



FCDO Services

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Annual Report and Accounts 2021/22
(for the year ended March 2022)

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Front cover image: The British Embassy in Lisbon, where FCDO Services completed the upgrade of the façade in 2021/22 and scored 10/10 for customer satisfaction from the FCDO. **Credit:** British Embassy, Lisbon.

Back cover image: Remote Radar Head Benbecula, part of Programme HYDRA for the Ministry of Defence. FCDO Services worked as Principal Contractor, Principal Designer and Project Management Specialist.

OGL

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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

For everybody working in the field of foreign affairs and development, the last twelve months have been intense, with many challenges across the world. I want to thank all staff across FCDO Services for their hard work supporting the objectives of the Foreign, Commonwealth and Development Office. The Foreign Secretary is grateful for the way the organisation has delivered its vital services which help protect and secure the diplomatic community at Post.

One thing FCDO Services always does well is plan for all eventualities. The organisation's approach to the continuing impact of the pandemic saw the team step up and help the FCDO serve the public and deliver the objectives of the

UK Government in the face of significant challenge. The pandemic ignored geographical boundaries and the impact was felt deeply in organisations like FCDO Services, which rely on being able to move supplies and staff quickly across borders.

The support in distributing the coronavirus vaccines to all parts of the diplomatic network has been a significant achievement for FCDO Services and I know FCDO staff, and our colleagues across government at Post, are very grateful to the teams who made this possible. This operation involved many parts of the FCDO Services family, and the expert knowledge of each of the team was called upon to make the deliveries possible.

The crisis in Afghanistan during the summer has been at the forefront of my mind, as someone who was deeply humbled in directly helping people get out of Afghanistan. As Minister of State for South Asia, I thank the FCDO Services team, who like so many across the FCDO, again showed its mettle in dealing with a situation which was almost unprecedented, even in the wider experience of the FCDO.

The support the organisation provided to the COP26 conference in Glasgow, and June's G7 conference in Carbis Bay, Cornwall, ensured the world's leaders were able to meet and discuss the important work of our governments securely and in confidence. The translation services were also vital to the success of the summits, and highlight the breadth of experience and support FCDO Services provides to its government partners.

The organisation has developed its structure to further enhance the services it provides, and I look forward to hearing more about the work it is doing for the FCDO and its partners. I wish all the team at FCDO Services success in the coming year.

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



Lord Ahmad, Minister of State, FCDO

St Stephen's Tower with a Union flag in the foreground, Getty Images

Foreword by Sir Simon Gass

Chair of the FCDO Services Board



In the last twelve months, FCDO Services has faced – and overcome – a range of challenges. The lingering effects of the COVID-19 pandemic made it more difficult to complete our overseas business, a tightening jobs market meant we had to work harder to attract the best talent, and increasing pressure on budgets in the public sector, combined with inflationary pressures towards the end of the year, caused our already slim margins to shrink further.

But the organisation has come through with a performance that is not only financially strong, but has also delivered the sort of public service that makes me proud to chair FCDO Services and which says more about the DNA of the organisation than any balance sheet. If difficult jobs need doing to support our country's overseas and security footprint, our people are ready to go - without stopping to worry about the small print in a contract or calculating whether we could make more profit because the customer is desperate for the service.

Whether it's dismantling sensitive equipment in Kabul as the Taliban close in on the city, working through weekends to deliver COVID-19 vaccines to British missions around the globe or building secure radar facilities on Benbecula, we will be there. If the overseas estate needs

maintaining in difficult and even dangerous environments, if an international conference like COP26 needs protection from eavesdropping or if translation services are needed quickly and securely, we will also be there.

So I would like to thank all FCDO Services staff in the UK and across the globe for their contribution and commitment, not so much to ensuring the success of the business – though they do that – but more for the pride they take in supporting our country: people are far and away our best asset.

To help us cope with the pressures, this year FCDO Services worked on transforming its operating model. This was the culmination of 18 months of work to support our customers by removing duplication of work and enabling faster ways to create new products and services. The FCDO Services Board was involved in the process throughout, with the Steering Board ably chaired by Non-Executive Director Ann Tourle. We look forward to seeing the programme come to fruition when it goes live on the 1 April 2022.

With the increasing challenges facing staff, nearly two years of living with COVID-19 and significant organisational changes, we were not surprised that we saw a small drop in positive scores in our annual staff survey after successive years of gains.

We will continue to invest in our staff and in their skills. The Board are strongly committed to building and maintaining a diverse and inclusive workforce that is representative of the diversity of the United Kingdom.

Finally, we were delighted to welcome a new Chief Executive Officer to lead the organisation. Mike Astell joined us in September taking over from Danny Payne and has got off to a flying start. I would like to thank them both for their efforts this past year in steering the organisation towards success. We also said farewell to Chief Operating Officer Claire Shepherd and Non-Executive Director Joy Hutcheon. We wish them all the best for the future and thank them for their service.

Sir Simon Gass
Chair, FCDO Services Board



Foreword by Mike Astell

Chief Executive FCDO Services

FCDO Services, and the FCDO, remain in a period of stretch and high demand, while continuing to deliver the objectives of the Government. We plan our work closely with our partners, to ensure we are supporting them in the work which must take priority. The challenges the world faces continue to move at pace and, as an organisation, we need to be in a position to adapt quickly to these demands. I am grateful to staff at FCDO Services who have demonstrated their agility and commitment to deliver while the organisation navigates these challenges.

The last year in particular has demonstrated the remarkable ability of FCDO Services' staff to continue to deliver a vital service in the face of challenging circumstances. 2021/22 was when we began to live with COVID-19 and, though the world is still in the grip of the pandemic, we have learned how to balance the need to keep staff safe while ensuring we deliver for our customers. We ended the year by removing the crisis structure in place for COVID-19, though the conflict in Ukraine required an equally careful response.

In February, we saw President Putin launch an unprovoked assault on Ukraine. We responded quickly, embedding ourselves within the FCDO's crisis response team to maintain services and support the crisis response

across Europe and beyond. As a trusted member of the FCDO family, being able to anticipate and respond quickly to requests is critical, and as ever, our staff continue to go above and beyond in delivering vital support to Missions and delivering the broader HMG agenda. Following extensive preparatory work undertaken in anticipation of the UK's exit from the European Union, our teams have worked hard to embed the changes into our operations. Our hub in Frankfurt has played a central role to the work we have been

doing for the FCDO and our Partners Across Government and has enabled our logistics teams to run operations smoothly.

Our Digital Sensitivity Review work, to archive official government records, continues to gather significant pace across Whitehall and we are in an excellent position to deliver this work as an enduring cross-government service. In November, the team achieved a significant milestone in the first ever transfer of a digital artefact to The National Archives.



FCDO Services' CEO Mike Astell at the Foreign Office building in King Charles Street

I am also pleased to say the UK National Authority for Counter Eavesdropping (UK NACE) has had a successful year, gaining funding from the Treasury for Research and Development and agreeing a programme for the next three years. A Steering Board, overseen by the Cabinet Office, has been set up for governance of the programme to ensure it delivers value to HMG. I look forward to seeing both these teams expand in their areas of work and continue to deliver a first-class service to HMG.

FCDO Services has increased its focus on sustainability in 2021/22 with the creation of a dedicated sustainability team to drive improvement. FCDO Services

will maintain its stance under the FCDO umbrella, aligning with the FCDO's ISO 14001 accreditation and collaborating with the FCDO towards delivery of Greening Government Commitments (GGC) 2021-25 targets and the FCDO's Sustainability Action Plan 2020-25. We have developed a Sustainability Improvement Programme to engage across the organisation to ensure compliance, reviewing standards, processes and capabilities. Read more about this in the dedicated section later in this report.

Finally, there have been a number of changes to the senior leadership within FCDO Services this year. Firstly, we said farewell to Danny Payne who left FCDO

Services after 13 years with the organisation, 8 years as Chief Executive; we also said farewell to Claire Shepherd, Chief Operating Officer. I would like to thank Danny and Claire for their support, service and dedication to FCDO Services throughout their tenure. I would also like to extend a warm welcome to Tim Gall who has joined the Executive Board and FCDO Services Board as Chief Finance Officer on an interim basis while Yvonne Laird is on a period of leave until 2023, and to Melanie Johnson, who joins the Executive Board on an interim basis as Global Logistics Operations Director.

Mike Astell
Chief Executive Officer



Milton Keynes Mayor Mohammed Khan meeting CEO Mike Astell at Hanslope Park

Who We Are and What We Do

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

What we do

Our secure services underpin the diplomatic network. We provide services to embassies and high commissions and protect against 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.
- Our services include provision of diplomatic and ministerial vehicles, regional technical support and protective security and translation and interpreting.

- 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 its partner National Technical Authorities – National Cyber Security Centre (NCSC) and Centre for the Protection of National Infrastructure (CPNI) – they protect UK assets from technical attack.

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 regional hubs in the UK, Washington DC, Abu Dhabi 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 led by a Head of Region.

We operate
in more than
250
Missions

across
168
countries

FCDO Services' global reach

Our Organisation



Our Partners



Stats displayed on screens, Getty Images

Performance Analysis

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

Performance Summary 2021/22

We are in our fourteenth 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.

Every three years we produce a comprehensive corporate plan which lays out our ambition, mission and strategic plans, against the background political, economic and social environment, including financial forecasts for the period of the plan. This is revised each year to ensure it remains current.

Our strategic objectives for 2021/22 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.

New organisational structure

During 2021/22 we worked on a series of improvements to our internal structures to make it easier for us to work together and with our customers, also allowing FCDO Services to develop our range of services. Under the new structure, which will go live in April 2022, a number of areas have been restructured in a unified operating model covering operations and account management functions. The restructure, creating 'One FCDO Services', provides the basis for an even more customer-centric organisation, improving our operational excellence and providing greater empowerment to our staff to have more accountability, thus removing unnecessary delays for the customer.

The new structure also supports greater innovation in science and technology, enabling FCDO Services to further support our customers' needs and support the Government's ambition to strengthen the UK's position as a science and technology superpower. The changes are part of our commitment to continuously improve our organisation based upon feedback we have received from our partners. We will continue to actively seek their views and listen to operational colleagues during the embedding of this new structure

Measuring our performance

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

The Executive Board meets monthly to take ownership of 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.

Investing in our people

Much work was carried out through 2021/22 to enable structure changes under our major change programme, 'One FCDO Services', to go live in April 2022. This provides the basis for a more streamlined and efficient operating model, which is better for our staff and customers. The new structure will also enable more accountability and responsibility to staff, empowering them to make changes and decisions in the areas they know best.

Diversity and inclusion

The skills and commitment of our staff, who work around the world often in hazardous zones and go the extra mile to deliver, underpins our success as a business. As such, fulfilling our duty of care as an employer is central to all that we do. This includes creating a safe workplace that is diverse and inclusive, that looks after the wellbeing of all staff and enables them to give their best.

This year we undertook a comprehensive review of our approach to diversity and inclusion, including progress so far, and agreed a new organisational strategy and action plan for 2021-24. The plan takes a holistic approach and continues the focus on managing wellbeing and addressing staff under-representation. We are also working on a range of initiatives, including extending our outreach programme to attract more diversity and inclusion in apprenticeships and science, technology, engineering, and mathematics jobs.

Working through the pandemic

Managing the people impact of the pandemic continued to be a major priority during 2021/22, requiring considerable resource across the business. Throughout the period we ensured policies, guidance, learning and briefings were continually updated to reflect the changing circumstances and government guidance, while ensuring we remained aligned with the FCDO to ensure effective working arrangements. Work continues to return to 'business as usual' in a post-pandemic world, with increasing on-site attendance and smarter working, involving a degree of hybrid working.

Pay award

A key priority for the year was to continue the roll out of the pay flexibility award approved by the Cabinet Office and Treasury in 2018/19. The approach for the third and final stage (Skills Based Pay Structure (SBPS) and assessments) was agreed by the Executive Board with implementation from October 2021, with pay changes for some employees backdated to August 2020 in accordance with the award.

Annual skills assessments, using the skills identified in the role profiles, are being phased in for all employees in delegated grades (below SCS band) by 2022/23. SBPS will improve our ability to attract and retain employees, by recognising key job-related skills and enabling more opportunity to progress within pay bands.

Recruitment

Recruiting skilled staff remains a challenge for the business due to the current competitive market. We undertook a deep dive review to look at recruitment and retention, and identified priority actions for ongoing continuous improvements and new ways to attract new employees.

Following a pause in apprenticeship recruitment in 2020, we welcomed 36 new starters in 2021 and we are aiming to recruit another 35 to start in 2022. This represents a significant investment to build our longer-term pipeline and includes a wide range of apprenticeships, such as our core technical engineering and IT programmes, and schemes in business administration, communications, finance and logistics.

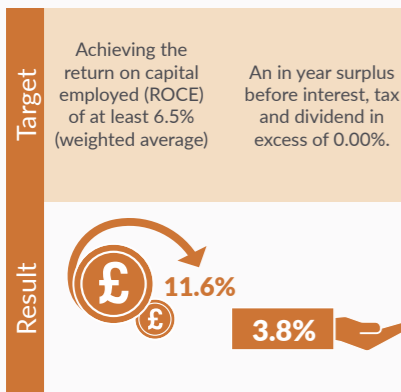
Staff survey results

The Civil Service People Survey 2021 results reflected the trend across the civil service with less positive feedback than in the previous year. However, there was still strong positive results in some business areas and we still achieved both of our people based Ministerial targets for 2021/22 with Engagement at 61% (target 61%) and My Manager at 65% (target 65%).

Encouragingly, bullying, harassment and discrimination feedback improved slightly, although addressing this still remains an important priority within our Diversity and Inclusion strategy. The Executive Board have agreed key areas to focus on at a corporate level based on leading by example, and each area of the business will update its engagement action plans to address issues on the ground.

Our performance targets and results for 2021/22

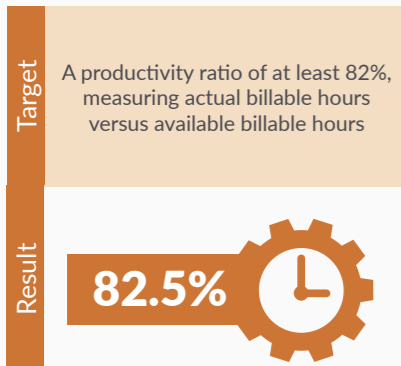
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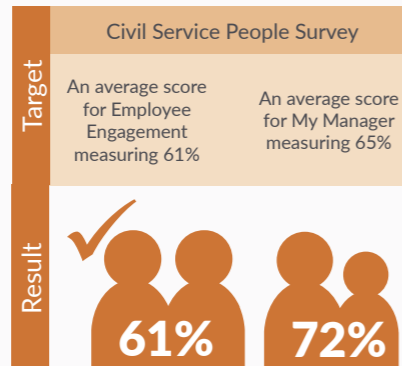
Customer



Operational



People



Leadership, management and career development

As part of our ongoing commitment to improving leadership and management across FCDO Services, we held our first leadership potential assessment centres in November 2021 and launched an Academy to support the development of high potential employees in March 2022.

We also launched a new leadership and management development framework in August 2021, which is accessible to all employees to support their career development.

We participated in the FCDO's Leadership Initiative for Talent (LIFT) Programme aimed at developing talent in under-represented groups, and partnered with a local college to run our first Chartered Management Institute levels 3 and 5 cohorts.

Following a successful pilot scheme last year, we have developed a new reverse mentoring programme, which will allow employees the opportunity to mentor leaders on organisational issues. The scheme will go live at the start of 2022/23.

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 later in this report. 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.

Business continuity

FCDO Services' structured and comprehensive Business Continuity approach has continued to influence and support its delivery activities to customers and protect the wellbeing of staff.

Global pandemic restrictions have presented challenges at times, but our commitment and focus on maintaining an effective and robust Business Continuity structure has enabled resilience during critical times. This strategy will continue as we support customers and stakeholders impacted by the evolving crisis in Ukraine.

Over the past 12 months, we have maintained our ISO 22301 standard certification for Business Continuity and successfully transitioned to the 2019 version.

Ongoing dynamic planning, exercising and delivery will continue to underpin our commitment goals to our staff and customers through the coming year.

New Finance and HR system

FCDO Services is introducing a new Finance and HR system (Hera) in July 2022. It utilises the latest Oracle cloud-based software and, once in place, will evolve alongside our organisation. This is an important business tool that should deliver significant improvements over the system it replaces. It will allow us to digitise and automate more of our business processes - to

make them as efficient as possible, and parts of the system will be available for people to work 'on the move'. Work has been progressing throughout 2021/22 to prepare the organisation for the changeover, in conjunction with the FCDO, which owns the Hera platform.

Health and safety

FCDO Services places the highest priority on keeping its staff, customers, contractors and delivery partners safe in their work.

Our newly launched Health and Safety policy contains clear objectives for high performance, underpinned by the mission statement 'Safe by choice, not by chance'. We also launched a new Health and Safety reporting tool to help track any accident, incident or near-miss.

The policy launch provided supporting guidance to our staff about how they can all contribute to achieving our new health and safety objectives. Campaigns will continue throughout 2022 to promote the culture and behaviours that are the foundation of good safety performance. New key performance indicator objectives will measure our achievement.

We are focussed on working with our internal and external stakeholder relationships to engage in further efforts to keep projects, products and services safe, from design through to delivery. As the challenges of the pandemic extended, we continued to deliver effective COVID-19 risk controls into our business processes, providing dynamic and effective support for our delivery teams. These risk controls have been integrated into our refreshed processes for governance and assurance of health and safety arrangements in our activities.

Security

We have continued to enhance our security culture through uniting the work of 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 security, governance, management and training across the organisation.

There has been, and will continue to be, a strong emphasis on cyber security in line with government requirements. The focus during this year has been to complete a comprehensive review of all systems which has resulted in a fully understood landscape in this complex arena. We will be working across the organisation to ensure we build and maintain our cyber defence and resilience.

We have retained ISO 27001 and Cyber Essentials Plus and have continued our implementation of the Information and Cyber Security Strategies. This is alongside the expansion of the full Project Governance Board to encompass the whole organisation which ensures security, technical and service standards are met.

In addition, we have updated and extended the capability of our Cyber Security Operations Centre along with internal reporting mechanisms to ensure risks are reported regularly and, working with colleagues across the organisation, establish action plans to reduce risks and issues found.

Risk management and governance, in conjunction with cyber defence and resilience, Security Health Checks and new major systems security initiatives, are contributing to safeguarding our customers, 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, Partners Across Government and industry specialists.

Personal data

There have been no significant lapses of protective security, or referrals to the Information Commissioner's Office (ICO) in 2021/22.

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 12 months ending 31/3/2022, FCDO Services received 18 FOI requests and four SARs.

Modern slavery

FCDO Services recognises that it has a responsibility to take a robust approach to combat modern slavery. The organisation is absolutely committed to preventing modern slavery in its corporate activities, and to ensuring that its supply chains are free from the practice of modern slavery. We have policies in place that cover the use of agency workers and best practice on monitoring services provided to us by suppliers.

A full statement is reviewed and updated annually by the FCDO Services Executive Board and is made available on our website.

Ethics

Our Ethical Code sets the standards of behaviour and conduct expected of our people - employees and contractors.

The Ethical Code incorporates the Civil Service Code and its core values of integrity, honesty, objectivity and impartiality. The Ethical Code specifies:

- conduct
- declaration of gifts and interests
- how we work with our colleagues
- raising concerns
- respect at work
- how we handle information
- how we work to eradicate unethical practices from our organisation
- behaviour when undertaking procurement activities

Our Respect at Work policy, and mandatory training programme, ensures staff receive fair treatment and respect, no matter their background, and helps FCDO Services avoid discrimination in the workplace.

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 and in Diplomatic Service Regulations (DSR) and Home Service Regulations (HSR). Our Raising a Concern policy is designed to make it easy for workers to make disclosures, without fear of retaliation.



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.

Magnification of map of Europe and Great Britain, Getty Images



Trusted



FCDO Services has built its reputation as a trusted service delivery organisation through years of dedicated support to departments and key partners overseas. The last 12 months have seen the organisation continue to deliver existing and new projects and programmes for our partners in the UK and at Posts around the world, with critical services provided at the highest levels of security.

With the difficulties of delivering during the pandemic continuing to impact on our ways of working, our teams around the world displayed their trademark flexibility and professionalism in prioritising the customer. Our Technology and Operations teams have worked closely with other government departments to deliver highly secure IT infrastructure fit outs for government partners in Europe. This is in addition to the continued roll out of the Microsoft Office 365 programme for the FCDO, which has enabled much smoother working for our partners remotely and at Post.

Enabling the most effective means of communication in these difficult circumstances has been so important for our customers and we are proud to have been able to assist in this vital work.

The Sensitivity Review Service reached a landmark in their ongoing work to digitise the process of sending material to The National Archives, with the first fully digitised transfer. This is covered in more detail later in this chapter, and shows the incredible dedication of the team in developing ground-breaking AI technology to speed the process up for our customers.

Our relationship with the Ministry of Defence (MOD) has continued to grow, with the completion of the HYDRA programme's construction work at Benbecula in the Outer Hebrides. The conclusion of the work on Benbecula was incredibly challenging and required careful planning and implementation. Managing the build of such an important project on a remote island during the pandemic added an additional layer of

complexity, with engagement with the island community and protective infection-control measures essential to building confidence and success in the project. The next phase of the programme is already underway.

We are continuing to develop and improve the experience our customers have when working with us. Our new structure, which creates a single operating model, goes live on the 1 April 2022 and will make it easier for us to work together and with our customers, allowing us to develop our range of services. It will also give more accountability and responsibility to staff, empowering them to make changes and decisions in the areas they know best.

UK NACE

UK NACE continued to establish its position as a vital National Technical Authority during 2021. The team played a key role at G7 and COP26 events, enabling ministers and senior officials to negotiate effectively away from Whitehall.

UK NACE further developed its public profile exhibiting at the Home Office's Security and Policing conference in 2022, their first external outreach event, where they engaged with colleagues across the security landscape and continued to develop relationships with key stakeholders in industry and academia.

As a National Technical Authority, UK NACE has had an overwhelmingly positive impact on HMG security. Using the Understand, Detect and Protect methodology, we have invested in cutting edge research partnerships to comprehend the next generation of technical

threats that HMG will face. We also provided expert field support to investigate and expose those who wish to harm the UK and engaged with the wider security profession and industry to embed best practice, policy and technical countermeasures to protect from increasingly sophisticated attackers.

The team made valuable contributions towards implementing the findings of the HMG's 2021 Integrated Review and particularly the strand entitled 'Strengthening security and defence at home and overseas'. UK NACE also contributed to the Government Functional Standard published by the Government

Security Group (GSG), leading in the area of Technical Security, as well as the Home Office's review of the Official Secrets Act. The GSG has overall accountability for government security and is a key stakeholder for UK NACE.

UK NACE continues to provide world class training to national and international partners through our Academy and strive to improve security culture and technical awareness around HMG's High Threat Club. Our Research team continue to sponsor an exciting portfolio of projects and are proud to work closely with a variety of leading industrial and academic partners in all corners of the UK.



UK NACE stand at the Security and Policing exhibition, March 2022

Case Study

Microsoft Office 365 expansion for the FCDO

In 2020, the Foreign and Commonwealth Office (FCO) merged with the Department for International Development (DfID). They become the Foreign, Commonwealth and Development Office (FCDO).

"Moving to a single Office 365 tenant is a key step in enabling the FCDO organisation to work effectively. FCDO Services' project and delivery capability has been key in achieving that success."

Deputy Chief Digital Information Officer, FCDO



The FCDO identified Microsoft Office 365 as its primary platform to accommodate the merger of the two departments. The project required an agile approach to bring about rapid business change. The FCDO engaged FCDO Services to deliver this critical part of their overall IT merger programme for them.

An agile approach

Our approach to project management helped us to deliver faster, with fewer issues. Instead of focussing everything on a one-off launch at the end of a project, we delivered the work in phases. This enabled us to test and gain feedback at key milestones from stakeholders and end users.

We brought together key colleagues from across the two legacy departments to assess requirements and problem-solve any issues. These stakeholders were key to ensuring the setup of MS Teams was fit for purpose.

Cross-organisation collaboration

Faced with remote working challenges due to the COVID-19 pandemic, we collaborated virtually using MS Teams and Microsoft Planner to achieve the project goals. It meant we were able to take advantage of the platform the project was set up to introduce, while quickly implementing changes.

