



FCDO Services

# FCDO Services

## Annual Report and Accounts 2022/23

(for the year ended 31 March 2023)

HC 1537

**FCDO Services**  
Annual Report  
and Accounts 2022/23  
(for the year ended 31 March 2023)

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**Annual Report and Accounts 2022/23**

Presented to Parliament pursuant to section 4(6)  
of the Government Trading Funds Act 1973 as amended  
by the Government Trading Act 1990

Ordered by the House of Commons  
to be printed 6 July 2023

Front cover image: King Charles Street Reception, FCDO main building (Picture: FCDO)

Back cover image: Remote Radar Head Neatishead, Norfolk (Picture: Cailean MacDonald/RAF)



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ISBN: 978-1-5286-4309-2  
E-Number: 02939937

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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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 David Rutley MP

Parliamentary Under-Secretary of State, FCDO

**As Minister responsible for overseeing FCDO Services, I am pleased to introduce the organisation's fifteenth Annual Report and Accounts.**

As a government, we have identified a clear set of priorities to support the UK's most important foreign policy aims through the Integrated Review Refresh 2023. This work is underpinned by FCDO Services, who play a pivotal role in supporting the Foreign, Commonwealth and Development Office (FCDO) to achieve its aims. FCDO Services ensures the overseas diplomatic network is operating securely, providing essential services like private mail, technical security support and estates maintenance.

Operating from a unique position within government, as a Trading Fund, FCDO Services understands the challenges, pressures and priorities faced by its customers in the FCDO and across wider markets. Balancing finances and increasing efficiency and sustainability, while delivering effective public services is at the forefront of FCDO Services' strategy.

2022/23 was another period of high demand for the Diplomatic Service and a significant objective was to continue to provide support to Ukraine until the war is won. From the beginning, FCDO Services staff worked alongside

FCDO colleagues, including within the FCDO's crisis response teams, to provide additional support to posts in the Europe region. FCDO Services has a long history of supporting FCDO colleagues in the most difficult of situations and I thank them for continually rising to the challenge.

FCDO Services also supports broader FCDO objectives through its wider market work. This year FCDO Services developed a high classification communications platform for the Ministry of Defence. The platform supports the FCDO and wider government objectives in the Indo-Pacific region by providing the operating structures needed to deliver this major defence project. This work underpins the close security relationship of the Euro-Atlantic and Indo-Pacific regions.

The organisation has continued to build on its strong relationships with many government departments across Whitehall, identifying how it can add value and make savings in the UK and overseas, and support the government's agenda. The UK National Authority for Counter-Eavesdropping (UK NACE) has provided guidance and operational support at several high-profile events across the year, working collaboratively with government partners. In January 2023, the team played a key role in supporting the high-level Australia-UK

ministerial consultations (AUKMIN) conference.

These examples of scheduled works and crisis response demonstrate FCDO Services' capability to effectively support the mission and purpose of the FCDO and wider UK Government. I am confident that with its dedicated staff and commitment to its customers, FCDO Services will continue to be a vital and valued asset.

Finally, FCDO Services celebrates 15 years of being a Trading Fund this year. I look forward to visiting Hanslope Park, Milton Keynes to meet and personally thank the team for their hard work and dedicated service.

**David Rutley MP**  
Parliamentary Under-Secretary of State, FCDO

Elizabeth Tower with a Union flag in the background, Getty Images

## Foreword by Sir Simon Gass

Chair of the FCDO Services Board



As Chair of the FCDO Services Board, I would like to thank Chief Executive Mike Astell and his Executive Team for their contribution and commitment to ensuring the success of the Trading Fund.

Over the past 12 months the organisation faced a series of tightening financial pressures. Inflation was at levels not seen for over 40 years, there was disruption to supply chains, and recruitment continued to be challenging in a tightening jobs market. Margins are also under pressure as customers seek to stretch their budgets. Despite these challenges, I am pleased to report that FY2022/23 was another year of positive financial performance for FCDO Services, delivering a revenue of £223m (£33m above the previous financial year) and a retained surplus of £1.7m, as well as paying a statutory dividend to the FCDO of £1.5m.

FCDO Services staff have continued to show their diverse skills to our parent department, the FCDO, and other customers. In maintaining the FCDO's extensive overseas estate, providing translation services and technical support, and delivering ambitious projects for the Ministry of Defence, staff have continued to deliver excellent service across Whitehall and the globe.

I visited Hanslope Park several times in 2022, following the lifting of COVID-19 restrictions. I was able to spend a full day in the summer meeting with staff and teams on site, getting views first-hand on the challenges staff faced during the pandemic. I also had the opportunity to speak directly with members of the staff networks. They deliver a critical role in the progression of the organisation's Diversity and Inclusion objectives and are valued enormously by the FCDO Services Board for their contribution. I hope

the board will be able to engage with them even more in the coming year. In November 2022 I accompanied the Cabinet Secretary, Simon Case, to Hanslope Park to introduce him to the work of the UK National Authority for Counter-Eavesdropping (UK NACE) and to see up close the essential work carried out by the team. The work of UK NACE is essential in maintaining the security of government business and protecting the interests of our country.

The board met several times over the year to review each departmental strategy and chart progress against objectives. I am grateful to my non-executive colleagues, each of whom brings both a distinct area of expertise and a lively enthusiasm for the organisation's mission.

As Chair of the People Committee, I continue to support Mike and the Executive Team to develop and promote talent within the organisation. The board was pleased to see the organisation exceed its ministerial target for 'My Manager' in the 2022 Civil Service People Survey by 6%, and see a 5% increase in 'Learning and Development', above the civil service benchmark.

As anticipated though, there were reductions in scores across a few areas in the People Survey, including 'Resources and Workload', 'Pay and Benefits' and 'Leadership and Change'. Against a challenging recruitment market, cost of living increases, staff returning to the office following the pandemic and the implementation of an ambitious change programme, engagement scores were lower than previous years, dropping 3% to 58%. The board will be working with the Executive Team to ensure that steps are taken to address the concerns of staff in areas that we are able to influence.

An important aspect of this will be through our revised 'People Strategy'. Agreed by the FCDO Services board in October 2022, the strategy sets out our vision to be an inclusive workplace that empowers, engages and enables our people to thrive in delivering our organisational objectives now and into the future. The strategy is built around four pillars: our people offer, building capability and capacity, leadership and culture and equality, diversity and inclusion. We aim to find solutions to enable us to attract, develop, retain, engage and inspire our workforce in the face of social, economic and environmental challenges facing the business.

During the year, FCDO Services adopted a new Sustainability Strategy and Action Plan 2022-25. The organisation is making significant strides in increasing our sustainability, which is important for customers and staff alike.

The FCDO Services Board underwent some changes this year. In February Rob Eason, Chief Digital and Innovation Officer, retired from FCDO Services. I would like to express my deep gratitude to Rob for the expertise and knowledge he brought to FCDO Services over seven years, and for the organisation and development of the CDIO business under his leadership. Nasrin Cobb, Director of Customer Relationships, replaces Rob on the FCDO Services Board. She will help us strengthen our commitment to working more closely with the FCDO, as well as our wider market customers.

**Sir Simon Gass**  
Chair, FCDO Services Board



## Foreword by Mike Astell

Chief Executive FCDO Services

**It is a privilege to be writing the CEO message for the 2022/23 Annual Report and Accounts after another demanding year for FCDO Services. I continue to be impressed by the dedication and enthusiasm of our staff across the organisation and I would like to express my sincere thanks to all FCDO Services staff for their contribution to FCDO Services' achievements. The success of the organisation in meeting the challenges of 2022 would not have been possible without them.**

Our staff have continued to adapt quickly in response to global events. In last year's report the war in Ukraine had just begun, and sadly this is ongoing. The impact of the conflict has affected our UK and overseas operation, making logistics and travel across the region more complex, raising concerns about the safety of our people. The experiences faced during the pandemic has enabled the organisation to respond to this challenge. Services are carefully planned to ensure the highest levels of safety and security for our staff whilst continuing to deliver for our customers.

FCDO Services staff have also supported the FCDO on high profile events such as the G20 Summit in Bali, the Commonwealth Heads of Government Meeting (CHOGM) in Rwanda and the funeral of Her Late Majesty the Queen. I am grateful to everyone who

provided support for these major events on behalf of His Majesty's Government. 2022/23 was the year of building stronger partnerships with our customers, including with FCDO Services' owner and key customer, the FCDO, and we are committed to supporting the FCDO's priorities. The FCDO Strategic Review undertaken in 2022 highlighted a number of areas for improvement, which will be implemented in 2023 to ensure the organisation works collaboratively and is responding to customers' requirements.

We have reviewed our organisational structures and processes to find ways to better serve our customers and deliver services. A new operating structure was launched in April 2022, and we have now begun a review to understand what has worked well and identify areas that may require additional interventions. A programme has also been launched to improve productivity by identifying and removing unnecessary bureaucracy and processes to help the organisation operate more efficiently.

During the past year our organisation adopted a new Sustainability Strategy and Action Plan 2022-25, a key strand of which is working closely with the FCDO to align our efforts on meeting Greening Government Commitment targets. We have

developed a new collaborative approach with the FCDO to identify opportunities to reduce the energy footprint of the FCDO global estate.

I am delighted to have led the organisation in developing FCDO Services' new strategy. Agreed by the FCDO Services Board in September 2022, the strategy will reset ambitions and lead the organisation to future success. The strategy is deeply rooted in becoming the provider of choice for our key customers, primarily the FCDO, focusing on what we do best and becoming easier to do business with – offering the best customer experience, providing an efficient, transparent and collaborative service and at all times, having security at the heart of our business.

We will continue to invest in our products and technology to ensure we can deliver our commitments to staff and customers. This includes a long overdue investment in the Logistics team and investment in technology and internal services. We are also encouraging a change in mind-set to challenge and continuously improve organisational processes and make us more sustainable. Considered investments will also be made to exploit new technology and provide best value for money.

Successful delivery of this strategy will also require investment in

our people and our workplace. I want to provide a truly diverse workplace that empowers and engages every member of staff, as well as continuing to provide training and support, as everything we have achieved and can achieve, is the result of their dedication, skill and hard work.

I am pleased to note the response rate to our 2022 People Survey was higher than the civil service average with 71% of staff taking part. A drop in engagement scores reflected issues both inside and outside the organisation – highlighting increasing demands on resources, challenges with rises in the cost of living, and how organisational change is managed and implemented clearly on

everyone's mind. Understandably pay and benefits scores have also fallen. The Executive Team and I have discussed the results and are taking action to increase confidence amongst our staff and improvements in the way that people feel valued and I am grateful to all those who gave their thoughts.

In August 2022 we said farewell to Phil Worthington, HR Director after 14 years of service. I would like to express my gratitude and appreciation to him for his leadership and contribution to the success of FCDO Services. We also said farewell to Rob Eason in February 2023, after seven years with the organisation. I would like to echo our Chairman's thanks

for his expertise in the digital and innovation space and his role as Chief Sustainability Officer.

Finally, FCDO Services will celebrate 15 years of being a Trading Fund in 2023. We have a host of events planned which I look forward to sharing with you in the coming year.

**Mike Astell**  
*Chief Executive Officer*



FCDO Services'  
CEO Mike Astell  
public speaking

## 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

We provide secure services that underpin the diplomatic network 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 an end-to-end lifecycle of technology services at all tiers. These are all industry accredited, from our own multi tenanted platforms, to bespoke international collaboration solutions
- Our secure logistics service, which includes our renowned King'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 consultancy, testing, monitoring, product development, delivery and more

The UK National Authority for Counter-Eavesdropping (UK NACE) is part of FCDO Services and is the National Technical Authority (NTA) for technical security. Along with its partner NTAs – National Cyber Security Centre (NCSC) and National Protective Security Authority (NPSA) – it protects UK assets from technical attack.

### How we are organised

We operate on a global scale, working in more than 280 Missions across 178 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. Our regional teams are based at our hubs in the UK, Washington DC, Abu Dhabi and Bangkok, or at other Posts across the FCDO's international network.

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  
**280**  
Missions

across  
**178**  
countries

FCDO Services' global reach

## Our Organisation



## Our Services



## Our Partners





## Performance Analysis

This section outlines our strategic vision and our objectives, including how we measure performance.

*Business people in a meeting, Getty images*

## Performance Summary 2022/23

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

### Security at the heart

Security is at the heart of our business, and is threaded through everything we do. Through our innovative products and services our operational delivery provides confidence to our customers that their operations are secure. Our security-cleared people have unique security skills and expertise and their work is supported by a modernised secure IT platform.

### Ease of doing business

To offer the best customer experience, providing simpler, streamlined processes focused on delivering an efficient, transparent and collaborative service. A focus on continuous improvement to deliver transformative business benefits and efficiencies.

### Provider of choice

To be the provider of choice for our key customers, primarily our owner the FCDO. Our focus is on secure digital and infrastructure solutions, and logistics. Through our capacity, capability and track record to deliver multi-year, repeatable programs we aim to instil confidence in our customers.

### Our purpose (mission)

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

### Our ambition

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

### Our vision

Sustaining secure, global capability for the UK and its partners.



**FCDO Services**



### 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 2022-25 are:

- Provider of choice
- Ease of business
- Security at the heart

The restructure of our organisation to create a single, unified FCDO Services operating unit went live in April 2022. The structure supports our ability to deliver on our strategic objectives.

### Measuring our performance

FCDO Services is accountable to the Secretary of State for Foreign, Commonwealth and Development Affairs via an appointed Minister of State (David Rutley MP) and several boards which govern the organisation.

This financial year has seen a change to the way we structure our boards. In January 2023, the Executive Board and the Operational Management Board (OMB) were replaced by the Strategy and Corporate Committee (SCC) and Operations Committee.

The Operations Committee is now a sub-committee of the FCDO Services Board. All

operational matters are now covered at the Operations Committee and no longer referred to another board (previously Executive Board) for decision.

The SCC covers HR, Communications, Business Services, Strategy and Customer Relationships matters and focuses on corporate decision making. This committee takes ownership of day-to-day management and strategic leadership, ensuring FCDO Services is following its key strategic aims and policies.

The SCC continues to have the Investment Committee as a sub-committee, with a new sub-committee called the Risk Review Panel, which replaces the Risk Review and Assurance Board (RRAB).

The SCC is attended by the CEO's direct reports, and the Operational Committee is attended by all directors. This committee is accountable to the main FCDO Services Board chaired by Sir Simon Gass.

A detailed explanation of our governance and oversight structures is set out in the Accountability Report.

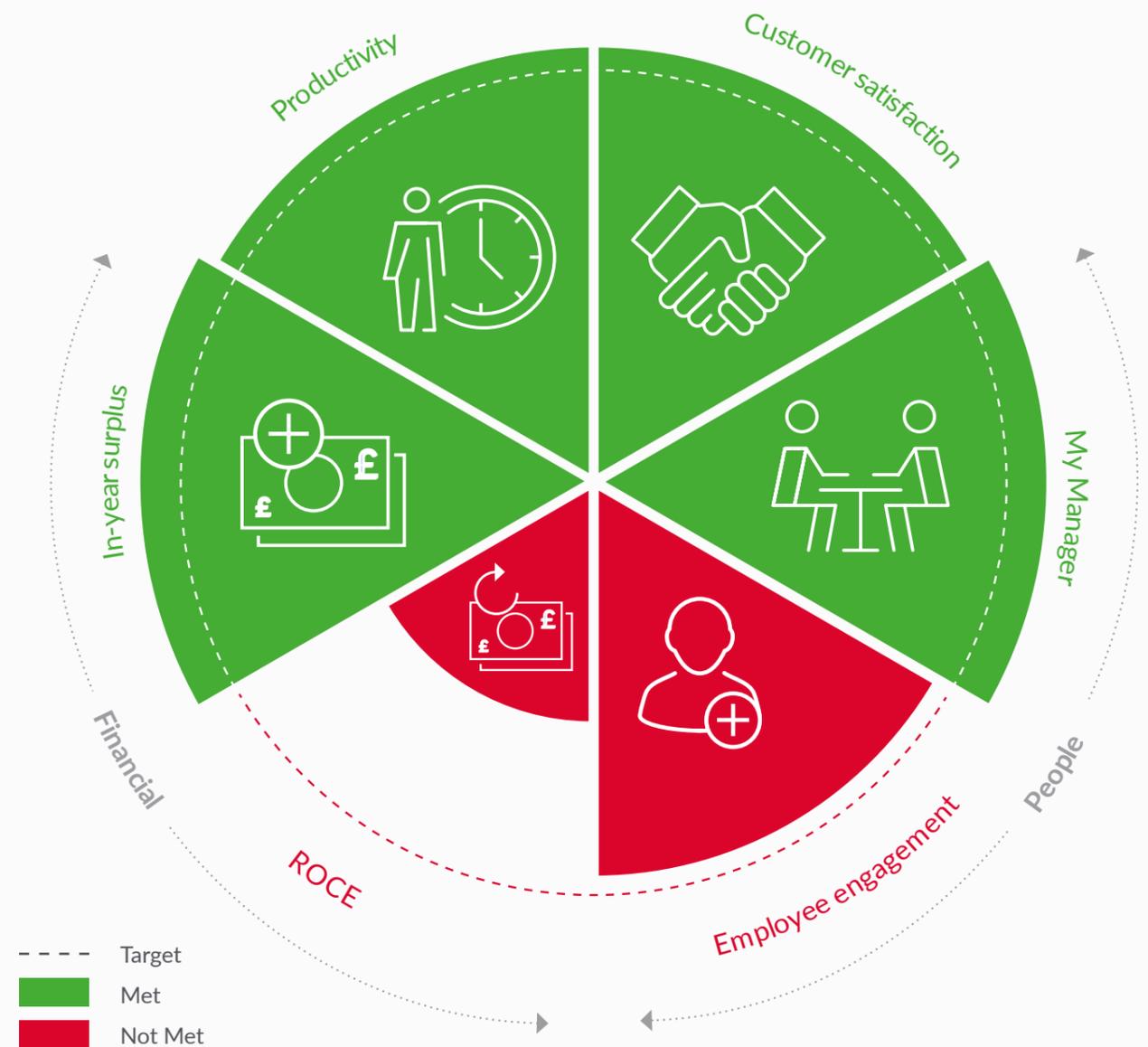
### Investing in our people

As an organisation that predominantly delivers through the professionalism, expertise, resilience and dedication of our people, we have a renewed 'People Strategy' for 2022-25. Against a backdrop of social, economic and environmental challenges the strategy sets out our vision of an inclusive workplace that empowers, engages and enables our people to deliver and thrive, with a road map of how we intend to get there. The 'People Strategy' is built around four pillars and reaffirms our commitment to our current and prospective staff.

