 54,617                  |
| <b>Changes in taxpayers' equity for 2020/21</b>  |                                  |                          |                              |   |                         |
| Unrealised net surplus on revaluation of property, plant and equipment   | -                                | -                        | 13                           | -                                       | 13                      |
| General reserve transfer - depreciation charge difference in year on revalued cost basis compared to historic cost basis | -                                | 41                       | (41)                         | -                                       | -                       |
| Contribution from parent*  | -                                | 1,327                    | -                            | -                                       | 1,327                   |
| Retained surplus for the financial year  | -                                | -                        | -                            | 4,632                                   | 4,632                   |
| Total recognised income and (expense) for 2020/21  | -                                | 1,368                    | (28)                         | 4,632                                   | 5,972                   |
| <b>Balance at 31 March 2021</b>  | <b>4,981</b>                     | <b>2,453</b>             | <b>81</b>                    | <b>53,074</b>                           | <b>60,589</b>           |

The Public Dividend Capital Reserve records the investment made in the Trading Fund by the Secretary of State for Foreign and Commonwealth Affairs.

The General Reserve is used to account for movements on reserves which do not pass through the income and expenditure account.

The Revaluation Reserve records the unrealised profit on the cumulative indexation and revaluation adjustments to non-current assets.

The Income and Expenditure Account is used to account for the accumulated surplus of the Trading Fund.

\* FCDO provided business relief to assist our COVID-19 response, which included a contribution of £1.3m to indirect costs which has been accounted for as financing in accordance with FreM 11.1.14.

The notes on pages 106 to 123 form part of these financial statements.



# Notes to the accounts

## 1. Accounting policies

### 1.1 Basis of accounting

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury on 23 December 2020, pursuant to section 4(6)(a) of the Government Trading Funds Act 1973, which requires the Trading Fund to comply with the accounting principles and disclosure requirements of the 2020-21 Government Financial Reporting Manual (FRoM) and Trading Funds Accounts Guidance, as issued by HM Treasury.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of FCDO Services for the purpose of giving a true and fair view has been selected. The particular policies adopted by FCDO Services are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.2 Going concern

The Directors assess whether the use of the going concern assumption is deemed appropriate, considering whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trading Fund to continue as a going concern. The Directors make this assessment in respect of a period at least one year from the signing date of these financial statements. The Directors have considered the effects of the COVID-19 pandemic in reaching their conclusions, preparing an annual budget, a three year Corporate Plan and monitoring performance against it. The Trading Fund maintains levels of reserves to meet unexpected obligations and forecasts that adequate resources are maintained in ensuring that the Trading Fund remains operational for the foreseeable future. The financial statements have therefore been prepared on a going concern basis as discussed in the Accountability Report within these financial statements.

### 1.3 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

### 1.4 Revenue from contracts with customers

Revenue represents the fair value of consideration received or receivable from clients for goods and services provided, net of discounts, VAT and other sale related taxes.

Revenue is recognised under IFRS15 "Revenue from Contracts with Customers".

For each of our delivery groups and project types the following IFRS15 revenue recognition is applied:

#### Secure Global Services (SGS):

Subscription and Call-off Projects: contracts have monthly or regular performance obligations recognised as the customer consumes the service or takes receipt of goods. Subscriptions are recognised over the time which they cover with call-off projects recognised at a point in time.

Fixed Price and Time and Materials Projects: The majority of projects are delivered at the customer site. FCDO Services uses performance over time to recognise revenue, as the customer asset is enhanced and or the customer derives benefit from the service.

Benefit is derived typically as follows:

Design (including Surveys, Feasibility Studies): Revenue is recognised when the customer takes delivery of the report and at a point in time.

Hardware / Materials: Revenue is recognised when the customer takes receipt.

Project Management: Revenue is recognised on completion of agreed milestones with the customer – usually monthly.

Installation: Revenue is recognised when the installation is complete. Costs incurred beyond the latest completed performance obligation are transferred to the balance sheet as work in progress, to be recognised when the performance obligation is completed.

#### Global Digital Technology (GDT):

Subscription Projects: Contracts have monthly or regular performance obligations, which are recognised as the customer consumes the service and recognised over time.

Time and Materials Service Projects: Contracts have daily performance obligations as customers consume the service.

Fixed Price Projects: A service delivery notification is provided to the customer and is utilised to confirm the successful completion of the performance obligation. Costs incurred beyond the latest completed performance obligation are transferred to the balance sheet as work in progress, to be recognised when the performance obligation is complete.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity and apportioned between cost of sales and operating expenses as appropriate.

### 1.6 Dividend

An annual statutory dividend is payable to the Foreign, Commonwealth & Development Office. The charge is calculated at a rate set by HM Treasury on the average capital employed during the year.

A discretionary dividend may be paid to the Foreign, Commonwealth & Development Office, at their request, after taking into account the future investment needs of the Trading Fund.

### 1.7 Taxation and value added tax

FCDO Services, as a Trading Fund, is exempt from corporation tax and consequently the requirements to account for current and deferred corporation tax are not relevant.

FCDO Services is separately registered for VAT and applies normal commercial VAT rules to accounting for output and input tax.

### 1.8 Leases

Leases are regarded as operating leases, unless substantially all risks and rewards of ownership of a lease are borne by FCDO Services. Lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Leases are regarded as finance leases, when substantially all risks and rewards of ownership of a lease are borne by FCDO Services.

At the commencement of the lease term, finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used is the higher of the real rate and rate intrinsic in the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The depreciation policy for depreciable leased assets is consistent with that for owned assets and is calculated in accordance with IAS 16 and IAS 38.