We ran frequent cross-organisation 'stand-ups' and 'show and tell' meetings to facilitate open and productive discussions with FCDO colleagues. This enabled the project team to understand any changes proposed and efficiently face challenges we needed to overcome.

Quick wins

The project has brought video calling, instant messaging and other Microsoft Office applications right up to date, providing a better user experience for FCDO staff. These are tools which are used daily by staff across the organisation.

We migrated users from Skype for Business to MS Teams, and enabled access to it on approved mobile devices. There is now functionality to record and transcribe MS Teams meetings, with updated guidance and training to support users.

Fully embedding MS Teams in the new organisation has allowed more effective collaboration between ex-DfID and ex-FCO colleagues.

One of the key benefits has been the improved experience for external stakeholders and Partners Across Government when accessing the platform.

Project success

In just two months, our project team successfully accelerated the adoption and improved the functionality of Microsoft Teams across both organisations. All this was done while ensuring security and compliance standards were maintained.

The work completed in May 2021, with excellent feedback from our colleagues in the FCDO.

Laptop screen showing a Microsoft Teams call, Getty images

First digital transfer to The National Archives

On Wednesday 26 January 2022, the Foreign, Commonwealth and Development Office (FCDO) began to transfer its first born-digital records to The National Archives (TNA).



Case Study

"We are pleased to be working closely with FCDO Services on their review of FCDO records, and to benefit from their extensive knowledge and expertise in sensitivity reviewing records and providing us with the technical capability to transfer digital records to The National Archives."

Head of Archives, Foreign, Commonwealth and Development Office

Government departments are obliged under the Public Records Act to transfer historical public records selected for permanent preservation to The National Archives (TNA), by an agreed timescale.

From the 1990s, FCDO files were stored in both a digital and paper format. These particular digital records were created on the FCDO's original IT system in 1992, and are now available through TNA's online catalogue on the Internet.

The Sensitivity Review Service

FCDO Services has been providing a records review service to the FCDO since 2017. The process includes selecting digital and paper files for permanent preservation and reviewing them for sensitivity, ready for transfer to TNA.

Our Sensitivity Reviewers examined all of the FCDO files before they were cleared. This involved analysing and redacting information as necessary to ensure documents were safe to publish.

The hybrid transfer

Hybrid records comprise both electronic and paper records, and the transfer in January this year included 286 paper files and their digital counterparts from the former FCO South Asia Department, known at TNA as FCO 37 1992. The material covered the UK's political and economic relations with India, Pakistan, Bangladesh, Sri Lanka, Afghanistan, Nepal, Bhutan and the Maldives.

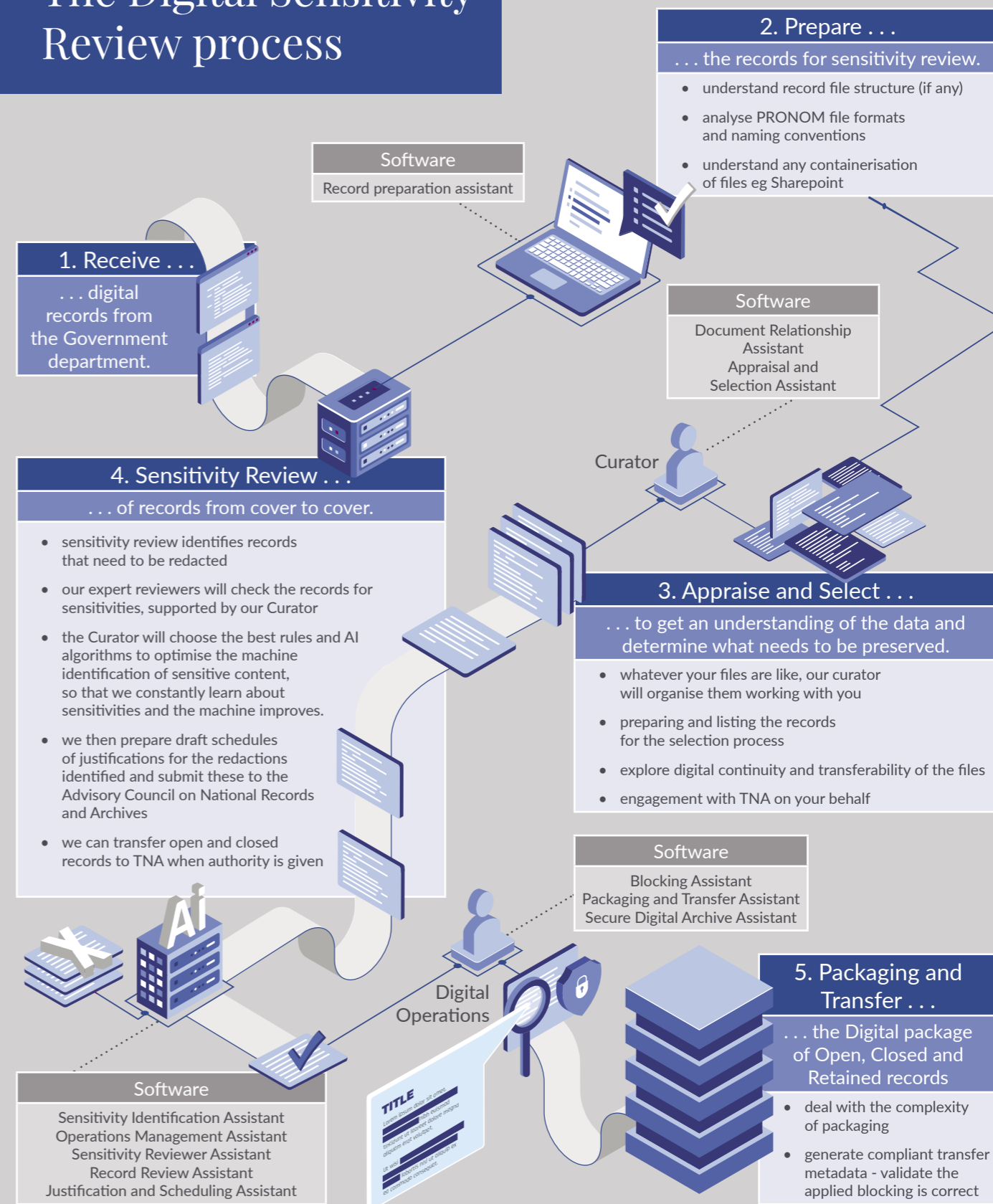
Following the usual post-transfer record keeping activity undertaken by TNA, the digital and paper documents have now been released to the public.

Future transfers

FCDO Services is supporting the FCDO and other government departments in meeting their statutory obligations. In addition to work on records review and transfer, the FCDO continues to face an increasing number of historical FOI requests which typically require us to support the FCDO in reviewing for sensitivity any records requested.

In the coming year, we expect to transfer three more hybrid series of files, and this number will rise sharply.

The Digital Sensitivity Review process



Original graphic produced by SVGCLtd

Close up of a memory stick and FCDO archives

Programme HYDRA – secure construction for the Royal Air Force at RRH Benbecula

Programme HYDRA has created remotely operated secure radar stations for the Royal Air Force (RAF) to enable the release of RAF personnel from radar maintenance activity.



Case Study

“Following on so closely from the successful completion of the HYDRA works at the previous two sites, it is exceptional against the backdrop of COVID-19 and other significant challenges that HYDRA has been implemented at RRH Benbecula ahead of schedule and to such an exemplary standard.”

Group Captain,
RAF

The RAF appointed FCDO Services as Principal Designer and Contractor for this multi-site programme in 2019, following previous success with Programme TARTARUS at Saxa Vord. Our role included Programme Management services for the design and construction of all HYDRA Phase One sites and we mobilised multidisciplinary teams to plan, manage and monitor the works.

We successfully delivered Remote Radar Head (RRH) Brizlee Wood (Northumberland) in 2020, Buchan (Aberdeenshire) in 2021 and works at RRH Benbecula (Outer Hebrides) commenced in May 2021. We achieved Initial Operating Capability in September 2021, following successful completion of a new secure compound with a tower

to hold the radar and radome. Further works to install a new communications building and bespoke tall communications mast were completed in March 2022.

Benbecula is a small island of the Outer Hebrides in the Atlantic Ocean off the west coast of Scotland, and the team faced challenging logistics and weather conditions as well as strict COVID restrictions on the island throughout delivery.

On the ground at Benbecula

Along with our Site Management team, an RAF Liaison Officer and our main contractor JRC were based on site and lived locally for the duration of the works.

Working on site in such a remote location involves careful and detailed planning at any time, and even more so during a global pandemic. We worked hard to establish good relationships with the local community and consulted with a number of island leaders, including local businesses and services.

Maintaining regular contact with local people was crucial for planning travel and accommodation logistics, deliveries to site and communicating our COVID-19 safety procedures. Our aim was to minimise disruption to islanders as far as possible and operate considerately.

HYDRA project team pictured in front of the radome at RRH Benbecula



COVID-19 protocols protected islanders and our workforce

In addition to the usual rigorous safety standards for a programme such as this, the HYDRA team developed and implemented detailed procedures and policy-compliant ‘COVID-secure’ environments at Benbecula, as it had previously across the other two RRH sites. These measures enabled work to continue safely on site throughout the pandemic, with all visitors to site following protocols and site operating procedures.

Having such careful controls in place meant that when an outbreak did occur on site, it was

quickly identified and contained, and therefore didn’t impact the local island population. Despite the outbreak causing disruption at a critical phase of the works, our dedicated team and main contractors quickly made up for delays ensuring the programme was still completed on time.

Our Directors visited Benbecula during the build phase to see how the site was developing, and to gain more insight into what this complex programme involved. The visit enabled them to meet members of the programme team and to better understand some of the unique challenges that had to be overcome in order to complete the works on time.

Maintaining the standard

We were delighted to successfully complete this complicated infrastructure programme for the RAF, on time, and to a high standard, with excellent feedback from our customer. Our team expertly navigated the environmental challenges of the site location in the Outer Hebrides, and the challenges of COVID-19.

Pending planning permission, our programme team are embarking upon the delivery of works at RRH Neatishead (Norfolk) in the second and final phase of Programme HYDRA.

Aerial view of RRH Benbecula, delivered as part of Programme HYDRA

Focus On

Delivering diversity and inclusion – for our people and our customers

As a global organisation, operating in ever-changing and uncertain times, we actively pursue opportunities to attract, develop and retain people with diverse backgrounds and talents. A diverse workforce enables us to deliver our organisational goals and objectives and exceed customer expectations.

The impact of COVID-19

Our aim is to be a diverse and inclusive organisation that looks after the wellbeing of all our people.

As with most organisations the global pandemic has impacted progress towards achieving our aims. A key focus has been on supporting the mental health of our colleagues, recognising the impact of the pandemic on wellbeing. Last year's Annual Report and Accounts included an article about the health and wellbeing support we provided to our people during the pandemic.

There has also been an impact on diversity and inclusion, both negative and positive. The negative includes a temporary reduction in recruitment numbers, and a decrease in school outreach and engagement from staff networks due to COVID-19 restrictions. This has delayed the implementation of some actions.

On the positive, the move to online provided an opportunity to reach a greater number of colleagues than events held solely at one location, enabling our overseas and travelling staff to be more included. The ability to work remotely has benefitted some staff with disabilities or underlying health conditions.

While some activities have been impacted by the pandemic, the organisation's commitment to achieve its vision has not changed. We have made good progress on our journey, and acknowledge we have more to achieve.

Revised strategy

Our revised 2021–24 Diversity and Inclusion strategy was fully supported by the Boards. It was updated to ensure alignment to strategy updates from both the Civil Service and the FCDO which focus on inclusion for all, while recognising the different challenges faced by being an organisation operating in the STEM (Science, Technology, Engineering, and Mathematics) sector. Through our varied apprenticeship programmes and our outreach/early careers activities, we are working to address our most notable challenge - the size of the available diverse talent pipeline for entry to our technical and engineering roles.

We need to expand our thinking and continue to improve our recruitment processes and policies to fulfil our 2025 overall ambitions for gender, ethnicity and disability, ensuring we adhere to Civil Service principles.

Change should be lead from the top

Our Executive Directors are visible and active champions across the four areas of our strategy (Inclusion, Attracting and Promoting Talent, Respect at Work and Wellbeing). The reverse mentoring scheme piloted by the Executive team received positive feedback and has now been launched across the organisation.

We ran an all-staff session as part of our ongoing strategy to overcome misconceptions about working internationally, and encourage a broader range of candidates. The session focussed on the realities of working internationally, covering different personal and family circumstances. For International Women's Day 2022, the Executive team took the opportunity to demonstrate their ongoing commitment to gender equality by striking the #BreakTheBias pose.

FCDO Services' directors striking the #BreakTheBias pose, in celebration of International Women's Day



Raising awareness

As part of our annual calendar, the Executive team, and representatives from the FCDO Services and FCDO Staff Networks, have supported a number of other key diversity dates, including Black History Month, Inclusion Week, International Day of Persons with Disabilities, Mental Health Awareness Week and International Day against Homophobia, Biphobia and Transphobia.

External speakers for these interactive online events were selected for their ability to be informative and inspirational role models, often able to speak

from more than one diverse perspective and from a STEM background. Internal contributors have shared their powerful personal stories through blogs on our intranet. Our ongoing action plan addresses the topics raised by these awareness days.

Diversity benefits everyone

An increasingly diverse and inclusive workforce benefits our people and our customers. Research shows the positive impact of diversity on innovation, problem solving and customer relationships. Through our work we can positively

impact diversity and inclusion for customers, by 'designing for inclusion' when planning, building and maintaining customer facilities.

An example is the refurbishment of the FCDO's King Charles Street reception, where all visitors will now be able to use the same entrance. Previously, due to the restrictions of the historic building, there was a separate accessible entrance.

The FCDO's Disability Inclusion and Awareness Network have also been working with our design team on modifications to the quadrangle in the main FCDO building in London to make it more inclusive.

Focus On

Customer-Centricity

Customer-centricity is often misunderstood. The common perception is that it is a strategy - a methodology organisations can roll out to their teams to improve customer satisfaction. In fact, it is better to think of customer-centricity as an output, a feeling that across all touch-points the customer has had a positive experience.

As an organisation working closely with a limited number of customers, we believe that in addition to the experiential components, there is a broader relationship element. This requires helping our customers with the challenges they face today, aligning to their long term strategies and anticipating and ultimately exceeding their expectations.

Over the last two years, FCDO Services has been working to improve the customer experience with a number of initiatives. As we move through 2022 and beyond, our desire to be considered customer-centric will continue to grow with the creation of a new Head of Customer Journey role. This role will look across the entire organisation to identify improvements that can be made to benefit the customer.

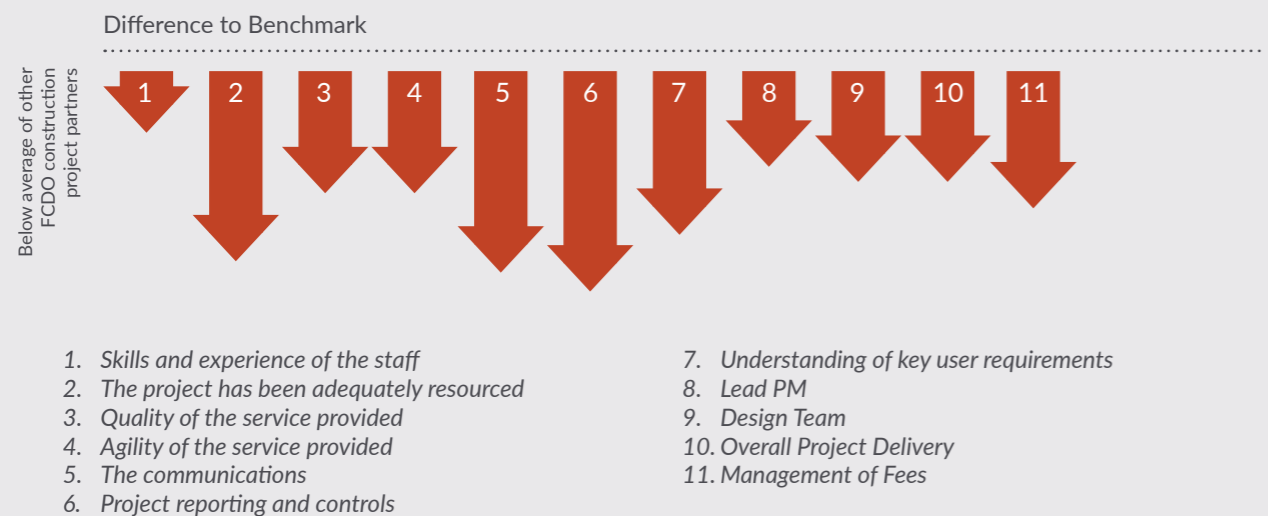
Improving the construction delivery customer experience

With over 70 active assignments at any time, FCDO Services' teams work closely with customers to deliver a wide range of projects and services across the globe.

In late 2020, the FCDO indicated there could be improvements in the way that our Project Managers and internal teams work with the FCDO's Project Directors. Following the feedback, our programme team began a series of improvements.

Over the 18 months that followed, and despite COVID-19 disrupting normal ways of working, our Engineering and Operations team identified opportunities to share best practice across different projects and began to make performance improvements, tracking against competitor benchmarks. In the latest results, FCDO Services has closed the gap in many key measures when compared to competitors, and overtaken all competitors in a number of areas where we are now

FCDO Services performance on construction projects vs other suppliers 2021



regarded as the best performer. The success of this improvement programme is down to the hard work of our team, and the FCDO has benefitted from a much improved construction experience that is better value for money.

Helping the FCDO's need to reduce costs

As one of the largest embassies overseas, Washington DC hosts up to 460 staff across a number of departments and Partners Across Government. In early 2021 the corporate services team approached FCDO Services to evaluate and suggest opportunities for telephony efficiencies within

the Mission. This had been highlighted as a disproportionately high cost by the management committee and they were keen to make savings. Our team used their expertise to identify technical telephony improvements that could be made and put forward recommendations to Post. These changes are expected to deliver hundreds of thousands of pounds of savings per annum in costs.

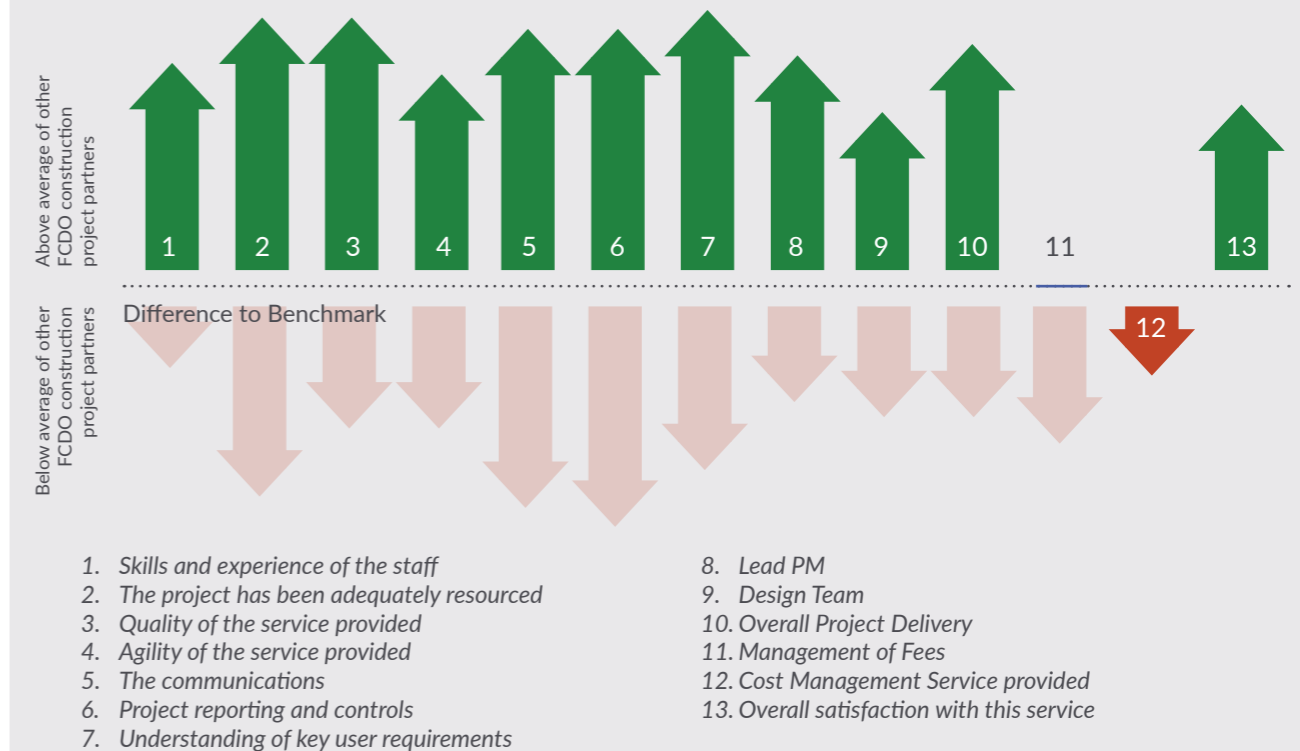
Supporting the Ministry of Defence

Following the 2015 Strategic Defence and Security Review, it was recognised that strong alliances and partnerships are

of growing importance. This has driven a need to collaborate more closely with allies and there is an opportunity for FCDO Services to support this work through Project HERMES.

Still early in development, HERMES is designed to be a modular, scalable solution enabling the UK Government to work securely and collaboratively with its international partners and global industry. Our Technology and Operations team has worked tirelessly over the last 12 months to truly understand customer needs before developing a solution addressing and incorporating customer requirements that will remain future proof.

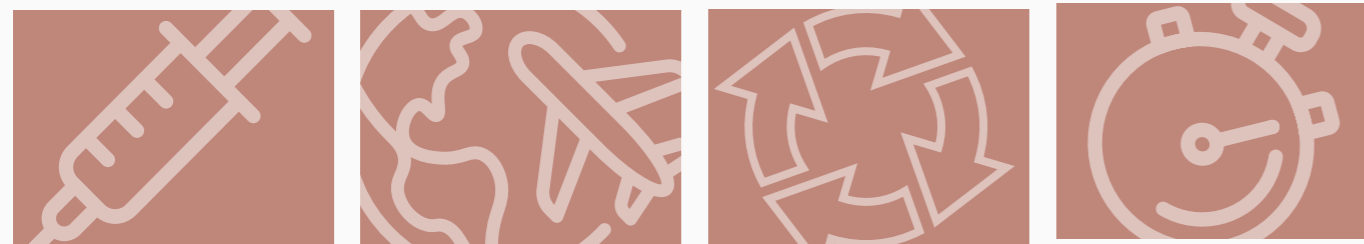
FCDO Services performance on construction projects vs other suppliers 2022



Results of surveys with FCDO Project directors on current and recently completed construction projects undertaken by FCDO Services and six other Principle Support Providers. Sample size of between 30 and 50 projects per chart.



Agile



Our partners rely on our ability to adapt our approach to best suit their needs, or to be agile in the way we deliver services. The areas in which we work require our teams to carefully plan our operations to account for a variety of possible situations, and the last year has seen many different challenges present themselves, often simultaneously.

Our completion of the vaccination delivery programme to our FCDO and HMG partners at Post was a cross-organisation effort, and hugely valued by our partners around the world. It was one of the most challenging logistical operations FCDO Services has undertaken, with the requirement to maintain a consistent temperature of the consignment at all stages of the delivery.