- **Our people offer** – provide a compelling offer to ensure we attract and retain the right talent and showcase FCDO Services as a great place to work
- **Building capability and capacity** – develop professional, technical and engineering capability and capacity through effective workforce planning, development programmes and use of systems and technology
- **Leadership and culture** – develop leadership and management skills to effectively empower, engage, and support our colleagues and build a culture that promotes innovation and optimises performance
- **Equality, diversity and inclusion** – develop a truly diverse and inclusive organisation that looks after the wellbeing of all our people

Year one activity has centred on supporting staff through the cost of living crisis, with financial wellbeing sessions, support packs and pay drop-in sessions. There has been a significant focus on improving recruitment processes, to reduce time to hire and improve recruitment outcomes. The aim is to alleviate resourcing pressures alongside improving capacity. We have cemented our approach to hybrid working, balancing the needs of individuals and the business and will continue to embed this. We have invested in the largest number of apprenticeship roles this year, with more details later in this section.

### FCDO Services' performance in relation to our ministerial targets



| Ministerial target set |  | Achieved |         |
|------------------------|--|----------|---------|
| Financial              | An in-year surplus in excess of 0.0% before interest, tax and dividend                         | 1.0%     | Met     |
|                        | Achievement of the return on capital employed (ROCE) of at least 6.5% (weighted average)       | 3.5%     | Not met |
| Operational            | A productivity ratio of at least 82%, measuring billable hours versus available billable hours | 85.5%    | Met     |
| Customer               | An in-year customer satisfaction score of at least 82  | 85.6%    | Met     |
| People                 | An average Civil Service People Survey score for "Employee Engagement" of at least 61%         | 58%      | Not met |
|                        | An average Civil Service People Survey score for "My Manager" of at least 65%                  | 71%      | Met     |

### Pay award

Against a backdrop of a global cost of living crisis, we made full use of the 3% increase available through Civil Service Pay Guidance, targeting 1% of the award on our entry level grades and lowest paid staff and on improving our ability to attract and retain talent.

We have also continued to embed our skills based pay structure which recognises key job-related skills and enables more opportunity to progress within pay bands.

### Cost of living support

Our directors have been responding to feedback and issues raised at our staff forums during 2022/23. A key theme throughout the year has been the global rise in cost of living and support available to staff. Through holding dedicated staff drop-ins on pay, we have spent time with staff listening to concerns, and identifying areas of focus. We have used this as an opportunity to help improve understanding of how pay works in the civil service and FCDO Services' approach to reward.

We have created a dedicated intranet page signposting information and support available. Through our Employee Assistance Programme provider, we ran a number of financial wellbeing sessions, providing tools, hints and tips on how to plan for better financial management. We have also introduced a new and improved staff discount scheme, 'My Lifestyle', which enables staff to access a range of discounted benefits across a variety of organisations from supermarkets to medical insurance providers.

### 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.

In addition to the support provided on financial wellbeing and cost of living outlined above, a key action to enhance the social wellbeing of our people has been the reintroduction of our Staff Awards. This has enabled our people to get together - both in person and remotely - to recognise outstanding performance against each of the 11 categories, and also to celebrate staff who have achieved 40 years' service. There is an article on the Staff Awards in the Agile chapter later in the report.

As part of our commitment to creating an inclusive workplace, we have mandated both equality and diversity e-learning and 'Respect at Work' training. Alongside this we hosted a number of active bystander sessions which have been positively received.

We have also focused on outreach activities to improve how we attract talent from diverse groups. Our main focus has been on early careers and engaging with education providers to showcase FCDO Services as an employer of choice and improve the pipeline into our apprenticeship schemes.

### Recruitment and retention

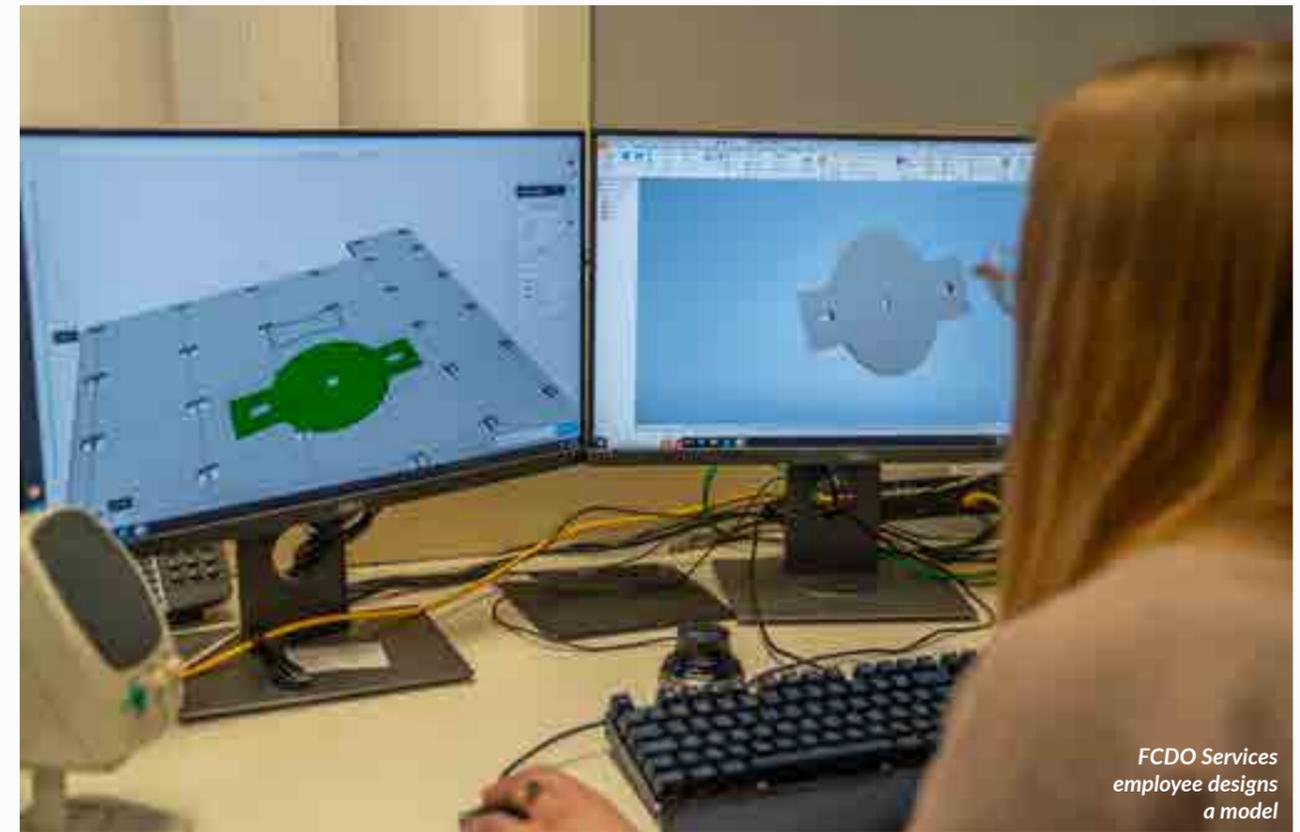
The employment market has shifted significantly over the last few years. COVID-19 prompted individuals to rethink how they work and what they want out of their careers with many opting to leave employment or change career. This has driven a global skills shortage, and when coupled with significant rises in the cost of living, a higher level of competition for specific skills.

This has resulted in increased turnover in specific skills areas, and double the volume of external recruitment campaigns compared to last year. Work has taken place to improve how we attract employees and the processes we use to do so. Reducing our time to hire and piloting new assessment approaches have been key to making these improvements. Targeted programmes to widen our talent pools have included the roll out of the 'Great Place to Work for Veterans' scheme.

We have received unprecedented volumes of applicants across a range of disciplines. Apprenticeship recruitment has been no different with the appointment to 33 roles across 13 schemes for the 2022 entry cohort, from nearly 1000 applications. We expect over 40 new joiners for the 2023 apprenticeship cohort later this year, which will be our biggest yet. Our apprenticeship scheme encourages a key pipeline of talent.

### Civil Service People Survey results

With a response rate of 71% (higher than the civil service rate of 65%), the Civil Service People Survey has provided useful



FCDO Services employee designs a model

feedback on how our staff view issues within our organisation. The 2022 results reflected the challenges experienced in many parts of the civil service, with many areas scoring less positively than in the previous year. Some business areas maintained their stronger scores, with noticeable improvements elsewhere. The score for 'My Work' remained the same, in line with the civil service benchmark.

Our 'Learning and Development' score was five points above the civil service benchmark, and reflects the focus the organisation places on the development of its staff.

For 2022/23 we achieved one of our ministerial targets. The score for 'My Manager' was at 71% against a target of 65%, however staff engagement was at 58% against a target of 61%. The Executive Board has agreed key areas to focus

on at a corporate level, and each area of the business will update its local engagement action plan to address issues affecting their specific teams.

### Leadership, management and development

As part of our ongoing commitment to improving leadership and management across FCDO Services, 21 of our high potential staff participated in our Leadership Academy (with nine of those being successfully appointed to more senior roles). The principles for this cohort involved them owning their own development, taking opportunities to stretch themselves, and ensuring they put their learning into practice. Our learners gained a lot from the coaching and mentoring opportunities, and we will build on this programme for those identified as high potential in the future.

Our staff make good use of learning opportunities and can apply to complete professional qualifications, as well as undertake learning that will help their longer term goals and aspirations. We continue to partner with a local college to offer Chartered Management Institute qualifications, and during the year 11 employees achieved Level 3 qualifications, and six achieved a Level 5 qualification before applying for Chartered Manager status. These courses were delivered virtually, allowing those in the UK and overseas to participate.

Our reverse mentoring programme has made a positive impact, with senior staff gaining useful insights from people - usually more junior - working elsewhere in the organisation.

### 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. Risk management activity is reinforced by a policy document and a supported internal risk framework.

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 principal and operational risks, periodically reviewed and updated.

### Business continuity

FCDO Services' structured and comprehensive business continuity approach has supported delivery activities to customers over the past 12 months, combining this with proactive incident response.

By maintaining an effective and robust resilience structure the organisation is flexible and prepared during critical times. The 'Business Continuity Strategy' will continue to evolve as we support customers and stakeholders impacted by disruptive events across the world.

We have maintained our ISO 22301 certification for Business Continuity. Continuous dynamic planning, exercising and delivery remains the foundation of our commitment goals to our staff and customers for the future.

### New finance and HR system

FCDO Services introduced a new finance and human resources system in July 2022 – called Hera. The system utilises the latest Oracle cloud-based software. This is an important business tool that delivers significant enhancements over the system it replaces. It allows us to digitise and automate more of our business processes to maximise efficiency, and in the future enable mobile access to allow our people to work 'on the move'. The main HR and finance modules went live in July 2022 and additional ones will be added later this year. These include an 'Enterprise Performance Management' (EPM) system, a 'Learn' module replacing our standalone learning management system and a 'Workforce Planning' module.

### Sustainability

Operating as a Trading Fund of the FCDO, FCDO Services is a part of the FCDO's environmental footprint within the 'Greening Government Commitment (GGC) 2021 to 2025' framework.

Under our Sustainability Strategy and Action Plan 2022-25, we work closely with the FCDO to ensure environmental compliance and reduce our organisational footprint to meet GGC targets. Our sustainability initiatives are focused on improving environmental management, becoming 'net-zero capable' and producing greener products and services for our customers. A full sustainability performance chapter is included in this report.

### Health and safety

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

Our teams work in diverse global environments and the health and safety systems we have in place are designed so that nobody should be harmed or made ill by our activities. Our 'Health and Safety Policy' underpins this with the mission statement; 'Safe by choice'.

Annual key performance indicators are set and tracked to record our progress against objectives for high performance. Several campaigns took place throughout 2022 to promote the culture and behaviours that are the driving force of good safety performance. A safety leadership programme will run throughout 2023 to deliver further risk-reducing techniques and skills for our colleagues to employ.

We aim to achieve the international standard accreditation for health and safety, ISO 45001, by 2025. This will provide assurance to our customers and our colleagues that our processes and procedures are robust.

We will continue to work closely with our external stakeholders to engage in further efforts to keep projects, products and services safe, from concept to completion.

### Security

Participation in several cross government working groups, Government Security forums and boards has enabled the security team to influence and shape government security policy improvement. Introduction of a new single Security Incident Reporting Tool, and collaboration of all internal security teams has led to efficiencies this year.

Comprehensive security education and a mandatory general security refresher course for all staff, has

enhanced our security culture and reduced the risk of 'Insider Threat'. Compliance monitoring, measuring trends and the production of lessons learned following incidents, has influenced our communications, levels of assurance and planning.

Once again we have retained our ISO 27001 and Cyber Essentials Plus accreditations and followed the direction of the Government Functional Standard GovS:007 on Security. The Digital Design Authority (DDA) Board that covers project assurance and governance has expanded to include Annual Reviews. The Annual Review ensures the design and build of all digital projects and services meet the technical, security, service, delivery and assurance standards of our organisation.

### ISO Standards

During 2022/23 we managed and maintained the ISO 9001 Quality Management standard and had a successful audit giving renewed certification for three more years. In addition, we hold the ISO 20000-1 Service Management Standard. We completed regular internal compliance audits and managed external surveillance audits on all of the standards FCDO Services holds. Using a continuous cycle of self-evaluation, correction and improvement of our operations and processes we ensure the effectiveness, continuing suitability and adequacy of the management systems. In addition to the ISO standards we already hold, we are currently working towards certification for the ISO 45001:2018 Occupational Health and Safety Standard launching later in 2023.

FCDO Services is also included within the scope of the FCDO's ISO 14001 certified Environmental Management System and is subject to FCDO led inspections and audits. Retaining these ISO Standards

provides assurance to the organisation and our customers of the relevant systems of governance, risk management and controls and makes recommendations for improvement.

### Personal data

There have been no significant lapses of protective security, or referrals to the Information Commissioner's Office (ICO) in 2022/23.

### 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 March 2023, FCDO Services received 24 FOI requests and three 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.

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, helps to ensure staff receive fair treatment and respect, no matter their background, and helps FCDO Services prevent 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 showcase 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.

*Digital representation of a spinning globe, Getty Images*



# Trusted

The last 12 months have seen the organisation deliver projects and programmes for our partners in the UK and at Posts around the world. We have provided critical services at the highest levels of security. Through our expertise in property, logistics, security and IT we support British diplomacy overseas and in the UK. We are a key partner to the FCDO, providing a valued and trusted service.

We have continued to strengthen our relationship with the FCDO, striving to deliver the best possible service and value for money. In early 2023, we held a series of global events with key FCDO personnel based out at Post. These events informed FCDO staff of our work, how we support Posts and who they can contact. We worked closely with FCDO colleagues to explain our service and will repeat them throughout the year.

## HYDRA

Programme HYDRA is the creation of secure Remote Radar Heads (RRH) for the Royal Air Force (RAF) at four sites across the UK. Teams have now completed work with successful delivery of the final RRH at Neatishead in Norfolk, with completion of a new transmitter site nearby. We have now moved on to the next phase of the RAF's RRH improvements and have begun working on Programme ROCKHOPPER. We are also managing several new projects for the wider Ministry of Defence, continuing our trusted relationship in high security construction and secure services.

## Digital Sensitivity Review Service

The Digital Sensitivity Review Service has expanded its remit and broadened its customer base. The important work of redacting sensitive information in documents prior to their release to the public is another pillar in keeping our country

safe. The team has worked extensively reviewing documents for academic institutions and is expanding the work it does with other government agencies and departments, including the Treasury.