### 1.9 Inventories, Work in Progress and Contracts

Inventories of raw materials and components are valued at the lower of cost or net realisable value. Obsolete and damaged stock is written down to net realisable value.

Work in progress is valued at the lower of cost, including appropriate overheads and net realisable value.

Contract balances included in inventories comprise costs incurred, net of amounts transferred to cost of sales, after deducting contract losses and related payments on account.

Costs include all direct material and labour costs incurred in bringing a contract to its state of completion at the year end, including an appropriate proportion of indirect overheads.

The excess of payments received over amounts recorded as turnover is classified under trade and other payables. Amounts recoverable on contracts, being the amount by which recorded turnover is in excess of payments on account, is classified under receivables.

### 1.10 Property, plant and equipment

Property, plant and equipment are stated at fair value at the Statement of Financial Position date using appropriate indices or at valuation. Depreciation is restated proportionately with any change in the gross carrying amount so that the carrying amount after revaluation equals its revalued amount. The minimum level for capitalisation of a single property, plant and equipment asset is £3,000, subject to grouping conventions where appropriate. Furniture and fittings are not capitalised. Fixtures are defined as substantial modifications to buildings occupied by FCDO Services which enhance the economic usefulness of the building.

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. Assets are included in the accounts at the valuation applicable at the Statement of Financial Position date; any movements in valuation during the year are taken to the revaluation reserve or treated as impairments where appropriate.

Costs incurred in creating internally constructed assets are capitalised as property, plant and equipment assets. Internal charges for labour costs include an appropriate recovery of overheads.

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual values on a straight-line basis over their estimated useful lives. Assets under construction are not depreciated or revalued until the asset is brought into use. Asset lives have been set in the following ranges.

|                        |                  |
|------------------------|------------------|
| Information technology | - 2 to 8 years   |
| Transport equipment    | - 2 to 8 years   |
| Plant and machinery    | - 5 to 20 years  |
| Fixtures               | - 10 to 25 years |

All assets (except Fixtures) are revalued monthly using the Producer Price Inflation - MM22 indices from the Office of National Statistics.

Property, plant and equipment assets are reviewed annually for impairments and any impairment is charged to the Statement of Comprehensive Income.

There were no assets acquired during 2020/21 funded by government grant, donation or lottery funding.

### 1.11 Intangible assets

Intangible assets are valued at cost.

Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. This valuation method is considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Costs incurred in creating internally constructed intangible assets are capitalised as intangible assets. Internal charges for labour costs include an appropriate recovery of overheads.

Intangible assets are amortised at rates calculated to write them down to their estimated residual values on a straight-line basis over their estimated useful lives. Assets under development are not amortised or revalued until the asset is brought into use. Asset lives have been set in the following range:

|                        |                |
|------------------------|----------------|
| Software licences      | - 3 to 5 years |
| Research & Development | - 3 to 5 years |

Intangible assets are reviewed annually for impairments and any impairment is charged to the Statement of Comprehensive Income.

### 1.12 Research and development

Research and development costs exclude those incurred on behalf of a customer as part of a specific project which are directly chargeable to the customer on whose behalf the work is undertaken. Internally funded development expenditure is capitalised in the Statement of Financial Position where there is a clearly defined project, the expenditure is separately identifiable, the project is technically and commercially feasible, all costs are recoverable by future revenue and the resources are committed to complete the project. Such capitalised costs are amortised over the forecast period of sales resulting from the development (taken to be 3-5 years). All other research and development costs are expensed to the Statement of Comprehensive Income in the period in which they are incurred. If the research phase cannot be clearly distinguished from the development phase, the respective project-related costs are treated as if they were incurred in the research phase only and expensed.

### 1.13 Government grants

Government grants relate to property, plant and equipment and are recognised at fair value in the government grant reserve. The grant is recognised as income over the life of the asset.

### 1.14 Impairment of accounts receivable

Specific provision is made under IFRS 9 for the impairment of accounts receivable where there is an expected credit loss.

## 1.15 Provisions

FCDO Services 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. Previously where the effect of the time value of money was significant, the estimated risk-adjusted cash flows were discounted using the Treasury discount rates in real terms. HM Treasury issue nominal rates. Nominal rates do not take account of inflation, unlike real rates, therefore where significant, inflated cash flows would be used (reference PES (2020) 12):

| Nominal Rates  |  |         |
|----------------|--|---------|
| Short-term     | Between 0 and up to and including 5 years from the statement of financial position (SOFP) date | (0.02)% |
| Medium-term    | After 5 years and up to and including 10 years from the SOFP date                              | 0.18%   |
| Long-term      | After 10 years and up to and including 40 years from the SOFP date                             | 1.99%   |
| Very long-term | Exceeding 40 years from the SOFP date  | 1.99%   |

| Inflation Rates |   |       |
|-----------------|---|-------|
| Year 1          | Between 0 and up to and including 1 year from the SOFP date     | 1.20% |
| Year 2          | After 1 year and up to and including 2 years from the SOFP date | 1.60% |
| Into perpetuity | Exceeding 2 years from the SOFP date                            | 2.00% |

## 1.16 Pension Costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "alpha" which are described in the Remuneration and Staff Report. PCSPS and CSOPS are unfunded multi-employer defined benefit schemes. FCDO Services recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payments to the pension scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and CSOPS. In respect of the defined contribution schemes, FCDO Services recognises the contributions payable for the year. FCDO Services liabilities are not separately identifiable as it's a multi-employer scheme and therefore not included in the financial statements.

## 1.17 Foreign exchange gains and losses

Transactions are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Income.