The pandemic has brought our crisis operations to the fore, with new delivery models needed to enable teams to deliver services seamlessly for the customer. Redesigning the way we deploy our staff at Post, combined with careful planning of work to maximise the ability of teams to manage multiple jobs in an area,

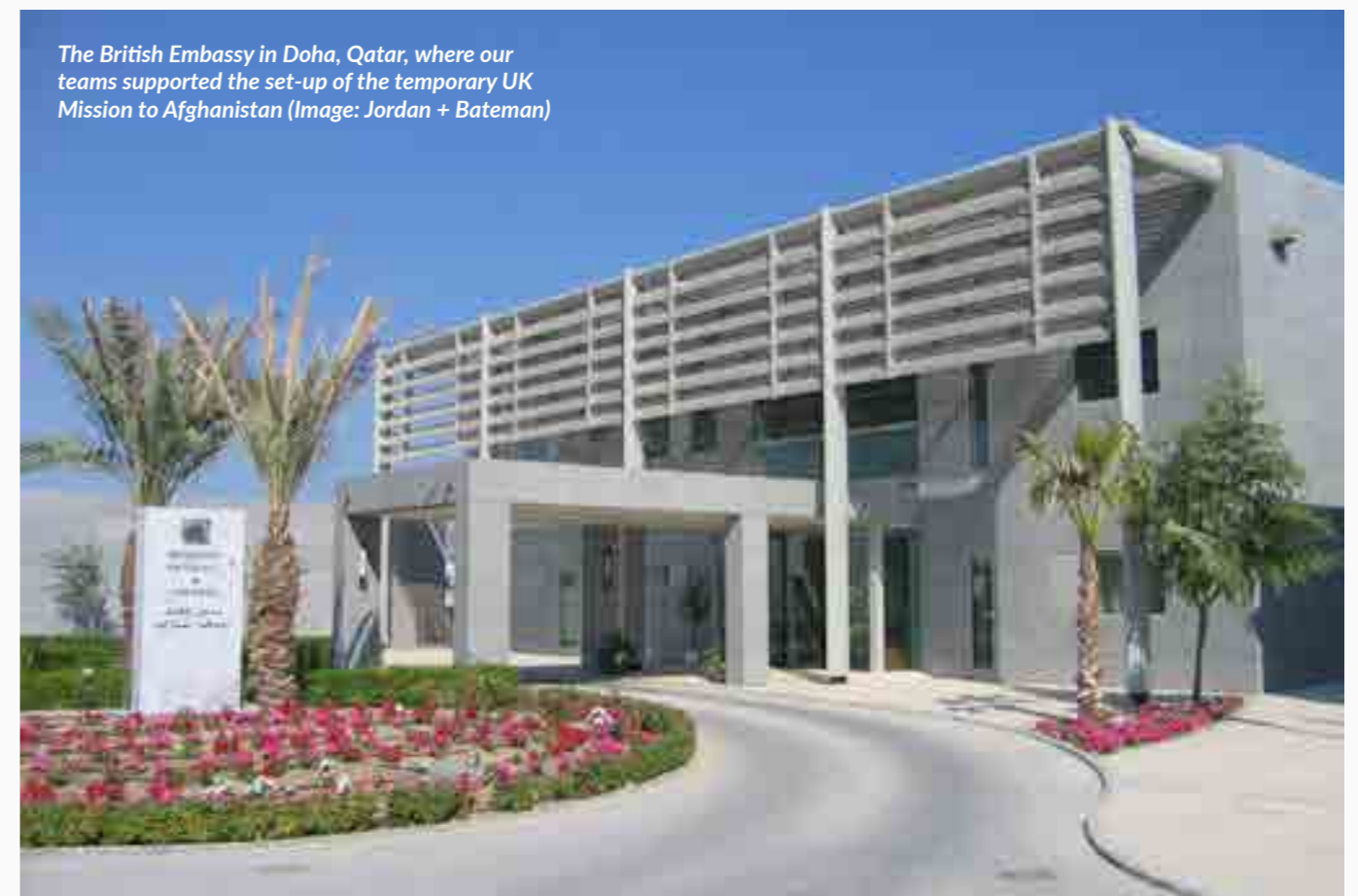
meant we continued to provide our key services in the face of travel restrictions and COVID-19 pressures on the workforce.

In crisis situations, when the FCDO has to vacate an Embassy or Mission, FCDO Services is on hand to ensure all valuable technical assets are decommissioned as quickly as possible. In August 2021, the FCDO played a central role in HMG's response to events in Afghanistan, including the government's challenging and complex campaign to facilitate the departure of over 15,000 people from Afghanistan.

FCDO Services provided vital support and despatched a small team to drawdown the Embassy in Kabul within just a few hours. Given the deteriorating security situation in Kabul, this was an incredible effort by our staff.

Our teams were also on hand to set up the new, temporary Embassy in Doha, ensuring a smooth transition for the consular team to enable them to continue their important work. Our rapid response to the Ukraine

crisis saw a command structure quickly established, with key staff from our Europe region working closely with FCDO teams to maintain support to embassies across the continent. Having close oversight and coordination of our operations is critical in planning and delivering our services, and our logistics operation has been central to providing regular support to key locations, including the British Embassy in Moscow among other regional centres. We are only able to do this because of the flexibility and dedication of our experienced staff who go above and beyond to help our FCDO and HMG colleagues.



The British Embassy in Doha, Qatar, where our teams supported the set-up of the temporary UK Mission to Afghanistan (Image: Jordan + Bateman)



FCDO Services has delivered shipments of vaccines to HMG colleagues around the world

Rapid response support for UKVI

UK Visas and Immigration (UKVI) required additional Biometric Enrolment Stations (BES) across Europe to support the Ukraine refugee crisis response



Biometrics are physical characteristics which are used to identify individuals. These include fingerprint mapping and facial recognition. The Home Office needed to rapidly increase the number of biometric stations to enable the UK Government to deliver on its commitment to welcome Ukrainian refugees into the country.

Quick thinking saved weeks

On 7 March 2022, UKVI asked FCDO Services to confirm how many BES units we could prepare and urgently deploy to key locations in Europe.

The Secure Mobility Management team quickly identified seven potential BES units from our stocks. Five of these were used in the 2021 evacuation effort in Afghanistan, and had been kept configured in case of another incident.

As a direct result, the team quickly adapted the units to a new Visa Application Centre ID useable in Europe. Plus, they only needed to do minimal software patching to get them ready to go.

The remaining kits were built from spares we keep on hand. A standard BES build usually takes weeks, not days, but the team had regularly patched and updated the spares. This saved precious time, as the kits were essentially 75% complete already.

Cross-team collaboration

The FCDO Services Helpdesk earmarked certificate-loaded Smartcards, needed as part of BES security, and allocated resources to configure them. These were passed to our Secure Mobility Management team for testing.

Case Study

"Thank you for the mobilisation of resources at short notice to support us in our response to the Ukraine situation. Without your assistance we could not have put in place the routing or workarounds that are currently critical to our operational response."

Head of Supplier and Casework IT, Cross Cutting Operations, Visas and Citizenship, UK Visas and Immigration

Next, the Application Support team confirmed the routing of the Visa applications was correct and that no technical issues were found.

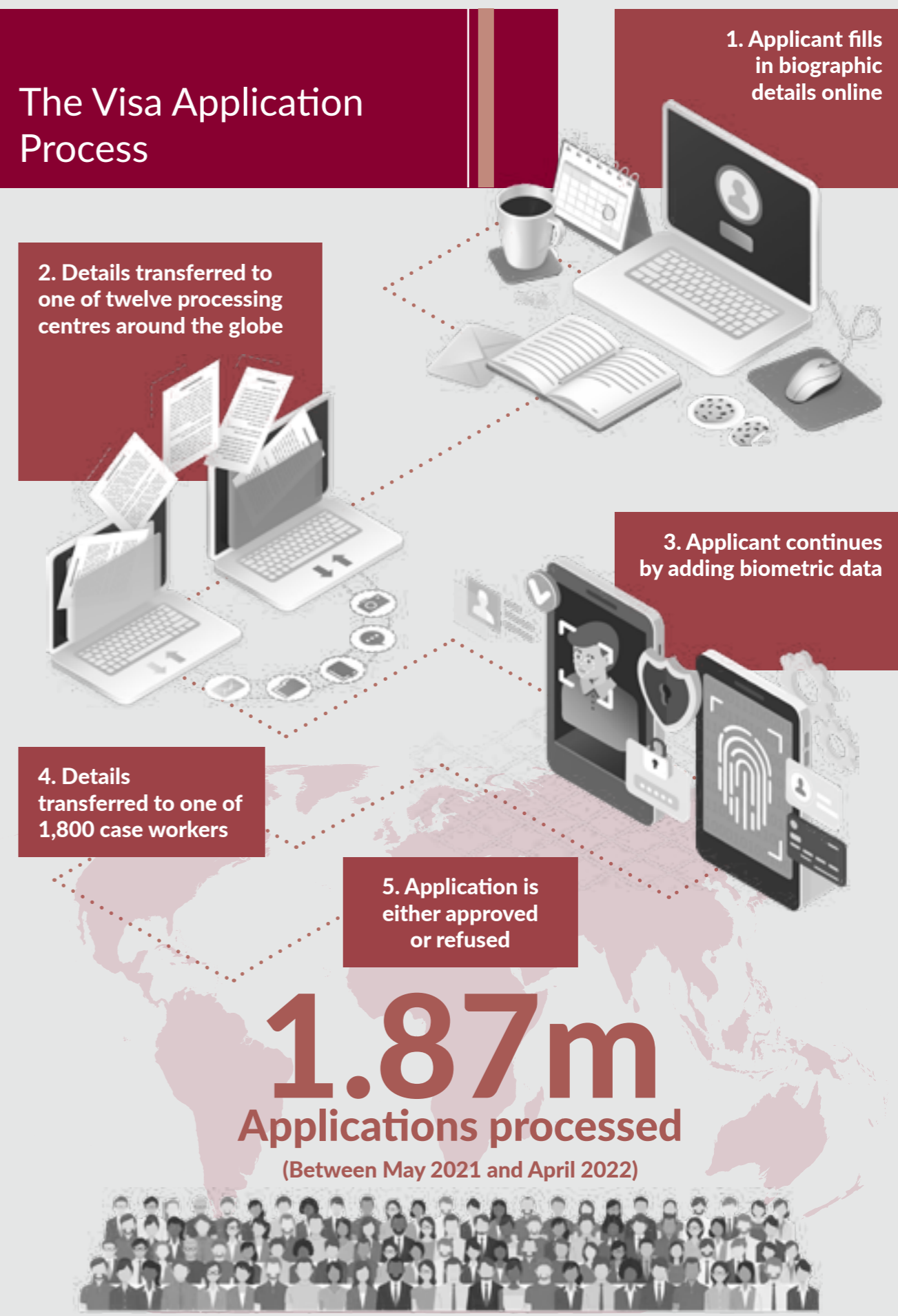
Lastly, our Logistics team identified the best despatch route and transport method. They planned the fastest route out of Hanslope Park into Europe. This meant that the BES units could arrive on location in just two to three days, which the customer was happy with.

An agile response

Our teams worked extended days back to back, allowing FCDO Services to declare its operational readiness on 9 March. Given the standard BES build speed, this extraordinary two day turnaround was down to a monumental team effort.

Finger scanning on a biometric machine, Getty images

The Visa Application Process



1.87m
Applications processed
(Between May 2021 and April 2022)



Focus On

Technical upgrade of FCDO Services' Remote Access Service (RAS)

The infrastructure supporting our RAS service was reaching the end of its working life. To continue delivering the same standard of service and maintain security compliance, we needed to upgrade the technology.

RAS enables customers to securely access our hosted infrastructure services through a managed Windows device. The service includes supplying the hardware for our customers, as well as managing their access to the secure infrastructure.

In order to move to new technology, both the environment underpinning the service, and the end user devices (EUDs) needed to be updated.

Infrastructure upgrade

The technical upgrade began in 2020 just before the COVID-19 pandemic. We started by improving the infrastructure to give a more supportable solution for our customers.

Colleagues from our Secure Mobility Management (SMM) and Cyber Security teams collaborated to deliver the high and low level infrastructure designs. Our Hosting, Networks, Service Desk and Infrastructure teams contributed to the project, playing a vital role in delivering the upgrade.

Once the infrastructure was complete, a core team was established to ensure the solution was fit for purpose. Applications were uplifted and installed on the new environment, and tested to ensure a smooth transition.

The SMM Team was responsible for delivery. They had a clear understanding of the technology, the requirements and most importantly, their customers.

Upgrading devices

The new infrastructure was complete and the next step was to upgrade the technology on customer devices. The pandemic heavily impacted this part of the project and we had to work around various challenges to finish the work.

End users were forced to work from home, so swapping devices took logistical planning. We created monthly usage reports to actively prioritise the most used devices and recover those not being used.

Customers had to send their old devices back before we could repurpose them for the next owner. Because of strict social distancing rules, we also had to carefully manage testing and device handovers.

Delivery around the UK and overseas added to delays. This required the team to be patient, continually checking that equipment had been sent and received.

A security report was produced in collaboration with the Chief Information Security Officer. It highlighted any migrations and vulnerabilities on the environment, so we could proactively monitor our endpoint security. Monitoring ensures we continue to modernise applications and keep our operating system as secure as possible.

Enhancements and benefits

The technical upgrade has meant that end users can take advantage of a wider array of devices. This enables them to use specialist applications with more suitable hardware. Some customers, particularly internal, have substantially benefited from moving to the cloud and to modern applications.

All of our customers now use the latest versions of their software, and devices have been brought up to date with the newest technology allowed. Some received a refresh of their hardware as well.

Device security has also been aligned to each customer's standard operating procedures.

As Chief Information Security Officer I have been very keen to see this migration take place to improve our security. The Secure Mobility Management team committed to producing a good product which passed seamlessly through our governance process and are now working hard to get all the devices migrated. I am pleased that in May 2022 they reached 75% completion of the migration of all devices which meets the requirements for 'What good looks like' in the SIRO Report - great progress.

Chief Information Security Officer (CISO), FCDO Services

RAS2 migration stats displayed on a laptop screen, Getty Images



"I found the RAS2 upgrade to be extremely smooth and efficient. Despite just emerging from the first lockdown restrictions, the RAS2 team arranged for me to hand in my old Cirrus device and collect my new RAS2 device at our London office. A member of the team met me and walked me through the various security protocols, clearly explaining the differences between the two devices and the new features. Full support was available for using the new device and the team checked in by email to make sure there were no issues - which there weren't. An excellent service - thank you."

Head of Translation and Interpreting, FCDO Services

This has driven a change in behaviour, with end users logging on more regularly to ensure the security of their device is as good as it can be.

Access to shared files has improved significantly and enhanced team productivity for many customers.

As a result of the upgrade, we have even eliminated some of the user access issues they were experiencing previously.

The RAS upgrade has dramatically modernised the technology and infrastructure used, and increased our cyber resilience.

It has transformed the way our customers work within the environment and enabled them to do so more efficiently. Increased stability and reliability means we receive fewer helpdesk calls on the new system versus the old.

Focus On

Our apprenticeship programme covers a diverse range of subjects

Bid Proposal	Marketing	Product Design	Metal Workshop	IT
Supply Chain Warehouse Operative	PR and Communications	Wood Workshop	Cyber	Associate Project Management
Accounting	Procurement	Building Services Design Engineer	Vehicle Technician	Data Analyst
Business Admin	Finance Level 7	Building Surveyor	Technical Engineering	Quantity Surveyor
		Structural and Civil Engineer	Project Management	Security Design Engineer

-  Technical
-  Commercial
-  Engineering
-  Corporate



Part of the recreational area upgrade at the British High Commission in Nairobi, which was designed and project managed by FCDO Services.



The global model which underpins FCDO Services ensures we respond quickly to our customers' demands, whenever and wherever they are in the world. We continue to provide critical and trusted local knowledge and intelligence to securely deliver projects and services in country.

Our regional structure is fundamental to the way we operate. It helps us better understand and flex to the current and future needs and priorities of the One HMG platform. Improvements to our regional

model developed under the One FCDO Services programme will see closer alignment to customer needs and and Regional Services' teams taking full ownership of the relationship with FCDO and HMG customers at Post, providing a single point of contact for all FCDO Services delivery on the overseas platform. Through this we aim to drive efficiency in how we schedule and deliver activity and provide greater visibility and clarity to customers.

Even at the highest levels of security, the work we carry out for our customers and partners enables them to safely and securely support diplomacy, development and defence for the UK Government and friendly foreign governments.

Our ability to develop and deliver high quality estates and logistics projects, throughout the global challenge of the COVID-19 pandemic, has meant the UK's diplomatic profile and defence has been increased in hard-to-reach and vital locations worldwide.



The Ambassador's Residence in Yangon, Myanmar

Global travel

Following an extended period of limited international travel in 2020 due to the pandemic, this year has seen our teams deploy extensively, while continuing to face challenges related to travel. Rapidly changing COVID-19 protocols from host countries and airlines require additional effort for our staff in planning and preparing for visits.

Our technical teams have been busy carrying out work across all parts of the globe. Whether it's the structural improvements to the FCDO estate in Grenada (see case study in this section), or the fit-out of the relocated Embassy in Mexico, following the earthquake in 2017, our staff have travelled to locations across the FCDO's network to conduct vital work.

In December 2021 we completed seismic strengthening and refurbishment works at the Ambassador's Residence in Yangon. The project commenced in July 2019, and works continued throughout the military coup in the country. Our Clerk of Works remained on site throughout overseeing the works.

In the run up to Christmas 2021 we worked closely with several departments and agencies to deliver the COVID-19 booster vaccine to Posts across the globe. We share the story of this successful deployment in a case study later in the report. Our global reach, and local knowledge of conditions all over the world, enables us to support other government departments in times of crises.

International partners

We have continued to strengthen our ties with Global Affairs Canada (GAC), providing expertise to support our customer with their estates management function. This year has seen deployments to key and challenging locations in Kabul, Mexico City and Port au Prince where we supplied estates professionals embedded within GAC Missions to assist with the running and management of their estate. As part of the overall closure of the site, our Estates Manager played a critical role in supporting the shutdown of key estates infrastructure at the Canadian Embassy in Kabul.

We continue to work with the Australian Department of Foreign Affairs and Trade (DFAT) and last year we delivered a large consignment of classified logistics to their new Embassy in Vienna. Read the following case study for more information on the project.



FCDO Services carried out design and project management of FCDO's new Corporate Service Offices, Brussels

Drainage works at the High Commission in St. George's

The Foreign, Commonwealth and Development Office (FCDO) discovered drainage and sewerage issues at its estate in Grenada



In December 2020, the FCDO found out that a drainage issue impacting its St. George's estate was also affecting nearby properties. Given the severity of the issue, an immediate fix was needed.

They appointed FCDO Services to deliver a solution for them. We worked swiftly to provide a tailored approach and design solution that aligned to Post's need. A new septic tank and storm drainage system was needed to resolve the drainage problem.

What the project involved

Our project manager worked closely with local design engineers to ensure they understood the project requirements. All the designs were then reviewed by our experts to confirm they were suitable for construction.

The storm drain design was light on detail initially, so we got one of our FCDO Services engineers to collaborate with the local engineer

to ensure the designs captured the requirements successfully. Once approved, we ran a tender exercise and successfully commissioned a local construction company to deliver the new drainage system.

While the work was carried out on site, FCDO Services oversaw and quality assured the project. We held weekly virtual site meetings on Microsoft Teams with the engineers to inspect the work and deal with any issues.

Good communication key to success

These works were delivered by in-region project management staff in the Americas. This not only reduced travel costs, but also meant that the project team benefited from operating in the same time zone.

FCDO Services led regular stakeholder meetings to update them on progress throughout the project. Managed by our project manager, the design engineers

Case Study

"FCDO Services did a great job. The installation has been very effective and has solved the original issue, ensuring our property no longer impacts on our neighbour's premises. The team on-site were respectful and adhered to our rules and policies, particularly our Health and Safety guidance."

Office Manager, British High Commission St George's.

also carried out regular site visits to confirm that the construction work was completed correctly.

Through ongoing and regular communication, the team ensured the works were delivered on time and to specification.

Two-phase project

The work was completed in two six-week phases. While we had unavoidable delays due to the pandemic, the first phase commenced in April 2021. This included the construction of the septic tank. The second phase, started in November 2021 and involved the construction of the storm drain.

In December 2021, the project was finally signed off following a site visit by our project manager and the locally based design engineer, to complete customer satisfaction.

Storm drain at the High Commission in St. George's, Grenada

Case Study

"This shipment was complicated as it was required to be done in two stages. The FCDO Services in-country team performed extremely well with delivery completed on time. This allowed for the project to be delivered early. A huge thanks to the logistics team for their help. Looking forward to delivering the next project with the team."

Security Infrastructure and Projects Section, DFAT

In November 2021, DFAT opened a new Australian Embassy in Vienna, Austria. For the Embassy to be fully functional on opening, they needed to move 18 tonnes of classified material from Canberra to the new site in just three months.

With entry into and out of Australia being extremely difficult due to COVID-19 and Canberra under some of the strictest COVID-19 restrictions within Australia itself, this was a complex logistical task.

Door-to-door solution

The DFAT Security Infrastructure and Projects Section approached our Asia-Pacific regional team to provide a door-to-door logistics solution.

Our FCDO Services Logistics Planner in Canberra quickly responded, and supplied a proposal for how we could

transfer the material for them in such a short period of time safely and securely.

Once accepted, the work started immediately to ensure the opening of the embassy could stay on track, with our regional team coordinating the works from Australia.

The project involved a packing and storage component to securely prepare the material, followed by the utilisation of our Queen's Messenger Service. Finally the co-ordination of the freight's secure unload on-site was performed by our dedicated Logistics team using secure FCDO Services vehicles.

The consignment travelled from Canberra to London, and then onwards from London to Vienna. With such a large consignment and irregular travel arrangements, good communication was crucial to ensure all parties were in place at the right time.

Classified Logistics for the Australian Department of Foreign Affairs and Trade (DFAT)

FCDO Services has a long and trusted relationship with DFAT having delivered projects and services for the department since our earliest days as a Trading Fund.



Impact of COVID-19

The pandemic continued to cause disruption this year. The Omicron lockdown in Canberra and Eastern Australia meant the logistics of shipping the consignment was made more difficult.

Maintaining health and safety standards, and efficiently navigating international COVID-19 quarantines, transit and border restrictions throughout the journey was critical.

Meeting such a tight deadline, in just three months from beginning to end, was no small feat. Our dedicated teams navigated these various challenges successfully and ensured all of the freight was delivered on time. This enabled DFAT to get their Vienna Embassy fully functional and opened as planned.

Aerial view of Vienna, Austria in the morning, Getty Images

Global deployment of the COVID-19 booster vaccine

In the run up to Christmas 2021, the FCDO Services Logistics team supported the Foreign, Commonwealth and Development Office (FCDO) to deliver the COVID-19 booster vaccine to Posts across the globe.



Case Study

“Without the expertise of FCDO Services’ Logistical Team we would not have been able to reach staff at over 100 locations with booster vaccinations. They were an excellent delivery partner, working with our prioritisation and keeping us apprised of the challenges and solutions, all while going the extra mile to reach some very difficult locations.”

Head of Health and Welfare, FCDO.

The FCDO needed the boosters to arrive at Posts before Christmas for countries with a high prevalence of the Omicron variant in order for staff to be vaccinated in line with the accelerated UK rollout response. Logistically this was an enormous challenge. In order to speed up delivery timescales, a call for couriers was sent out to FCDO staff, with 170 people volunteering to be Casual Couriers.

Putting a framework in place

The Logistics team had the task of training the new couriers to ensure they understood their responsibilities and had the necessary information to fulfil their role successfully. It was crucial to carry this out as the security of the diplomatic bags is paramount at all times along with complying with the policies which must be observed in transit.

FCDO Services worked closely with several departments and agencies including the Ministry of

Defence (MOD), the Department for Health and Social Care, and the UK Health Security Agency (UKHSA). Our drivers had to travel back and forth to Liverpool to collect the booster vaccines and bring them to Hanslope Park.

There, the team worked overnight to pack the booster shots, along with syringes needed to administer them, into Diplomatic Bags. From Hanslope Park the vaccines departed for one of three routes. Depending on their destination, they were either driven to King Charles Street in London to be given to Couriers, directly to airports to meet a plane, or sent across to our Frankfurt Logistics Hub.

Working against the clock

One of the main challenges around transporting the vaccines was that they had to be transported from Liverpool to their final destination within 83 hours, and kept at a specific, constant temperature

while in transit. Moderna needed to be kept at -20°C, and Pfizer between -60 and -70°C. The differing temperatures between the vaccine storage meant a different approach was required for each.

While Moderna vaccines could be placed into cardboard boxes with gel packs inside to maintain the right temperature, before being put into the Diplomatic Bags, the Pfizer vaccines were more difficult to transport due to the temperature requirement.