## UK National Authority for Counter-Eavesdropping (UK NACE)

Throughout the 2022/23 reporting period, UK NACE continued to provide crucial guidance and operational support to the UK government and our international partners. The team has supported several high-profile events including London Bridge and in January 2023, the team played a crucial role in supporting the high level AUKMIN conference. It took place in Portsmouth between the Foreign and Defence Secretaries and their Australian counterparts. UK NACE and MOD inspection teams collaborated before and during the conference. Working closely with Private Offices and the Protocol department, the teams tirelessly maintained

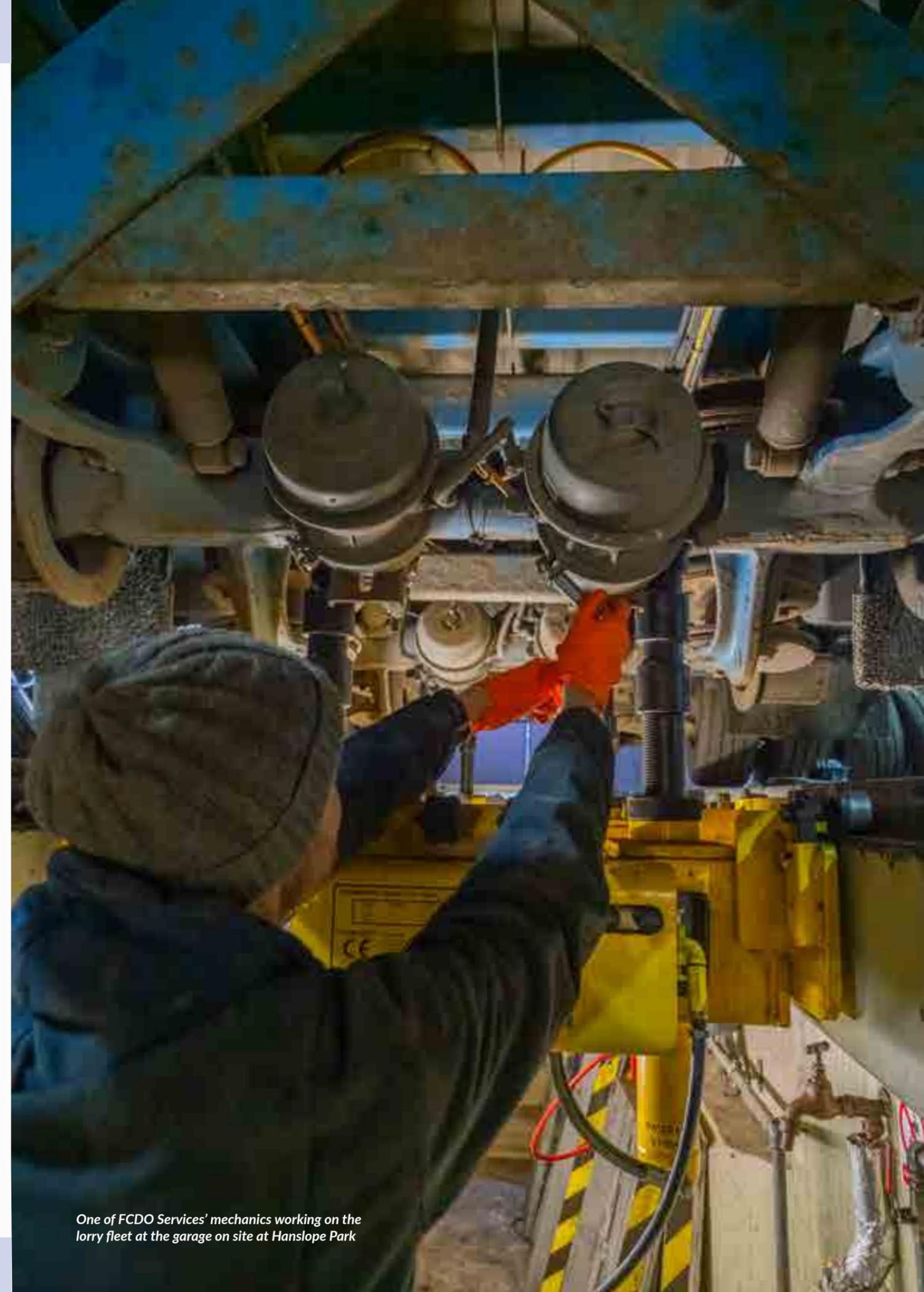
the security and integrity of the event and provided advice and guidance to attendees.

UK NACE also took a central role in the Government Security conference in March 2023, speaking alongside colleagues from the other National Technical Authorities, the National Cyber Security Centre (NCSC) and the National Protective Security Authority (NPSA) (formerly known as the Centre for the Protection of National Infrastructure, or CPNI).

Later in this chapter you can read about how, through its extensive training curriculum, UK NACE helps government departments protect against technical espionage and attacks.

## Providing assurance through ISO accreditation

As a trusted provider of services to the UK government, ISO accreditation provides assurance to our customers and staff. It demonstrates our commitment to continuous improvement and meeting the highest standards.



One of FCDO Services' mechanics working on the lorry fleet at the garage on site at Hanslope Park

# Sensitivity reviewing for His Majesty's (HM) Treasury

With vast amounts of annual records and numerous different file types, HM Treasury needed a bespoke solution to sensitivity review its files

## Case Study

*"The DSR team are developing a system which I am confident will have strategic benefits across government in the longer term and will reduce risks, enable coherent decision making, and enable departments to manage their digital legacy records to meet their obligations against the Public Records Act."*

**Head of Knowledge and Information Management, HM Treasury**

His Majesty's (HM) Treasury, as the government's economic and finance ministry, sits at the centre of much government activity, amassing vast amounts of data without even trying. Sitting in the intersection of government, the Treasury are often copied into emails from departments across His Majesty's Government (HMG) with a wide variety of file types attached. This means there is a huge amount of information that needs reviewing for sensitivity each year to ensure that in complying with the 20 year rule, HM Treasury sends the right information to The National Archives.

With hundreds of thousands of records in scope of the Public Records Act each year, HM Treasury needed a unique solution to review its files. With commercial off the shelf options limited in suitability, FCDO Services was able to provide the right solution through our Digital Sensitivity Review (DSR) service. Making use of the latest technology, the

team was able to address the huge amount of data and file types that needed reviewing for sensitivity.

### Handling different files

With far reaching connections across HMG, the HM Treasury digital legacy records collection is comprised of more than 247 different groups of file types, that all require opening and checking for sensitivities prior to transfer. This wide range of content types provided a significant challenge for the DSR team.

The DSR team reviews documents for our main customer the Foreign, Commonwealth and Development Office (FCDO), whose file plan is very structured. A file plan is a tool for organising records that makes them easy to store, retrieve and dispose of. The process was originally set up to review just three different file types, so the team had to design a unique solution to address both the quantity of documents held by HM

Treasury, and the large number of different file types identified.

Every version of Excel, PDF and Word must be processed slightly differently, so the DSR team had to adapt. This complexity was made more difficult due to lockdown restrictions in place at the time, with our teams forced to build relationships and manage technical developments virtually.

### Developing a new approach

To address the quantity of data and different file types, the DSR team built on the investment made by the FCDO. They added extensions to the system to process the HM Treasury file types and researched Artificial Intelligence (AI) and machine learning technologies. The team created efficiencies to manage the hundreds of thousands of records to be reviewed each year, to ensure HM Treasury could achieve compliance with the Act.

## What is the 20 year rule?

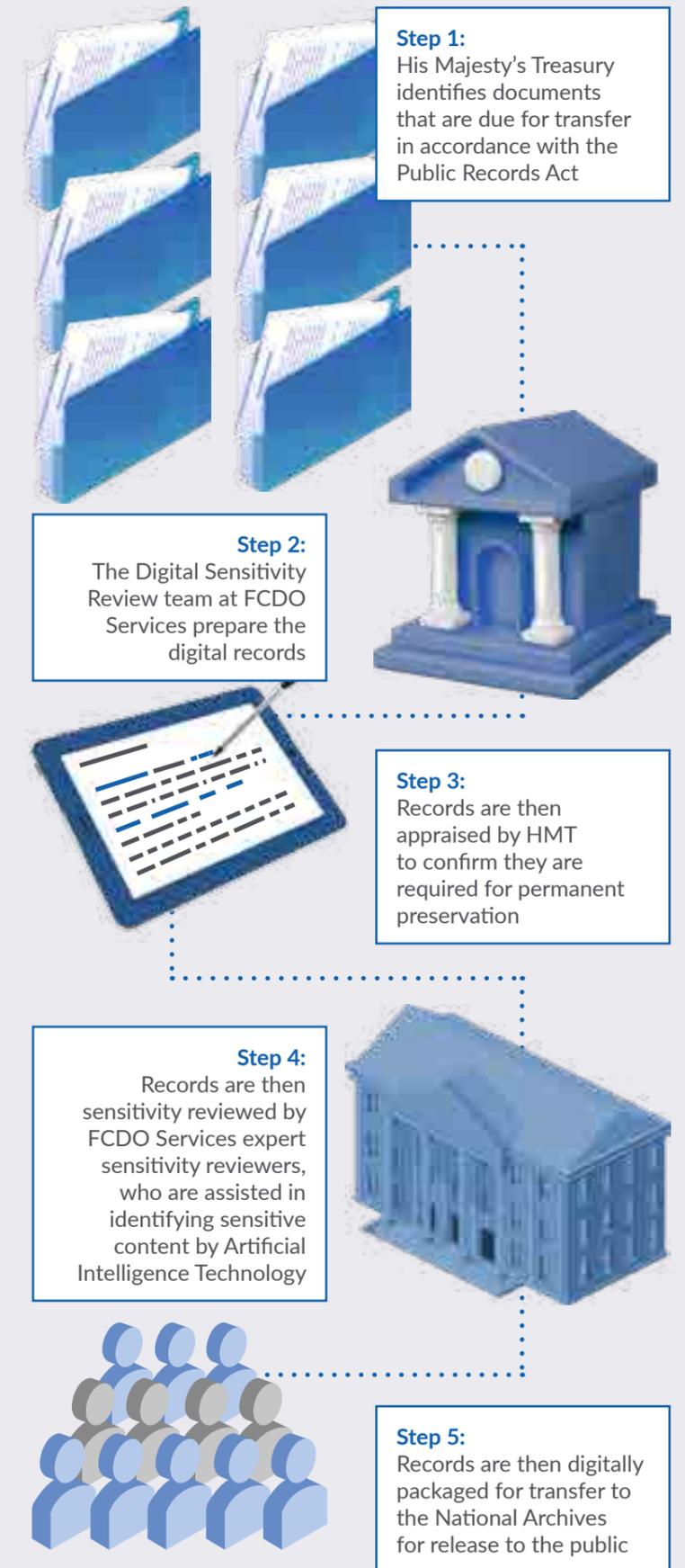
In 2013 the government began to move towards releasing records when they became 20 years old, instead of 30. Government departments are catching up by reviewing at least two years' worth of records each year. Documents releasable to the public are transferred to The National Archives.

The newly developed system is designed to support the rendering of documents and speed up the removal of duplicate and non-historic data to identify the original needed for transfer. Due to the design of the DSR system, our customers at HM Treasury are reassured that the correct documents are redacted with consistency across all versions of the file. AI helps to maintain consistency and guide our reviewers, but does not make the decisions on their behalf.

### What's next?

Developed specifically for the unique requirements of HM Treasury, the use of AI to support the work of sensitivity reviewers has been a success. The project is now moving into the service stage, and HM Treasury is optimistic about the future of the programme.

Through the use of this system across HMG to improve the coherence of inter-departmental decision making, the risk of "mosaicking" would be greatly reduced. Mosaicking is the piecing together of information by finding apparently innocent elements that combine to reveal a sensitive whole. If sensitivity reviews are not consistent across government departments therefore, there is a risk that redactions can be unpicked. The consistency that AI provides in the sensitivity review process should help HMG develop a joined-up approach.



The process of sensitivity reviewing files for HM Treasury

## Modernising technology to improve efficiency and collaboration

FCDO Services' Architecture and Interior Design team is involved in a range of construction projects globally, from existing building refurbishments and whole compound masterplans to designing new buildings across the estate. The process for creating, sharing and editing drawings was inefficient and the team needed a solution to modernise processes and improve collaboration.

As part of their day to day work, architects and designers share drawings with their team, key stakeholders and customers. For meetings they were printing the designs, manually adding changes and notes, scanning them back into the system and then creating the next version. In addition, due to technology limitations, travelling staff were taking two laptops on trips to access different platforms required to do their jobs.

### Understanding service improvement requirements

In 2022, experts from Technology and Operations spent time with the architecture and interior design team to understand the problems they were facing with their existing technology and gather requirements to improve the service. The team needed to work from a single platform, share designs and edit them in real time, travel with just one device and have newer hardware and software. Easier collaboration

was a key requirement. Through building a good relationship with the team and listening to their challenges, our specialists designed a solution.

### The solution

The solution was delivered in three parts. Firstly, the team received new high specification touch screen laptops and digital pens, the pens made designing and editing on screen easier. With these new devices, the teams were moved onto one single platform, particularly impactful for travelling officers who now take just one laptop on trips.

Next they provided a large touch screen device on wheels. This is a shared resource that sits in the London office and can be wheeled into meetings. The screen allows real time edits on documents, removing the need for printing and scanning. It also acts as a digital display for visitors, and generates great interest from

## Case Study

*"The Technology and Operations team really understand our needs and work hard to improve our IT platform, enabling us to deliver output more efficiently. They are collaborative, working closely with us, not just when we have an emergency or problem, but listening to our needs and coming up with innovative solutions. This service improvement has really boosted morale in the team."*

Head of Design, FCDO Services

FCDO customers and stakeholders as they walk through the office.

The final part of the solution was the introduction of modern desktop hardware. The new hardware has screens that rotate 180 degrees and fully functional digital pens that enable the engineers to draw and scribe.

### The result

The team is now able to access most functions on a single Remote Access System. As a result, file transfer time is significantly reduced and travelling officers commute with just one laptop rather than two, accessing everything they need from a single device. The new technology supports 'team huddles' in the office and meetings when the team need to look at work together and changes can be made in real time.

The team are now able to work more efficiently and collaboratively.

Architectural drawing, Getty images

## Case Study

*"The original scope of the project was fairly bland in the context of ESND's wider project portfolio, focussing on addressing longstanding maintenance and seismic non-compliance issues in the Langan Building. The value-add brought by the team has been evidenced on multiple levels throughout the project, none more so than the Langan Building itself. It now looks like a brand new office - without going beyond the maintenance and addressing seismic non-compliance scope."*

Project Director for the FCDO's Estates, Security and Network Directorate (ESND)

Langan building at the FCDO's embassy in Addis Ababa

## Transforming the Langan Building in Addis Ababa

Simple repairs to the FCDO's office building roof led to further renovation work and improved the space for all users

The Foreign, Commonwealth and Development Office's Langan building makes a strong first impression and is one of the first buildings you see as you enter the compound. At the start of 2020, FCDO Services was employed as part of a technical team to project manage essential repairs to the roof of the building, strengthen part of the perimeter security wall and make the building more resistant to seismic activity.

### Added value

The refurbishment works covered a full rewiring of the electrical and fire alarm systems to make the building safer. The end result led to modernisations that improved the look and feel of the building too.

### Resilience during COVID-19 and period of local civil conflict

Then the global pandemic hit in 2020. The challenge of shipping and storing building materials was immediate. Added to this, in November 2021, the project was paused for six months due to local civil conflict and Addis Ababa's British Embassy was partially closed. Access to the main routes to key ports became difficult and many staff returned to the UK.

Regular updates and multiple photographs were crucial so that materials could be delivered and designs updated. Excellent collaboration and communication between members of FCDO's Estates, Security and Network Directorate (ESND), FCDO staff at Post and FCDO Services helped the project get going again as soon as the green light was given to start work on site.

### Accessible and compliant

The old section of perimeter wall at risk of collapse was replaced with a secure and stable structure, reducing the risk to staff and members of the public. As the project progressed, it became evident that additional works were required and it was logical to include some refurbishments in addition to the essential repairs. New carpets and glass partitioning, improved ceilings and staircases, replacement fire exit doors and new secure doors were incorporated into the project. The result is a light and airy clutter-free space, with improved toilet access and a functioning lift. The ambassador is looking forward to moving into the new space.

# Focus On

## Programme HYDRA – new secure radar infrastructure for the Royal Air Force (RAF)

FCDO Services has completed Programme HYDRA at the fourth and final in-scope Remote Radar Head at Neatishead in Norfolk.

FCDO Services was appointed Principal Designer and Principal Contractor for Programme HYDRA in 2019, following our previous success with Programme TARTARUS at Saxa Vord. TARTARUS was the first project of this kind in the UK. It involved the design, construction and security provision for a remotely monitored RAF radar site.

Programme HYDRA is the bespoke secure-build upgrade of Remote Radar Heads (RRHs) at four sites across the UK. The newly built sites protect the radar equipment from both the elements and intruders, enabling them to be monitored centrally with only limited on-site radar maintenance support. This set up has enabled the release of RAF personnel previously based permanently at these sites.

### Four completed sites

The final major phase of this £48 million programme with the RAF is now complete, with delivery at the fourth RRH at Neatishead. An additional project was delivered in parallel that built the secure infrastructure and 40 metre tower to enable collocation of

communications equipment at a single radio site nearby. The three previously completed RRHs are at Brizlee Wood in Northumberland, Buchan in Aberdeenshire and Benbecula in the Outer Hebrides.

Neatishead is a fitting location for the RAF to choose as its final secure radar site. The site has a rich history in the evolution of radar, particularly during the Cold War years. Neatishead was selected by the RAF following a coastal erosion report completed by the programme that placed RRH Trimmingham as a high risk site on which to retain the radar that has since been relocated to Neatishead.

For Programme HYDRA, the FCDO Services team included a programme lead, project manager, architect, structural engineer, quantity surveyors and specialist security engineers. We worked collaboratively with our main contractor, Serco Ltd and other suppliers at all four sites.

Our small, highly skilled team of experts had in-depth knowledge of the RAF's needs and requirements for this project given their work on previous sites. They delivered the comprehensive brief to the highest standard, on budget and achieved key milestones without delay at each phase of the programme.

### Unique requirements for each site

Each site presented a very unique set of requirements, challenges and special considerations. The team had to work with varying geological, ecological and environmental conditions, in some of the UK's most remote locations. During construction at the Brizlee Wood, Buchan and Benbecula sites the team faced and overcame significant challenges due to the COVID-19 pandemic.

The flat lowland countryside in Norfolk, radar capability and site constraints at Neatishead also required specialist engagement with local planning and environmental authorities.

The radar needed to be raised higher than at previous locations

“I’m proud to be working for FCDO Services on these projects. It’s a good, collaborative, cross-government set of works.”

HYDRA Programme Lead, FCDO Services

“Having a team that works so well together is really amazing. The pace has been incredible and I’m really proud of what we have achieved.”

HYDRA Project Manager, FCDO Services

### Sustainability

With projects in remote and environmentally sensitive areas, the HYDRA project team took great care to avoid impacts, working with Natural England and local council representatives. In-depth environmental reports were carried out prior to any work commencing.

At the HYDRA D site in Neatishead, careful planning and consideration was taken by

the project team and the main contractor to avoid potential impact to great crested newts, badgers and bats. At the transmitter site in Neatishead, sound hoarding was erected around the entire site to protect wild, migrating/grazing geese and birds. Sound monitors were installed to ensure noise levels were controlled and the team recorded and reported results to ensure compliance with planning considerations.

“FCDO Services has, once again, proven an extremely capable and reliable Principal Contractor for the RAF, throughout the HYDRA major infrastructure programme: delivered on time, within budget and to high quality, I could not have asked for more but have come to expect nothing less.”