## 1.18 Contingent liabilities

Contingent liabilities are disclosed in accordance with IAS 37. Where the time value of money is material, contingent liabilities 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.

In addition FCDO Services 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 Managing Public Money.

## 1.19 Financial Instruments

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. FCDO Services only has financial instruments, as defined by IFRS 9, of cash, receivables and payables as per note 18.

## 1.20 Effects of future accounting policies

IFRS 16 Leases is effective for financial reporting periods beginning on or after 1 January 2019 and is expected to be adopted by the public sector in 2022/23. IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. FCDO Services has undertaken an assessment of the impact that it will have. All new leased contracts in each business area have been reviewed.

The majority of areas have been deemed not material. The treatment of FCDO Services' accommodation MOTO with the Foreign, Commonwealth & Development Office is being worked through with the cross department working group and Treasury, to agree a common rationale for its accounting treatment.

IFRS17 insurance contracts is effective for financial reporting periods beginning on or after 1 January 2023 and is expected to be adopted by the public sector in 2023/24. The implementation of this standard is not expected to have any material impact on the financial statements.

## 2. Revenue from contracts with customers and other income

### 2a. Revenue from contracts with customers

|  | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------------------|------------------|
| Foreign, Commonwealth & Development Office   | 109,241          | 159,323          |
| Other UK Government bodies and other UK and International organisations (Non FCDO) | 65,133           | 38,561           |
| <b>Total Revenue from contracts with customers</b>                                 | <b>174,374</b>   | <b>197,884</b>   |

| Project type        | Primary method of revenue recognition | 2020/21        |                   | Total<br>£'000 |
|---------------------|---------------------------------------|----------------|-------------------|----------------|
|                     |                                       | FCDO<br>£'000  | Non-FCDO<br>£'000 |                |
| Call Off            | Point in time                         | 9,746          | 7,452             | 17,198         |
| Fixed Price         | Over time                             | 34,537         | 36,274            | 70,811         |
| Subscription        | Over time                             | 46,341         | 19,154            | 65,495         |
| Time & Direct Costs | Point in time                         | 18,617         | 2,253             | 20,870         |
|                     |                                       | <b>109,241</b> | <b>65,133</b>     | <b>174,374</b> |

| Project type        | Primary method of revenue recognition | 2019/20        |                   | Total<br>£'000 |
|---------------------|---------------------------------------|----------------|-------------------|----------------|
|                     |                                       | FCDO<br>£'000  | Non-FCDO<br>£'000 |                |
| Call Off            | Point in time                         | 12,576         | 7,741             | 20,317         |
| Fixed Price         | Over time                             | 66,121         | 10,651            | 76,772         |
| Subscription        | Over time                             | 50,122         | 18,186            | 68,308         |
| Time & Direct Costs | Point in time                         | 30,504         | 1,983             | 32,487         |
|                     |                                       | <b>159,323</b> | <b>38,561</b>     | <b>197,884</b> |

### 2b. Other Income

|               | 2020/21<br>£'000 | 2019/20<br>£'000 |
|---------------|------------------|------------------|
| Other Income* | 241              | 225              |
|               | <b>241</b>       | <b>225</b>       |

\* Other income relates to the Apprenticeship Scheme.

### 3. Segmental Reporting

FCDO Services is organised on two service delivery providers, Secure Global Services and Global Digital Technology:

**Secure Global Services** Group manages all commercial and delivery aspects of multiple, project-based programmes including installations, technical architecture and project management construction. It delivers the Regional Technical Support Service and Queen's Messengers services across the UK and internationally, translation and interpreting and logistics.

**Global Digital Technology** Group delivers global secure technical services, technical security and ICT operations services across the UK and internationally.

| Analysis of Operating Surplus by Service Delivery Group* | Secure Global Services<br>£'000 | Global Digital Technology<br>£'000 | Total<br>£'000   |
|--|---------------------------------|------------------------------------|------------------|
| <b>2020/21</b>   |                                 |                                    |                  |
| External revenue   | 127,259                         | 47,115                             | 174,374          |
| Internal revenue - Charged to Security Global Services   | -                               | 476                                | 476              |
| Internal revenue - Charged to Global Digital Technology  | 195                             | -                                  | 195              |
| Internal revenue - Charged to Corporate Areas            | 33                              | 763                                | 796              |
| <b>Total revenue</b>                                     | <b>127,487</b>                  | <b>48,354</b>                      | <b>175,841</b>   |
| Cost of sales  | (97,655)                        | (33,817)                           | (131,472)        |
| Depreciation   | (473)                           | (980)                              | (1,453)          |
| Amortisation   | (17)                            | (6)                                | (23)             |
| Impairments & Revaluation                                | (4)                             | (11)                               | (15)             |
| Internal cost charges                                    | (476)                           | (195)                              | (671)            |
| <b>Total cost</b>  | <b>(98,625)</b>                 | <b>(35,009)</b>                    | <b>(133,634)</b> |
| <b>Gross surplus</b>                                     | <b>28,862</b>                   | <b>13,345</b>                      | <b>42,207</b>    |
| Other Income   | 188                             | 53                                 | 241              |
| Operating expenses                                       | (25,727)                        | (9,198)                            | (34,925)         |
| Allocated internal cost charges                          | (581)                           | (215)                              | (796)            |
| Amortisation   | (7)                             | (2)                                | (9)              |
| <b>Total Operating Expenses</b>                          | <b>(26,127)</b>                 | <b>(9,362)</b>                     | <b>(35,489)</b>  |
| <b>Surplus before financing</b>                          | <b>2,735</b>                    | <b>3,983</b>                       | <b>6,718</b>     |

\* Inter-segment sales and transfers within the Trading Fund are at cost.