They had to be transported with 12.5 kg of dry ice per 1170 vaccine dose pack, and due to aircraft hazardous labelling regulations, the Pfizer vaccine could not be transported in Diplomatic Bags. Commercial routes were required to send these instead, and as soon as the plane touched down, trained couriers rushed to deliver them to their final destinations. This all required meticulous planning and pre-arranged Customs clearance to ensure the vaccines could

pass swiftly through airports to reach Posts as soon as possible.

Once delivered to Post and put into freezers or thawed, the data captured by temperature monitors inside the boxes was sent to our team to be checked before the vaccine could be released for use. If the vaccine wasn't the right temperature, it could not be used.

Route planning varied for different destinations

COVID-19 caused constant changes to routes and varying country restrictions affected how vaccines were delivered to Posts. Outbreaks among staff at Post impacted deliveries, and in some countries lockdowns meant couriers could not leave the plane, and had to hand over the vaccines to FCDO staff on the tarmac.

Our teams used many routes they don't normally use, in order to overcome restrictions, which made route planning much more challenging. Our regional model, and the experienced team running the operation was a significant contributor to the success of the programme and enabled us to utilise volunteers and Queen's Messengers.

Regular meetings with key stakeholders were held to plan logistics and respond to any developments. Our team delivered weekly briefings to the FCDO's Director-General, Finance and Corporate, Juliet Chua, on the progress of the rollout programme.

The success of this project was down to excellent communication, the agile approach and collaborative effort of many colleagues across our organisation.



A shipment of COVID-19 vaccines in transit

Focus On

Response in a crisis

With more than 100 staff overseas, covering FCDO Posts in most locations, we have global reach and local knowledge of conditions all over the world. Our rapid response teams support the FCDO and One HMG platform, with technical staff on 24 hours' notice to go wherever in the world their expertise is needed.

In times of crisis, we respond rapidly to the changing needs of our customers – whether it's a natural disaster, conflict situation or pandemic. They rely on us to provide invaluable technical expertise, and securely deliver their equipment wherever they need it. We help our partners continue to protect and lead on British interests overseas, even in the most difficult environments.

As part of our global Regional Services operations, the Regional Technical Support Service (RTSS) teams also offer hands-on technical support to Post in global crisis incidents. From business continuity planning to on-the-ground events, they provide advice and carry out the technical closure of Posts, set up crisis centres, and keep essential communications and equipment operating.

Many of our officers are members of the FCDO's Rapid Deployment Team (RDT) too. This means they can be called on at any time for their experience and skills during an emergency situation.

Distribution of the COVID-19 vaccine

The COVID-19 pandemic continued to provide a variety of challenges throughout the last year, one of these being the global distribution of vaccines to colleagues across the UK Government platform.

Our Logistics team tackled the rollout programme in three phases: The first involved distributing the AstraZeneca vaccine and the second deployed the Vaccine Booster. Planning is currently underway for the third phase to deliver the Paediatric Pfizer Vaccine.

To deal with border closures and keep our staff safe, we devised a strategy to efficiently get vaccines to every corner of the globe. Our operational teams in Logistics and within Regional Services also joined the vaccine taskforce.

Embassy drawdowns in times of crisis

On 4 November 2021 the internal conflict in Ethiopia escalated as government and Tigray forces advanced. The Tigray Liberation Front (TLF) made rapid progress towards the capital, Addis Ababa, resulting in an increased risk to staff and dependants of the Embassy. This triggered the drawdown of non-essential staff.

Our RTSS staff, part of our global Regional Services operations based at the Embassy, remained there for the duration of the crisis, including during the Christmas period. They developed and implemented a phased plan for decommissioning critical systems to ensure Post were fully prepared to leave the Mission if required. This plan received wide praise for its pragmatic approach to ensuring the integrity of information and assets across all security platforms.

As mentioned earlier in this report, we supported the FCDO's withdrawal from Kabul in 2021, and we played a key role in the drawdown of the British Embassy Kyiv in Ukraine earlier this year. We decommissioned equipment and stood up temporary communications in Lviv to enable FCDO colleagues to continue vital work to support the crisis effort. We are working closely with the FCDO to re-establish the Embassy as soon as possible.



We have been closely supporting the FCDO in Ukraine

Ukraine refugee crisis support

In March 2022, UK Visas and Immigration (UKVI) asked us to urgently deploy Biometric Enrolment Stations (BES) to key locations in Europe. Discover more

about this rapid mobilisation in our case study within the Agile section.

UKVI also requested FCDO Services to quickly provide 100 extra user IT systems for Vulcan House in Sheffield. This was so they could expand their teams to deal with the ongoing Ukraine crisis.

The installation involved the supply of laptops and peripherals, and the setup of user accounts. Our team worked throughout the weekend, collaborating with our third-party supplier, to ensure the work was completed in just four days.

"Mr & Mrs Hewlett's Sakura at the British Embassy Tokyo", drawn by FCDO Services' architect working on the Embassy refurbishment

Sustainability

Sustainability Report

This report highlights some of the significant developments on sustainability management in FCDO Services in 2021/22. We have a new dedicated Sustainability Team and a Board-level Chief Sustainability Officer. This has enabled us to enhance our focus on our capabilities as a supplier of greener products and services as well as researching more deeply into the impacts of our operations. These impacts are measured against Greening Government Commitments (GGC) targets for greenhouse gas (GHG) emissions, energy use, transportation, waste and water use which currently only apply to the UK estate and operations.

Operating as a Trading Fund of the Foreign, Commonwealth and Development Office (FCDO) means that we align with the FCDO's ISO 14001 Environmental Management System accreditation. We work hand-in-hand to achieve the GGC 2021-25 targets. From 2021/22 the British Council joined with the FCDO, FCDO Services and Wilton Park under the scope of the FCDO's departmental compliance with the GGC framework, creating more scope for collaboration.

In line with the decision of the GGC Exemption Panel, the data for 2021/22 in this report covers all of FCDO Services' activity. This is a change to the situation from

2012/13 to 2020/21 when FCDO Services' GGC reporting excluded activity related to business with non-FCDO customers.

COVID-19 impacts

In 2021/22, the global COVID-19 pandemic continued to impact business activity, ways of working and our use of office space. Some measures, like power consumption, reduced significantly during the pandemic. As we move into the recovery phase in 2022/23, a key objective will be to maintain as much of the sustainability benefits we have accrued as possible. We need to embed more sustainable behaviours in our operations to help meet our GGC targets and build sustainability capability.

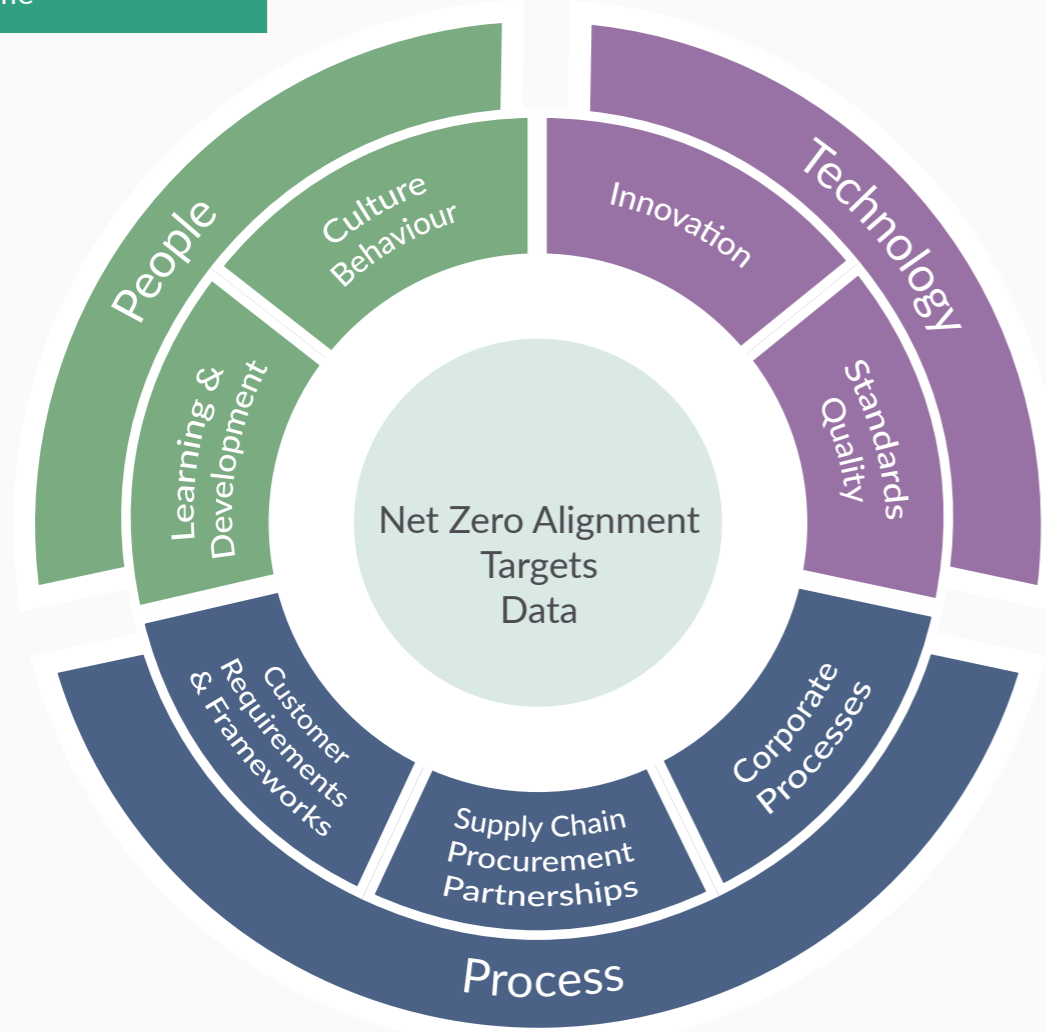
Sustainability improvement

Our aim is to be an organisation which is trusted to be 'secure, safe and sustainable' in all that we do. Sustainability delivers benefits under each of our three Corporate Plan business drivers – grow, save and innovate. With increasing energy costs and a higher rate of inflation, now more than ever we will seek to exploit the overlap of energy/resource efficiency with sustainability.

In November 2021, we launched a 'Sustainability Improvement Programme' to develop people, process and technology action plans across FCDO Services and make us 'sustainability-capable'. The Programme will initially focus on:

1. Working with the FCDO to increase our facility energy efficiency and benefit from reduced energy bills;
2. Transportation – focussing on reducing our freight and personnel travel footprint, including electrification of our car fleet;
3. IT sustainability and alignment with the Greening Government ICT and Digital Services Strategy 2020-25;
4. Building up our green supply chain and collaborative innovation and supply partnerships; and
5. Ensuring that we stay informed of changing customer sustainability requirements and meet criteria for green products and services.

Sustainability Improvement Programme



The programme has already:

- Delivered improvements in sustainability governance including the nomination of an Executive Board-level Chief Sustainability Officer;
- Driven the development of FCDO Services' Environmental Policy Statement;
- Seen the production of a 'Carbon Reduction Plan' in line with Government Sustainable Procurement guidelines (namely Public Procurement Notice 06/21 which came into force in October 2021);
- Introduced sustainability checkpoints into key corporate processes such as the Investment Business Case;
- Fed into product lifecycle management improvement and the development of a new Innovation Strategy;
- Involved working with the FCDO to incorporate IT Sustainability and alignment with the Greening Government ICT and Digital Services Strategy 2020-25.

Meet our new
Chief Sustainability Officer



FCDO Services'
Chief Sustainability Officer Rob Eason

2021/22 saw the UK Government demonstrating international leadership on climate change; hosting COP26 in Glasgow and significantly increasing UK climate targets in alignment with the 'Net Zero by 2050' imperative.

This Annual Report and Accounts features the diverse range of FCDO Services inputs to COP26. We were delighted to play a small part in the success of the historic climate summit and it has undoubtedly raised staff interest and commitment.

During 2021/22 we increased our organisational focus on sustainability. We created a new Sustainability Team and I readily took on the role of championing climate action as Chief Sustainability Officer.

We are running a Sustainability Improvement Programme across FCDO Services. The aim is to make our people, processes and technological standards 'sustainability-ready' to deliver against more ambitious low carbon targets over coming years.

The carbon footprint of FCDO Services and the FCDO are inextricably linked – we share the same premises, facilities and IT services so it makes sense for us to work very closely together on sustainability, along with other users of the One-HMG Platform overseas.

We see attractive opportunities to exploit new technologies that can deliver enhanced security in more sustainable ways, such as the use of remote technologies, virtual reality and artificial intelligence. Green, smart building technologies can deliver many benefits for our Missions overseas and we can partner with, and showcase, UK expertise.

Rob Eason,
Chief Sustainability Officer, Chief Digital and Innovation Officer, Senior Information Risk Owner

Sustainability delivers benefits under each of our Corporate Plan drivers:

- **Grow:** Our customers want us to be a green supplier and help them be more sustainable
- **Save:** There is a significant overlap in resource efficiency and sustainability. Higher energy prices and inflation are bringing this very much into focus.
- **Innovate:** Sustainability drives product improvement and innovation.

Sustainability innovation

We have incorporated sustainability criteria into our product development and innovation strategy. With the creation of a dedicated Sustainability Team in FCDO Services in 2021, we have been able to start to explore future strategic collaborations to deliver solutions with security and sustainability benefits. For example, remote sensing and robotics hold potential to deliver secure services virtually with sustainability benefits.

Data Driven project with FCDO: Post Carbon

In 2021/22 FCDO Services joined with FCDO, as part of its Data Driven Diplomacy and Development Programme, to develop a data model to estimate the carbon footprint of the FCDO overseas operation. This was a fascinating opportunity to explore what we could achieve through mixing existing FCDO data and publicly available energy system data. Though we have more to do, the project gave us the most comprehensive picture yet of the FCDO's global carbon footprint, and has given us a planning tool for better targeting of mitigation activity.

Waste minimisation and management

Examples of footprint reduction initiatives

i. Packaging

We have made good strides in reducing our packaging footprint. We are particularly focused on phasing out single use plastic products and other non-recyclable products. We ceased buying plastic bubble wrap in December 2021 and

we are phasing out the use of residual stocks, re-using the wrap where possible. We shred scrap cardboard for packing material and this is helping the phasing out of plastic products.

In the last year, we have used 720 rolls of paper tape rather than plastic packing tape which has saved 144 kg of plastic. We have found that there is an added resource-efficiency benefit as paper tape is stronger and significantly less is used.

We continue 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 thus minimising weight/volume/costs. We use 100% recyclable Pallette boxes to ship components.

ii. Waste

For security reasons FCDO Services is required to use secure destruction approved contractors that comply with Centre for the Protection of National Infrastructure (CPNI) standards, as well as generic waste handling regulations. We ensure that staff and contractors know how to dispose of waste in line with this complex array of requirements.

These requirements can put constraints on recycling, for example, we have yet to find a supplier that can securely shred old cotton diplomatic bag material so it is incinerated in a facility that generates electricity. We incinerated 32,060 kg of scrap bags in 2021/22. We ensure that other classified waste that requires incineration goes

to facilities that generate usable heat or power.

We ensure that IT waste is handled according to the WEEE Regulations with plastics shredding and extraction of rare minerals. We will be working with suppliers to ensure that we can meet the GGC 2025 target to reduce overall waste by 15% (from 2017-18) and recycle at least 70% of total waste.

iii. Community Engagement

In June 2021 we donated surplus pandemic related PPE and ancillary medical supplies from the test station at Hanslope Park to Willen Hospice in Milton Keynes.

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 2021 to March 2022, 28,160 Diplomatic Bags were laundered, recycled and reused.

Travel – Fleet

Although long haul overseas road journeys were still impacted by COVID-19 pandemic travel restrictions during 2021/22, the demand for short haul freight deliveries and UK operational requests increased three-fold. This was a result of the COVID-19 vaccine rollout and the ROSA secure IT deployment. During 2021/22, the fleet covered just under 300,000 miles, completed over 501 overseas/UK combined runs and conveyed over 380,000 kg of diplomatic consignments. Several government departments approached FCDO Services to utilise our logistics supply chain as we maintained our operational reach throughout the pandemic.

The FCDO Services vehicle fleet supports door-to-door deliveries to over 40 European Missions and delivers consolidated diplomatic loads to our 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, replacing older vehicles with Euro VI standard vehicles which offer much greater fuel efficiency and lower embedded carbon.

Sustainable procurement

FCDO Services has a Sustainable Procurement Policy. It is committed to embedding the Government Buying Standards (GBS) in our contracts, while ensuring compliance with Public Contract Regulations. FCDO Services is committed to implementing PPN 06/20 (Social Value Model) and PPN 06/21 (Carbon Reduction Plan and Net Zero). We report on our sustainable procurement policies and activity under the Greening Government Commitments framework. 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, in line with the Carbon Reduction Plan approach in PPN 06/21.
- Sustainability risk in the supply chain is 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.

FCDO Services procurement team hold the CIPS Corporate Ethics certification, renewed annually, and we are in the process of developing a sustainable procurement capability enhancement plan.

We source our timber products from Forestry Stewardship Council / Programme for the Endorsement of Forest Certification approved sources.

In line with the Modern Slavery Act 2015, FCDO Services produces a Modern Slavery statement annually which is published on our website.

Nature recovery and biodiversity

Along with our landlord, the 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 wildflowers. Regular tree maintenance is carried out along with an annual arboriculture survey. Ecological surveys are carried out prior to any works on-site, paying particular attention to any protected species, for example, a colony of bats resident in Park House. During 2021/22 new trees and hedges were planted on-site to enhance the area and provide habitat for wildlife.

Adapting to climate change

FCDO Services' new Sustainability Team has started to explore the materiality of climate change on FCDO Services' business delivery. FCDO Services' Overseas Regional Services teams assist FCDO in assessing and responding to climate risks to the overseas estate.

IT and digital services

FCDO Services is committed to improving the sustainability of its technology platforms and digital products in line with the Greening Government ICT and Digital Services Strategy 2020-25. FCDO Services is represented on the cross-Government Sustainable Technology Advice and Reporting (STAR) Strategy Group and reports ICT data to FCDO under the STAR framework. During 2021/22, FCDO Services'

technology platform has continued to support COVID-19 pandemic-induced remote working very effectively. We are actively exploring how we can maintain the sustainability benefits of smarter working practices, virtual meetings, reduced travel and reduced paper use, alongside further potential for digital, data and technological solutions to reduce our carbon footprint.

Sustainable construction

FCDO Services is a tenant within FCDO leased properties so does not directly control building improvement activity. In respect of work for clients, FCDO Services is able to deliver property services in compliance with BREEAM green building standards.

Data Report

Mitigating climate change – working towards Net Zero by 2050

FCDO Services shares the FCDO GGC target to reduce overall greenhouse gas emissions (GHG) from UK operations by 56% by 2025 from the 2017/18 baseline. GHG emissions for FCDO Services UK estate in 2021/22 were 11% lower than 2017-18 (adjusted to include FCDO Services wider market business impacts¹) and were on a par with emissions levels in 2018-19 and 2019-20.

In 2021/22, the COVID-19 pandemic had mixed impacts on GHG emissions. Estate heat and power use returned to pre-COVID levels and additional COVID-19-related streams of activity increased emissions. For example, UK fleet mileage increased significantly due to daily vaccine collection trips for overseas consignment and IT equipment deliveries for home working.

Table 1: Greening Government Commitments: FCDO Services 2021/22 Greenhouse Gas Emissions by category compared to 2017/18 baseline year²

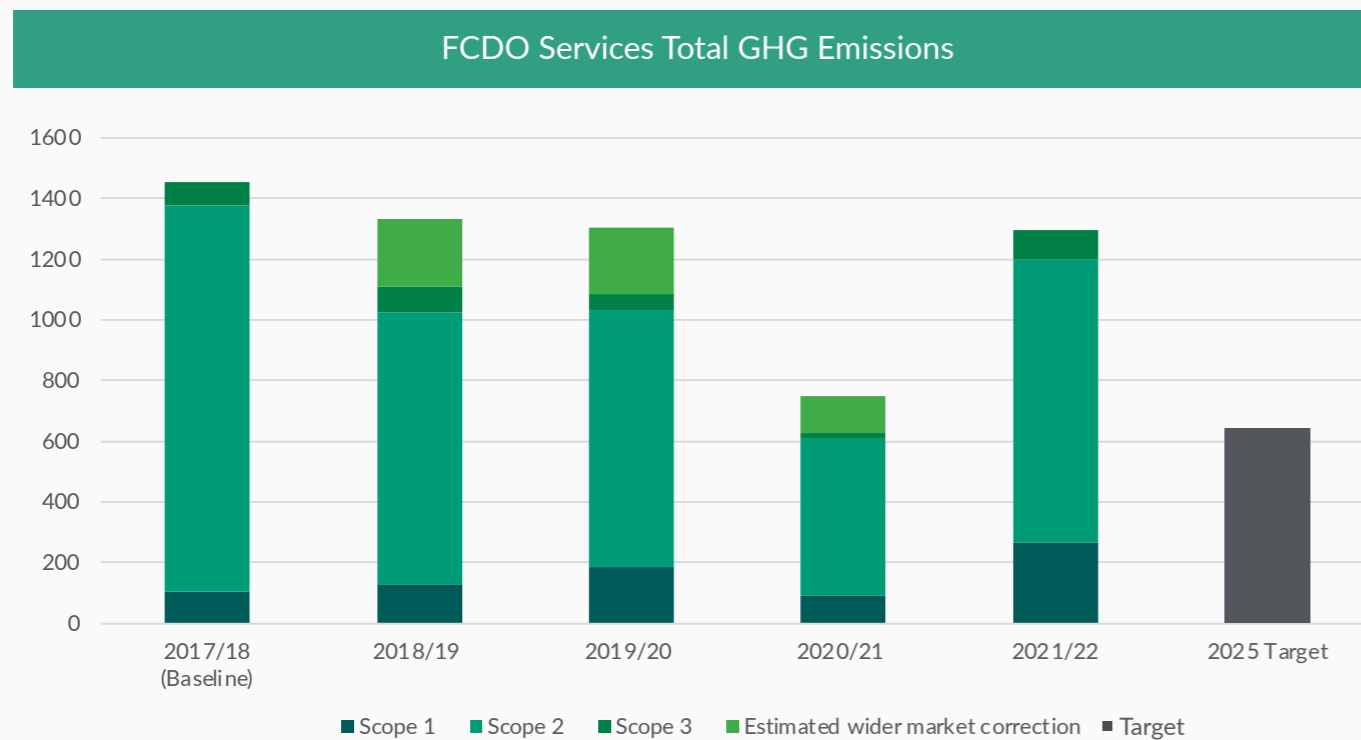
Emission Sources	2021/22			2017/2018 (Baseline)*	
	kWh/miles	tCO ₂ e	GBP (£)	kWh/miles	tCO ₂ e
Electricity	3,260,350	754	754,671	3,070,576	1,181
Gas	12,132	2	1,318	220,510	41
Heating Oil	18,297	5	12,373	94,436	26
Low sulphur fuel oil	152,000	41		-	0
Biomass	-	-	-	34,476	0
Biodiesel	431,123	2	68,889	286,588	1
Whitehall District Heating Scheme	669,299	178	36,964	335,764	89
Fugitive	-	8	-	-	3
Domestic flights	36,917	8	27,461	30,427	12
International flights (UK staff)**	6,717,574	1,867	2,672,331	15,970,576	4,557
UK Rail	20,268	1	89,401	55,249	4
Private Mileage	154,988	46	68,122	134,242	32
Fleet	709,649	207	-	51,485	34
Car Hire	146,063	41	29,434	61,419	18
Taxis	2,683	1	5,358	50,549	13
TOTALS					
Scope 1 (Energy Direct)	-	265	-	-	105
Scope 2 (Energy Indirect)	-	932	-	-	1,270
Scope 3 (Other Indirect)	-	97	-	-	79
Total	-	1,294	-	-	1,454
Total FTE at FY end	-	1,157	-	-	996
Per capita emissions	-	1.12	-	-	1.46

*Adjusted to include UK impacts from all of FCDO Services' business operations.

**International flights are reported as per GGC requirements, but not included in total Scope 3 footprint.

¹ Previously, FCDO Services' Wider Market business activity was not included in GHG emission calculations, but the GGC Exemption Panel decided from 2021/22 they should be included within FCDO's reported impacts. The environmental performance data for 2017/18 and 2021/22 reflects the FCDO's adjusted reporting scope. Performance data for 2018/19, 2019/20 and 2020/21 reflects the scope based on the previous GGC framework unless otherwise stated. (Where an estimated wider market correction is used for comparison purposes, a 20% uplift is applied.)