Senior Responsible Owner, RAF

to see above surrounding buildings. The project architect designed the infrastructure as a two-storey tower with the service areas housed beneath the radome platform. There were several local area requirements, and maintaining good relations with the local community supported the success of this programme. Local residents were overwhelmingly supportive of the return of an operational Air Defence Radar to the area.

### Psychological safety at work

A report written by PA Consulting and the MOD identified the HYDRA team as one of the highest performing programme delivery teams in defence. Led by the RAF, the HYDRA Programme has invested heavily in ‘Psychological Safety’ coaching and leadership

mentoring. Psychological Safety is a concept that is being taken forward at pace by the MOD. Its application aims to promote the willingness of individuals to take interpersonal risks within teams, including speaking up and raising risks and issues early, to enhance overall team performance.

The team attended workshops to identify what they did well, where they could improve and how to better support each other. The team’s structure and open and supportive culture means individuals are empowered to raise concerns and put forward ideas and thoughts to the wider group. Contributions and opinions are valued, and problems and challenges are faced together for the benefit of the programme. The application of Psychological Safety has contributed significantly to the sustained success and resilience of the team.

Remote Radar Head at Neatishead in Norfolk

# Focus On

## Educating organisations to identify threat

Through its extensive training curriculum, the UK National Authority for Counter-Eavesdropping (UK NACE) helps government departments protect against technical espionage and attacks.

UK NACE is one of the UK's three National Technical Authorities, leading the technical security profession across government. Part of its role is providing training and mentoring to national and international partners.

In the last year the organisation was awarded funding that has enabled the expansion of its training offer. With this funding, UK NACE can now reach more organisations to educate and provide more technical security advice.

### TEMPEST training

The UK NACE Academy trains attendees to identify TEMPEST threats and deploy countermeasures to combat them in secure environments.

TEMPEST is an unclassified short name referring to investigation and studies of compromising emanations. These are radio or magnetic waves that could unknowingly result in sensitive data being leaked from an electronic device (something which originates or issues from a source). Compromising emanations, if intercepted and analysed, these would disclose the information transmitted, received, handled or otherwise processed by telecommunications or automated systems equipment.

To close the growing capability gap within the UK TEMPEST 'Transmitter System Tester' community, UK NACE started the rapid roll out of a suite of critical training courses on behalf of The National Cyber Security Centre (NCSC). Senior instructors from their academy completed a comprehensive skills transfer and agreed training priorities with the NCSC. As part of this training programme, UK NACE experts created a specialised TEMPEST and electromagnetic security research

and development laboratory to improve technical capability.

The training was delivered to several government partners. By training and certifying 12 team members and eight team leaders, instructors restored full TEMPEST Tester capacity to the Ministry of Defence.

### NATO and Five Eyes training

In 2022, UK NACE was awarded £150,000 from the UK's cross-government 'Conflict, Stability and Security Fund'. This investment is being used to build global security and embed world-leading UK technical surveillance countermeasures expertise within NATO partners who are most at risk from technical interference and espionage.

Seven senior UK NACE Academy 'Technical Surveillance Countermeasures' experts collaborated to devise a bespoke training package. The team carefully considered the diverse



UK NACE logo

needs of international students and emerging hostile threats.

Following this intensive training, countermeasure capabilities in three Eastern Europe NATO countries have been strengthened, putting them in a better position to defend against hostile state actor offensive technical attack.

This funding has enabled UK NACE to engage with and support multilateral institutions on state threats.

### UK NACE INsights

In July 2022, UK NACE branched out and began publishing their UK NACE INsights publication to key stakeholders. It aims to provide a lens into the world of UK NACE and educate readers on technology safety and protecting data. It helps to demystify the world of technical espionage in a short form.

The monthly publication covers a wide range of topics, from looking at emerging areas of technology, and explains some tools and techniques of the trade while exploring case studies.

In January 2023, the team published a piece called 'Are your devices spying on you?' following the Christmas break when many people were likely to have new tech gadgets to play with. The article covered the need to keep up to date with the latest security for your device, being aware of fake updates, and gave top tips on protecting your personal data.

The UK NACE team has another busy year ahead continuing to provide guidance, education and operational support to the UK government and Friendly Foreign Governments across the world.

The challenge continues.

# Focus On

## Transporting and delivering in the thick of Operation London Bridge

FCDO Services teams were heavily involved in Operation London Bridge in the run up to, and on the day of Her Late Majesty Queen Elizabeth II's funeral.

Over the two week mourning period, many people across the nation stopped to pay their heartfelt and deepest respect to the Late Queen. At the same time, the UK Government enacted Operation London Bridge, the funeral plan for the death of the Late Queen Elizabeth II.

During this period, a small team of dedicated and passionate staff from across FCDO Services made an extraordinary effort to ensure senior ministers, VIP visitors and government officials were able to continue their duties safely and securely without disruption.

### Road closures and military rehearsals

As London prepared for the state funeral, security and policing was heightened. It was one of the largest security operations the city had seen. With thousands of members of the public descended on the capital there was a greater than usual police presence, road closures, barriers and military rehearsals all taking place. As a result, access to key ministerial and government offices was more challenging.

Throughout all of this, our London Car Service continued to transport FCDO ministers and senior officials, while our External Messengers ensured important classified documents and red boxes were delivered on time. All services operated as and where needed, 24 hours a day, seven days a week. Drivers supported FCDO colleagues in King Charles Street, as well as other civil service staff and volunteers in Downing Street and across Whitehall.

### Enabling the Crisis Team

FCDO Services Hanslope Park Transport team is responsible for the daily delivery run that leaves Hanslope for London every morning. This service provided a lifeline for the newly established FCDO Crisis Teams, which were quickly set up to respond to the operation.

Within hours of forming, the Crisis Team needed laptops, screens and other IT equipment to enable them to support the frontline delivery. Our team responded swiftly by carrying out extra runs to deliver the necessary equipment as soon as possible. This included answering requests for equipment at 2pm and delivering them by 5pm the same day.

### Increasing Wi-Fi coverage

A crucial requirement during Operation London Bridge was increasing Wi-Fi coverage to ensure connectivity. Our

“It’s a privilege and an honour to work as part of this team. All in all, the Logistics and FCDO Services Operations departments do commendable work that supports the most vital national projects, and without their experience, expertise and professionalism, the smooth preparations and running of this vital and historic event would have been much more challenging to deliver for the front line staff.”

Head of Classified Services,  
FCDO Services

Technology and Operations directorate were quick to respond, mobilising a team from Hanslope Park and dispatching them to London immediately. With more people needing network access and the majority of devices connecting through Wi-Fi, additional access points and customer access support was compulsory. With the importance of staying up to date with the news, working Wi-Fi became an even more critical part of the King Charles Street infrastructure during this time.

As well as providing additional Wi-Fi access points and customer support staff, we supplied extra televisions and digital signage. Keeping communications channels up and running during this time was critical.

Technical staff worked extended hours, from the day of Her Late Majesty's passing up until the

funeral service in order to support staff and government partners.

### Staff volunteers

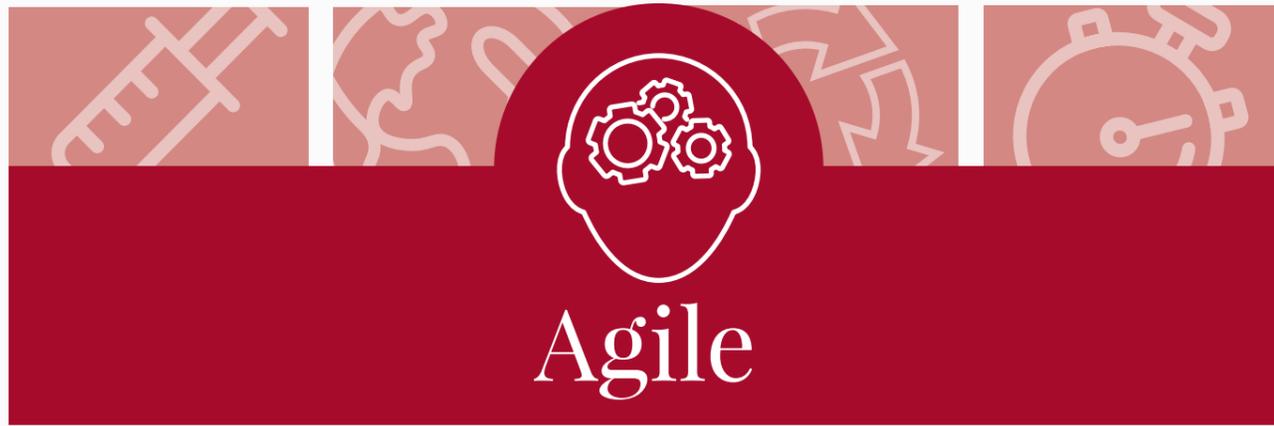
Our staff also volunteered in the FCDO's Arrivals and Departures Hub for Operation London Bridge. These volunteer teams included Airport Liaison Officers, working as part of a small team managing the arrival and departure arrangements of heads of state and government, as well as other senior foreign dignitaries, who attended the funeral.

The officers played a key role, acting as liaison points between the Arrivals and Departures Hub, the London Diplomatic missions and the airports. Volunteers ensured that all the arrangements were in place to facilitate the smooth travel and movement of dignitaries.

On the same day as the Royal funeral, our newly instated Foreign Secretary, The Rt Hon James Cleverly, flew to New York to attend the UN General Assembly. Our Logistics team ensured he and his office were supported with the transfer of important documents and items for the event. This involved getting through road closures and heavy London traffic to the airport and onto the tarmac on time.

The result of this tremendous effort from all those involved from FCDO Services meant that FCDO and One HMG teams in London were able to efficiently carry out their support for Operation London Bridge. It also meant ministers got to where they needed to be without disruption to the important work they do.

Lines of union jack flags hanging along the Mall in London, Getty images



Our partners rely on our ability to adapt our approach to best suit their needs and be agile in the way we deliver services. The areas we work require our teams to carefully plan our operations to account for a variety of possible situations. The last year has seen many different challenges present themselves, and we were ready to support our customers where they needed us most. We have provided extensive support for the Ukraine crisis, and in the aftermath of the devastating earthquake in Turkey earlier this year.

Later in this chapter you can read about our response to a flood at the British Ambassador's residence in Santo Domingo. The flood caused a risk of contamination from sewage and other untreated water sources, and an engineer in region was quickly diverted to provide expert support and guidance. This is an example of one of the many rapid response services we have provided this year.

### New business continuity tool

To be an agile organisation, we are constantly reviewing and improving our internal processes. This year we have implemented a new business continuity tool to ensure we continue to be operational in times of challenge or crisis. The pandemic moved our business continuity planning into reality and enabled us to fully test the resilience of our plans. We successfully implemented a Gold, Silver, Bronze business continuity command structure and remained operational throughout. We also learned valuable lessons for improvement and the new business continuity tool with its advanced functionality will allow us to embed improvements.

This year has also seen the implementation of a new risk management tool that allows us to have a single register for capturing risk across the organisation. This streamlining enables us to be more efficient and informed.

### Vaccine distribution

We have now completed the final phase of the vaccine distribution. The vaccine distribution programme was a cross-organisation effort, and hugely valued by our partners around the world. The 2022/23 vaccine programme was delivered in two phases starting with Paediatric Pfizer, with the final phase completing in January 2023. Our expertise in programme management and logistics ensured the success of the distribution. Read about the final phase later in this chapter.

### Translation and Interpreting

Our Translation and Interpreting service often receive requests with short lead times. In February this year the Translation team provided an interpretation service for the surprise visit of Ukrainian President Volodymyr Zelenskyy to London. With 48

hours' notice, the team mobilised and responded quickly to deliver the Ukrainian translation. Read more about the Translation service later in this chapter.

### Staff Awards

The Staff Awards offer a fantastic opportunity for us to come together as an organisation, to share and celebrate success and recognise the achievements of both teams and individuals, in what has been another challenging year. Nominations recognised some of the exceptional crisis response our people have delivered. Read about the awards later in this chapter.

## Case Study

### Delivering FCDO's global COVID-19 seasonal booster programme

In 2022, FCDO Services worked closely with the FCDO's Health and Welfare Staff Vaccine Team to complete their overseas rollout of the autumn booster.

*"Many thanks for all the help to get our boosters here. All went super smoothly with the courier logistics. We had a successful vaccination session administered in collaboration with the UN Clinic. As COVID cases were on the rise here again, the boosters were timely and really well appreciated by our team, and those with whom we've been able to share the surplus."*

**Deputy Head of Mission,  
British Embassy Antananarivo**

In September 2022, the delivery of COVID-19 vaccine to 95 posts began. This was a collaborative programme involving more than 100 FCDO Services staff, including King's Messengers, staff couriers and working with the Ministry of Defence (MOD) and our Australian partners. As countries increase their efforts to vaccinate their own populations, the majority of posts were able to access local vaccination programmes this time round. This still left a large number of Posts that for various reasons required vaccines to be delivered from the UK.

The programme had to follow UK Health Security Agency (UKHSA) handling guidelines and recommendations made by the Joint Committee on Vaccination and Immunisation (JCVI). The JCVI recommended that all adults aged 50 and over should be offered the booster jab. This also included other groups, for example patients in key clinical risk groups and healthcare workers.

FCDO Services expertly ensured the collection and delivery strategy included mechanisms and contingency planning for strict temperature control and potential delays to journeys, all while keeping posts and other stakeholders fully updated. Key to the successful roll out of the programme was the relationship the Staff Vaccine Team and FCDO Services built with UKHSA. Their 'deliver together' approach was a mantra shared by all involved.

The FCDO Responsible Persons team played a vital role authorising the final release of the vaccines. They verified delivery information and made sure that temperatures they were transported at met the prescribed levels. Our King's Messengers, along with staff couriers and the Health and Welfare Medical Team, oversaw the safe handling of the vaccines on arrival in country.

*"We are very grateful to the Vaccine team in London for co-ordinating the delivery of our vaccines. They are always responsive and helpful, and our staff really appreciate the convenience of being able to get vaccinated at post."*

**Deputy Head of Mission,  
British Embassy Harare**

The work of the FCDO Services Vaccine Team didn't stop there through. They ensured that all the vaccinations were recorded correctly on the National Health Service (NHS) central system in the UK.

The team continues to be in close contact with UKHSA and the Department of Health and Social Care (DHSC) on future vaccine programmes.

Coronavirus Vaccine vial, Getty images

# Supporting the FCDO rollout its new IT platform

## Case Study

The rollout of the new IT platform called Osprey, is part of important work to bring together all parts of the FCDO onto one platform. Phase one of the programme involved the replacement of legacy IT with the rollout of new cloud-based devices and laptops to ex-Department for International Development staff.

The new platform will allow users across the FCDO to collaborate efficiently on a single modern cloud-based platform. May 2022 saw the first stage of the rollout, and FCDO Services was commissioned to support with organising the return of old devices, issuing of new devices and successful user support to allow user access to the new platform.

### Collaborating with our partners

We managed the rollout across two sites – King Charles Street and Abercrombie House, East Kilbride and provided technical support on the ground. The team worked closely across directorates, with the FCDO's Information and Digital Directorate, Osprey team and a third-party supplier.

The rollout started in May 2022 and completed in September 2022. With more than 2,300 units in the UK deployed during the rollout, the key to the success of the project was ensuring the devices went to the right people at the right time. The Osprey team used a booking system to manage the rollout and a forward-looking approach was essential to ensure correct volumes, scaling up and down based on requirements. Taking place during the summer months, the team had to be highly organised to facilitate the distribution of the new devices within the given time period.

### Providing the right team

The team facilitating the rollout consisted of apprentices, experienced installers, and IT experts. This mix worked well and provided an excellent learning

and development opportunity for our apprentices. Involvement in this programme enabled our apprentices to get hands on project experience, meet customers and gain valuable experience and mentoring from more senior members of the team.

IT experts were available during the setup of the new users to resolve any issues and answer questions on the new system.

### Technical support

As part of the program our Microsoft 365 Subject Matter Experts (SMEs) worked across a wide range of activities to support the FCDO and the third party supplier. Our SMEs were responsible for preparing the target accounts for users, ensuring the migration to the new platform went smoothly for all and that

*"I want to call out the really fantastic performance of the FCDO Services experts who completed the whole migration programme over 20 months. Their work, commitment and can-do attitude has been outstanding, and I would honestly say as key members of the team we would not have succeeded without them."*

Osprey Programme Manager, FCDO

users were in the correct groups, distribution lists and teams as soon as they were migrated. Our engineers staffed Tech Bars on the ground in King Charles Street and Abercrombie House where users received hands-on support as part of their migration experience.

The expertise and experience of the team on the ground enabled them to tackle challenges under pressure and in an agile way, implementing solutions that ensured the project was able to continue at pace. These solutions

included writing complex scripts to perform repetitive but critical tasks for each user migrated to the platform. Our SMEs carried out the decommissioning of the tools and the old environment as well.

We also supported the overseas rollout by providing remote support to staff.

### Osprey – phase two

Our teams received excellent feedback on the rollout from FCDO colleagues and we are now supporting the rollout of phase two of the programme to FCDO colleagues overseas and Partners across government. This phase will see all ex-Foreign and Commonwealth Office colleagues based in the UK and overseas receiving their new devices and being set up on the new system.

## Health and safety success in the Dominican Republic

FCDO Services supported local contractors to restore the Ambassador's Residence safely and make it habitable following extensive flood damage.

### Case Study

*"I was grateful for all the excellent and invaluable advice, as well as patience, whilst you kindly took us through what is an incredibly important Health and Safety process for us. It has left us in excellent shape and with the right planning systems in place."*

Mockbul Ali OBE,  
HM Ambassador to the  
Dominican Republic and Haiti

In November 2022, there was a flood at the British Embassy Santo Domingo Residence. Unusually high rainfall caused a nearby river to burst its banks. The water affected several parts of the building, including the guardroom, generator and fuel tank, water filtration system and underground water supply tanks.