### 3. Segmental Reporting continued

| Analysis of Operating Surplus by Service Delivery Group* | Secure Global Services<br>£'000 | Global Digital Technology<br>£'000 | Total<br>£'000   |
|--|---------------------------------|------------------------------------|------------------|
| <b>2019/20</b>   |                                 |                                    |                  |
| External revenue   | 157,878                         | 40,006                             | 197,884          |
| Internal revenue - Charged to Security Global Services   | -                               | 495                                | 495              |
| Internal revenue - Charged to Global Digital Technology  | 279                             | -                                  | 279              |
| Internal revenue - Charged to Corporate Areas            | 2                               | 563                                | 565              |
| <b>Total revenue</b>                                     | <b>158,159</b>                  | <b>41,064</b>                      | <b>199,223</b>   |
| Cost of sales  | (120,442)                       | (31,378)                           | (151,820)        |
| Depreciation   | (663)                           | (1,212)                            | (1,875)          |
| Amortisation   | (27)                            | (40)                               | (67)             |
| Impairments & Revaluation                                | (10)                            | (49)                               | (59)             |
| Internal cost charges                                    | (495)                           | (279)                              | (774)            |
| <b>Total cost</b>  | <b>(121,637)</b>                | <b>(32,958)</b>                    | <b>(154,595)</b> |
| <b>Gross surplus</b>                                     | <b>36,522</b>                   | <b>8,106</b>                       | <b>44,628</b>    |
| Other Income   | 178                             | 47                                 | 225              |
| Operating expenses                                       | (29,989)                        | (7,756)                            | (37,745)         |
| Allocated internal cost charges                          | (451)                           | (114)                              | (565)            |
| Depreciation   | (3)                             | (1)                                | (4)              |
| Amortisation   | (16)                            | (4)                                | (20)             |
| <b>Total Operating Expenses</b>                          | <b>(30,281)</b>                 | <b>(7,828)</b>                     | <b>(38,109)</b>  |
| <b>Surplus before financing</b>                          | <b>6,241</b>                    | <b>278</b>                         | <b>6,519</b>     |

\* Inter-segment sales and transfers within the Trading Fund are at cost.

### 3. Segmental Reporting continued

| Analysis of Assets less Liabilities by Service Delivery Group | Secure Global Services<br>£'000 | Global Digital Technology<br>£'000 | Corporate<br>£'000 | Total<br>£'000 |
|---|---------------------------------|------------------------------------|--------------------|----------------|
| <b>2020/21</b>  |                                 |                                    |                    |                |
| <b>Segment Assets</b>   |                                 |                                    |                    |                |
| Intangible assets   | 70                              | 505                                | 4                  | 579            |
| Intangible additions in year                                  | 12                              | -                                  | -                  | 12             |
| Property, plant and equipment                                 | 2,235                           | 4,715                              | 334                | 7,284          |
| Property, plant and equipment additions in year               | 294                             | 679                                | -                  | 973            |
| Inventories   | 2,451                           | 213                                | -                  | 2,664          |
| Trade receivables, financial and other assets                 | 19,794                          | 5,270                              | 694                | 25,758         |
| Cash and cash equivalents                                     | -                               | -                                  | 69,063             | 69,063         |
| <b>Segment Liabilities</b>                                    |                                 |                                    |                    |                |
| Trade payables and other current liabilities                  | (19,293)                        | (5,359)                            | (21,092)           | (45,744)       |
| <b>Segment assets less liabilities</b>                        | <b>5,563</b>                    | <b>6,023</b>                       | <b>49,003</b>      | <b>60,589</b>  |

| Analysis of Assets less Liabilities by Service Delivery Group | Secure Global Services<br>£'000 | Global Digital Technology<br>£'000 | Corporate<br>£'000 | Total<br>£'000 |
|---|---------------------------------|------------------------------------|--------------------|----------------|
| <b>2019/20</b>  |                                 |                                    |                    |                |
| <b>Segment Assets</b>   |                                 |                                    |                    |                |
| Intangible assets   | 37                              | 315                                | 75                 | 427            |
| Intangible additions in year                                  | -                               | 199                                | 5                  | 204            |
| Property, plant and equipment                                 | 1,860                           | 2,756                              | 899                | 5,515          |
| Property, plant and equipment additions in year               | 294                             | 2,207                              | 194                | 2,695          |
| Inventories   | 2,610                           | 36                                 | -                  | 2,646          |
| Trade receivables, financial and other assets                 | 28,309                          | 9,477                              | 2,174              | 39,960         |
| Cash and cash equivalents                                     | -                               | -                                  | 35,845             | 35,845         |
| <b>Segment Liabilities</b>                                    |                                 |                                    |                    |                |
| Trade payables and other current liabilities                  | (16,768)                        | (3,407)                            | (12,500)           | (32,675)       |
| <b>Segment assets less liabilities</b>                        | <b>16,342</b>                   | <b>11,583</b>                      | <b>26,692</b>      | <b>54,617</b>  |