² tCO₂e stands for tonnes of carbon dioxide equivalent. The GGC's definition for reporting requirements for CO₂ e is: "A universal unit of measurement used to indicate the global warming potential of a greenhouse gas, expressed in terms of global warming potential of one unit of carbon dioxide"



Progress against Direct Estate GHG Emissions

2021/22 is the first year of FCDO Services reporting on Direct Estate Greenhouse Gas Emissions. FCDO Services shares FCDO's target to reduce direct emissions by 30% compared to the 2017-18 baseline. In line with the GGCs, this target comprises direct emissions from estate and operations (excluding vehicle fleet). This includes emissions arising from direct fuel use and fugitive emissions across the estate.

Table 2: FCDO Services Scope 1 Emissions

	2017/18 (Baseline)	2021/22	2025 Target	Comment
Scope 1 GHG emissions (tCO ₂)	71	58	50	Emissions decreased by 18% from 2017/18 to 2021/22. Target is 30% reduction on 2017/18 by 2025.

Greening Fleet Commitment

Table 3: FCDO Services' Fleet Composition

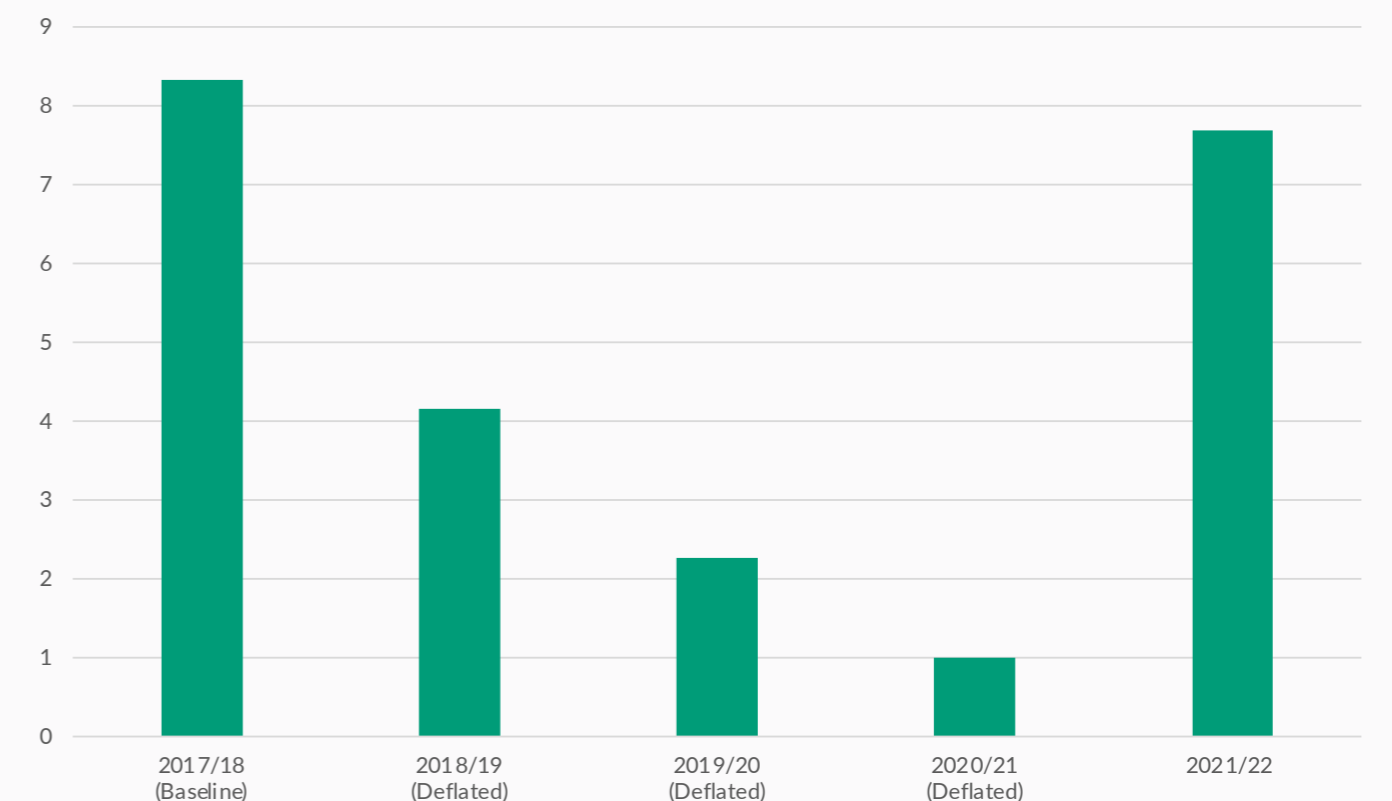
Government Fleet Commitment	2021/22 (No. of vehicles)	Comment
Petrol and diesel	20	Targets: Dec 2022 target: 25% of car fleet to be ultra-low emission vehicles (ULEV). Cars on order - on target to meet target. Dec 2027 target: 100% of car and van fleet to be fully zero emissions at the tailpipe.
Mild hybrid >50kg/km	5	
Full electric	0	FCDO Services plans to manage the transition in alignment with its normal vehicle replacement schedule and is consulting closely with FCDO on dependencies around the installation of electric vehicle charging infrastructure on the FCDO estate. Availability of new vehicles is also a constraint to meeting target deadlines.
Total no. cars and vans <3.5 tonnes	25	

Greening Government Commitments: progress against domestic flights target

Table 4: FCDO Services' Domestic Flight Footprint

Domestic flights	2021/22	2017/18	Comment
Number of flights	161	180	In 2021/22, FCDO Services' emissions from domestic flights decreased by 4% since the baseline year of 2017-18. Domestic flights increased in 2021/22 due to major project delivery activity in Scotland. Going forward we will adopt the FCDO policy to use rail by default for domestic travel and, where possible, aim to reduce travel requirements altogether through the use of virtual technology.
Distance travelled (miles)	36,917	30,427	
Carbon footprint (tCO ₂ e)	8	12	

FCDO Services Domestic Flights (tCO₂)



Greening Government Commitment: reporting international flights

2021/22 is the first year of FCDO Services reporting on international flights. In line with new GGC requirements, the aim is to get a better understanding of the frequency, distance and carbon footprint of official international flights by staff based in the UK, with a view to reduce related emissions. The international flight carbon footprint is not required by GGC to be included in Scope 3 reporting for 2021/22.

International flights are core to FCDO Services delivery. The flight footprint includes Logistics operations flights by the Accompanied Diplomatic Bag messenger service and visits by professional and technical staff to deliver secure projects at overseas diplomatic posts. We are exploring ways to increase efficiency in delivery and use virtual and robotic delivery systems. The introduction of a global travel supplier in late 2020/21 has started to provide us with more granular data on our flight spend and emissions for staff travel and will allow for more detailed analysis of how FCDO Services can reduce global travel emissions.

Table 5: FCDO Services' International Flight Footprint by staff based in UK

Staff based in UK	2021/22		
	TOTAL	Short-haul (Europe)	Long-haul
Number of international flights	2,669		
Distance (miles)	6,717,574	1,410,571	5,307,003
Carbon (tCO2e)	1,867	204	1,663

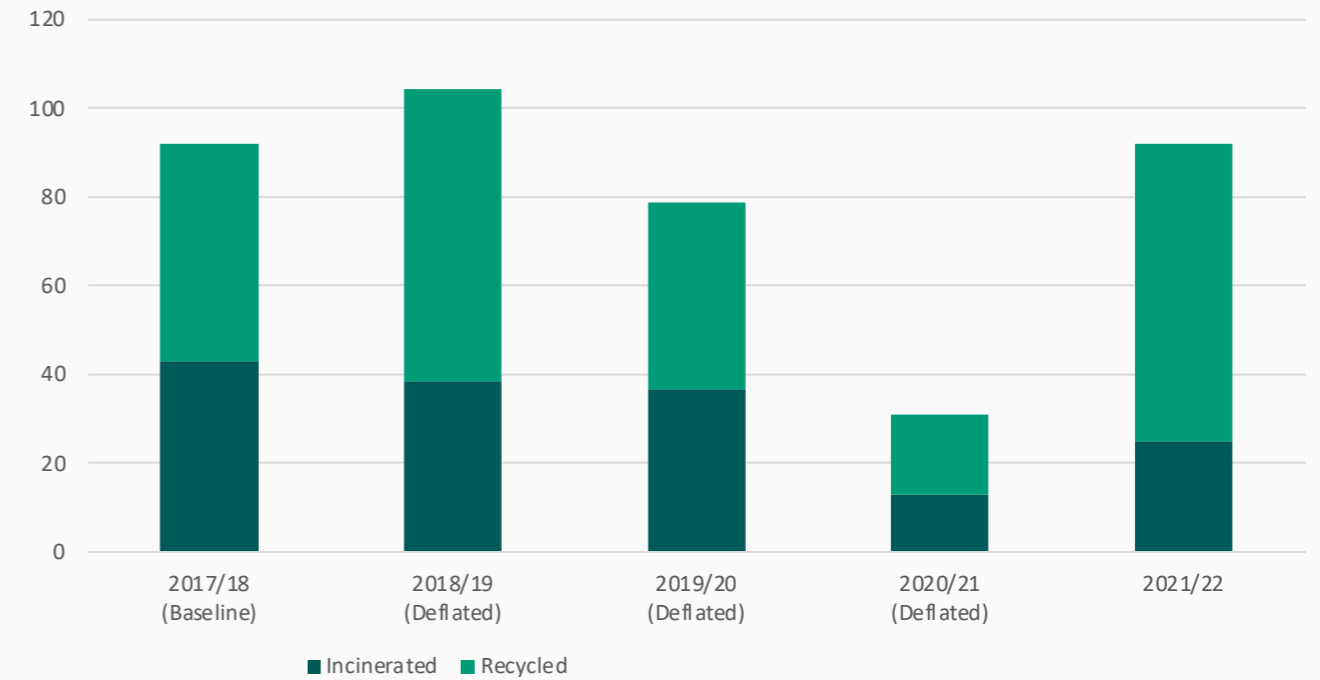
Greening Government Commitments: progress against waste target

We will be working to reduce overall waste, including as part of a wider efficiency drive, to put us on track for the target of 15% waste reduction by 2025. ICT waste is likely to increase as an ICT upgrade is rolled out in 2022/23. As hybrid ways of working become established and staff return to more office working, we will work to improve the way we stream, segregate and recycle waste including continuing to increase food waste recycling.

Table 6: FCDO Services' Waste Management

Waste disposal method	2017/18 (Baseline) tonnes	2021/22 tonnes	Expenditure (£)	Comment
Landfill	0	0		2025 target: Reduce the amount of waste going to landfill to less than 5% of overall waste. Achieved.
Incinerated	43	25	With energy recovery	20,588
			Without energy recovery	3,442
Recycled	49	67	Re-use	11,980
			Waste composted / Food waste	1,400
			ICT waste recycled, reused and recovered (externally)	75,730
TOTAL	92	92	113,140	
% change in weight of total waste		0%		2025 target: Reduce the overall amount of waste generated by 15% from the 2017-18 baseline.
% recycled	53%	73%		2025 target: Increase the proportion of waste that is recycled to at least 70% of overall waste. Exceeded.

FCDO Services Waste (Tonnes)



Consumer single-use plastic usage and reuse schemes

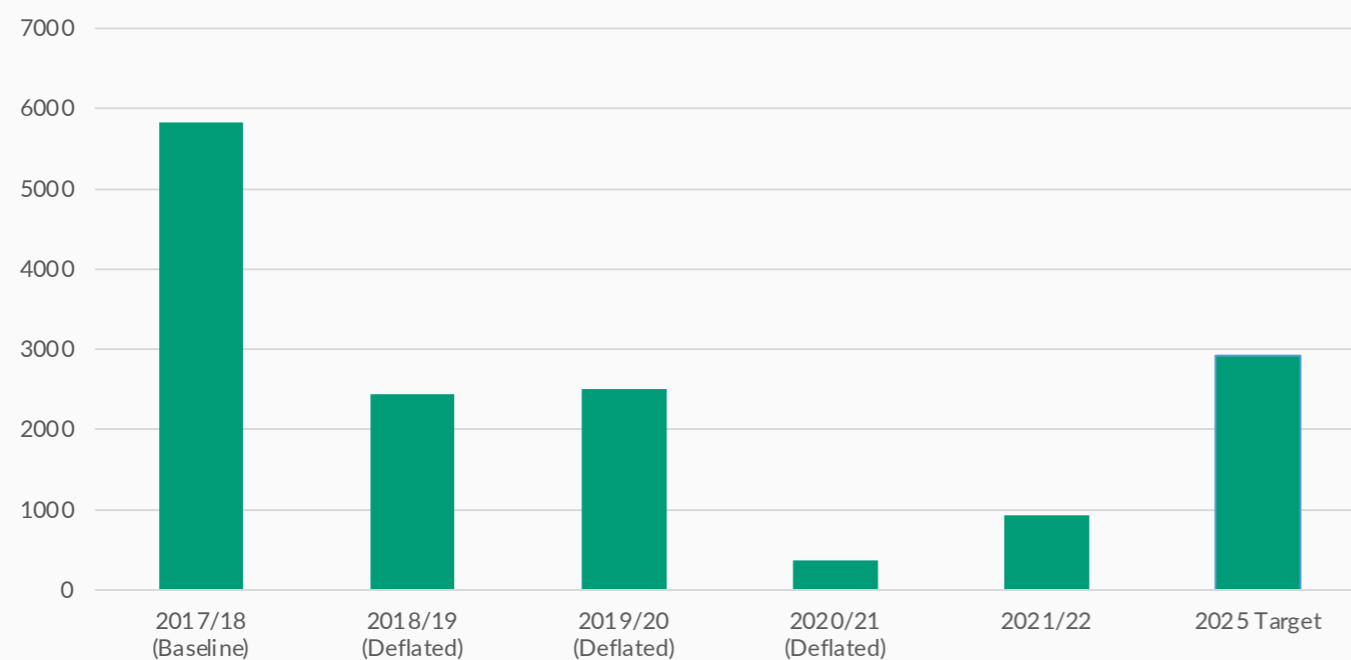
In line with the Government's 25 Year Environment Plan, FCDO Services will continue to work with FCDO to remove consumer single-use plastic from across UK the estate and achieve zero avoidable plastic waste by the end of 2042. FCDO Services' Logistics operations are actively reducing the use of plastic packaging materials, replacing them with re-used and recyclable materials.

Greening Government Commitments: progress against paper consumption

Table 7: Paper Consumption

Paper consumption	2017/18	2021/22	Comment
Total paper consumption (Reams A4 equivalent)	5,830	930	2025 Target: Reduce paper use by at least 50% from a 2017 to 2018 baseline. Exceeded: paper usage decreased by 84% in 2021/22 compared to the 2017-18 baseline. New ways of working, often paperless, are likely to support sustained lower paper use.
FTE	996	1,157	
Reams per FTE	6	1	

Paper Consumption (reams of A4 equivalent)



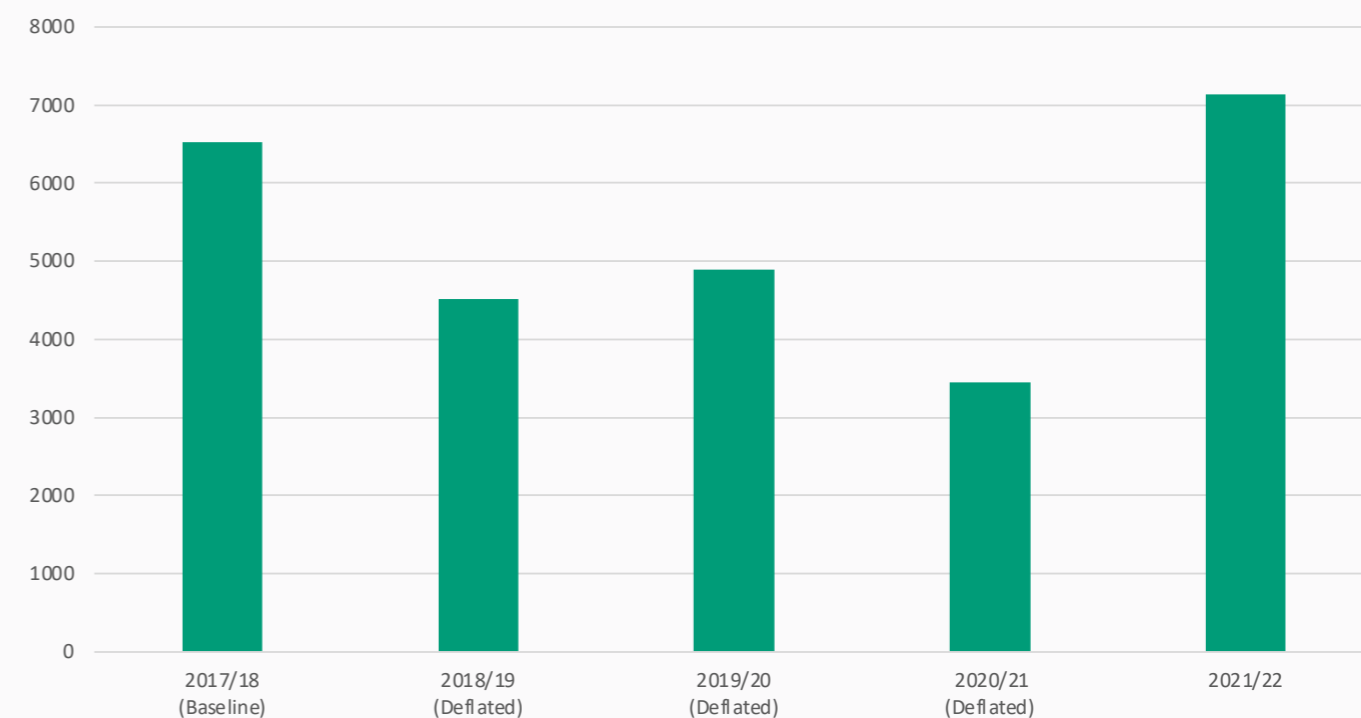
Greening Government Commitments: progress against water target

FCDO Services' overall water usage increased by 10% in 2021/22 compared to the 2017-18 baseline. We continue to work with FCDO to counter the trend and encourage the efficient use of water in UK offices, ensuring repair or replacement of water devices with efficient alternatives when appropriate.

Table 8: Finite Resource Consumption – Water

	2017/18	2021/22	Expenditure (£) 2021/22	Performance	Comment
Consumption (m³)	7,225	7,141	22,273	1.2% decrease in total consumption	2025 target: reduce water consumption by at least 8% from the 2017-18 baseline.
Staff FTE	996	1,157	-	-	-
Performance per FTE	7.2	6.2	-	14% improvement per FTE	-

Total Office Water Consumption (m³)



Normalised Performance

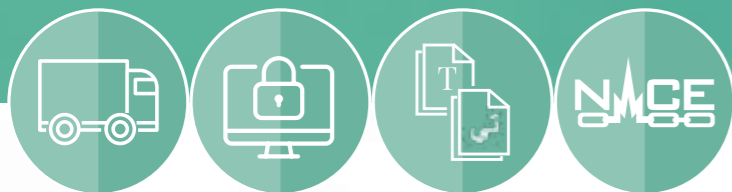
To allow comparison between years and organisations, the following table normalises sustainability impacts by staff numbers. The COVID-19 pandemic and hybrid working significantly impact office use by staff, requiring careful analysis of per staff FTE based calculations for office impacts.

Table 9: Normalised Performance

Impact per full time equivalent (FTE)	2017/18	2021/22
Staff FTE	996	1,157
Greenhouse gas emissions	1.46 tonnes of CO ₂ e per FTE	1.12 tonnes of CO ₂ e per FTE
Waste arising	92 kg per FTE	79 kg per FTE
Paper consumption	6 reams of A4e per FTE	1 ream of A4e per FTE
Water consumption	7.2 m³ per FTE	6.2 m³ per FTE

COP26 international climate change conference

The twelve day conference took place in Glasgow from 31 October to 13 November 2021.



Case Study

"We were delighted with the work delivered by the translation team. Working hand in glove with them meant we were able to provide many key documents in the UN working languages, which contributed greatly to the success of our COP26 lobbying and engagement."

Head of International Engagement - Overseas network, Africa, regional and UN/multilateral influencers, Cabinet Office

The United Nations COP26 Climate Change Conference was one of the biggest international diplomacy events the UK has ever hosted.

World leaders – alongside tens of thousands of negotiators, government representatives, businesses and citizens – attended the conference for talks on tackling the climate change emergency. The landmark conference positioned global climate action closer to a 'Net Zero by 2050' trajectory, with increased commitments and accelerated action plans agreed across the range of climate mitigation and adaptation measures.

Our involvement

Teams from FCDO Services were actively involved with the event, providing logistical and delegate support, technical security and translation services.

Our contribution to the logistical success of COP26 has increased organisational appetite to be more sustainable and set a pathway to net zero.

Support for delegates

Our staff joined teams from various Departments, supporting the delegates at the conference. The event included a two-day Leaders Summit attended by 120 world leaders. Official VIPs were assigned a dedicated support officer to act as logistical liaison. Behind the scenes, a team of logistical support officers juggled arrival and departure details, airport landing slots, charter flights, visa requirements and transport arrangements.

Delegations were very grateful for the support they received. For our staff, it was a brilliant opportunity to engage with high profile leaders and their teams. Seeing

and hearing emotive speeches on the climate emergency from world leaders and celebrity attendees will be a life-long memory for them. One colleague commented, "The experience taught me a lot about climate change and the importance of making a difference now."

Translation and Interpreting services

A number of government partners used FCDO Services' Translation and Interpreting service for the event. Texts covered issues including sustainable land use, eco-friendly farming and de-carbonising road transport. The translations were formatted as press releases, briefings and preparatory documents.

The team translated 'COP26 Explained' for the Cabinet Office - a foundation document setting out the significance and objectives of the conference. The document was translated into the five United Nation languages: Arabic, Chinese, French, Russian and Spanish. Managing changes and amendments across multi-language documents was crucial to the success of the project.

IT Infrastructure feasibility study of the Scottish Event Centre (SEC)

Given the scale of the event, the FCDO's Major Events Protocol Team commissioned FCDO Services' Technical Security experts to undertake an IT infrastructure feasibility study of the 40-acre campus. Our experts documented and assessed the chassis, capacity, cabling, power, earthing, lighting, fire suppression and security of over 40 IT cabinets. In addition, they carried out electronic

testing on more than 750 cables, totalling 141 kilometres of cable.

We produced a 482 page report identifying nearly 800 remedial work actions and recommendations. We were able to react quickly to the brief and work in an agile way to complete the project around ongoing use of the venue. Turning the work around to a tight schedule enabled the event contractor to proceed with preparatory work at speed.

UK NACE

Implementing technical security services at key international meetings such as COP26 is part and parcel of the work of the UK National Authority for Counter-Eavesdropping (UK NACE). In 2021, the group was extensively involved in high profile G7 meetings held under the UK G7 Presidency.

In the run up to COP26, the implementation team worked under considerable time pressures to complete all pre-conference activities. Technical experts, such as the Radio Countermeasures (RCM) team, ensured resilient, secure venues for HMG functions held during COP26 and other aspects of the programme. The team worked alongside the police and the Ministry of Defence (MOD) to assess the venues and deliver technical services, taking into account COVID-19 constraints.

The success of such risk mitigation services is ultimately judged by threats avoided. UK NACE's technically skilled, behind-the-scenes work is rarely publicised, but the team are consummate professionals and an exemplar of FCDO Services' delivery. The RCM Team were nominated for a Team of the Year Award at the Cabinet Office-led Government Security Awards 2022.