#### Crisis response

An FCDO Services engineer in region was quickly diverted to Santo Domingo as a crisis response measure. They rapidly restored the residence to a health and safety compliant environment.

#### Safety expertise

Our engineer supported local staff to evaluate the flood damage and check that there were no further underlying issues. They highlighted that cleaning works to the main water tank should wait until a risk assessment was done and Personal Protective Equipment (PPE) was in place. As such, the contractor undertaking the cleaning works delayed starting the clean-up to ensure work could happen safely.

#### Contamination risk

The flood caused a risk of contamination from sewage and other untreated water sources. The electrical supply was also a concern and the generator and fuel tank needed testing. Furnishings that could not be disinfected after being soaked with contaminated water had to be disposed of.

#### Trusted advice

We advised post to get a suitable multi-gas detector, implement an emergency rescue procedure and purchase further PPE to comply with guidance on confined spaces. Post obtained a gas detector and a harness with a lifeline, removing the need for anyone to enter the confined space and eliminating the associated risk

We worked with post to implement the correct procedure for adding chlorine to wastewater – also known as grey water, ensuring water is safe to be released out of the system.

Good collaboration and communication with staff at post, and contractors following FCDO Services' advice meant that all systems and services were able to function in a safe and proper way after the engineer visit.

British Embassy Santo Domingo Residence

## Focus On

### Launching a new Enterprise Resource Planning and Human Capital Management system

Due to the growth of cloud technology in recent years, the FCDO's existing Enterprise Resource Planning (ERP) and Human Resources (HR) system became outdated. Alongside the FCDO, who owns the platform, we also needed to move to Hera, the new system. The change was needed to secure our functionality within the sphere of cloud technology and ensure continued secure work with our partners at the Foreign, Commonwealth and Development Office (FCDO).

To successfully introduce Hera to our organisation, it required collaboration of teams across FCDO Services at all management levels. As a tenant on the FCDO IT platform and as their trusted partner, our teams worked closely with their counterparts in the FCDO to successfully launch the new tool.

#### Configuring and testing Hera's compatibility

As the provider of choice for secure services across HMG, the security of our data during the transfer to the new system was a priority.

Being a global organisation, the introduction of a new ERP system came with many challenges,

particularly with the timescale and depth of the project. We entered a four-year commitment to ensure the secure, successful configuration and migration of our employees' data to Hera.

Working collaboratively with key stakeholders across the organisation and the FCDO Hera Programme, the team configured the new platform to meet the needs of FCDO Services. This involved establishing workflows, granting permissions and building approval structures. It had to be rigorously tested and rolled out to employees across the globe, with minimal impact on existing projects.

Throughout all phases of the programme, the team ensured we complied with General Data Protection Regulations (GDPR). Considerations needed to be made for our overseas staff, establishing new delegated authority levels, role-based controls and access requirements.

We carefully introduced Hera to our platform, ensuring day-to-day operations were undisturbed and our global secure services continued. It replaced three legacy systems, and through its development we made critical processes more efficient. This included the transfer of

the overtime process to the platform, which eliminated the manual procedure for recording and processing overtime.

#### Staff training

The migration to Hera required a significant amount of training for our employees. Time zone considerations were made to ensure staff across the globe could receive the same level of training. Working with external consultants Ernst & Young, our teams designed and tested unique training materials specific to our organisational needs. The programme team delivered 70 training and drop-in sessions in total, with 1,200 people trained on the new platform before launch.

Hera was launched in July 2022 with a successful first payroll run. The adoption has since opened opportunities for further improvements across our organisation, including the automation of business processes, integration with other FCDO Services systems and better workforce planning and forecasting.

Most notably, it brings our ERP system into the age of cloud technology, in line with the secure digital services we deliver to our customers.

FCDO Services  
Hera program

# Focus On

## Recognising our people's achievements and successes

Staff awards are an important part of the FCDO Services' calendar. They are a cause for celebration. The reintroduction of a face to face ceremony in March 2023, following a period of absence due to the COVID-19 pandemic was a key element of our social wellbeing agenda.

In what has been another challenging year, the awards offered a fantastic opportunity for us to come together, share and celebrate success, and recognise the achievements of teams and individuals.

There were 11 award categories reflecting our strategy, and key organisational priorities:

- Championing Inclusion
- Championing Sustainability
- Collaborative Working
- Continuous Improvement
- External Customer Service Excellence
- Health and Safety
- Internal Customer Service Excellence
- Leadership and Management
- Project Management
- Protecting Information
- Security at our Heart

### Nominations galore

Colleagues across our organisation nominated teams and individuals for each award. Many included specific feedback from our partners and customers.

They were assessed by panels of subject matter experts and volunteers, against category specific criteria and our people values:

- Professional
- Innovative
- Collaborative
- Trusted
- Unique

In some award categories, the volume and quality of submissions was so high that it was difficult for the panels to select a winner. In these categories one or more entries were also recognised as being "highly commended."

### Celebration on the day

The event started with an opportunity for all the nominees and directors to meet and network. This is a key component in breaking down barriers and increasing understanding and collaboration between different areas of the organisation. Face to face contact is particularly important in

strengthening our social wellbeing, which is one of the four strands of our 'Wellbeing Strategy'.

The awards presentation was held in a hybrid way, both in person and over Microsoft Teams Live, to enable our people across the globe to join. For those in different time zones it was also recorded, with highlights from the event shared on our intranet along with photographs and post-event interviews.

The awards were presented by our Executive team, who were joined by Bill McCluggage, Non-Executive Director on the FCDO Services Board.

### Award winners to be proud of

The winning submissions clearly demonstrated a positive impact, whether this was in terms of customer experience, time, quality, efficiency, costs, safety, waste, or another factor. They showcased the broad variety of FCDO Services' activities, and the impact of these on our customers and people. We have included some of the winning entries:

- 'External Customer Service Excellence' recognised the crisis support provided to British and dual nationals, and the diplomatic platform, following the devastating earthquake in Turkey this year



- 'Leadership and Management' recognised exceptional leadership in delivering programmes for the Ministry of Defence, in remote and inhospitable locations
- 'Collaborative Working' went to a cross-functional team working with the Foreign, Commonwealth and Development Office (FCDO), to jointly implement a new finance and HR management system
- The 'Championing Inclusion' winner is a member of our Digital Sensitivity Review team, who has championed

Trans inclusion, as a role model, and contributed to policies and increasing awareness within the FCDO and FCDO Services

### Long service awards

An integral part of the Staff Award ceremony was recognising staff who achieved 40 years of service, since the event was last held. It was humbling to hear a summary of their amazing careers and experiences over the years. These colleagues have continued to support delivery in overseas

locations around the globe, starting their careers in what was then FCO.

Overall the awards were positively received and a great way to showcase the valuable work our people carry out and recognise achievements. As with any activity there are opportunities for continuous improvement to make the awards even more impactful for our people, and we will be focused on this in the coming year.

FCDO Services' CEO Mike Astell at the 2023 Staff Awards



"The Interpretation team managed to deliver an interpreter within a very short timeframe. There was a conference taking place in Paris at the time, therefore we had limited translators available to us. The team moved into action and managed to call on all their contacts. The interpreter was great, she showed great flexibility with her time and aptitude, providing consecutive and simultaneous translation and travelling with the delegation throughout. Truly a visit to remember."

**Protocol Visits Team**

# Focus On

## Working together to get the message right

FCDO Services' Translation and Interpreting team delivered several high-profile translation projects during 2022/23. This important service has continued to support the diplomatic platform in challenging circumstances.

Our Translation and Interpreting team provides translation and interpreting services, both from and into English, in over forty languages. We are the only customer-facing linguistic service within His Majesty's Government (HMG) and, as such, regularly support the Foreign, Commonwealth and Development Office (FCDO) and other departments across Whitehall.

Throughout the last year the team have continued to

work with a broad range of government customers on a variety of translation projects.

### Countering disinformation

When Russia invaded Ukraine, there was an urgent need for translation work to counter disinformation from Russia. The team delivered urgent linguistic support from the beginning, translating key documents into Ukrainian and Russian, not least in order to help Ukrainians fleeing the war come to the UK. The team was also employed by the Government Information Cell, coordinated by the Cabinet Office, to help them translate social media messages into Ukrainian and Russian. They rapidly translated

a series of urgent messages that were disseminated via Twitter and other social media, all under the umbrella #standwithukraine.

The situation at the start of the conflict was incredibly fast-moving. This meant policies evolved day by day. As a result, our translators were in regular contact with stakeholders to ensure that each translation reflected the latest and most accurate information.

### Speech to parliament

On 24 February 2022, Boris Johnson addressed the nation about the Russian invasion of Ukraine. We translated his speech, along with his statement to the House of Commons, and some

video messages into Ukrainian and Russian. Our linguists were responsive and went the extra mile to deliver, supplying the then Prime Minister with phonetic transcription to support him to say a few words to the people of Ukraine in Ukrainian.

### Homes for Ukraine scheme

As the conflict continued, the profile of the response from Whitehall departments developed. Over the last year, because of the conflict in Ukraine, thousands of families and citizens have been displaced. The Homes for Ukraine settlement scheme was quickly set up by the UK Government to assist those wanting to flee the conflict.

With the Home Office as the lead department on this front, the Translation and Interpreting team was asked to translate a range of materials to support these efforts. These included guidance documents, visa applications and other forms.

Being highly experienced in delivering translations for partners across government, the team were able to respond quickly to the peak in demand from our customers. These included the FCDO, Home Office, and Department for Environment, Food & Rural Affairs (DEFRA).

It was crucial that the translations of this content from English into Ukrainian and Russian were accurate and easy to understand, so those going through the application process could do so without being slowed down by unnecessarily complicated information. Requests to translate this material often had to be turned around rapidly to meet customers' own tight deadlines.

Translation requirements were therefore prioritised so that the most urgent work could be delivered first, with translations regularly being completed ahead of schedule.

### Surprise presidential visit

At very short notice because of the extensive security surrounding the event, the team provided interpretation for the surprise visit of Ukrainian President Volodymyr Zelenskyy to London on 8 February 2023. This included a meeting with the Prime Minister and His Majesty King Charles III, and an early evening press conference. With 48 hours' notice, the team mobilised and responded quickly to field a Ukrainian interpreter for this high-level event in the spotlight of the world's media.

### Wider language capabilities

The success of our Translation and Interpreting service has now opened new opportunities for the team.

In the new post-Brexit landscape where the extensive linguistic resources of the European Union are no longer available to the UK, FCDO Services' Translation and Interpreting team is now busier than ever.

*His Majesty King Charles III and President Volodymyr Zelenskyy meeting at Buckingham Palace*



The global model underpinning FCDO Services ensures we respond quickly to our customers' demands, whenever and wherever they are in the world. We provide critical and trusted local knowledge and intelligence to securely deliver projects and services in country. During the last 12 months the organisation has supported the FCDO and other government partners on the diplomatic platform.

### Regional structure

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. Our Regional Services' teams take 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 structure we drive efficiency in delivering activity and provide greater visibility and clarity to customers.

### Ukraine crisis

We are united in support of Ukraine and have provided valuable services to the FCDO.

When the British Embassy in Kyiv closed temporarily, our teams supported its drawdown. Our logistics operation had to adapt and adjust to the rapidly evolving needs of Post. We ensured that equipment was sent to Warsaw and other neighbouring countries, where additional support was being provided. Read about how our logistics team got the Diplomatic Bag through to Kyiv and Moscow during the crisis later in this chapter.

### Turkey and Syria earthquakes

In February 2023, devastating earthquakes and aftershocks hit southern Turkey and northern Syria. Our teams quickly collaborated with the FCDO in the region to deliver crisis support to British and Dual Nationals. Our Secure Technical Services Officer on the ground assisted with getting crisis systems up and running quickly and effectively, and ensuring the temporary location was fit for purpose.

### King's Messengers

Our King's Messengers are vital to supporting the global diplomatic platform. Delivering diplomatic mail across the globe, our dedicated King's Messengers have made 302 journeys to missions in the past year. Accompanying diplomatic bags on their journeys the Kings Messengers have moved a total of 330,000 kilograms of weight. The expertise of our logistics operation has ensured this vital service continues even during challenging situations. Read about how the King's Messengers adapted to a crisis ensuring the continued delivery of the diplomatic bag service later in this chapter.

### International Partners

International Partners increasingly appreciate the global reach of FCDO Services and the positive

contribution the organisation adds to the overarching diplomatic effort. Our Canadian and Australian colleagues continue to utilise our world class logistics service to deliver solutions, and demand is growing. The provision of estate management services to Global Affairs Canada (GAC) has expanded. Our expertise in running, planning and delivering a reliable platform across four locations has given additional confidence to our customers and we are planning to increase the number of locations where we provide services to GAC. In the security space our work with US, Australian, Canadian and New Zealand colleagues is as strong as ever with UK NACE providing expertise in the field. We are also providing support to Romanian colleagues in line with FCDO diplomatic efforts.

### New Reception for FCDO Head office in King Charles Street

A key project for us over the last few years has been the design and build of the reception at the FCDO head office in King Charles Street. The FCDO felt the existing reception needed major upgrades to match the grandeur of the main building and meet accessibility standards. FCDO Services was commissioned to design and install a new reception that would meet current and future requirements, while maintaining the building's heritage. Read about the new reception later in this chapter.

## Case Study

# Designing a King Charles Street reception the building deserves

The reception of the Foreign, Commonwealth and Development Office's headquarters desperately needed refurbishment. To match the grandeur of the main building and meet accessibility standards, significant improvements were needed.

*"I arrived in KCS after a couple of weeks leave this morning, via the new Reception. It is absolutely splendid. The room is open and light, and it is a fantastic backdrop for the artwork."*

Former Director, Estates, Security and Network Directorate, FCDO

The King Charles Street (KCS) building is at the heart of the UK's foreign policy machine, with the FCDO as its resident. Located around the corner from Westminster, Ministers of State, FCDO Staff and foreign representatives walk the hallways on a daily basis. The KCS reception needed to give a good first impression, and the FCDO felt the existing reception needed major upgrades. FCDO Services was commissioned to design and install a new reception that would meet current and future requirements, while maintaining the building's heritage.

### Designing the new reception

As a Grade I listed building, the design and installation of a new reception posed a few challenges for FCDO Services. All changes needed to be carefully managed and approved by Heritage England and Westminster City Council.

To address accessibility, our teams improved the circulation space for visitors and light levels, using hidden LED lighting. We also added contrasting granite inserts on the newly installed staircase to make it easier for those with visual impairments to navigate it, as well as accessible toilets with automatic doors. These enhancements received praise from the FCDO's Diversity Inclusion and Awareness Network.

### Honouring our history

The new reception houses a collection of artworks by contemporary British artists promoting our country's culture and history.

The collection features a newly commissioned portrait of Her Late Majesty the Queen welcoming visitors to the FCDO, alongside works symbolising the UK and its relationship with the Commonwealth.

### Staying on track during the pandemic

Project work started in December 2019 with the removal of the old reception, with most of the refurbishment happening under COVID-19 pandemic restrictions. Rigorous safety processes were established, working closely with FCDO colleagues, to continue the project and protect staff.

### Successful completion of works

FCDO Services worked with key stakeholders, receiving planning permission in January 2021. The installation of the new reception addressed many of the FCDO's concerns about the original space. These included poor lighting, insufficient seating space, a cramped feeling and having only one entrance for all visitors.

In August 2022, work completed with the delivery of an "absolutely splendid" reception restoring the KCS building to the "national palace" it once used to be.

FCDO'S King Charles Street reception

# FCDO Services: Our 2022-25 strategic vision

As a trusted government partner, FCDO Services is committed to delivering secure services that protect national security and assets across His Majesty's Government (HMG). Our strategy sets out our overarching vision and guides our activities to help us safeguard HMG.

## Case Study

*"2022/23 was a year of building stronger partnerships with the FCDO and core customers across government. Our new strategy focuses on driving organisational excellence and refocusing business strategy to meet our customers' needs."*

Mike Astell, CEO,  
FCDO Services

As a trusted government partner, FCDO Services is committed to delivering secure services that protect national security and assets across His Majesty's Government (HMG). Our strategy sets out our overarching vision and guides our activities to help us safeguard HMG.

Throughout 2022/23, FCDO Services built stronger relationships with its customers including our partners at the Foreign, Commonwealth and Development Office (FCDO), implementing change programmes and refocusing the business to meet growing needs. Following this expansive year, we have developed a new strategy looking ahead to 2025 prioritising three key areas:

- Being the provider of choice for the FCDO and our HMG partners
- Improving our ease of business
- Ensuring security at the heart of our organisation

### Our priorities

Our 2022-25 strategy adopts a new overarching ambition to modernise, consolidate and streamline our secure services. This will support the development of a sustainable portfolio of work across our customer's business areas and increase our competitiveness.

### Provider of choice

Our objective is to become the provider of choice for strategic secure services for the FCDO and HMG partners. We will focus on our main products and services, including Secure Logistics, UK NACE and our Digital Sensitivity Review Service. By creating a product portfolio based on what we do best, as well as concentrating on repeatable services and customer priorities, our customers will be more confident in our capacity and capability to deliver.

### Security at the heart

Security is at the core of FCDO Services. As a secure organisation, we continuously challenge how we can deliver cutting edge solutions and manage our customer's data and platforms. Our new strategy will see us continuing to invest in vital secure services, such as Cloud hybridisation, Microsoft 365 and more to strengthen our reputation for secure capability across HMG.

### Ease of business

To offer the best customer experience for secure services, we will improve our operational efficiencies through our 'Productivity and Continuous Improvement' programme. Offering an efficient, more sustainable, transparent and collaborative service, it will improve our overseas flexibility, securing FCDO Services as the provider of choice for HMG and other partners.

### Our People

Without the dedication and hard work of our staff, our global operation would not be possible. Their expertise, resilience and commitment deliver our vision, preserving our position as a trusted government partner, agile in deployment and global in scale.