### 4. Staff costs

|   | Permanent*<br>£'000 | Other**<br>£'000 | 2020/21<br>Total<br>£'000 |
|---|---------------------|------------------|---------------------------|
| Salaries / agency staff and fee paid officers | 49,251              | 16,010           | 65,261                    |
| Social security costs                         | 4,361               | 117              | 4,478                     |
| Apprenticeship Levy                           | 200                 | -                | 200                       |
| Other pension costs                           | 10,027              | 186              | 10,213                    |
| <b>Total staff costs</b>                      | <b>63,839</b>       | <b>16,313</b>    | <b>80,152</b>             |
| Capitalised staff costs                       | (311)               | (125)            | (436)                     |
| <b>Total net staff costs</b>                  | <b>63,528</b>       | <b>16,188</b>    | <b>79,716</b>             |

|   | Permanent*<br>£'000 | Other**<br>£'000 | 2019/20<br>Total<br>£'000 |
|---|---------------------|------------------|---------------------------|
| Salaries / agency staff and fee paid officers | 49,826              | 20,871           | 70,697                    |
| Social security costs                         | 4,580               | 154              | 4,734                     |
| Apprenticeship Levy                           | 183                 | -                | 183                       |
| Other pension costs                           | 9,335               | 298              | 9,633                     |
| <b>Total staff costs</b>                      | <b>63,924</b>       | <b>21,323</b>    | <b>85,247</b>             |
| Capitalised staff costs                       | (136)               | (300)            | (436)                     |
| <b>Total net staff costs</b>                  | <b>63,788</b>       | <b>21,023</b>    | <b>84,811</b>             |

\* Inward Seconded Staff costs have been included in agency staff cost.

\*\* Other comprises agency staff and fee paid officers.

## 5. Cost of Sales and Operating expenses

|   | 2020/21                |                             |                | 2019/20                |                             |                |
|---|------------------------|-----------------------------|----------------|------------------------|-----------------------------|----------------|
|   | Cost of sales<br>£'000 | Operating expenses<br>£'000 | Total<br>£'000 | Cost of sales<br>£'000 | Operating expenses<br>£'000 | Total<br>£'000 |
| Net staff costs   | 38,902                 | 24,627                      | 63,529         | 38,054                 | 25,734                      | 63,788         |
| Net Agency staff and fee paid officers*                 | 13,989                 | 2,199                       | 16,188         | 17,668                 | 3,355                       | 21,023         |
| Training and recruitment                                | 681                    | 709                         | 1,390          | 964                    | 1,046                       | 2,010          |
| Travel  | 5,381                  | 105                         | 5,486          | 16,391                 | 769                         | 17,160         |
| Professional services*                                  | 18,550                 | 2,260                       | 20,810         | 10,104                 | 1,763                       | 11,867         |
| Legal Services  | 25                     | 57                          | 82             | 28                     | 64                          | 92             |
| Work Packages   | 4,324                  | 646                         | 4,970          | 546                    | 1,159                       | 1,705          |
| Managed Service   | 417                    | -                           | 417            | 2,104                  | -                           | 2,104          |
| Communications  | 1,195                  | 165                         | 1,360          | 1,146                  | 221                         | 1,367          |
| Other supplies, services & facilities management        | 487                    | 32                          | 519            | 3,907                  | 336                         | 4,243          |
| Management charges from the FCDO                        | 1,627                  | 231                         | 1,858          | 1,546                  | 267                         | 1,813          |
| IS Hardware   | 4,615                  | 527                         | 5,142          | 5,678                  | 140                         | 5,818          |
| IS Software   | 1,195                  | 128                         | 1,323          | 1,396                  | 83                          | 1,479          |
| Other Machinery and Equipment Under £3k                 | 674                    | -                           | 674            | 1,312                  | 130                         | 1,442          |
| Security Equipment                                      | 3,938                  | 90                          | 4,028          | 5,608                  | 57                          | 5,665          |
| Work in progress decrease                               | (340)                  | -                           | (340)          | (484)                  | -                           | (484)          |
| Freight   | 9,369                  | 14                          | 9,383          | 10,393                 | -                           | 10,393         |
| Maintenance   | 25,046                 | 951                         | 25,997         | 34,287                 | 787                         | 35,074         |
| Operating leases - land & buildings                     | -                      | 8                           | 8              | -                      | 8                           | 8              |
| Operating leases - other                                | -                      | 36                          | 36             | -                      | 43                          | 43             |
| Accommodation charges**                                 | 945                    | 1,478                       | 2,423          | 789                    | 1,234                       | 2,023          |
| (Profit)/loss on currency exchange                      | -                      | (26)                        | (26)           | -                      | 34                          | 34             |
| Other   | -                      | 406                         | 406            | -                      | 376                         | 376            |
| Insurance   | 451                    | 87                          | 538            | 383                    | 73                          | 456            |
| Depreciation  | 1,453                  | -                           | 1,453          | 1,875                  | 4                           | 1,879          |
| Amortisation of intangible assets                       | 23                     | 9                           | 32             | 67                     | 20                          | 87             |
| Impairment (write back) / charge                        | 16                     | -                           | 16             | 59                     | -                           | 59             |
| Auditors' remuneration and expenses (no non-audit work) | -                      | 122                         | 122            | -                      | 110                         | 110            |
| <b>Total costs</b>                                      | <b>132,963</b>         | <b>34,861</b>               | <b>167,824</b> | <b>153,821</b>         | <b>37,813</b>               | <b>191,634</b> |

\* Agency staff, fee paid officers, and professional services charged to cost of sales are fee earning.

\*\* Accommodation charges are payable to the FCDO.

The total amount of research and development expenditure recognised as an expense during the period was (£59,000) (2019/20 £64,000). This includes staff costs and an appropriate recovery of overheads.

## 6. Dividend

|                            | 2020/21<br>£'000 | 2019/20<br>£'000 |
|----------------------------|------------------|------------------|
| Statutory dividend charged | 2,086            | 1,895            |
| Discretionary dividend     | -                | -                |
| <b>Dividend</b>            | <b>2,086</b>     | <b>1,895</b>     |

The dividend is payable to the Foreign, Commonwealth & Development Office.