Outside the COP26 Climate Change Conference in Glasgow



Accountability Report

Review of Financial Performance

Total revenue delivered in 2021/22 was £189.1m, an increase of £14.8m (8.5%) on the revenue of £174.3m reported for 2020/21. The Chief Operating Officer (COO) group recorded an increase in revenue of £3.9m (2.4%), predominantly down to the lifting of coronavirus restrictions which restricted our ability to deliver revenue overseas last year. The Chief Digital and Innovation Officer (CDIO) group recorded positive growth of £10.7m (89.0%) with £6.4m secured by UK NACE (UK National Authority for Counter-Eavesdropping) and revenue in Sensitivity Reviewers returning to pre-pandemic levels, COVID having impacted this service significantly. The revenue performance for the year represents a good recovery from the impact of COVID, albeit remaining below our peak of £197.9m in 2019/20.

Revenue from FCDO (£128.8m) increased by £19.6m (17.9%), with an element of the increase due to the UK NACE funding and the remainder due to the easing of travel restrictions, allowing delivery of increased overseas projects.

FCDO Services achieved a gross surplus before operating expenses of £46.8m, a return of 24.8% on revenue which is higher than 2020/21 (£41.4m, 23.7%).

During 2021/22 other income of £0.3m was received (2020/21 - £0.2m) being solely the drawdown of monies from the apprenticeship levy relating to recoverable training costs of eligible personnel.

Our operating expenses at £39.9m are running at 21.1% of revenue compared to 20.0% in 2020/21, an increase of £5m, as compared to the prior year reported. This was primarily driven by the increase in revenue delivered due to travel restrictions lifting, allowing greater delivery

of projects and services to our partner organisations. The largest operating expense, staff costs, was in line with prior year as we managed to retain our highly skilled, security cleared staff throughout the pandemic whilst reducing dependency on agency staff.

The COO operating surplus of £7.0m compares to an operating surplus of £8.5m for the prior year, which at 4.2% of revenue is lower than the prior year performance in percentage terms (2020/21 - 5.2%). The performance is predominantly driven by an increase in overhead costs.

CDIO total revenue was £22.8m (2020/21 - £12.1m), an increase of £10.7m from the previous year. This is predominantly driven by UK NACE, as outlined above, and an increase in the revenue delivered by Sensitivity Reviewers. The operating surplus of £0.2m (1.0% of total revenue) is higher than the operating deficit of £1.8m (-15.1% of revenue) for 2020/21 and is predominantly driven by the increased revenue delivered in year.

Overall for 2021/22, FCDO Services achieved an operating surplus before financing of £7.2m; a return of 3.8% on revenue, compared to £6.7m and a return of 3.9% 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 in 2021/22 that can be directly attributed to COVID-19 disruption were £1.4m (2020/21 £3.8m). The majority of this cost, £1.12m, 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. In line with the previous year a business relief agreement was in place with FCDO to ensure

we were not required to furlough, or reduce, our highly skilled, security cleared workforce. The first principle of the agreement when considering COVID-19 mitigation response was to 'do no harm'.

The business did take some of the costs relating to COVID-19 as business as usual costs in the year, rather than reclaiming them from FCDO, including the costs associated with the silver command function.

Financing income and costs

Net financing income in 2021/22 totalled £0.1m, compared to net financing income of £nil in 2020/21.

Surplus for the year

Our reported surplus for the financial year of £7.3m (2020/21 - £6.7m) was a consistent rate of performance (3.9%) with the rate in 2020/21 (also 3.9%), which reflects how positives measures implemented during 2020/21 protected the financial position of the business.

The statutory dividend in this financial year was £2.3m (2020/21 £2.1m) with no discretionary dividend (2020/21 no discretionary dividend), which resulted in a retained surplus for the financial year of £5.0m (2020/21 £4.6m).

Net assets

FCDO Services continues to invest in accordance with the requirements in our Corporate Plan, with capital additions of £5.0m in property, plant and equipment. This was higher than 2020/21 expenditure (£1.6m) as investment was deferred in 2020/21 to manage cash during the coronavirus pandemic.

At 31 March 2022, FCDO Services held net assets of £66.2m against an opening year position of £60.6m, with the movement of

£5.6m driven by an increase in trade and other receivables.

Net assets comprise: non-current assets of £12.1m (2020/21 £8.8m), inventories of £3.9m (2020/21 £2.7m), cash and cash equivalents of £64.8m (2020/21 £69.1m) and other net liabilities of £14.6m (2020/21 other net liabilities £20m).

Cash generation

FCDO Services generated a net cashflow outflow for the year of £4.3m, with a cash position of £64.8m at 31 March 2022 (2020/21 £69.1m). This reduction in cash relates primarily to the outflow of cash to purchase capital equipment.

Cash management

Trade receivable days outstanding were 23.6 days at the end of March 2022 (March 2021 25.2 days), reflecting timing delays in relation to receipts as a result of the coronavirus disruption at the end of the previous financial year. In 2021/22, FCDO Services sustained the average payment rate of 84% (2020/21 83%) 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 2022 (2020/21 2.1).

Financial performance targets

FCDO Services' financial performance in 2021/22 was measured against two key financial performance indicators: Return on Capital Employed (ROCE) and in year surplus before interest.

In year surplus before interest: Target achieved

In year surplus before interest, tax and dividend result of 3.8% (2020/21 3.9%), compared against a target of 0.0%.

Return on Capital Employed (ROCE): Target achieved

The result for the year of 11.6% (2020/21 13.5%) compared against a weighted average target of 6.5%. Given the service based, non-capital intensive nature of the business, ROCE is typically higher than 6.5%.

Other ministerial targets

Customer Satisfaction: Target achieved

We achieved an 86.6 (2020/21 86.8) customer satisfaction rating exceeding our target of at least 82.0. 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 82.0% has been exceeded, with an average productivity of 82.5% achieved by revenue earning staff (2020/21 Q3/4 - 80.9%). This performance continues to reflect tight operational grip, good time recording and accurate forward planning of workforce requirements.

People - My Manager: Target achieved

In 2021/22 the target was achieved with a resulting score of 72.0% (2020/21 73.0%) compared to the target of 65.0%.

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 elsewhere in this report. There have been no significant events after the reporting period which is noted in Note 20 of the accounts. The total audit fee for 2021/22 is £117.5k (2020/21 £122k).

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.

Mike Astell
Chief Executive Officer and
Accounting Officer

30 June 2022

Table of performance against ministerial targets

KPI	Target	Result	
In year surplus	An in year surplus before interest, tax and dividend in excess of 0.00%.	3.8%	Exceeded
Return on capital employed	A Return on capital employed (ROCE) of at least 6.5% (weighted average before accounting for costs directly associated with COVID-19).	11.6%	Exceeded
Customer satisfaction	In-year customer satisfaction rating average at least of 82.	86.6	Exceeded
Productivity	Productivity ratio of at least 82%, measuring actual billable hours versus available billable hours.	82.5%	Exceeded
Management	An average People Survey score for "My Manager" measuring 65%.	72%	Exceeded
Engagement	An average People Survey score for "Employee Engagement" measuring 61%	61%	Met


Corporate governance report

Directors' report


Details of FCDO Services' executive and non-executive directors for the period April 2021 to March 2022 are listed later in this report. For a full list of our board directors roles and responsibilities visit the About Us section of the FCDO Services website.

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 later in this report, 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




Sir Simon Gass,
Non-Executive
Director and Chair




Richard Gunning,
Non-Executive
Director and
Audit and Risk
Assurance
Committee Chair




Joy Hutcheon CB,
Non-Executive Director




Jenny Bates,
Non-Executive
Director




Ann Tourle,
Non-Executive
Director




Bill McCluggage,
Non-Executive
Director




Mike Astell
Chief Executive
Officer
Start of contract:
16/09/2021



Yvonne Laird,
Chief Finance
Officer
Start of Leave:
12/03/2022




Tim Gall
Interim Chief
Finance Officer
Start of interim
promotion:
12/03/2022




Rob Eason,
Chief Digital and
Innovation Officer
(CDIO) and Senior
Information Risk
Owner (SIRO)


FCDO Services Executive Board




Mike Astell, Chief
Executive Officer
Start of contract:
16/09/2021




Yvonne Laird,
Chief Finance
Officer
Start of Leave:
12/03/2022




Tim Gall
Interim Chief
Finance Officer
Start of interim
promotion:
12/03/2022




Rob Eason,
Chief Digital and
Innovation Officer
(CDIO) and Senior
Information Risk
Owner (SIRO)




Nasrin Cobb,
Director of
Customer
Relationships




**George
Hickerton**,
Director of
Engineering and
Operations




**Phil
Worthington**,
Director, Human
Resources




Suzanne Pinkett,
Chief of Staff
and Director of
Communications



Melanie Johnson,
Interim Global
Logistics
Operations
Director



Liz Harris,
Director of
Technology and
Operations



**Fraser Addiscott-
Black**,
Director of
Regional Services

Not featured above:
Danny Payne CMG, Chief Executive Officer contract finish date: 31/12/2021 and Claire Shepherd, Chief Operating Officer contract finish date: 30/10/2021

Statement of 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.

Mike Astell
Chief Executive Officer and Accounting Officer

30 June 2022

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.

I was appointed to FCDO Services in September 2021. I received a handover from my predecessor, Danny Payne, as well as briefings from Executive Directors, which included the appropriate assurances that the system of internal controls was sound and effective prior to my appointment as Accounting Officer. I also confirm that I have undertaken the relevant training as an Accounting Officer with public accountability.

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 an 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 Treasury¹ and Cabinet Office guidance³.

3. The Governance Framework

Our corporate strategy and ministerial targets are set out in a Corporate Plan, which seeks the input and support of the Partnership Board, the FCDO Management Board, the FCDO Director-General for Corporate, Finance and Transformation, 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 role of Chief Operating Officer has been under my stewardship, in my role as CEO, since the departure of the previous incumbent in late October. The position has been reset to that of Chief of Operations, and recruitment into the role commenced in 2022. The FCDO Services Board has six part-time non-executive directors. One non-executive director resigned at the end of March 2022, recruitment was initiated to replace them in 2022.

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.

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. Hybrid meetings (a mix of virtual and in-person) have been held at appropriate intervals to help shape the future strategic direction of the organisation and mitigate key long-term risks.

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

¹ *Corporate governance in central government departments – Code of Good Practice*, published in April 2017

² *Managing Public Money*, published in May 2021

³ *Partnerships between Departments and Arm's-Length Bodies: Code of Good Practice*, published in February 2017

of each meeting to allow the opportunity for such declarations.

A light touch Board effectiveness review was undertaken from July to August 2021. This looked at the progress in implementing the recommendations from the comprehensive March 2020 effectiveness review, summarised as: 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. The Chair concluded he was assured of the Boards effectiveness.

The Board has two subcommittees, the ARAC and the People Committee. The Board, the ARAC and the People 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; one non-executive Director (also a Board member) serving as Chair and two further members. One other non-executive Director also served as a member throughout the period, before resigning on 30th March. A replacement will be recruited in 2022.

The following also have a standing invitation to attend: a lead representative of the FCDO's Internal Audit and Investigations Directorate; the National Audit Office; the Chief Finance Officer; the Accounting Officer and all Non-Executive Directors formally appointed to the Board, including the Chair of the Board. Members of the Executive Board and others attend by invitation, as required.

The People 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 in 2021/22.

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>.

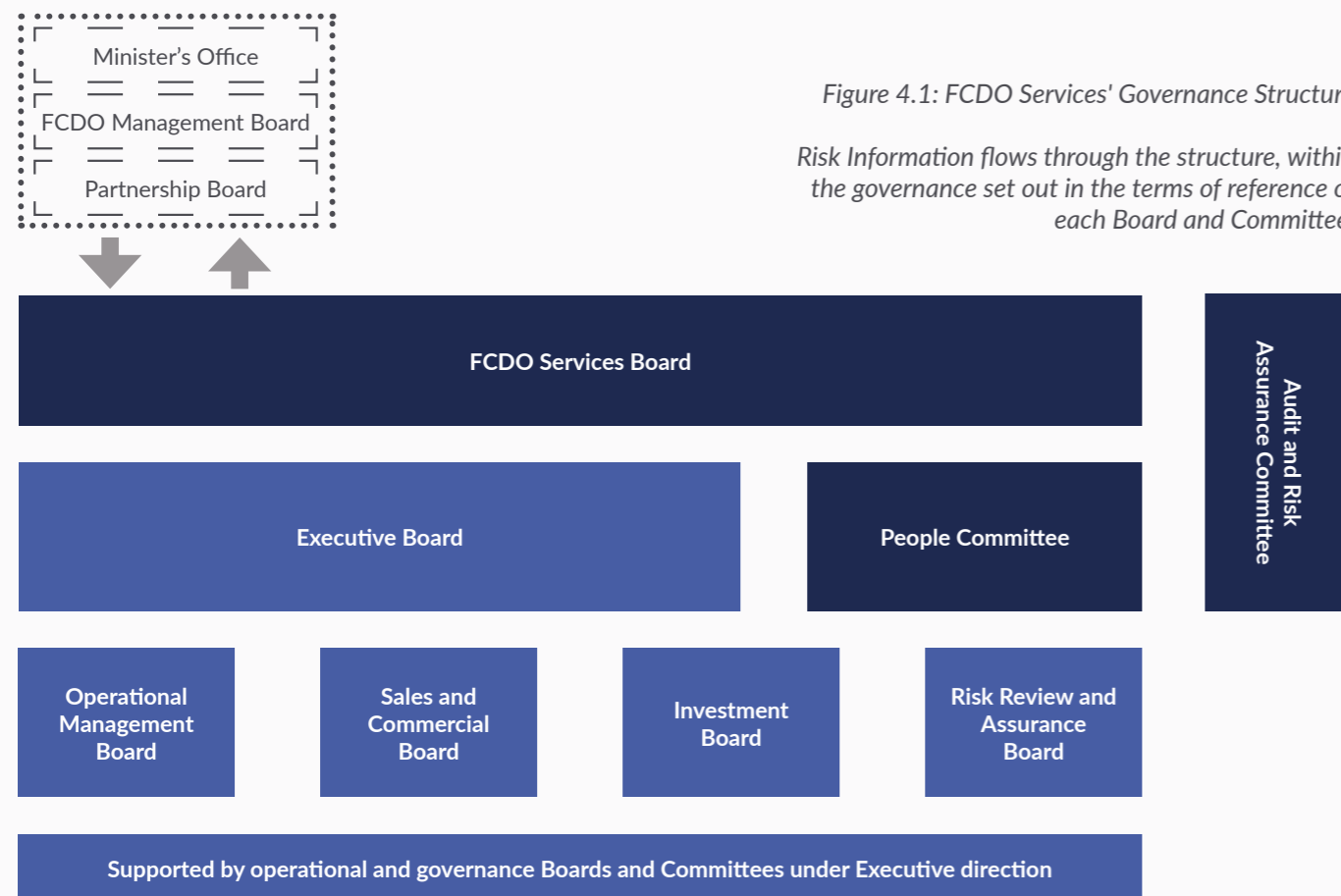
4. System of Internal Control

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:

4.2 Boards and Committees

Figure 4.1: FCDO Services' Governance Structure

Risk Information flows through the structure, within the governance set out in the terms of reference of each Board and Committee.



FCDO Services Board

Frequency of meeting: Bi-monthly Chair: Sir Simon Gass, Non-Executive Director

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. 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 People Committee
- Approval of the previous meeting's minutes and Board action log discussion
- A corporate performance dashboard and reports on finance, corporate risk and health and safety, as well as other management information.

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.

Audit and Risk Assurance Committee (ARAC) (Board subcommittee)

Frequency of meeting: Quarterly Chair: Richard Gunning, Non-Executive Director

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. Standing items include:

- The internal audit programme, reports and management action plans
- The adequacy of management response to issues identified by audit activity, including the NAO Management Letter
- Review, and advise, the Accounting Officer regarding the Annual Report and Accounts.
- Review of year-end financial statements
- Risk management, the governance framework and review of the Principal risk report
- FCDO Services' accounting policies and financial accounts, including the process for their review prior to submission for audit.
- Health and Safety, cyber security, and Senior Information Risk Officers' reports

People Committee (Board subcommittee)

Frequency of meeting: At least two a year Chair: Sir Simon Gass, Non-Executive Director

The People Committee (formally known as the Nominations Committee until October 2021) 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.

4.2 Board and Committee Attendance

(April 2021 to March 2022, including extraordinary Board and ARAC meetings in June 2021)

Board Member	FCDO Services Board	ARAC	People Committee
Sir Simon Gass KCMG CVO Non-Executive Director, Chair of Board and People Committee	7 of 7	-	3 of 3
Richard Gunning Non-Executive Director, Chair of ARAC	7 of 7	5 of 5	-
Joy Hutcheon CB Non-Executive Director (resigned 31 March 2022)	5 of 7	4 of 5	-
William McCluggage Non-Executive Director	7 of 7	-	-
Ann Tourle Non-Executive Director	7 of 7	-	3 of 3
Jenny Bates Non-Executive Director	6 of 7	-	-
Juliette Wilcox Independent Director	-	4 of 5	-
Carmel Thornton FCDO Representative, ARAC Member (appointed, 17 June 2021)	-	3 of 4	-
Danny Payne CMG CEO and Accounting Officer (resigned 31 December 2021)	4 of 4	-	1 of 1
Mike Astell CEO and Accounting Officer (appointed 17 September 2021)	3 of 3	-	2 of 2
Rob Eason Digital and Innovation Officer and Senior Information Risk Officer (SIRO)	5 of 7	-	-
Yvonne Laird Chief Finance Officer (on leave from 11 March 2022 until Spring 2023)	7 of 7	-	-
Tim Gall Chief Finance Officer (interim appointment from 12 March 2022)	0 of 0	-	-
Claire Shepherd Chief Operating Officer (resigned 30 October 2021)	3 of 4	-	-
Philip Worthington Director of Human Resources	-	-	2 of 3

4.3 Executive Boards (frequency monthly)

Meetings	Purpose
Executive Board (Executive Body)	<p>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. Responsibility for providing leadership and promoting a culture of information health and safety and security awareness.</p> <p>This is undertaken by :</p> <ul style="list-style-type: none"> • Agreeing strategic aims, objectives and key policies, translating them into team and individual objectives; and, • Leading the delivery of the performance targets set out within the business plan.

Continued from the previous page

Meetings	Purpose
Investment Board (Executive subcommittee)	<p>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.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> • Approving all Capital and Research and Development expenditure. • Monitoring and reviewing progress against the Corporate Plan in terms of investment performance and out-turn risk. • To discuss and agree wider investment opportunities; and, • To seek assurance from the governance across FCDO Services that all investment governance/controls are in place. <p>Finally, the Investment Board validates any adjustment to dividend, pricing or investment policy, provided the CEO is in attendance.</p>
Sales and Commercial Board (SCB) (Executive subcommittee)	<p>The Sales and Commercial Board (SCB) oversees the development of the sales and revenue pipeline to ensure sufficient new business opportunities are available to bridge the potential gaps in the projected revenue to the corporate plan. The Board aims to increase commercial excellence through sharing information.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing the sales and pipeline data and reports, reporting performance and highlighting emerging risks. • To provide customer and market insight. • Identify and discuss emerging product and services; and, • Monitoring collective performance for commercial activity. <p>Finally, the Board is a point for commercial and organisational risk escalations to be raised for further discussion at the Executive Board.</p>
Operational Management Board (OMB) (Executive subcommittee)	<p>The Operational Management Board (OMB) monitors operational delivery and issues across the whole business. Responsibilities include:</p> <ul style="list-style-type: none"> • Oversight of corrective action when targets are not met and the conduit to drive performance improvements developing best practice initiatives through sharing information. • Resolution of issues or disputes within areas of the business. • Identification of points of escalation to be raised for further discussion at the Executive Board as required.
Risk Review and Assurance Board (RRAB) (Executive subcommittee)	<p>RRAB Members are responsible for providing expert advice and insight to the Executive, the ARAC, and relevant governance Boards, on the robustness of evidence and absence of control. Providing assurance that risks are effectively communicated and managed. Responsibilities include:</p> <ul style="list-style-type: none"> • Assurance of risk management activity. • Horizon scanning. • Summarised reporting of operational and specialist risks. • Reviewing and advising upon available risk data. • Applying professional knowledge to the risks reviewed. • Contributing to the governance structure and framework of risk management across FCDO Services; and, • Open, robust discussion about risk events.

Continued on the following page

4.4 Key Processes

Frequency	Process	Purpose
Annual	Corporate Plan	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.
Quarterly	Revised Annual Plan (RAP)	Base-lining of the annual plan against the present known business position and updated forecasts.
Monthly	Monthly Trading Accounts	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.

4.5 Assurance

Frequency	Process	Purpose
Annual	NAO external audit	Providing internal control comments in its management letters and audit of the annual financial statements and value for money.
	Annual programme of internal audits	Delivered by independent auditors, to Public Sector Internal Audit Standards.
	Executive letters of assurance	A signed letter of assurance from the Executive Directors to the Accounting Officer, summarising the status of risks and internal controls, and actions taken.
Monthly	SIRO (Senior Information Risk Officer) Dashboard	Reports, oversight and assurance for information risk and information assets.
	Principal Risk Report	A consolidated report of the principal and high level operational risks to FCDO Services.
Periodically	Health and Safety, internal audits, inspections and Committee	The audits and inspections address statutory and policy compliance from within the business. The Committee's purpose is to lead and influence FCDO Services in the proactive delivery of the health and safety management system.
	Executive approval of capital expenditure projects	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	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) certification	<ul style="list-style-type: none"> • ISO 22301 [Business Continuity Management] • ISO 9001 [Quality management systems] – Across a number of our key operational functional areas. • ISO 27001 [Information Security management] – Across customer facing elements of our IT Services.

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 a number of Nominated Officers appointed, 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. Risk Control and Framework

5.1 Risk management framework

FCDO Services operates a framework of risk reporting which supports 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). This has been maintained throughout the reporting period.

Our network of risk governance boards and support services oversee the application of the risk management framework and processes, enabling the flow of information. They are a source of advice on the application of the framework, whilst seeking assurance that risk management activities enhance the resilience of FCDO Services and are proportionate.

For the purpose of consideration and planning, risks are set within a taxonomy consisting of eight categories: Customer; People; Process; Technical (Operational and Hardware); Finance; Data, Information Management and Information Security; Governance; and, External. Within 2021/22 the FCDO Services Board reviewed and approved high level appetite statements across these eight categories.

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 of and compliance with organisational policies and process.

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. The third line of assurance is further supported by an annual audit from the National Audit Office (NAO) and commissioned external audits from professional bodies such as the International Organisation for Standards (ISO).

I am not aware of any evidence to suggest material deficiencies in our risk management process. In line with the principles of the Orange Book⁴ 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, National Cyber Security Centre (NCSC) and Regulators.

The risk profile of the management of information is reported to the FCDO Services Board through the Principal 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.

⁴ HM Treasury, *The Orange Book | Management of Risk - Principles and Concepts*, published 2020

All staff are required to complete a mandatory "Insider Threat" e-learning course. Information Asset Owners (IAOs), have been issued with a terms of reference letter for their role and made accountable through quarterly and annual reporting for their information assets.

There are regular formal communications from 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 responsibilities. Workshops and training are provided to existing members when needed.

Data Protection guidance material is reviewed and updated regularly to reflect the changes to the UK Data Protection laws and Information Commissioner Office guidance. Guidance is posted on the intranet through SIRO messages, and all-staff bulletin entries are released to raise awareness. A supplier assurance process, and supporting checklists and declaration are in place to maintain controls and to gain assurance from third party suppliers who are handling our information. In addition, a Schedule of Processing and a Data Processing Agreement should be in place where applicable and necessary.

Throughout 2021/22 the cyber threat landscape has continued to evolve with increased threat due to COVID-19 and the increase in home working. It should be noted that within FCDO Services there are a limited number of systems facing the internet, therefore the available surface for conventional cyber-attack is 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 risk.

FCDO Services re-certified for ISO 27001 (Information Security Management) in 2021. ISO 27001 policy is implemented across the organisation, but the scope of the current accreditation is restricted to the customer facing elements of our IT Services. This provides customer assurance and information security practices.

Priorities for 2022/23

- Continuous improvement of our confidentiality, integrity and availability processes to manage risk.
- Continuous improvement in our point monitoring and incident response to further increase Cyber Defence capability.
- Assessment of the impact of updated legislation around international data transfers from the UK.
- Review the FCDO Services Corporate Knowledge and Information Management strategy, ensuring alignment with national UK Government data strategy.
- Launch of annual mandatory Information Security/ Assurance e-learning.
- Review the alignment of SIRO reporting to the new Government Functional Standard 007 (Security).