Our people offer is crucial to recruiting and retaining the

right talent for the organisation. Supported by FCDO Services, our staff are encouraged to develop professional, technical and engineering capability and capacity. We will build a culture that promotes innovation and optimises performance. As an organisation, we are committed to developing a diverse and inclusive workforce, working closely with our staff to achieve this. The creation of an inclusive culture supports our global operation

for the FCDO, HMG and our partners with the resilience and capability to respond effectively.

With the support of our people and through our strategy, FCDO Services can develop a modern, consolidated and streamlined global operation. This enables us to remain a provider of choice with security at the heart of what we do for HMG and global partners.

Aerial view of the FCDO's King Charles Street, Getty images

# One bag's journey to Russia and Ukraine

Melanie Johnson, our Interim Director of Global Logistics, looks back on a challenging year supporting staff at post. This included getting the diplomatic bag through to Kyiv and Moscow during the crisis.

## Case Study

Looking back to the end of February 2022, transport routes were only just starting to get back up and running in the aftermath of the pandemic. Our Accompanied and Unaccompanied Diplomatic Bag service was running to nearly all posts by then, albeit with some restrictions and delays still impacting different parts of the world. We were working hard to get essential equipment out to Foreign, Commonwealth and Development Office (FCDO) employees across the network.

### The Russian invasion of Ukraine

When Russia invaded, our ability to adapt became significant. Due to the unpredictability of the war, our teams had to adjust constantly to new situations to ensure our secure logistics services could continue. Working closely with colleagues across

FCDO Services in Europe and FCDO staff from a wide range of directorates, we responded quickly to evolving needs. Staff changes in the FCDO's Crisis Centre were frequent and a cross-government commitment, under constant media scrutiny, meant that close collaboration was essential.

### The closure of post

When the British Embassy in Kyiv closed temporarily, our teams supported its drawdown. We ensured that equipment was sent to Warsaw and other neighbouring countries, where additional support was being provided. Although maintaining contact with colleagues often proved difficult during this time, IT and security equipment, satellite phones, medical equipment and other urgent requests were prioritised. This ensured we could support our colleagues on

the ground in Ukraine, while still delivering our global logistics operations and business as usual work out of the UK to the rest of the overseas network.

Meanwhile, colleagues based in Russia were feeling the effect of sanctions imposed by the UK Government following Putin's unprovoked assault on Ukraine. Credit card payments were failing, currency rates spiralling, and routine items became scarce. Deliveries were frequently stopped at the border and transport routes changed at short notice. Visas into Russia were a challenge too, so operations had to be carefully planned and requests prioritised.

The dedication of our staff was commendable in such adversity but with excellent team spirit and good communication, we did all we could to get the diplomatic bag delivered.

Diplomatic Bag

# Focus On

## Almost six decades of apprenticeships and still going strong

Our people are our most valuable asset and central to the success of our business. It is important that we continue to grow and develop our skill set across a wide range of disciplines.

FCDO Services has a long standing successful technical apprenticeship scheme that has been running since the 1960s. As our business has grown over the years, the scheme has evolved to include the range of work we do. We have been able to recruit candidates not only into technical roles but into central business functions and operational directorates. This year we worked with a number of Apprenticeship Training Providers to help us provide a variety of schemes that support the breadth of our organisational services.

This year's apprentice campaign ran over a four-week period in March 2022. We had nearly 1000 applicants for the 14 schemes on offer. After the sifting phase, candidates were invited to complete online testing, attend group exercise assessments and interviews. The technical engineering candidates were also required to take a colour-blind test, this is because their role may involve working with coloured wiring.

Thirty-three candidates successfully passed vetting and are now proudly part of the apprentice cadre. In addition to the four new schemes for this year, we also had 15 schemes

already taking place within the organisation, with 85 apprentices in total from previous years all part-way through their courses.

### Supporting apprentices

We host a number of events throughout the year to support new and existing candidates. In August, the new intake are welcomed to Hanslope Park for the first time to meet each other, their hiring managers and new teams before their induction week in September.

The induction week gives new apprentices a broad overview of FCDO Services' purpose and objectives and how their team's work relates to the rest of the organisation.

We host a formal graduation ceremony for apprentices who have completed their course in the previous 12 months. Many apprentices have gone on to have long and successful careers with FCDO Services and are based all over the world.

### Supporting hiring managers and their teams

It's a big responsibility taking on an apprentice and can create additional workload for the hiring manager and their teams. We ensure teams have the right support, resources and skills needed by working closely with them, the senior leadership team

and the apprenticeship training provider. Collaborating with all of the teams involved ensures we run a successful programme for each candidate. We create a strategy and objectives for the apprentices that link and contribute to the team objectives and are in line with the wider business and apprenticeship vision.

### Planning ahead

Throughout the year the apprenticeship management team are busy supporting current apprentices and new recruits, all while planning ahead for the next year's opportunities. Each year they work with HR Business Partners and the Resourcing and Outreach teams to identify appropriate schemes, support business cases, create role profiles and design and deliver a substantial recruitment campaign. From promoting FCDO Services to schools, colleges and further education providers, to collaborating with communications experts to create campaigns for our digital channels, colleagues from across HR all have a role to play.

It's not just external candidates or school leavers who are eligible to apply for these schemes. There are lots of opportunities here that are open to career changers, career returners, and our own internal workforce. We want everyone to reach their full potential and have access to the right training and development throughout their career at FCDO Services.

FCDO Services apprentice

# Focus On

## Collaborating closely: Providing expert support to Post

*FCDO Services teams are working even more closely with Foreign, Commonwealth and Development Office (FCDO) colleagues to make it easier for staff at Post to get the advice they need for the day-to-day maintenance of their global estate.*

Often staff overseas are not sure where to go when they need help maintaining their posts. Our range of experts provide support to the overseas network to make the estate safer and compliant. This includes services provided by FCDO Services' Regional Technical Support Services (RTSS) and Global Property Support Service (GPSS), along with services provided by the FCDO's UK support within Estate Security and Network Directorate (ESND) and Information and Digital Directorate (IDD). This year we have worked hard to make our services easier to understand for colleagues at Post and provide contacts for different types of requests.

### Regional drop-in events

In early 2023, FCDO Services facilitated a series of virtual regional events for staff at Post, across different time zones. Key contacts from FCDO Services

and the FCDO explained which department is responsible for what and how they unite to provide regular and ad-hoc support for estates issues. This includes the Global Maintenance Programme and Worldwide Inspections.

Regional and central contacts from a range of roles within the FCDO's Finance and Corporate Directorate covered their range of services and highlighted who to go to if there were any issues.

### Global Property Support Service (GPSS)

The Global Property Support Service is in place to keep the overseas network safe and compliant. FCDO Services provides global technical advice and assistance to Posts, One HMG and Facilities Management (FM) service providers, on all aspects of maintaining the FCDO estate.

The referral portal provides a dedicated point of contact for estates support and advisory services, from compliance assessments and improvement guidance to health and safety inspections and technical support.

With a single point of contact, we can be more strategic in how we provide our services, spot trends and combine visits, and increase our global efficiency.

In Riyadh during December 2022, the fire alarm panel in the secure area of the building failed, resulting in a loss of fire alarm detection coverage for that area. An FCDO Services installer diagnosed the fault as a failed power supply unit. A new unit was sourced and installed, but as an interim mitigation measure, a fire watch system was put in place through close coordination of colleagues. Spare parts were ordered from the UK to ensure that the same situation is not repeated, and lessons were learnt to minimise the risk of a similar incident happening in other overseas posts.

### Regional Technical Support Service (RTSS)

The RTSS provides the FCDO and key platform customers with a blended technical support service. Key responsibilities cover Technical Security, Classified ICT Support and an end-to-end Accompanied Logistics.

“Seeing the damage on the Sunday, I was amazed how much was back up and running by the close of day on Monday. A testament to your team’s knowledge and hard work. It was also incredibly useful having them around all week to guide the contractors in their work as well.”

**Chargé d’Affaires,  
British Embassy  
Astana**

“I just wanted to say how much I appreciate the work and support of the RTSS, and the wider FCDO Services team, after I received on taking the duty call on the Saturday morning. This demonstrated what a great service looks like, showing teamwork, flexibility and professionalism. Thank you to all concerned.”

**Lead Protective Systems Adviser  
and Deputy Head of Technical  
Advisers Group, FCDO**

On behalf and in close alignment with the FCDO's security teams, our team of technical specialists (Secure Technical Security Officers) provide advice, guidance and support, specifically on technical security considerations when working in the secure zone. The RTSS ensures the environment in which we process classified information (speech and data) is safe and secure.

Secure Technical Security Officers undertake both reactive (break-fix) and proactive (Service Level Agreements) maintenance in accordance with requirements defined by ESND and IDD.

Service Level Agreements (SLAs) between FCDO Services, ESND Security and IDD are funded by Estate Operations and specify the type of services and visit frequency

RTSS provides, with consideration for additional service requests considered on a case-by-case basis. Partners across Government (PAGs) also receive support from RTSS for common services.

### Cross regional team action

In June 2022, there was a fire out of hours in the secure area of the British Embassy in Astana, Kazakhstan. The blaze was quickly put out, however it caused extensive fire damage to two of the offices, as well as smoke and water damage throughout the secure zone of the mission.

The primary concern was to assure the integrity of the secure space. Despite being out of the office, FCDO Services' subject matter

experts sprang into action and proactively set about resolving the situation straightaway.

We rerouted our Secure Technical Services Officer from their scheduled works to be on site in less than 24 hours. They prioritised getting all the technical systems back online and made sure that they functioned correctly. Our Regional Technical Lead helped with the immediate response to ensure the area was safe and secure.

As part of the FCDO's Global Maintenance Programme, FCDO Services then led a high priority project to repair the embassy's smoke and water damage, working with contractors to deliver the works.

*Silhouette of engineer and construction team working at site, Getty images*

# Sustainability

# Sustainability Report

This report highlights some of the significant developments on sustainability management in FCDO Services in 2022/23. We have continued our sustainability improvement path, adopting a Sustainability Strategy and Action Plan 2022-25 and a new Environmental Policy Statement. We have also improved our data capture and the analysis of our footprint. Greenhouse gas emissions for FCDO Services' UK operations in 2022/23 were 31% lower than the baseline year 2017/18, and 23% lower than 2021/22. Our organisation is focused on increasing its environmental awareness to meet the 'Greening Government Commitments (GGC) 2021-25' and enhance our capabilities as a supplier of greener products and services.

As a trading fund of the FCDO, FCDO Services' operations are included in FCDO departmental reporting under the GGC framework. We are included within the scope of FCDO's ISO 14001 certified Environmental Management System, and work closely together to be environmentally compliant and meet sustainability targets.

## Sustainability vision

Our vision is for our customers to trust us to be 'secure, safe and sustainable' in everything we do. Sustainability delivers a range of strategic business benefits. It helps drive efficiency, encourages upskilling and innovation, and creates new business opportunities. With increased energy costs and inflation during 2022/23, we have sought to drive closer collaboration between efficiency, continuous improvement and sustainability.

In December 2022, the Executive Board adopted a 'Sustainability Strategy and Action Plan 2022-25'. This has five key objectives:

- Ensure compliance with environmental regulations
- Reduce operational carbon footprint and deliver against 2025 Greening Government Commitment targets
- Optimise the synergy of sustainability and efficiency in support of FCDO Services' Productivity and Continuous Improvement Programme
- Embed a culture of sustainability and build the foundation for FCDO Services to be 'Net Zero-capable'

- Build greener and more efficient customer-supplier frameworks, and deliver products and services that help improve customer sustainability

We have key deliverables across the themes of 'People', 'Process' and 'Technology'.

### People:

- Drive higher sustainability standards through learning and development
- Embed a culture of sustainable working practices

### Process:

- Strengthen our environmental management system, including data collection and management
- Add sustainability checkpoints to corporate processes
- Green our supply chain and category management partnerships
- Build collaborative green frameworks with our customers

### Technology:

- Build green capability and alignment to green standards
- Stimulate innovation and partnerships

## Success stories

### Using data to reduce the FCDO's carbon footprint globally

In 2022/23, we continued to drive benefits with the FCDO from their Global Carbon Footprint Project. This uses a data model to estimate the carbon footprint of the FCDO overseas operation. The project has given us the most comprehensive picture yet of the FCDO's global carbon footprint. This has enabled us to implement a planning tool to more effectively target mitigation activity.

During 2022/23, our global network of technical staff under the Global Property Support Service (GPSS) worked with the FCDO to identify energy efficiency projects at larger overseas posts. The aim is to help them meet the FCDO's target to reduce its global energy use by 20% by 2025 (based on the 2019/20 baseline). This activity will be further enhanced in 2023/24.

### Waste minimisation and management

FCDO Services has continued to make excellent progress in reducing the footprint of our logistics packaging, while also phasing out single use plastics. We have now largely stopped using bubble wrap, foam padded envelopes, plastic adhesive tape and nylon strapping. These have been replaced with paper-based products, including the significant re-use of our own cardboard waste which is shredded for padding.

We have replaced cling film type plastic pallet wrap with re-usable, lidded boxes saving over 100km of wrap so far. These boxes can be stacked too, reducing the storage space needed. The number of forklift journeys has also decreased, reducing our forklift truck emissions. To reduce emissions further, we are in the process of phasing in the use of electric forklift trucks.

We continue to manufacture bespoke shipping crates to minimise weight, volume and shipping costs, as well as reduce our carbon footprint. Where possible, we use 100% recyclable robust, honeycomb-structure, cardboard boxes for our shipments.

Our waste wood is sold and enables us to help raise money for charity in the process, while also being sent to community projects or recycled. We wash and re-use our cotton-based Diplomatic Bags, using the laundry service provided by HM Prison and Young Offenders Institute Bullingdon in Oxfordshire. In 2022/23, prisoners laundered 31,282 bags for us.

Our organisation ensures that its IT waste is handled according to the National Protective Security Authority (NPSA) standards and the WEEE Regulations, with plastics shredding and extraction of rare minerals.

We make sure that classified waste that needs to be incinerated goes to facilities that generate usable heat or power.

### Travel fleet

The FCDO Services vehicle fleet supports the cross-department UK Home Messenger Service and door-to-door international freight deliveries to over 40 European missions. This includes the delivery of consolidated diplomatic loads to our Frankfurt Hub for wider distribution by air freight. Our vehicle fleet also supports the London Car Services, including ministerial vehicles.

We regularly review the size and composition of our fleet to look for opportunities to enhance efficiency, flexibility and sustainability. Under the Government Greening Fleet Commitment framework, we have achieved 23% of our car and van fleet as mild-hybrid vehicles, meeting ultra-low emission regulations. In the lorry fleet, end of service-life vehicles are being replaced with Euro VI standard vehicles, which offer much greater fuel efficiency and lower embedded carbon.

### Sustainable procurement

FCDO Services has a Sustainable Procurement Policy, reporting our sustainable procurement policies and activity under the Greening Government Commitments framework. We are committed to embedding the Government Buying Standards (GBS) in our contracts, while ensuring compliance with Public Contract Regulations. We source our timber products from FSC / PEFC approved sources. We are also committed to implementing PPN06/20 (Social Value Model) and PPN 06/21 (Carbon Reduction Plan and Net Zero). We have published our own Carbon Reduction Plan on our website, in conformity with PPN 06/21.

Our Procurement team hold the CIPS Corporate Ethics certification, which is renewed annually. During 2022/23, we delivered sustainable procurement training across the team and are doing more to upskill procurement and other staff across the organisation.

We are also actively working with strategic suppliers to reduce our Scope 3 supply chain emissions through within-contract continuous improvement. We are, for example, working with one of our main international freight providers on footprint reduction initiatives. Also, working with a supplier, we have been able to reduce the flight carbon footprint of one of the FCDO's overseas property safety inspection programmes by nearly 45% in 2022/23.

In line with the Modern Slavery Act 2015, FCDO Services publishes a Modern Day Slavery statement annually on our website.

### Sustainable IT and digital services

FCDO Services is committed to improving the sustainability of its technology platforms and digital products, in line with the targets contained in the Greening Government ICT and Digital Services Strategy 2020-25. Hybrid working is supported by extensive use of virtual meetings and collaborative technologies. Our organisation is represented on the cross-government Sustainable Technology Advice and Reporting (STAR) Strategy Group, and reports ICT data to DEFRA within the departmental scope of the FCDO, under the STAR framework.

### Sustainable construction

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

### Nature recovery and biodiversity

Along with the FCDO, we are committed to enhancing, improving and protecting the biodiversity of our Hanslope Park site. Ongoing grounds maintenance is carried out through an FCDO-managed facilities management contract with designated areas for wild flowers and no-mow areas. An annual arboriculture survey is carried out to inform regular tree maintenance. Ecological surveys are also done before any works on site take place,

paying particular attention to any protected species, for example, a flock of bats resident in the historic Park House.

### Adapting to climate change

The FCDO has robust plans in place to manage occurrences of extreme weather events and is working to develop an organisational climate change adaptation strategy across estates and operations. FCDO Services' Overseas Regional Services teams assist FCDO in assessing and responding to climate risks to the overseas estate.

### 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 a 2017/18 baseline. GHG emissions for FCDO Services UK operations in 2022/23 were 31% lower than 2017/18, and 23% lower than 2021/22. The largest reported carbon footprint component, UK electricity, was 49% lower in 2022/23 compared to 2017/18.

FCDO Services is a tenant of the FCDO estate with shared facilities. Facility and utility data is apportioned by headcount. In 2022/23 FCDO Services represented 17% of UK based headcount, a decrease from 2021/22 when the figure was 23%.