## 7. Intangible assets

|                                  | Assets under development<br>£'000 | Research & Development<br>£'000 | Software licences<br>£'000 | Total<br>£'000 |
|----------------------------------|-----------------------------------|---------------------------------|----------------------------|----------------|
| <b>2020/21</b>                   |                                   |                                 |                            |                |
| <b>Cost or valuation</b>         |                                   |                                 |                            |                |
| At 1 April 2020                  | 540                               | 269                             | 2,078                      | 2,887          |
| Additions                        | -                                 | -                               | 12                         | 12             |
| Capitalisation adjustment        | (20)                              | -                               | -                          | (20)           |
| <b>As at 31 March 2021</b>       | <b>520</b>                        | <b>269</b>                      | <b>2,090</b>               | <b>2,879</b>   |
| <b>Amortisation</b>              |                                   |                                 |                            |                |
| At 1 April 2020                  | -                                 | 259                             | 1,997                      | 2,256          |
| Provided during the year         | -                                 | 2                               | 30                         | 32             |
| <b>As at 31 March 2021</b>       | <b>-</b>                          | <b>261</b>                      | <b>2,027</b>               | <b>2,288</b>   |
| <b>Net book value</b>            |                                   |                                 |                            |                |
| <b>As at 31 March 2021</b>       | <b>520</b>                        | <b>8</b>                        | <b>63</b>                  | <b>591</b>     |
| <b>As at 31 March 2020</b>       | <b>540</b>                        | <b>10</b>                       | <b>81</b>                  | <b>631</b>     |
| <b>Owned as at 31 March 2021</b> | <b>520</b>                        | <b>8</b>                        | <b>63</b>                  | <b>591</b>     |

## 7. Intangible assets continued

|                           | Assets<br>under<br>development<br>£'000 | Research &<br>Development<br>£'000 | Software<br>licences<br>£'000 | Total<br>£'000 |
|---------------------------|---|------------------------------------|-------------------------------|----------------|
| <b>2019/20</b>            |   |                                    |                               |                |
| <b>Cost or valuation</b>  |   |                                    |                               |                |
| At 1 April 2019           | 340                                     | 838                                | 2,272                         | 3,450          |
| Additions                 | 204                                     | -                                  | -                             | 204            |
| Assets brought in to use  | (4)                                     | -                                  | 4                             | -              |
| Disposals                 | -                                       | (569)                              | (198)                         | (767)          |
| As at 31 March 2020       | 540                                     | 269                                | 2,078                         | 2,887          |
| <b>Amortisation</b>       |   |                                    |                               |                |
| At 1 April 2019           | -                                       | 827                                | 2,108                         | 2,935          |
| Provided during the year  | -                                       | 1                                  | 86                            | 87             |
| Disposals                 | -                                       | (569)                              | (197)                         | (766)          |
| As at 31 March 2020       | -                                       | 259                                | 1,997                         | 2,256          |
| <b>Net book value</b>     |   |                                    |                               |                |
| As at 31 March 2020       | 540                                     | 10                                 | 81                            | 631            |
| At 31 March 2019          | 340                                     | 11                                 | 164                           | 515            |
| Owned as at 31 March 2020 | 540                                     | 10                                 | 81                            | 631            |

## 8. Property, plant and equipment

|                                     | Assets<br>under<br>construction<br>£'000 | Fixtures<br>£'000 | Information<br>technology<br>£'000 | Transport<br>equipment<br>£'000 | Plant and<br>machinery<br>£'000 | Total<br>£'000 |
|-------------------------------------|--|-------------------|------------------------------------|---------------------------------|---------------------------------|----------------|
| <b>2020/21</b>                      |  |                   |                                    |                                 |                                 |                |
| <b>Cost or valuation</b>            |  |                   |                                    |                                 |                                 |                |
| At 1 April 2020                     | 2,404                                    | 2,303             | 17,229                             | 1,808                           | 7,855                           | 31,599         |
| Transfer*                           | -  | -                 | (867)                              | -                               | 867                             | -              |
| Additions                           | 931                                      | -                 | 213                                | 133                             | 303                             | 1,580          |
| Assets brought in to use            | (417)                                    | -                 | 417                                | -                               | -                               | -              |
| Disposals                           | (3)                                      | (207)             | (71)                               | (179)                           | (120)                           | (580)          |
| Revaluation and impairment          | -  | -                 | 99                                 | 36                              | (122)                           | 13             |
| As at 31 March 2021                 | 2,915                                    | 2,096             | 17,020                             | 1,798                           | 8,783                           | 32,612         |
| <b>Depreciation</b>                 |  |                   |                                    |                                 |                                 |                |
| At 1 April 2020                     | -  | 915               | 15,596                             | 1,156                           | 5,722                           | 23,389         |
| Transfer*                           | -  | -                 | (884)                              | -                               | 884                             | -              |
| Charged in year                     | -  | 146               | 692                                | 169                             | 446                             | 1,453          |
| Disposals                           | -  | (140)             | (71)                               | (174)                           | (118)                           | (503)          |
| Revaluation and impairment          | -  | -                 | 90                                 | 24                              | (98)                            | 16             |
| As at 31 March 2021                 | -  | 921               | 15,423                             | 1,175                           | 6,836                           | 24,355         |
| <b>Net book value</b>               |  |                   |                                    |                                 |                                 |                |
| As at 31 March 2021                 | 2,915                                    | 1,175             | 1,597                              | 623                             | 1,947                           | 8,257          |
| As at 31 March 2020                 | 2,404                                    | 1,388             | 1,633                              | 652                             | 2,133                           | 8,210          |
| Owned/Leased as at<br>31 March 2021 | 2,915                                    | 1,175             | 1,597                              | 623                             | 1,947                           | 8,257          |

FCDO Services operates from buildings owned by the FCDO. FCDO Services pay an annual sum for their use as agreed in the MOTO between FCDO and FCDO Services.