6. Report of the Audit and Risk Assurance Committee 2021/22

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 the processes leadership use to manage risk. It reviews accounting policies and financial accounts, including a review prior to submission for audit.

The activities undertaken by Internal Audit and Investigations and the National Audit Office (NAO) fall within the scope of the ARAC. This includes 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 Audit and the NAO.

The Committee considers assurances and information relating to operational and principal areas of risk as requested by myself as Accounting Officer. Areas of particular focus in 2021/22 have included security; information and cyber threats; capacity, logistics and health and safety.

In line with 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 2021/22 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 was delayed until June 2021.

Following each meeting, the FCDO Services Board was provided with a verbal update by the Chair

of the Committee and a copy of the minutes of the meeting.

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 2021/22.

FCDO Services has a close working relationship with the NAO through the ARAC and the Executive, as well as at a working level within the business. 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 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.

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 Fraud Investigation Team 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 Fraud Investigation Team during this period.

7. Annual Risk Assessment

7.1 FCDO Services' objectives

The risk management framework and governance activity is seen as fundamental to ensuring the resilience of the organisation. Recognising and managing our risks helps to safeguard the delivery of the objectives of FCDO Services.

Grow our business	Save resource	Innovate for future growth
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7.2 The key risks of 2021/22.

The key risk statements are reported upon using the eight categories of our risk taxonomy. Each one is associated with at least one business objective.

Customer
There is a risk that failure to establish and exercise a customer centric commercial strategy may lead to a lack of opportunities, and consequently an inability to deliver our Corporate Plan.
Primary factors considered
<ul style="list-style-type: none"> Market presence, demonstrating value for money proposition and uniqueness elements of offer (security, agility). Competitiveness of pricing strategy Commercial excellence, through demonstrable, performance-led best commercial practices, combined with appropriate controls of the commercial process. Customer requirements, which are clearly defined
Key controls in place
<ul style="list-style-type: none"> Marketing and account management strategy reviews Strategic account and key account owners aligned. Terms of Business Agreement (ToBA) and Service Level Agreement (SLA) in place for our selected key accounts. Continual improvement of risk identification and management through enhanced collaborative working with customers, suppliers and delivery partners. High-quality relationships: robust tendering, on-boarding and contract management to ensure we have an ethical, compliant supply chain.

Data, Information Management and Security

If we fail to comply with broad security and information best practice (including information and records management, information rights, information assurance, physical, personal, technical and cyber security), there is the risk of financial loss, reputational damage, legal action and penalty.

Primary factors considered

- A cyber/data incident which could lead to a loss of confidentiality, integrity, or availability of service.
- Legal obligations, ensuring that we have the ability to respond appropriately, and to confirm compliance with legal requirements.
- A comprehensive approach to holistic security to protect personnel, information and infrastructure.
- Customer agreements, designed to uphold security balance and systems responsibility.
- Security of the supply chain, to ensure clear responsibilities.

Key controls in place

- Adequacy of supply chain management.
- Alignment of designs with industry and National Technical Authority best practice.
- Regular communications and awareness to all staff, including mandatory annual training.
- Data Protection Impact Assessments are in place where personal data is being processed.
- Information assets are reviewed quarterly, and exceptions raised.
- ISO 27001 and Cyber Essentials Plus in place.
- Alignment to Government Functional Standards.
- Alignment to regulators good practice (Information Commissioner's Office, NCSC) and UK strategy/policy such as cloud first, national data strategy.

External

The risk that events originating outside of the organisation, over which there is no direct course to manage, may adversely affect the operation activity and/or delivery ambitions of the organisation.


Primary factors considered

- Geopolitical events which test operational resilience.
- The Machinery of Government (domestic and foreign) may adversely influence FCDO Services operational delivery.
- The geographical range within which FCDO Services operates.
- External environmental factors, which may impact upon operations and delivery, (i.e. flood, earthquake, etc.).
- Coronavirus (COVID-19) Pandemic.


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Key controls in place
<ul style="list-style-type: none"> • A Gold, Silver, Bronze business continuity command structure in place, tested and operating. • A close relationship with our parent organisation, the FCDO, with aligned ministerial oversight. • 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. • Positioned within HMG's crisis response structures, where we are recognised as a vital source of knowledge and expertise at all stages of response.

Finance 
<p>The risk that the organisation will not be able to meet its financial obligations resulting in an adverse effect on the organisation's reputation and the ability to continue as a Trading Fund.</p>
Primary factors considered
<ul style="list-style-type: none"> • Revenue, costs, and, assets adequately controlled to support commercial decisions. • Cash reserves which are sufficient to sustain a 'going concern' assumption • Maintaining an ethical, compliant supply chain. • Robust financial processes and procedures, safeguarding against errors and potential instances of fraud or non-compliance with statutory regulations. • Compliance with commercial processes and procedures • Compliance with regulatory and central government requirements.
Key controls in place
<ul style="list-style-type: none"> • Financial governance such as quarterly forecasting; segregation of duties; delegated authorities; internal audits; and the independent review and approval of investment business cases. • An operational understanding of IFRS 15, and compliance with Counter Fraud Standard GovS 013. • Tenders submitted using existing government frameworks where appropriate. • Skilled procurement teams with Chartered Institute of Procurement and Supply (CIPS) Corporate Ethical Procurement and Supply accreditation. • Mandatory training of all staff prior to allowing access to financial systems. • Suitably skilled and qualified accountancy staff in financial management roles.


Governance 
<p>There is a risk that processes and actions within the organisation are not aligned to the business needs and to best practice indicators for government departments.</p>
Primary factors considered
<ul style="list-style-type: none"> • Business continuity planning to enable business to continue operating in business continuity events. • Compliance with prevailing Government Greening Commitments and customers' requirements for sustainable supply. • Security and Information Governance processes. • Timely delivery of projects and services, within budget and meeting quality standards. • The meeting of health and safety, security and quality standards (for ourselves and third party suppliers).
Key controls in place
<ul style="list-style-type: none"> • Structured partnership review groups, assuring alignment of objectives. • Governance structure, including segregation of duties, delegated authorities and standardised reporting. • Security and information governance processes overseen by the Senior Information Risk Owner and Digital and Information assurance teams. • Risk management framework and tools. • Regulatory and internal compliance assurance through assurance activities, inspection and routine audit. • Health and safety management system including policies, procedures and management tools supported by internal governance and competent health and safety support.


People 
<p>There is a risk that customer or organisational requirements will not be adequately resourced (staffing capacity and capability); or, that our policies, procedures and processes, for a safe working environment and good working practices, are not promoted or adhered to.</p>
Primary factors considered
<ul style="list-style-type: none"> • Resource planning and cost management. Dependency upon customer insight and pipeline planning. • Competiveness of reward package, financial and pay constraints and market shortages. • Employer duty of care to staff, including safe working practices and environments and a workplace that respects diversity and all staff. • Workforce planning to initiate timely recruitment.

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Key controls in place
<ul style="list-style-type: none"> • Compliance with policies, procedures and processes, incorporating statutory and regulatory requirements, monitored. • Long-term investment in learning and development on leadership, management, business specific and technical skills. • Reward package, including flexible working and targeted shortage skill allowances, new routes to market and employer value proposition to attract and retain employees. • Ongoing continuous improvements made to workforce planning process. • Diversity and Inclusion Strategy and action plan 2021-24 agreed and being implemented. • Skills-based pay structure and job families framework in place to improve pay, career progression and to develop and retain talent. • Stakeholder relationship management to build revenue and longer-term work pipeline.

Process 
<p>There is a risk that a process lacks either efficiency, effectiveness, and/or is not sufficiently complied with. This may then lead to financial, customer, or reputational loss. Or potentially, a lack of compliance with regulatory or legal requirements.</p>
Primary factors considered
<ul style="list-style-type: none"> • Operational processes and procedures: to safeguard against errors and potential instances of fraud or non-compliance with statutory regulations. • Financial processes and procedures: safeguarding against errors and potential instances of fraud • A risk aware culture reflected in leadership and management behaviours. • Commercial excellence.
Key controls in place
<ul style="list-style-type: none"> • Monthly management accounts process. • Health and safety management system including policy, procedures and management tools. • Comprehensive COVID-19-specific plans, processes and infrastructure, adapted from our overall Business Continuity and Crisis Management Plan. • Supplier assurance guidance, policy and process and adherence to recognised standards. • Security and Information Governance processes overseen by the Senior Information Risk Officer

Technical (Operational and Hardware) 
<p>There is the risk that a failure to evolve the design and the production of systems, and their related products and IT Service Management tooling through targeted investment, will adversely impact the offering to customers and result in an increased cyber threat to our environment.</p>
Primary factors considered
<ul style="list-style-type: none"> • The environmental footprint of the products and services which are offered by FCDO Services. • Effectiveness of data governance and information management. • Resilience of FCDO Services' business critical live systems. • Investment and development of customer facing IT infrastructure to meet long-term needs. • Alignment of designs with industry and National Technical Authority best practice. • Ensuring effective methods for acceptance into service of new services and devices, underpinned by effective training.
Key controls in place
<ul style="list-style-type: none"> • Technology roadmaps, with associated investment plans, to maintain integrity of core IT platforms. • Certification to internationally recognised standards, including ISO 9001, ISO 27001, ISO 22301, and Cyber Essentials Plus. • Education and Awareness of all aspects of holistic security and information behaviour to include cyber, information (management and rights), personal, technical and physical. • Comprehensive regime of monitoring and independent health checks and alignment with National Cyber Security Centre (NCSC) best practice. • Financial governance, including independent review and approval of investment business cases, and an Investment Board (an Executive subcommittee). • Supply chain management to ensure that suppliers have appropriate standards and clauses in place for cyber, physical, personnel and data protection clauses.

Going Concern

There are no material uncertainties that may cast significant doubt about FCDO Services' ability to continue as a going concern (refer to Note to the Accounts 1.2).

8. Overall Summary

The resilience of FCDO Services to flex and maintain operations has been evidenced as we navigated our way through an extended period of challenge into 2021/22. COVID-19 continued to impact upon the delivery of operational activities, bringing variable operational and geographical challenges. Alongside this, recent geopolitical events have had an impact upon logistical services, our customers, and upon our people operating within those regions.

As this report highlights, we have continued to deliver a quality service to our customers through collaborative partnering and the support of a core governance model. To enhance this further we have initiated an internal exercise to re-structure, with customer service and best practice governance at the core. We will build on this into 2022/23.

Our equality, diversity and inclusion agenda continues to hold pace, supported by Executive Board champions. The focus of our strategy is upon inclusion; respect

at work; wellbeing; and, attracting and promoting talent. Supporting this agenda, our courses 'Equality, Diversity and Inclusion', and 'Respect at Work' are mandatory for all. I am particularly proud of the ongoing provision of support services across our organisation.

The composition of the Board and the executive team has altered slightly within the year, though I believe it continues to reflect our commitment to gender diversity within the workplace. We are striving to improve this across other areas of our organisation, with hiring centred upon capability and the application of anonymised selection processes.

Within the period of this report we have seen a number of changes across the Executive and non-Executive teams due to new positions arising and those reaching the end of their tenure. For those who have moved on I express my thanks for their contribution throughout their time with us, not least of all to Danny Payne, my predecessor. I similarly welcome those who have joined this year, sharing their expertise to enable us to continue on our road of continuous improvement.

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 2021/22.

In conclusion, I am satisfied 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 ongoing development.



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 2022. 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 moderated by the People 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. In 2021/22, the annual salary review for executive members was in accordance with the Civil Service base pay pause policy.

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:

Mike Astell (Chief Executive and Accounting Officer). Mike was appointed Chief Executive and Accounting Officer on 17 September 2021 on a four-year fixed-term contract.

Mike Astell
Chief Executive Officer and
Accounting Officer

30 June 2022

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

Tim Gall (Deputising Chief Finance Officer). Appointed interim Chief Finance Officer on 14 March 2022 on temporary promotion to cover for Yvonne Laird's parental leave, after which he will revert to his substantive position and original terms and conditions.

Yvonne Laird (Chief Finance Officer). Yvonne was appointed on 15 October 2018 on a four year fixed-term contract which was extended to 14 October 2024.

Danny Payne CMG (former 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. Danny stepped down from the board and left on 31 December 2021 in accordance with his contractual terms.

Claire Shepherd (former Chief Operating Officer). Claire was appointed on 12 November 2018 on a four year fixed-term contract. Claire stepped down from the board and left on 31 October 2021.

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 (Subject to Audit)

Single total figure of remuneration

	Salary £'000		Performance Related payment £'000		Pension Benefits (to nearest £'000) (Note 1)		Total £'000	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Mike Astell	80-85 (145-150 full year equivalent)	-	-	-	31	-	110-115 (180-185 full year equivalent)	-
Rob Eason	105-110	105-110	5-10	-	12	46	120-125	150-155
Tim Gall	0-5 (90-95 full year equivalent)	-	-	-	36	-	40-45 (130-135 full year equivalent)	-
Yvonne Laird	110-115	110-115	5-10	5-10	44	44	160-165	160-165
Danny Payne CMG	265-270 (155-160 full year equivalent)	150-155	5-10	5-10	38	58	310-315 (200-205 full year equivalent)	215-220
Claire Shepherd	85-90 (140-145 full year equivalent)	140-145	5-10	5-10	33	56	125-130 (180-185 full year equivalent)	205-210

	2021/22	2020/21
Band of Highest Paid Director's Total Remuneration (£'000)	160-165*	155-160
Salary only Median £	41,386	41,159
Total Pay and Benefits Median £	43,367	42,233
Salary only Lower Quartile £	28,698	28,167
Total Pay and Benefits Lower Quartile	30,231	28,817
Salary only Upper Quartile £	58,619	58,359
Total Pay and Benefits Upper Quartile £	60,880	59,412

	2021/22	2020/21
Median Ratio (Note 2)	3.7	3.7
Ratio Lower Quartile (Note 2)	5.4	5.5
Ratio Upper Quartile (Note 2)	2.7	2.7

* To ensure comparability year on year and in line with the Hutton Fair Pay review the highest paid director banding is based on the full time equivalent salary and performance related pay.

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 as well as earnings at the 25th and 75th quartile point. The basis for the median pay, 75th and 25th quartile calculations 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 remained the same at 3.7 times earnings.

Note 3. The remuneration figure for Danny Payne CMG of £265k-£270k, is made up of salary and allowances of £115k-£120k, contractual voluntary exit payment of £95k, compensation in lieu of notice of £45k-£50k and untaken annual leave payment of £5k-£10k.

Percentage change in total salary and bonuses for the highest paid director and the staff average

	2021/22	
	Total Salary and allowances	Bonus Payments
Staff average	6%	-5%
Highest paid director*	3%	0%

*To ensure comparability year on year the highest paid director banding is based on the full time equivalent salary and allowances (excluding loss of office costs).

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

The banded remuneration of the highest paid director in FCDO Services in 2021/22 was £160k-£165k (2020/21 £155k-£160k) after the effect of severance pay costs. This was 3.7 times (2020/21- 3.7) the median remuneration of the workforce, which was £43,367 (2020/21 £42,233). In 2021/22, one line position currently held by a contractor (2020/21- nil) received remuneration in excess of the highest paid director. Excluding the highest paid director, remuneration ranged from £15,880 to £209,000 (2020/21 £18,233 to £144,744). 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.

Compensation for loss of office

Danny Payne left under a Voluntary Exit Scheme on 31 December 2021, receiving a compensation payment of £95,000. With the exception of median pay calculations, this is included as salary for the purposes of remuneration disclosures.

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 2021/22 based on 2020/21 appraisals within the Cabinet Office policy remit at:

Grade	T 1	T 2
SCS 1	£5,000	£3,000
SCS 2	£7,000	£3,500

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 previously shows the performance related payments paid in 2021/22 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 2021/22.

Pension Benefits (Subject to Audit)

	Accrued pension at pension age as at 31 March 22 and related lump sum (Note 1)	Real increase in pension and related lump sum at pension age	CETV at 31 March 22 (Note 1)	CETV at 31 March 21 (Note 1)	Real increase in CETV (Note 1)	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mike Astell	0-5	0-2.5	25	-	19	-
Rob Eason	45-50 plus a lump sum of 120-125	0-2.5 plus a lump sum of 0	1080	1,019	(2)	-
Tim Gall	20-25	0-2.5	361	339	22	-
Yvonne Laird	5-10	2.5-5	94	65	19	-
Danny Payne CMG	35-40	0-2.5	460	436	17	-
Claire Shepherd	5-10	0-2.5	97	76	13	-

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 switched 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 their 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 and 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

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 their capacity as Accounting Officer on fixed-term appointments. The FCDO 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 KCMG CVO, appointed as Non-Executive chair on a four-year contract from 1 April 2018 which was extended to 31 March 2026.

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 and extended again to 31 January 2024.

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

William McCluggage, appointed on a three-year contract as a Non-Executive Director on 1 November 2018 which was extended to 31 October 2024.

Ann Tourle, appointed on a three-year contract as a Non-Executive Director on 1 November 2018 which was extended to 31 October 2024.

Additionally, there are two current Members of the Audit and Risk Assurance Committee who are not Non-Executive Directors:

Juliette Wilcox was appointed a Member of the Audit and Risk Assurance Committee on 1 July 2020. No pay or pension costs are included in FCDO Services' accounts in respect of Juliette Wilcox, who is a civil servant employed by the Department for International Trade.

Carmel Thornton, was appointed as a Member of the Audit and Risk Assurance Committee on 17 June 2021. No pay or pension costs are included in FCDO Services' accounts in respect of Carmel Thornton, who is a civil servant employed by the Foreign, Commonwealth and Development Office.

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

	2021/22	2020/21
	£'000	£'000
Jenny Bates ^(Note 1)	-	-
Sir Simon Gass ^(Note 2)	-	-
Richard Gunning	15-20	15-20
Joy Hutcheon CB ^(Note 1)	-	-
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.

Note 2. No pay or pension costs are included in FCDO Services' accounts in respect of Sir Simon Gass, who is a civil servant employed by the Cabinet Office (2020/21 Enil).

Staff report

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

Details provided as at 31 March 2022

Pay Band	Number of Senior Civil Service Staff
SMS 1	5
SMS 2	1

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 and Fixed Term Employees	Other *	2021/22 Total
Service Delivery	905	116	1,021
Corporate Services	121	7	128
Total	1,026	123	1,149
Capitalised Staff **	(4)	(3)	(7)
Net Staff Numbers	1,022	120	1,142

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

* 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.

Mike Astell
Chief Executive Officer and Accounting Officer

30 June 2022

Staff costs for the above persons (Subject to Audit)

2021/22			
	Permanent and Fixed Term Employees* £'000	Other ** £'000	Total £'000
Salaries / agency staff and fee paid officers	48,863	15,695	64,558
Social security costs	4,500	155	4,655
Apprenticeship Levy	209	-	209
Other pension costs***	10,058	255	10,313
Total staff costs	63,630	16,105	79,735
Capitalised staff costs	(209)	(326)	(535)
Total net staff costs	63,421	15,779	79,200

2020/21			
	Permanent and Fixed Term Employees* £'000	Other ** £'000	Total £'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
Total staff costs	63,839	16,313	80,152
Capitalised staff costs	(311)	(125)	(436)
Total net staff costs	63,528	16,188	79,716

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

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

*** 2021/22 variance in value of £200k to pension note below relates to opening and closing accruals (2020/21 £7k).

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).

For 2021/22, employers' contributions of £10,316,337 were payable to the PCSPS (2020/21 £10,213,258) 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 2021/22 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 £189,571 (2020/21 £160,714) 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 £6,134 (2020/21 £5,208), 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 (2020/21 £nil). Contributions prepaid at that date were £nil (2020/21 £nil).

In the 12 months to March 2022 no individual (2020/21 one individual) retired early on ill health grounds; the total additional

accrued pension liability in the year amounted to £nil (2020/21 £nil).

Diversity and inclusion

In an ever changing and uncertain world, we are reliant on attracting, developing and retaining people with diverse backgrounds and talents to enable us to deliver our organisational goals and objectives and to meet, and exceed, the expectations of our clients globally.

Our vision is an inclusive and diverse organisation, which looks after the wellbeing of all

our people. Our Diversity and Inclusion strategy was reviewed and updated in 2021 to ensure it continues to provide a clear focus to enable us to deliver this vision.

We have made good progress in recent years, working in conjunction with our staff networks, and those of the FCDO and wider Civil Service.

We have made significant progress towards our representation aspirations for female, ethnic minority and disability staff. Since 2017 our female representation has risen by 5.5% to 28.7%; our

ethnic minority representation by 2.6% to 11%; and our disability representation by 2.4% to 7.6%. Female representation in our technical roles now stands at 6.9%.

Although we have made good progress, we know we have more work to do. We recognise that our diversity challenge is greater at more senior levels and in technical roles, and are committed to take actions to reduce the disparity. For example, we have established 2025 ambitions for senior and technical roles, as well as overall ambitions for gender, ethnicity and disability.

Staff Representation 2020 to 2022

	March 22	March 21	March 20
Female	28.7%	28.9%	29.3%
Ethnic Minority	11.0%	10.8%	10.9%
Disability	7.6%	7.5%	6.8%

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 annual report.

Staff turnover

In 2020/21, staff turnover reduced to our lowest level which was 4.5%*. This reduction was as a result of the pandemic and followed similar trends in the labour market. During 2021/22, turnover has risen back to our normal pre-pandemic levels of 7%*, again following wider turnover trends.

*Excludes VES, TUPE and COSOP exits and ending of fixed-term contracts.

In total there were 78 leavers and 95 joiners during 2021/22 compared to 69 leavers and 60 joiners in 2020/21.

Staff engagement

The annual Civil Service People Survey is voluntary, but it is a helpful way for us to gauge how our people feel about the organisation. Whilst our completion rate fell to 71% (from 82% in 2020), this is still higher than the response rate in the wider Civil Service (at 61%). Positive feedback against the ten 2021 indices declined in all areas aside from My Team, which stayed the same as 2020, and most were below the Civil Service benchmark for 2021.

However, we are still ahead of where all the indices were five years ago and both of our people-based Ministerial targets for 21/22 were achieved. Our target for Engagement was 61%. This year our engagement score was 61% against a target of 61% (a reduction from 65% in 2020), and against a target for My Manager of 65% we achieved a score of 72% (down 1% from last year).

The slight fall in the My Manager feedback is encouraging when viewed against the backdrop of this being the second survey done during the pandemic. It highlights that the development we have given our managers over recent years continues to pay dividends, and that managers are still providing effective support to their teams, and enabling them to deliver during this prolonged period of stress.

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

At 31st March 2022:

- Senior Civil Service Grades: 42.9% (2020/21 - 50%) were female

- Delegated Grades 28.7% (2020/21 - 28.9%) were female
- Historically, female representation has remained fairly static at around 28.75% 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 two years maintained at 28-29%.

Civil Servant / Delegated grades

2021/22			
	Female	Male	Total
Delegated	304	757	1,061
Senior Civil Servants	3	4	7
Total	307	761	1,068

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

The people included in the Senior Civil Servants split above are all members of the Executive Board. Four of the seven are the Executive Directors (detailed earlier in this report) of which 25% are female and 75% are male (2020/21: 4 Executive Directors – 50% female, 50% male). Data above is based on headcount as at 31 March 2022 and 2021 respectively.

Sickness Absence Data

The average number of working days lost per employee due to sickness absence was 4.6 days in 2021/22. This compared to 4 days in 2020/21. 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 2021/22.

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 online equality, diversity and inclusion training.

Further information on our diversity and inclusion goals can be found at <https://www.fcDOServicescareers.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 2021 – 31 March 2022	Full-time equivalent employee number
7	3.5

Table 2: Percentage of time spent on facility time

Number of employees who were relevant union officials employed during 1 April 2021 – 31 March 2022 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%	7
51-99%	0
100%	0

Table 3: Percentage of pay bill spent on facility time

The total cost of facility time	£87,930
The total pay bill	£461,223,400
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%
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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 2021/22 was £nil (2020/21 £nil).