**Table 1: Greening Government Commitments: FCDO Services 2022/23 Greenhouse Gas Emissions by category compared to 2017/18 baseline year<sup>1</sup>**

|                  |                                    | 2017/18 Baseline* |                    | 2021/22 Performance |                    | 2022/23 Performance |                    | GBP (£)    |
|------------------|------------------------------------|-------------------|--------------------|---------------------|--------------------|---------------------|--------------------|------------|
|                  |                                    | kWh/Miles         | tCO <sub>2</sub> e | kWh/Miles           | tCO <sub>2</sub> e | kWh/Miles           | tCO <sub>2</sub> e |            |
| Emission Sources | Electricity                        | 3,070,576         | 1,181              | 3,260,350           | 754                | 2,881,595           | 608                | £611,821   |
|                  | Gas                                | 220,510           | 41                 | 12,132              | 2                  | 7,481               | 1                  | £1,683     |
|                  | Heating Oil                        | 94,436            | 26                 | 18,297              | 5                  | 32,347              | 8                  | £7,978     |
|                  | Low Sulphur Fuel Oil               | -                 | 0                  | 152,000             | 41                 | 122,008             | 33                 | £6,231     |
|                  | Biomass                            | 34,476            | 0                  | 0                   | 0                  | 0                   | 0                  | 0          |
|                  | Biodiesel                          | 286,588           | 1                  | 431,123             | 2                  | 242,286             | 1                  | £50,317    |
|                  | Whitehall District Heating Scheme  | 335,764           | 89                 | 669,299             | 178                | 309,141             | 82                 | £137,424   |
|                  | Fugitive                           | -                 | 3                  | -                   | 8                  | -                   | 8                  | -          |
|                  | Domestic Flights                   | 30,427            | 12                 | 36,917              | 8                  | 25,090              | 5                  | £14,929    |
|                  | International Flights (UK Staff)** | 15,970,576        | 4,557              | 7,980,015           | 2,104              | 15,995,680          | 4,322              | £7,112,540 |
|                  | UK Rail ***                        | 55,249            | 4                  | 20,268              | 1                  | 49,975              | 3                  | £25,412    |
|                  | Private Mileage                    | 134,242           | 32                 | 154,988             | 46                 | 198,243             | 62                 | £91,506    |
|                  | Fleet                              | 51,485            | 34                 | 709,649             | 207                | 392,080             | 106                | -          |
|                  | Car Hire                           | 61,419            | 18                 | 146,063             | 41                 | 169,752             | 49                 | £85,574    |
|                  | Taxis                              | 50,549            | 13                 | 2,683               | 1                  | 29,588              | 3                  | £18,255    |

\* 2017/18 Baseline adjusted to include UK impacts from all of FCDO Services' business operations.

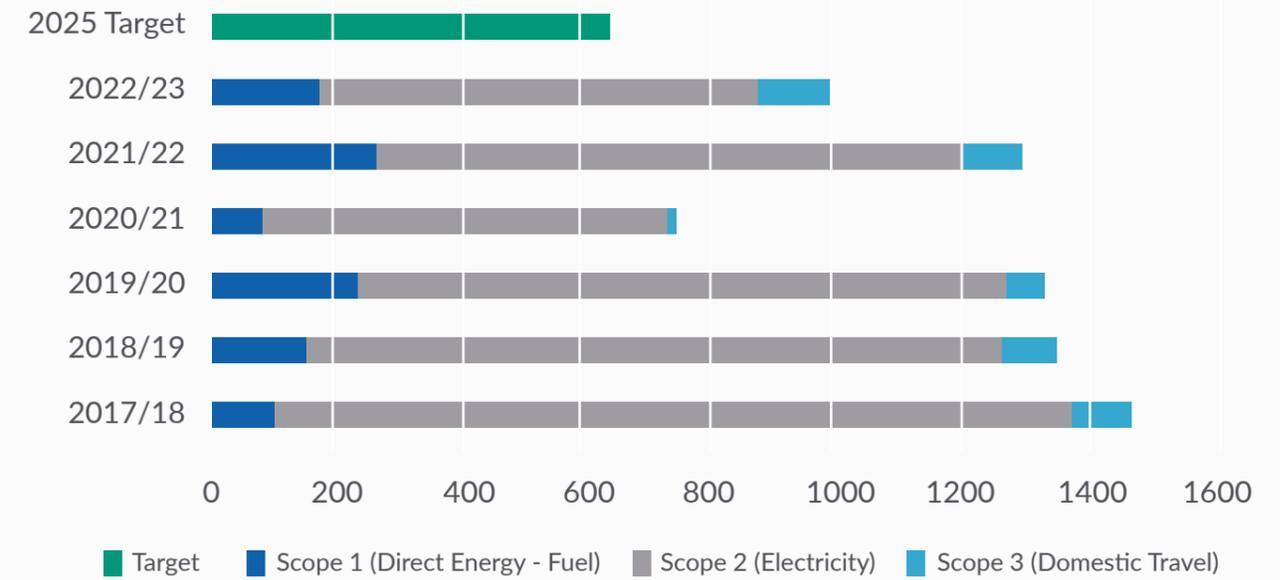
\*\* International flights are reported as per GGC requirements, but not included in total Scope 3 footprint.

\*\*\* 2022/23 rail journey data incorporates both the distance of pre-booked rail tickets and the distance of rail travel from personal expenses using average distance and average cost for the same period.

[1] tCO<sub>2</sub> e stands for tonnes of carbon dioxide equivalent. The GGC's definition for reporting requirements for CO<sub>2</sub> 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".

| Totals by Scope                         |                  |                     |                     |
|---|------------------|---------------------|---------------------|
| Emissions by Scope (TCO <sub>2</sub> e) | 2017/18 Baseline | 2021/22 Performance | 2022/23 Performance |
| Scope 1 (Energy Direct)                 | 105              | 265                 | 187                 |
| Scope 2 (Energy Indirect)               | 1,270            | 932                 | 690                 |
| Scope 3 (Other Indirect)                | 79               | 97                  | 122                 |
| Total                                   | 1,454            | 1,294               | 999                 |
| Total FTE FY End                        | 996              | 1,157               | 1,084               |
| Tonnes of CO <sub>2</sub> e Per FTE     | 1.46             | 1.12                | 0.92                |

FCDO Services reported emissions - last six years



**Progress against direct estate GHG emissions**

Target: Reduce direct emissions by 30% compared to the 2017/18 baseline. The 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 Performance | 2022/23 Performance | Comment  |
|---|------------------|---------------------|---------------------|--|
| Scope 1 GHG Emissions (tCO <sub>2</sub> ) | 71               | 58                  | 81                  | Direct estate emissions in 22/23 increased by 14% compared to 2017/18 baseline. The increase was due to fugitive refrigerant leakage. Excluding fugitive emissions, direct fuel use emissions fell 37% in 22/23 compared to 17/18, exceeding the 30% target. |

### Greening fleet commitment

Target: Government Fleet Commitment is for 25% of the government car fleet to be ultra-low emission vehicles (ULEV) by 31 December 2022, and for 100% of the government car and van fleet to be fully zero emissions (ZEV) at the tailpipe by 31 December 2027.

**Table 3: FCDO Services' Fleet Composition**

| Government Fleet Commitment                | 2021/22 (No. of Vehicles) | 2022/23 (No. of Vehicles) | Comment  |
|--|---------------------------|---------------------------|--|
| Petrol and Diesel                          | 20                        | 21                        | Achievement against December 2022 ULEV target: 3 vehicles within the fleet were ULEV compliant, and a further 8 ULEV-compliant hybrid cars were ordered in October 2022 to meet the target. The delivery of these vehicles has been delayed due to manufacturer supply issues. On delivery, these are targeted to replace the entire Mild Hybrid LEV fleet and 3 petrol and diesel vehicles, resulting in 23% ULEV in the fleet. |
| Mild Hybrid LEV >50g/km                    | 5                         | 5                         |  |
| Mild Hybrid LEV <50g/km                    | 0                         | [8]                       |  |
| Full Electric                              | 0                         | 1                         |  |
| Van <=50g/km                               | 0                         | 2                         |  |
| Van >50g/km                                | 0                         | 19                        |  |
| Total Number of Cars and Vans <3.5 tonnes* | 25                        | 48                        | December 2027 ZEV target: 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.   |

\* The fleet composition has been reviewed in consultation with the Office for Zero Emission Vehicles (OZEV) resulting in increased scope to cover any owned or long-leased vehicle under 3.5 tonnes that does mileage in the UK, including non-UK registered vehicles, and any UK registered vehicles that are deployed abroad.

### Greening government commitments: progress against domestic flights target

Target: Reduce the emissions from domestic business flights by at least 30% from a 2017/18 baseline.

**Table 4: FCDO Services' Domestic Flight Footprint**

| Domestic Flights                      | 2017/18 Baseline | 2021/22 Performance | 2022/23 Performance | Comment  |
|---------------------------------------|------------------|---------------------|---------------------|--|
| Number of Flights                     | 180              | 161                 | 104                 | In 2022/23 FCDO Services' emissions from domestic flights decreased by 58% compared to the baseline year of 2017/18, well exceeding the 2025 target.                                     |
| Distance Travelled (Miles)            | 30,427           | 36,917              | 25,090              |  |
| Carbon Footprint (tCO <sub>2</sub> e) | 12               | 8                   | 5                   | FCDO Services shares 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. |
| Expenditure (GBP £)                   | £26,883          | £27,461             | £14,929             |  |

### Greening government commitment: reporting international flights

The GGC framework requires reporting on the frequency, distance and carbon footprint of official international flights by staff based in the UK, with a view to reducing related emissions. No specific target is set. The international flight carbon footprint is not required by GGC to be included in Scope 3 reporting for 2022/23.

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.

**Table 5: FCDO Services' International Flight Footprint**

| Flights                      | 2021/22*   |                     |           |                        | 2022/23    |                     |            |                        |
|------------------------------|------------|---------------------|-----------|------------------------|------------|---------------------|------------|------------------------|
|                              | Total      | Short-Haul (Europe) | Long-Haul | International (Non-UK) | Total      | Short-Haul (Europe) | Long-Haul  | International (Non-UK) |
| Number International Flights | 3,194      | -                   | -         | -                      | 10,436     | 2,172               | 4,595      | 3,669                  |
| Distance (Miles)             | 7,980,015  | 1,402,381           | 5,276,190 | 1,301,444              | 15,995,680 | 1,566,752           | 10,747,394 | 3,681,534              |
| Carbon (tCO <sub>2</sub> e)  | 2,104      | 204                 | 1,663     | 237                    | 4,323      | 218                 | 3,128      | 977                    |
| Expenditure (GBP £)          | £3,179,289 | -                   | -         | -                      | £7,112,350 | £584,089            | £4,650,493 | £1,877,768             |

\* Due to changes in GGC guidance, 2021/22 data has been updated to include international (non-UK) flights, that is, trips not originating in UK.

### Greening government commitments: progress against waste target

Target: Reduce the overall amount of waste generated by 15% from the 2017/18 baseline. Reduce the amount of waste going to landfill to less than 5% of overall waste. Increase the proportion of waste which is recycled to at least 70% of overall waste.

**Table 6: FCDO Services Waste Management**

| Waste Disposal Method               | 2017/18 Baseline | 2021/22 Performance | 2022/23 Performance |                 | Comment  |
|-------------------------------------|------------------|---------------------|---------------------|-----------------|--|
|                                     | Tonnes           | Tonnes              | Tonnes              | Expenditure (£) |  |
| Total Volume of Waste               | 92               | 92                  | 66                  | £38,281         | Waste generated decreased by 28% in 2022/23 compared to the baseline of 2017/18 exceeding the 15% target.      |
| Landfill                            | 0                | 0                   | 0                   | 0               | Landfill target exceeded.  |
| Recycled (Total)                    | 49               | 67                  | 36                  | £12,047         | -  |
| Reused                              |                  |                     | 0                   | 0               |  |
| Composted                           |                  |                     | 5                   | £1,130          |  |
| Non-ICT Waste                       |                  |                     | 26                  | £9,465          |  |
| ICT Waste                           |                  |                     | 5                   | £322            |  |
| Incinerated With Energy Recovery    | 43               | 25                  | 29                  | £26,234         | -  |
| Incinerated Without Energy Recovery |                  |                     | -                   | 0               | -  |
| % Recycled                          | 53%              | 73%                 | 55%                 |                 | Action is being taken to reverse the significant decline in % of waste recycled including root cause analysis. |

\* Waste expenditure data for 2017/18 and 2021/22 is available in the respective Annual Reports.

### Consumer single use plastic usage and reuse schemes

Target: Remove consumer single use plastic (CSUP) from the central government office estate by 2025.

FCDO Services will continue to work with FCDO to remove consumer single-use plastic from across the UK estate. 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 target

Target: Reduce paper use by at least 50% from 2017/18 baseline

**Table 7: Paper Consumption**

| Paper Consumption                             | 2017/18 Baseline | 2021/22 Performance | 2022/23 Performance | Comment  |
|---|------------------|---------------------|---------------------|--|
| Total Paper Consumption (Reams A4 Equivalent) | 5,830            | 930                 | 1,479               | Paper usage increased in 2022/23 compared to 2021/22 but was still 75% less compared to the 2017/18 baseline, exceeding the 50% target. New ways of working, often paperless, are likely to support sustained lower paper use. |
| Staff FTE                                     | 996              | 1,157               | 1,084               |  |
| Reams Per FTE                                 | 6                | 0.8                 | 1.3                 |  |

### Greening government commitments: progress against water target

Target: Reduce water consumption by at least 8% from the 2017/18 baseline.

**Table 8: Finite Resource Consumption - Water**

|                            | 2017/18 Baseline | 2021/22 Performance | 2022/23 Performance | Comment  |
|----------------------------|------------------|---------------------|---------------------|--|
| Consumption (Cubic Meters) | 8,432            | 7,141               | 7,027               | Target exceeded. FCDO Services' overall water usage decreased by 17% in 2022/23 compared to the 2017/18 baseline. We continue to work with FCDO to encourage the efficient use of water in UK offices, ensuring repair or replacement of water devices with efficient alternatives when appropriate. |
| Staff FTE                  | 996              | 1,157               | 1,084               |  |
| Cubic Meters Per FTE       | 8.5              | 6.2                 | 6.5                 |  |
| Expenditure (GBP £)        | £17,213          | £22,273             | £20,665             |  |



# Accountability Report

## Review of Financial Performance

Total revenue delivered in 2022/23 was £222.9m, an increase of £33.8m (17.9%) on the revenue of £189.1m reported for 2021/22. The Chief of Operations (CoO) group recorded an increase revenue of £30.9m (18.5%) predominantly due to long term, strategic programmes delivered to wider market customers. The Chief Digital Innovation Officer (CDIO) group recorded positive growth of £2.6m (11.3%) with the full £8m of UK NACE funding utilised (£6.4m in 2021/22) and an increase in trading revenue within UK NACE.

Revenue from the FCDO (£130.0m) recorded an increase of £1.2m (0.9%), revenue across the overall portfolio of FCDO work remaining fairly flat year on year and the small increase driven by the agreement of a 1% inflationary increase to subscriptions and FCDO rate cards.

FCDO Services achieved a gross surplus before operating expenses of £40.4m, a return of 18.1% on revenue which is lower than 2021/22 (£46.8m, 24.8%). There are a number of drivers contributing to this reduction including e.g. investment in technology products using resource that would usually be income-generating, changes in travel patterns under subscription models resulting in increased costs in year, and absorption of staff costs in excess of the 1% increase recovered through price increases. We also had a higher proportion of contractors delivering the increase in income due to recruitment challenges in particular sectors.

During 2022/23 other income of £0.4m was received (£0.3m in 2021/22) being solely the drawdown of monies from the apprenticeship levy relating to recoverable training costs of eligible personnel.

Our operating expenses at £38.6m are running at 17.3% of revenue compared to 21.1% in 2021/22, a

decrease of £1.3m, as compared to the prior year reported. This was primarily driven by a decrease in net staff costs and agency costs in operating expenses. 2022-23 saw an increase in utilisation from 82.5% in 2021/22 to 85.5% as a result of COVID travel restrictions being lifted, which reduced costs booked to operating expenses.

The COO operating surplus performance of £4.7m compares to an operating surplus of £7.0m for the prior year, which at 2.3% of revenue is lower than the prior year performance in percentage terms (2021/22 - 4.2%) as a result of the drivers mentioned above.

CDIO total revenue was £25.4m (2021/22 - £22.8m), an increase of £2.6m from the previous year. This is predominantly driven by UK NACE income both from the trading business and the funding, as mentioned above. The operating deficit of £2.5m (-9.7% of total revenue) is lower than the surplus of £0.2m (1.0% of revenue) for 2021/22 and includes an increased level of investment in innovation, cyber security and IT infrastructure.

Overall for 2022/23, FCDO Services achieved an operating surplus before financing of £2.2m including additional investment in people, products and services and increased travel activity following the lifting of COVID related restrictions; compared to £7.2m in the prior year.

### Impact of inflationary pressures

The business has worked hard to mitigate inflationary pressures during the course of the year. Pricing was increased by just 1% in 2021-22 in an attempt to continue to provide value for money to our customers. Through value engineering we have limited the impact of inflation on fixed price projects, and on subscription

services we have looked to increase efficiencies where possible through better planning of overseas trips.

### Financing income and costs

Net finance income in 2022/23 totalled £1.1m, compared to a net finance income of £0.1m in 2021/22.

### Surplus for the year

Our reported surplus before financing for the financial year of £2.2m (2021/22 - £7.2m) with performance down (1.0%) compared with the rate in 2021/22 (3.9%), this reflects the impact of drivers mentioned above, but also the continued investment in our long term strategy such as our Apprenticeship Scheme and the training, development and retention of our highly skilled, security cleared staff.

The statutory dividend charged in this financial year was £2.4m (2021/22 £2.3m) with no discretionary charged (2021/22 no discretionary charged), which resulted in a retained surplus for the financial year of £0.9m (2021/22 £5.0m).

### Net assets

FCDO Services continues to invest in accordance with the requirements in our Corporate Plan, with capital additions of £5.5m in property, plant and equipment. This was higher than 2021/22 expenditure (£5.0m) as investment was deferred in 2020/21 to manage cash during the coronavirus pandemic.