All assets (except fixtures) have been revalued at 31 March 2021 using appropriate indices.

\*Correction required to adjust prior year disposals allocated to incorrect asset category.

## 8. Property, plant and equipment continued

|   | Assets<br>under<br>construction<br>£'000 | Fixtures<br>£'000 | Information<br>technology<br>£'000 | Transport<br>equipment<br>£'000 | Plant and<br>machinery<br>£'000 | Total<br>£'000 |
|---|--|-------------------|------------------------------------|---------------------------------|---------------------------------|----------------|
| <b>2019/20</b>                          |  |                   |                                    |                                 |                                 |                |
| <b>Cost or valuation</b>                |  |                   |                                    |                                 |                                 |                |
| <b>At 1 April 2019</b>                  | 1,450                                    | 2,289             | 16,971                             | 1,768                           | 8,191                           | 30,669         |
| Additions                               | 1,475                                    | 11                | 81                                 | 191                             | 937                             | 2,695          |
| Assets brought in to use                | (413)                                    | 3                 | 211                                | -                               | 199                             | -              |
| Capitalisation adjustment               | (108)                                    | -                 | -                                  | -                               | -                               | (108)          |
| Disposals                               | -  | -                 | (134)                              | (159)                           | (1,176)                         | (1,469)        |
| Revaluation and impairment              | -  | -                 | 100                                | 8                               | (296)                           | (188)          |
| <b>As at 31 March 2021</b>              | <b>2,404</b>                             | <b>2,303</b>      | <b>17,229</b>                      | <b>1,808</b>                    | <b>7,855</b>                    | <b>31,599</b>  |
| <b>Depreciation</b>                     |  |                   |                                    |                                 |                                 |                |
| <b>At 1 April 2019</b>                  | -  | 761               | 14,544                             | 1,114                           | 6,663                           | 23,082         |
| Charged in year                         | -  | 154               | 1,094                              | 188                             | 443                             | 1,879          |
| Disposals                               | -  | -                 | (131)                              | (152)                           | (1,159)                         | (1,442)        |
| Revaluation and impairment              | -  | -                 | 89                                 | 6                               | (225)                           | (130)          |
| <b>As at 31 March 2020</b>              | <b>-</b>                                 | <b>915</b>        | <b>15,596</b>                      | <b>1,156</b>                    | <b>5,722</b>                    | <b>23,389</b>  |
| <b>Net book value</b>                   |  |                   |                                    |                                 |                                 |                |
| <b>As at 31 March 2020</b>              | <b>2,404</b>                             | <b>1,388</b>      | <b>1,633</b>                       | <b>652</b>                      | <b>2,133</b>                    | <b>8,210</b>   |
| <b>As at 31 March 2019</b>              | <b>1,450</b>                             | <b>1,528</b>      | <b>2,427</b>                       | <b>654</b>                      | <b>1,528</b>                    | <b>7,587</b>   |
| <b>Owned/Leased as at 31 March 2020</b> | <b>2,404</b>                             | <b>1,388</b>      | <b>1,633</b>                       | <b>652</b>                      | <b>2,133</b>                    | <b>8,210</b>   |

\* (£102k) relates to logistics software that was superseded due to the change in Cabinet Office policy for the replacement to the confidential tier, this is also recorded under Losses and Special payments. The remaining (£6k) concerns previously capitalised expenditure in Assets Under Construction charged to Operating Expenses.

## 9. Inventories

|                                | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--------------------------------|------------------|------------------|
| Raw materials and consumables  | 1,658            | 1,927            |
| Work in progress*              | 1,006            | 719              |
|                                | <b>2,664</b>     | <b>2,646</b>     |
| Amount of inventory write back | 43               | 16               |

\* 2020/21 and 2019/20 values represent the costs transferred to Work in Progress due to the application of IFRS15 revenue recognition.

## 10. Trade receivables, financial and other assets

### Analysis by type

|  | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------------------|------------------|
| <b>Amounts falling due within one year:</b>      |                  |                  |
| Trade receivables                                | 12,055           | 21,636           |
| Other receivables                                | 4                | 28               |
| Prepayments, contract assets and accrued income* | 13,699           | 18,296           |
|  | <b>25,758</b>    | <b>39,960</b>    |

\*Included within prepayments, contract assets and accrued income is £7,129,000 relating to the FCDO (2019/20 £9,551,000).

## 11. Cash and cash equivalents

|   | 2020/21<br>£'000 | 2019/20<br>£'000 |
|---|------------------|------------------|
| Balance at 1 April                      | 35,845           | 43,134           |
| Net change in cash and cash equivalents | 33,218           | (7,289)          |
| <b>Balance at 31 March</b>              | <b>69,063</b>    | <b>35,845</b>    |

The above balances were within the Government Banking Service. FCDO Services does not have any cash equivalents.