Off-payroll engagements

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 2022, for more than £245 per day and that last longer than six months

(a) The total number of such engagements as of 31 March:	118
(b) The number that have existed for less than one year at time of reporting:	24
(c) The number that have existed for between one and two years at time of reporting:	7
(d) The number that have existed between two and three years at time of reporting:	9
(e) The number that have existed between three and four years at time of reporting:	23
(f) The number that have existed for four or more years at time of reporting:	55

Table 2: For all new off-payroll appointments, or those that reach six months in duration, between 1 April 2021 and 31 March 2022 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:	27
(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:	27
(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 2021 and 31 March 2022 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:	13

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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	2	-	2
£25,000 - £50,000	-	-	-	5	-	5
£50,000 - £100,000	-	-	1	8	1	8
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
Total number of exit packages by Type	-	-	1	15	1	15
Total resource cost (£'000)	-	-	95	749	95	749

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 £nil (2020/21 £1.0m), which included £nil (2020/21 £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	2021/22	2020/21
	£'000	£'000
Total Number of Losses	9	13
Total Value of Losses *	121	137
Stores Losses	90	47
Fruitless Payments	5	7
Constructive Loss	-	6
Loss on currency exchange	26	-
Other	-	77

* There were no individual losses over £300,000 in either 2021/22 or 2020/21. All losses are disclosed on an accruals basis.

Special Payments and Gifts

In 2021/22 the costs falling into the category special payments and gifts was £nil (2020/21 £nil).

Refer to Note 3 of the Notes to the Accounts for FCDO Services Segmental Analysis, which provides details of fees and charges for 2021/22.

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 6.5% (weighted average).

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.

Mike Astell
Chief Executive Officer and
Accounting Officer

30 June 2022

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 2022 under the Government Trading Funds Act 1973.

The financial statements comprise FCDO Services'

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of FCDO Services' affairs as at 31 March 2022 and of its surplus for the year then ended; and
- 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 (UK) (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 financial statements nor my auditor's certificate and report. The 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HT Treasury directions issued under the Government Trading Funds Act 1973.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by FCDO Services 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government

Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report subject to audit is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- 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 intends 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of FCDO Services' accounting policies, key performance indicators and performance incentives.
- 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 FCDO Services' controls relating to FCDO Services' compliance with the Government Trading Funds Act 1973 and 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 a result of these procedures, I considered the opportunities and incentives that may exist within FCDO Services for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of FCDO Services' framework of authority as well as other legal and regulatory frameworks in which FCDO Services operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in 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 the Government Trading Funds Act 1973, Managing Public Money, employment law, tax legislation and the FCDO Services Trading Fund Order 2008.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board; and
- 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.

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

Gareth Davies
Comptroller and Auditor General

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

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. This description forms part of my certificate.

Other auditor's responsibilities

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.

Date 04 July 2022

Financial Statements

ANNUAL REPORT

GLOBAL SALES BY MONTH

316917 398277
267018

■ CURRENT SALES
■ LAST YEAR SALES



CURRENT SALES VS. LAST YEAR

- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec



GLOBAL SALES BY REGION



Statement of comprehensive income

for the year ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Revenue from contracts with customers	2	189,142	174,374
Cost of sales	5	(142,319)	(132,963)
Gross surplus		46,823	41,411
Other income	2	293	241
Operating expenses	5	(39,863)	(34,861)
Operating surplus		7,253	6,791
(Loss) on disposal of property, plant and equipment		(13)	(73)
Surplus before financing		7,240	6,718
Financing income		50	-
Net financing		50	-
Surplus for the financial year		7,290	6,718
Dividend	6	(2,295)	(2,086)
Retained surplus for the financial year		4,995	4,632
Other comprehensive net income			
Net gain on the revaluation of property, plant and equipment		60	13
Total comprehensive income for the financial year		5,055	4,645

All income and expenditure is derived from continuing operations.

The 'Notes to the accounts' section form part of these financial statements.

Statement of financial position

as at 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Non-current assets			
Intangible assets	7	611	591
Property, plant and equipment	8	11,498	8,257
Total non-current assets		12,109	8,848
Current assets			
Inventories	9	3,862	2,664
Trade receivables, financial and other assets	10	32,597	25,758
Cash and cash equivalents	11	64,805	69,063
Total current assets		101,264	97,485
Total assets		113,373	106,333
Current liabilities			
Trade payables and other current liabilities	12	(46,792)	(44,893)
Provisions due within one year	13	(400)	(851)
Total current liabilities		(47,192)	(45,744)
Total assets less current liabilities		66,181	60,589
Total assets less liabilities		66,181	60,589
Taxpayers' equity			
Public dividend capital		4,981	4,981
General reserve		3,040	2,453
Revaluation reserve		91	81
Income and expenditure account		58,069	53,074
Total taxpayers' equity		66,181	60,589

All income and expenditure is derived from continuing operations.

Mike Astell
Chief Executive Officer and Accounting Officer

30 June 2022

The 'Notes to the accounts' section form part of these financial statements.

Statement of cash flows

for the year ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Cash flows from operating activities			
Surplus on ordinary activities before dividend payable		7,290	6,718
Adjustments for non-cash transactions	14	1,671	1,593
Net interest receivable		(50)	-
Increase in inventories	9	(1,198)	(18)
Decrease / (increase) in trade and other receivables	10	(6,839)	14,203
less movements in receivables relating to items not passing through the income statement			
- Accrued deposit interest		15	(7)
Increase in trade and other payables	12	1,899	13,116
less movements in payables relating to items not passing through the income statement			
- Dividend payable	12	(209)	(191)
(Decrease) in provisions	13	(451)	(47)
Net cash inflow from operations		2,128	35,367
Cash flows from investing activities			
Purchases of intangible assets	7	(54)	(12)
Purchases of property, plant and equipment	8	(4,990)	(1,580)
Disposals of property, plant and equipment		173	4
Net cash outflow from investing activities		(4,871)	(1,588)
Cash flows from financing activities			
Interest received		34	7
Contribution from parent		537	1,327
Dividend paid	6 and 12	(2,086)	(1,895)
Net financing		(1,515)	(561)
Net increase / (decrease) in cash and cash equivalents in the period		(4,258)	33,218
Cash and cash equivalents at the beginning of the period	11	69,063	35,845
Cash and cash equivalents at the end of the period	11	64,805	69,063

The 'Notes to the accounts' section form part of these financial statements.

Statement of changes in taxpayers' equity

for the year ended 31 March 2022

	Public Dividend Capital £'000	General Reserve £'000	Revaluation Reserve £'000	Income and Expenditure Account £'000	Total Reserves £'000
Balance at 1 April 2020	4,981	1,085	109	48,442	54,617
Changes in taxpayers' equity for 2020/21					
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
Balance at 31 March 2021	4,981	2,453	81	53,074	60,589
Changes in taxpayers' equity for 2021/22					
Unrealised net surplus on revaluation of property, plant and equipment			60		60
General reserve transfer - depreciation charge difference in year on revalued cost basis compared to historic cost basis		50	(50)		-
Contribution from parent*		537			537
Retained surplus for the financial year				4,995	4,995
Total recognised income and (expense) for 2021/22	-	587	10	4,995	5,592
Balance at 31 March 2022	4,981	3,040	91	58,069	66,181

The Public Dividend Capital Reserve records the investment made in the Trading Fund by the Secretary of State for Foreign, Commonwealth and Development 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 £0.537m (2020/21: £1.327m) to indirect costs which has been accounted for as financing in accordance with FReM 11.1.14.

The 'Notes to the accounts' section 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 16 December 2021, 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 2021/22 Government Financial Reporting Manual (FRoM), 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 IFRS 15 - Revenue from Contracts with Customers.

For each of our delivery groups and project types the following IFRS 15 revenue recognition is applied:

Chief Operating Officer (COO):

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 recognises revenue in line with performance obligations satisfied over time, 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.

Chief Digital and Innovation Officer (CDIO):

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

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 and 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 and 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 in 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 implicit 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.

There are no finance leases in operation in the current year or prior year.

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 contract liabilities and payments on account. Amounts recoverable on contracts, being the amount by which recorded turnover is in excess of payments on account, is classified under prepayments, contract assets and accrued income.

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. 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 2021/22 (2020/21 nil) 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 and 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. There were no government grants in the current year (2020/21 nil).

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	0.47%
Medium-term	After 5 years and up to and including 10 years from the SOFP date	0.70%
Long-term	After 10 years and up to and including 40 years from the SOFP date	0.95%
Very long-term	Exceeding 40 years from the SOFP date	0.66%

Inflation Rates		
Year 1	Between 0 and up to and including 1 year from the SOFP date	4.00%
Year 2	After 1 year and up to and including 2 years from the SOFP date	2.60%
Into perpetuity	Exceeding 2 years from the SOFP date	2.00%

During the current year and prior year no discounting was required.

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 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 of the transition to IFRS 16. All lease contracts in each business area have been reviewed.

Existing operating lease commitments (hire equipment) as at 31 March 2022 amounted to £129k. At the transition date of 1 April 2022 a right of use asset of £125k and corresponding lease liability would be recognised on the Statement of Financial Position. The net impact on the Statement of Comprehensive Income in 2022/23 will be trivial. Depreciation will increase by a total of £32k and a reduction in operating lease costs under IAS17 of £32k for the year.

FCDO Services (lessee) has a MOTO arrangement in place with the Foreign, Commonwealth & Development Office (lessor) in relation to accommodation. Discussions are ongoing with HM Treasury and the NAO to ensure all parties are content that the correct treatment has been applied to the assessment of the MOTO arrangement against the criteria for IFRS 16.

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 2024/25. The implementation of this standard is not expected to have any material impact on the financial statements.

1.21. Critical accounting judgements and estimates

Management, in preparing the accounts, is required to select suitable accounting policies, apply them consistently and make estimates and assumptions that are reasonable and prudent. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments.

The areas of FCDO Services' business that typically require such estimates in implementing the accounting policies set out above are explained in more detail below.

(a) Calculation of accruals

Expenditure is recognised on the accruals basis. Accruals are made on the basis of the known value of the transaction wherever possible. Where estimates need to be made, they are based on appropriate methodology and consistently applied.

(b) Accrued income

In line with our revenue recognition policy, as outlined in note 1.4, management are required to accept a degree of judgement and estimation in relation to the stage of completion of works.

2. Revenue from contracts with customers and other income

2a. Revenue from contracts with customers*

	2021/22 £'000	2020/21 £'000
Foreign, Commonwealth and Development Office	128,803	109,241
Other UK Government bodies, and UK and international organisations (non-FCDO)	60,339	65,133
Total revenue from contracts with customers	189,142	174,374

Project type	Primary method of revenue recognition	2021/22		
		FCDO £'000	Non-FCDO £'000	Total £'000
Call off	Point in time	19,937	5,794	25,731
Fixed price	Over time	55,340	22,500	77,840
Subscription	Over time	46,514	17,096	63,610
Time and direct costs	Point in time	7,012	14,949	21,961
		128,803	60,339	189,142

Project type	Primary method of revenue recognition	2020/21		
		FCDO £'000	Non-FCDO £'000	Total £'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 and direct costs	Point in time	18,617	2,253	20,870
		109,241	65,133	174,374

2b. Other income

	2021/22 £'000	2020/21 £'000
Other income*	293	241
	293	241

* Other income relates to the Apprenticeship Scheme.

3. Segmental reporting

As referenced in the prior year accounts, a series of improvements to our internal structures were made in 2021/22 to enhance our customer offering, allowing FCDO Services to develop our range of products and services and improve overall performance. A number of areas have been restructured into a unified operating model covering operations and account management functions, ahead of the full transition to the new structure in 2022/23. As part of the restructure, Secure Global Services and Global Digital Technology divisions were replaced with the Chief Operating Officer and Chief Digital and Innovation Officer divisions.

FCDO Services is organised into two service delivery providers, Chief Operating Officer (COO) and Chief Digital and Innovation Officer (CDIO):

Chief Operating Officer manages all commercial and delivery aspects of multiple project-based programmes, including installations, technical architecture and construction project management. It delivers the Regional Technical Support Service and Queen's Messengers services across the UK and internationally, as well as translation and interpreting and logistics.

Chief Digital and Innovation Officer delivers global secure technical services, technical security and ICT operations services across the UK and internationally, and leads on the innovation of new products and services.

Analysis of operating surplus by service delivery group*	Chief Operating Officer	Chief Digital Innovation Officer	Total £'000
	£'000	£'000	
2021/22			
External revenue	166,859	22,283	189,142
Internal revenue - charged to Chief Operating Officer	-	504	504
Internal revenue - charged to Chief Digital Innovation Officer	133	-	133
Internal revenue - charged to Corporate Areas	324	-	324
Total revenue	167,316	22,787	190,103
Cost of sales	(123,591)	(17,149)	(140,740)
Depreciation	(1,074)	(451)	(1,525)
Amortisation	(17)	(9)	(26)
Impairments and revaluation	(20)	(8)	(28)
Internal cost charges	(504)	(133)	(637)
Total cost	(125,206)	(17,750)	(142,956)
Gross surplus	42,110	5,037	47,147
Other income	247	46	293
Operating expenses	(34,985)	(4,807)	(39,792)
Allocated internal cost charges	(286)	(38)	(324)
Depreciation	(48)	(7)	(55)
Amortisation	(2)	-	(2)
Impairments	(19)	(8)	(27)
Total operating expenses	(35,093)	(4,814)	(39,907)
Surplus before financing	7,017	223	7,240

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

3. Segmental reporting continued

Analysis of Operating Surplus by Service Delivery Group*	Chief Operating Officer (Restated) £'000	Chief Digital Innovation Officer (Restated) £'000	Total (Restated) £'000
2020/21			
External revenue	162,495	11,879	174,374
Internal revenue - Charged to Chief Operating Officer	-	176	176
Internal revenue - Charged to Chief Digital Innovation Officer	169	-	169
Internal revenue - Charged to Corporate Areas	789	-	789
Total revenue	163,453	12,055	175,508
Cost of sales	(121,235)	(10,237)	(131,472)
Depreciation	(984)	(469)	(1,453)
Amortisation	(17)	(6)	(23)
Impairments and Revaluation	(2)	(13)	(15)
Internal cost charges	(176)	(169)	(345)
Total cost	(122,414)	(10,894)	(133,308)
Gross surplus	41,039	1,161	42,200
Other Income	210	31	241
Operating expenses	(31,970)	(2,955)	(34,925)
Allocated internal cost charges	(735)	(54)	(789)
Amortisation	(8)	(1)	(9)
Total Operating Expenses	(32,503)	(2,979)	(35,482)
Surplus before financing	8,536	(1,818)	6,718

* 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	Chief Operating Officer (Restated) £'000	Chief Digital Innovation Officer (Restated) £'000	Corporate (Restated) £'000	Total (Restated) £'000
2021/22				
Segment assets				
Intangible assets	523	32	2	557
Intangible additions in year	18	36	-	54
Property, plant and equipment	7,463	2,368	86	9,917
Property, plant and equipment additions in year	1,400	181	-	1,581
Inventories	3,862	-	-	3,862
Trade receivables, financial and other assets	29,938	100	2,559	32,597
Cash and cash equivalents	-	-	64,805	64,805
Segment liabilities				
Current liabilities	(27,415)	(2,603)	(17,174)	(47,192)
Segment assets less liabilities	15,789	114	50,278	66,181

Analysis of assets less Liabilities by service delivery group	Chief Operating Officer (Restated) £'000	Chief Digital Innovation Officer (Restated) £'000	Corporate (Restated) £'000	Total (Restated) £'000
2020/21				
Segment assets				
Intangible assets	541	35	4	580
Intangible additions in year	-	11	-	11
Property, plant and equipment	4,753	2,207	324	7,284
Property, plant and equipment additions in year	715	258	-	973
Inventories	2,509	155	-	2,664
Trade receivables, financial and other assets	23,436	1,771	551	25,758
Cash and cash equivalents	-	-	69,063	69,063
Segment liabilities				
Current liabilities	(23,042)	(1,709)	(20,993)	(45,744)
Segment assets less liabilities	8,912	2,728	48,949	60,589

4. Staff costs

			2021/22
	Permanent*	Other**	Total
	£'000	£'000	£'000
Salaries / agency staff and fee paid officers	48,863	15,695	64,558
Social security costs	4,500	155	4,655
Apprenticeship levy	209	-	209
Other pension costs	10,058	255	10,313
Total staff costs	63,630	16,105	79,735
Capitalised staff costs	(209)	(326)	(535)
Total net staff costs	63,421	15,779	79,200

			2020/21
	Permanent*	Other**	Total
	£'000	£'000	£'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
Total staff costs	63,839	16,313	80,152
Capitalised staff costs	(311)	(125)	(436)
Total net staff costs	63,528	16,188	79,716

* 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

			2021/22			2020/21
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net staff costs	36,089	27,332	63,421	38,902	24,627	63,529
Net Agency staff and fee paid officers*	12,853	2,926	15,779	13,989	2,199	16,188
Training and recruitment	171	1,933	2,104	681	709	1,390
Travel	10,736	150	10,886	5,381	105	5,486
Professional services*	19,298	1,318	20,616	18,550	2,260	20,810
Legal Services	7	30	37	25	57	82
Work Packages	7,437	-	7,437	4,324	646	4,970
Managed Service	-	-	-	417	-	417
Communications	832	200	1,032	1,195	165	1,360
Other supplies, services and facilities management	2,494	44	2,538	487	32	519
Management charges from the FCDO	1,744	218	1,962	1,627	231	1,858
IS Hardware	7,743	227	7,970	4,615	527	5,142
IS Software	2,327	139	2,466	1,195	128	1,323
Other Machinery and Equipment Under £3k	1,681	844	2,525	674	-	674
Security Equipment	3,036	64	3,100	3,938	90	4,028
Work in progress decrease	(1,471)	-	(1,471)	(340)	-	(340)
Freight	10,867	12	10,879	9,369	14	9,383
Maintenance	22,743	1,199	23,942	25,046	951	25,997
Operating leases - land and buildings	-	-	-	-	8	8
Operating leases - other	-	34	34	-	36	36
Accommodation charges**	1,640	2,565	4,205	945	1,478	2,423
(Profit)/loss on currency exchange	-	26	26	-	(26)	(26)
Other	-	329	329	-	406	406
Insurance	514	98	612	451	87	538
Depreciation	1,524	55	1,579	1,453	-	1,453
Amortisation of intangible assets	26	2	28	23	9	32
Impairment (write back) / charge	28	-	28	16	-	16
Auditors' remuneration and expenses***	-	118	118	-	122	122
Total costs	142,319	39,863	182,182	132,963	34,861	167,824

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

** Accommodation charges are payable to the FCDO.

*** There were no non-audit services provided during the current year or prior year.

The total amount of research and development expenditure recognised as an expense during the period was £4,000 (2020/21 £-59,000). This includes staff costs and an appropriate recovery of overheads.

6. Dividend

	2021/22 £'000	2020/21 £'000
Statutory dividend charged	2,295	2,086
Discretionary dividend	-	-
Dividend	2,295	2,086

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

7. Intangible assets

	Assets under development £'000	Research and Development £'000	Software licences £'000	Total £'000
2021/22				
Cost or valuation				
At 1 April 2021	520	269	2,090	2,879
Additions	54	-	-	54
Assets brought in to use	(18)	18	-	-
Disposals	(4)	(258)	(1,246)	(1,508)
As at 31 March 2022	552	29	844	1,425
Amortisation				
At 1 April 2021	-	261	2,027	2,288
Charged in year	-	5	23	28
Disposals	-	(258)	(1,244)	(1,502)
As at 31 March 2022	-	8	806	814
Net book value				
As at 31 March 2022	552	21	38	611
As at 31 March 2021	520	8	63	591
Owned as at 31 March 2022	552	21	38	611

7. Intangible assets continued

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

8. Property, plant and equipment

	Assets under construction £'000	Fixtures £'000	Information technology £'000	Transport equipment £'000	Plant and machinery £'000	Total £'000
2021/22						
Cost or valuation						
At 1 April 2021	2,915	2,096	17,020	1,798	8,783	32,612
Additions	4,628	8	224	-	130	4,990
Assets brought in to use	(1,539)	15	1,469	-	55	-
Disposals	(17)	(216)	(1,222)	(41)	(924)	(2,420)
Revaluation and impairment	-	-	(229)	116	61	(52)
As at 31 March 2022	5,987	1,903	17,262	1,873	8,105	35,130
Depreciation						
At 1 April 2021	-	921	15,423	1,175	6,836	24,355
Charged in year	-	126	831	173	449	1,579
Disposals	-	(67)	(1,220)	(41)	(891)	(2,219)
Revaluation and impairment	-	-	(203)	81	39	(83)
As at 31 March 2022	-	980	14,831	1,388	6,433	23,632
Net book value						
As at 31 March 2022	5,987	923	2,431	485	1,672	11,498
As at 31 March 2021	2,915	1,175	1,597	623	1,947	8,257
Owned as at 31 March 2022	5,987	923	2,431	485	1,672	11,498

FCDO Services operates from buildings owned by the FCDO. FCDO Services pay an annual sum for their use as agreed in the Memorandum of Terms of Occupancy (MOTO) between FCDO and FCDO Services.

All assets (except fixtures) have been revalued at 31 March 2022 using appropriate indices.

8. Property, plant and equipment continued

	Assets under construction £'000	Fixtures £'000	Information technology £'000	Transport equipment £'000	Plant and machinery £'000	Total £'000
2020/21						
Cost or valuation						
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
Depreciation						
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
Net book value						
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 as at 31 March 2021	2,915	1,175	1,597	623	1,947	8,257

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

9. Inventories

	2021/22 £'000	2020/21 £'000
Raw materials and consumables	1,332	1,658
Work in progress	2,530	1,006
	3,862	2,664
Amount of inventory write back	30	43

10. Trade receivables, financial and other assets

Analysis by type

	2021/22 £'000	2020/21 £'000
Amounts falling due within one year:		
Trade receivables	12,219	12,055
Other receivables	3	4
Prepayments, contract assets and accrued income*	20,375	13,699
	32,597	25,758

*Included within prepayments, contract assets and accrued income is £13,951,000 relating to the FCDO (2020/21 £7,129,000).

11. Cash and cash equivalents

	2021/22 £'000	2020/21 £'000
Balance at 1 April	69,063	35,845
Net change in cash and cash equivalents	(4,258)	33,218
Balance at 31 March	64,805	69,063

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

12. Trade payables and other current liabilities

	2021/22 £'000	2020/21 £'000
Amounts falling due within one year:		
Trade payables	1,947	1,516
Accruals *	26,291	29,632
Contract liabilities and payments on account **	13,665	8,237
Other payables ***	1,802	1,847
VAT	2,292	3,075
Dividends payable****	795	586
	46,792	44,893

* Included within accruals is £10,294,000 (2020/21 £12,117,000) due to FCDO in respect of payroll and accrued costs.

** Included within contract liabilities and payments on account is £5,664,000 from the FCDO (2020/21 £5,488,000).

*** Included in other payables is £1,802,000 (2020/21 £1,216,000) due to FCDO in respect of management charges and accommodation.

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

13. Provision for liabilities and charges

	2021/22 £'000	2020/21 £'000
Balance at 1 April	851	898
Provided in the year*	-	21
Provisions not required written back**	(205)	(23)
Provisions utilised in the year**	(246)	(45)
Balance at 31 March	400	851

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

** 2021/22 £75k remediation cost and £171k other provisions utilised in year, and £205k workplace provision written back in year. 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 2022 the total provisions comprised of workplace provision £400k (2020/21 £605k), remediation cost provisions of £nil (2020/21 £75k) and other provisions of £nil (2020/21 £171k).

14. Adjustments for non-cash transactions

	Note	2021/22 £'000	2020/21 £'000
Loss on disposal of intangible assets and property, plant and equipment		13	73
Amortisation	7	28	32
Adjustment to prior year intangible asset cost	7	-	20
Depreciation	8	1,579	1,453
Capitalisation adjustment		23	-
Revaluation charge	5	28	15
		1,671	1,593

15. Capital commitments

Contracted capital commitments not provided in these accounts.

	2021/22 £'000	2020/21 £'000
Property, plant and equipment	2,533	1,068
	2,533	1,068

16. Other financial commitments

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

17. Contingent liabilities disclosed under IAS 37

At 31 March 2022 contingent liabilities existed in respect of an employment tribunal £47,000 (2020/21 £35,000). 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), amended 2009, 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 and 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 2021/22 and 2020/21 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 and Development Office who is the sole shareholder. The Foreign, Commonwealth and 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, Mayor's 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.

Mike Astell

Chief Executive Officer and Accounting Officer

30 June 2022



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