## 12. Trade payables and other current liabilities

|   | 2020/21<br>£'000 | 2019/20<br>£'000 |
|---|------------------|------------------|
| <b>Amounts falling due within one year:</b>     |                  |                  |
| Trade payables                                  | 1,516            | 1,680            |
| Accruals *                                      | 29,632           | 15,601           |
| Contract liabilities and payments on account ** | 8,237            | 7,361            |
| Other payables ***                              | 1,847            | 5,617            |
| VAT   | 3,075            | 1,123            |
| Dividends payable****                           | 586              | 395              |
|   | <b>44,893</b>    | <b>31,777</b>    |

\* Included within accruals is £12,117,000 (2019/20 £1,286,000) due to FCDO in respect of payroll and accrued costs.

\*\* Included within contract liabilities and payments on account is £5,488,000 from the FCDO (2019/20 £7,014,000).

\*\*\* Included in other payables is £1,216,000 (2019/20 £258,000) due to FCDO in respect of management charges and accommodation. Also included in other payables is nil (2019/20 £5,363,365) due to FCDO payroll invoice payable.

\*\*\*\* These values represent the balance of the unpaid elements of the statutory dividend for that financial year



### 13. Provision for liabilities and charges

|  | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------------------|------------------|
| Balance at 1 April                     | 898              | 1,599            |
| Provided in the year*                  | 21               | 249              |
| Provisions not required written back** | (23)             | (832)            |
| Provisions utilised in the year**      | (45)             | (118)            |
| Balance at 31 March                    | <b>851</b>       | <b>898</b>       |

\*2020/21 £21k increase represents remediation costs and termination agreement for IT support/licences.

\*\*2020/21 IS licences provision £45k was utilised in year with a further £23k written back in relation to an remediation provision.

As at 31 March 2021 the total provisions comprised of workplace provision £605k (2019/20 £605k), remediation cost provisions of £75k (2019/20 £99k) and other provisions of £171k (2019/20 £194k).

### 14. Adjustments for non-cash transactions

|  | Note | 2020/21<br>£'000 | 2019/20<br>£'000 |
|--|------|------------------|------------------|
| Loss/(profit) on disposal of Intangible assets and property, plant and equipment |      | 73               | (44)             |
| Amortisation   | 7    | 32               | 87               |
| Adjustment to prior year intangible asset cost                                   | 7    | 20               | -                |
| Depreciation   | 8    | 1,453            | 1,879            |
| Capitalisation Adjustment  | 8    | -                | 108              |
| Revaluation Charge   | 5    | 15               | 59               |
|  |      | <b>1,593</b>     | <b>2,089</b>     |

### 15. Capital commitments

|                               | 2020/21<br>£'000 | 2019/20<br>£'000 |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 1,068            | 484              |
|                               | <b>1,068</b>     | <b>484</b>       |

### 16. Other financial commitments

The Trading Fund has not entered into any non-cancellable contracts (which are not leases or PFI contracts).

### 17. Contingent liabilities disclosed under IAS 37

At 31 March 2021 contingent liabilities existed in respect of employment £35,000 (2019/20 £51,784). While the outcome of these matters cannot be precisely foreseen it is anticipated the matters will be resolved within the next financial year. FCDO Services has one legal case in respect of employment where liabilities cannot reasonably be quantified.

### 18. Financial instruments

For FCDO Services financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. FCDO Services treasury operations are governed by the FCDO Services Trading Fund Order 2008 (SI 2008 No 590) as supplemented by the Framework document 2020.

FCDO Services' financial instruments comprise cash deposits and other items such as trade debtors and trade creditors. The main purpose of the financial instruments is to finance the trading fund's continuing operations.

#### Credit risk

Exposures to credit risk are as a result of transactions in FCDO Services' ordinary course of business, the major risks being trade debtors and cash. Customers are mainly The Foreign, Commonwealth & Development Office, other government bodies, other central government bodies and foreign governments. These risks are managed through a robust credit management process.

#### Liquidity risk

The Trading Fund is not exposed to a liquidity risk as long as its annual surplus is sufficient to clear any outstanding loans and interest repayments (at the end of both 2020/21 and 2019/20 no loans or interest repayments were outstanding). The level of capital expenditure payments are managed to be met from available cash balances. Further borrowing requirements should they arise will be met by loans from the Secretary of State for Foreign, Commonwealth and Development Affairs.

#### Interest rate risk

Under the FCDO Services Trading Fund Order 2008 the Trading Fund may only borrow from the Secretary of State for Foreign, Commonwealth and Development Affairs.

Should the Trading Fund borrow, the interest rates on the loan would be fixed for the period of the loan. Cash not immediately required would be invested with the Government Banking Service. The interest rate earned on cash deposits would vary and would offset the interest, to some extent, on any loans in place.

#### Foreign currency risk

The majority of assets and liabilities are denominated in sterling. There are, however, some non-material transactions that are subject to currency fluctuations. Any gains or losses are taken to the Statement of Comprehensive Income in the year.

### 19. Related party transactions

FCDO Services is a Trading Fund of the Foreign, Commonwealth & Development Office who is the sole shareholder. The Foreign, Commonwealth & Development Office (the Department) is regarded as a related party. During the year FCDO Services had various material transactions with the Department which is a major customer of the Trading Fund.

In addition, FCDO Services has had various material transactions with other government departments, other central government bodies and foreign governments. Most of these transactions have been with the Home Office, Ministry of Defence, Global Affairs Canada, Mayors Office for Policing and Crime and National Crime Agency.

With the exception of the above, no Board member, key manager or other related party has undertaken any material transaction with FCDO Services during the year.

### 20. Events after the reporting period

There were no reportable events after the date of the Statement of Financial Position.

The Accounting Officer authorised these Financial Statements for issue on the date on which the accounts are certified by the Comptroller and Auditor General.

**Danny Payne CMG**  
Chief Executive Officer and Accounting Officer

02 July 2021