At 31 March 2023, FCDO Services held net assets of £67.2m against an opening year position of £66.2m, with the movement of £1.0m driven by an increase in the capital investment and movement in working capital. Net assets comprise: non-current

assets of £16.5m (2021/22 £12.1m), inventories of £5.4m (2021/22 £3.9m), cash and cash equivalents of £44.1m (2021/22 £64.8m) and other net assets of £1.3m (2021/22 other net liabilities £14.6m).

### Cash generation

FCDO Services generated a net cashflow outflow for the year of £20.7m, with a cash position of £44.1m at 31 March 2023 (2021/22 £64.8m). This reduction in cash relates primarily to the outflow of cash to purchase capital equipment and the increase in trade and other receivables at year end.

### Cash management

Trade receivable days outstanding were 44.9 days at the end of March 2023 (March 2022 23.6 days), reflecting the business getting to grips with the implementation of Hera, new processes and procedures and substantial billing activity at year end.

Effective cash management ensured that liquidity remained strong, with a quick ratio of 1.6 at 31 March 2023 (2021/22 2.1).

### Financial performance targets

FCDO Services' financial performance in 2022/23 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 1.0% (2021/22 3.8%), compared against a target of 0.0%.

### Return on Capital Employed

#### (ROCE): Target not achieved

The result for the year of 3.5% (2021/22 11.6%) compared against a weighted average target of 6.5% and reflects our decision to prioritise investment in people and products in order to safeguard our future trading position.

### Other ministerial targets

#### Customer Satisfaction: Target achieved

We achieved an 85.6 (2021/22 86.6) 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 85.5% achieved by revenue earning staff (2021/22 - 82.5%). This performance continues to reflect tight operational grip, good time recording and accurate forward planning of work force requirements.

#### People - My Manager: Target achieved

In 2022/23 the target was achieved with a resulting score of 71% (2021/22 72%) compared to the target of 65%.

#### Engagement - Employee Engagement: Target not achieved

In 2022/23 the score achieved was 58% (2021/22 61%) compared to the target of 61%. The Executive Board have agreed key areas to

focus on at a corporate level, and each area of the business will update its local engagement action plan to address issues affecting their specific teams.

### 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 earlier in this report. There have been no significant events after the reporting period which is noted in Note 21 of the accounts. The total audit fee for 2022/23 is £125k (2021/22 £117.5k).

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

29 June 2023

## Table of performance against ministerial targets

| Ministerial target set |  | Achieved |         |
|------------------------|--|----------|---------|
| Financial              | An in-year surplus in excess of 0.0% before interest, tax and dividend                         | 1.0%     | Met     |
|                        | Achievement of the return on capital employed (ROCE) of at least 6.5% (weighted average)       | 3.5%     | Not met |
| Operational            | A productivity ratio of at least 82%, measuring billable hours versus available billable hours | 85.5%    | Met     |
| Customer               | An in-year customer satisfaction score of at least 82  | 85.6%    | Met     |
| People                 | An average Civil Service People Survey score for "Employee Engagement" of at least 61%         | 58%      | Not met |
|                        | An average Civil Service People Survey score for "My Manager" of at least 65%                  | 71%      | Met     |

## Corporate governance report

### Directors' report

Details of FCDO Services' executive and non-executive directors for the period April 2022 to March 2023 are listed later in this report. For a full list of our board director's 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  
**Jenny Bates**, Non-Executive Director  
**Ann Tourle**, Non-Executive Director



**Bill McCluggage**, Non-Executive Director  
**Lawrie Haynes**, Non-Executive Director  
 Start of contract: 08/08/2022  
**Mike Astell**, Chief Executive Officer  
**Jeremy Taylor**, Chief of Operations  
 Start of contract: 20/06/2022  
 (Resigned: 13/06/2023)

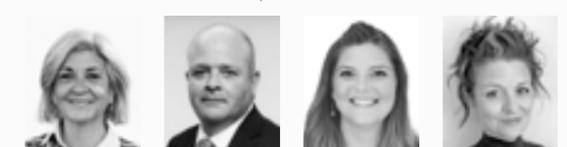


**Yvonne Laird**, Chief Finance Officer  
 Start of Leave: 12/03/2022  
**Tim Gall**, Interim Chief Finance Officer  
 Start of interim promotion: 12/03/2022  
**Nasrin Cobb**, Director of Customer Relationships  
 Appointed to board: 08/12/2022

#### FCDO Services Executive Directors



**Mike Astell**, Chief Executive Officer  
**Jeremy Taylor**, Chief of Operations  
 Start of contract: 20/06/2022  
 (Resigned: 13/06/2023)  
**Yvonne Laird**, Chief Finance Officer  
 Start of Leave: 12/03/2022  
**Tim Gall**, Interim Chief Finance Officer  
 Start of interim promotion: 12/03/2022



**Nasrin Cobb**, Director of Customer Relationships  
**George Hickerton**, Director of Engineering and Operations  
**Gayle Worvil**, Director, People  
 Interim: 18/07/2022  
 Start of contract: 01/02/2023  
**Suzanne Pinkett**, Chief of Staff and Director of Communications



**Fraser Addiscott-Black**, Director of Regional Services  
**Liz Harris**, Director of Technology and Operations  
**Melanie Johnson**, Interim Global Logistics Operations Director

**Not featured above:**

Joy Hutcheon CB, Non-Executive Director contract finish date: 31/03/2022, Phil Worthington, Director, Human Resources contract finish date: 31/08/2022, Rob Eason, Chief Digital and Innovation Officer (CDIO) and Senior Information Risk Owner (SIRO) contract finish date: 28/02/2023

## 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.

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

29 June 2023

## 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, David Rutley.

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. FCDO Services' governance arrangements are in compliance with the Corporate Governance in Central Government Departments: Code of Good Practice 2017.

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

At the conclusion of 2022/23 the governance structure is as follows:



<sup>1</sup> Corporate governance in central government departments – Code of Good Practice, published in April 2017

<sup>2</sup> Managing Public Money, published in May 2021

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

**FCDO Services Board**

**Frequency of meeting:** The board met nine times in 2022/23  
**Chair:** Sir Simon Gass, Non-Executive Director

**Purpose:** The FCDO Services Board is the principal governing body and responsible for agreeing the strategic agenda and supporting the CEO by providing strategic oversight of performance and risk.

**Key tasks:** To review and agree corporate and operational strategy and monitor performance and risk.

### 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, 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.

During 2022/23 the internal structure of governance of FCDO Services was revised. The revision, which came into effect in December 2022, did not impact on the FCDO Services Board and its two sub-committees, Audit and Risk Assurance Committee (ARAC) and People Committee. It focused on ensuring that the operational and governance boards and committees under Executive direction were aligned with delivering the organisations strategic priorities.

The revision results in the promotion of the Operations Committee to being a sub-committee of the FCDO Services Board and the realignment of the Executive Board into the Strategy and Corporate Committee. This realignment resulted in operational decision-making moving from the Executive Board (which was retired) to the Operations Committee.

Consideration was given to both present and long-term needs. This board sponsored review has

resulted in a model of governance which, it is anticipated, will strengthen resilience and provide an appropriate level of assurance.

The FCDO Services Board is responsible for the strategic management of the business. It is chaired by a non-executive director, Sir Simon Gass. The membership comprises of six non-executive directors, the CEO, the Chief Finance Officer, and Chief of Operations. Towards the later part of the financial year, membership has been extended to include the Director of Customer Relationships, and Director, People.

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.

A light touch board effectiveness review was undertaken in February 2023. The items considered were reporting, internal controls and risk management, the board's role in governance, dynamics and Functioning, and the board structure.

This review looked at the progress in implementing change, with a focus on the FCDO Services Board to be more strategic; the quality of board papers and the breadth of subjects brought to the board for discussion. The board formally considered the findings of this review at their June 2023 meeting.

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, with a focus upon corporate governance, risk management and internal control.

The ARAC membership concluded the year with four members; one non-executive Director (also a board member) serving as Chair, one further non-executive director, one appointed member and a nominated officer from our parent organisation (the FCDO). The Committee met five times in 2022/23 and has been quorate throughout the year. The FCDO Services Board has been briefed on the Committees findings by the Chair of the ARAC.

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. Standing invitations to attend are given to representatives from the internal audit function, National Audit Office (NAO), all directors and non-executive directors.

The Committee has considered assurances and information relating to operational and principal areas of risk as requested by myself as Accounting Officer. Areas of particular focus in 2022/23 have included security; information and cyber threats and logistics. This included a cyber workshop for the board and ARAC in November 2022 and deep dives into cyber risk and cyber defence.

The activities undertaken by the Internal Audit and Investigations

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

**Frequency of meeting:** The Committee met five times in 2022/23  
**Chair:** Richard Gunning, Non-Executive Director

**Purpose:** Sub-committee of the FCDO Services Board. Provides independent advice to the FCDO Services Board and FCDO Services Accounting Officer on issues of risk, controls, governance and assurance. Meets quarterly.

**Key tasks:** As set out in the Audit and Risk Assurance Committee Handbook from HM Treasury, to provide advice on matters for controls, governance, accounting policies, risk management, and internal and external audits.

Department (IAID) and the NAO also fall within the scope of the ARAC. 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. This includes the NAO annual Audit Management Letter, and the adequacy of responses to issues identified. The NAO 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 2022/23.

The management of a risk-based programme of internal audits was supported with a mid-year review to confirm business and assurance requirements. These were undertaken as part of a rolling three-year plan of audits, which has been 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 Committee members were content with the visibility afforded by the programme. The annual report from Internal Audit provided an overall opinion of Moderate, with a moderate level of assurance on controls. This opinion was based on the findings and conclusions from internal audit and counter-fraud work undertaken during the year.

The Fraud Investigation Team has continued to advise on matters relating to the investigation and prevention of fraud. There are no findings to disclose.

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. During this period, there has been one suspected fraud reported to me by the Fraud Investigation Team, which was upheld, and one concern which was investigated and

found not to be substantiated.

At the end of the reporting period, the People Committee membership consisted of two non-executive directors, the CEO, and the Director, People. One of the Non-Executive members chairs the Committee and is also the Chair of the board.

The Committee discussed recruitment and resourcing, including turnover, hot spot areas and strategic workforce planning. The Committee also oversaw PDR consistency and made recommendations on talent ratings for the Executive Team. They also considered the new People Strategy, ensuring it addressed challenges faced by the organisation, and reviewed progress over the course of the year.

**People Committee (Board subcommittee)**

**Frequency of meeting:** The Committee met three times in 2022/23  
**Chair:** Sir Simon Gass, Non-Executive Director

**Purpose:** Sub-committee of the FCDO Services Board. To oversee senior appointments; senior remuneration; and senior succession planning. They meet three times per year.

**Key tasks:** To advise and agree senior appointments, remuneration, and ensure an effective succession plan is in place for senior roles.

### 3.1 Board and Committee Attendance

(April 2022 to March 2023, including extraordinary board and ARAC meetings in June 2022)

| Board Member  | FCDO Services Board | ARAC   | People Committee |
|---|---------------------|--------|------------------|
| <b>Sir Simon Gass</b> GCMG CVO Non-Executive Director, Chair of Board and People Committee  | 9 of 9              | -      | 3 of 3           |
| <b>Richard Gunning</b> Non-Executive Director, Chair of ARAC  | 8 of 9              | 5 of 5 | -                |
| <b>William McCluggage</b> Non-Executive Director  | 9 of 9              | -      | -                |
| <b>Ann Tourle</b> Non-Executive Director  | 9 of 9              | -      | 3 of 3           |
| <b>Jenny Bates</b> Non-Executive Director   | 6 of 9              | -      | -                |
| <b>Lawrie Haynes</b> Non-Executive Director (Appointed 8 August 2022)   | 5 of 6              | 1 of 2 | -                |
| <b>Juliette Wilcox</b> Independent Director   | -                   | 5 of 5 | -                |
| <b>Carmel Thornton</b> FCDO Representative, ARAC Member   | -                   | 4 of 5 | -                |
| <b>Mike Astell</b> CEO and Accounting Officer   | 9 of 9              | -      | 3 of 3           |
| <b>Jeremy Taylor</b> Chief of Operations (Appointed 20 June 2022 and resigned 13 June 2023)   | 6 of 7              | -      | -                |
| <b>Rob Eason</b> Digital and Innovation Officer and Senior Information Risk Officer (SIRO) (Resigned 28 February 2023)*                       | 7 of 8              | -      | -                |
| <b>Tim Gall</b> Chief Finance Officer (Interim) (Interim appointment from 12 March 2022)  | 9 of 9              | -      | -                |
| <b>Philip Worthington</b> Director of Human Resources (Resigned 31 August 2022)   | -                   | -      | 1 of 1           |
| <b>Gayle Worvill</b> Director People (Appointed 1 February 2023)** (Interim Director of Human Resources from 18 July 2022 to 31 January 2023) | -                   | -      | 3 of 3           |
| <b>Nasrin Cobb</b> Customer Relationship Director (Appointed 8 December 2022)   | 2 of 3              |        |                  |

\* An Interim SIRO was appointed, attending the ARAC in that capacity  
\*\* Subsequently appointed to the FCDO Services Board on the 1st April 2023

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

Supporting the board and its sub-committees the following governance framework has been established:

| Strategy and Corporate Committee  |
|---|
| <b>Frequency of meeting:</b> Monthly  |
| <b>Chair:</b> Mike Astell, Chief Executive Officer  |
| <b>Purpose:</b> Sub-committee of the FCDO Services Board. Ensures effective delivery of all corporate decisions including within HR, Business Services, Internal Communications and Customer Relationships. |
| <b>Key tasks:</b> To provide director approval for corporate decisions including people management, commercial decisions, and escalations from sub-committees (Investment Committee and Risk Review Panel). |

| Operations Committee  |
|---|
| <b>Frequency of meeting:</b> Monthly  |
| <b>Chair:</b> Jeremy Taylor, Chief of Operations (June 2022 - June 2023)  |
| <b>Purpose:</b> Sub-committee of the FCDO Services Board. Oversees all operational delivery matters.  |
| <b>Key tasks:</b> To provide oversight of operational business areas to ensure effective implementation of operational strategies. Oversight includes all operational directorates, Health and Safety, Security, Environment and Quality (HSSEQ) and the related HR, finance and risk matters. The Committee will also consider future product ideas. |

| Investment Committee   |
|--|
| <b>Frequency of meeting:</b> Monthly   |
| <b>Chair:</b> Tim Gall, (Interim) Chief Finance Officer  |
| <b>Purpose:</b> Sub-committee of the Strategy and Corporate Committee. To drive, oversee and approve investment across FCDO Services ensuring it is in line with strategic direction and the Corporate Plan  |
| <b>Key tasks:</b> To approve and review all financial decisions (up to £5m). Ensure appropriate investment strategies are in place in key areas of the organisation. Monitor and review investment opportunities and capital and research and development expenditure. Validates any adjustment to dividend, pricing or investment policy. |

| Risk Review Panel  |
|--|
| <b>Frequency of meeting:</b> Two times a year  |
| <b>Chair:</b> Tim Gall, (Interim) Chief Finance Officer  |
| <b>Purpose:</b> Sub-committee of the Strategy and Corporate Committee. To oversee the overall risk landscape and undertake ad-hoc deep dive reviews  |
| <b>Key tasks:</b> Responsible for oversight of governance, assurance and the risk management framework. Seeking assurance that risks are appropriately unpacked, escalated, cascaded, shared and communicated. Members are primarily functional specialists and/or senior operational leaders. They are a network of experts who are knowledgeable in the practice of risk management. |

## 4.1 Key Processes and Assurance

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.

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

Our key financial processes include a considered review of our corporate plan annually. Supported through the year with quarterly baselining against the present known business position, and a monthly review of our trading accounts. This information is used by management to control costs, monitor cash flow, and compare budgets and forecasts.

Third line assurance is 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). Certifications of note:

- British Standards Institution (BSI) certification in: ISO 22301 [Business Continuity Management];
- ISO 9001 [Quality management systems] – Across a number of our key operational functional areas, and;
- ISO 27001 [Information Security management] – Across customer facing elements of our IT Services.

Second line assurance is sought from our senior directors, who provide an annual letter of assurance to me. The letter addresses the status of risks and internal controls within their remit, and actions taken. Alongside this, ongoing assurance and reporting is delivered throughout the year from the SIRO, providing oversight and assurance for information risk and information assets, and the Principal Risk Report.

First line risk assurance is provided by senior managers within the departments. Risks actively managed with responsible risk owner(s) identified.

## 4.2 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 and control framework

### 5.1 Risk management framework

Our risk management policy has been reviewed within the year. The policy is applicable to all personnel working for FCDO Services, whether direct employees, contractors or agency staff engaged on any aspect of work relating to FCDO Services. In line with the FCDO's Risk Management Policy Statement, FCDO Services recognises that risk management is everyone's responsibility, and all will need to be familiar with our risk management approach.

The tone from the top has been defined through internal publication and communication of our risk appetite statement, which is reviewed annually as a minimum.

FCDO Services operates a framework of risk reporting which supports the identification, management and escalation of operational and principal risks. The CFO is responsible for ensuring there is a proportionate risk management framework and processes. Within the latter part of 2022/23 an in-house risk recording tool was deployed to unify the recording of risks across operational and principal tiers. With information drawn into a central repository, oversight and interconnectivity of risks has been enhanced.

For the purpose of consideration and planning, risks are set within a set of categories: Customer; People; Process; Technical (Operational and Hardware); Finance, and; Governance. Within 2022/23 the FCDO Services Board reviewed and approved high level appetite statements across these categories.

I am not aware of any evidence to suggest material deficiencies in our risk management process. In line with the principles of the Orange Book<sup>4</sup> we look for continuous maturity within our organisational processes and will continue to strengthen and embed those around the management of risk.

FCDO Services is not responsible for the propriety and regulation of the risk framework of its customers, unless this is a specified contractual requirement.

### 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 within the standards and requirements set out by the Cabinet Office, National Cyber Security Centre (NCSC) and Regulators.

There have been no data protection incident referrals to the Information Commissioner's Office (ICO) in 2022/23.

The Senior Information Risk Officer (SIRO) provides a monthly oversight report aligned to the Government Function Standard GovS 007: Security to the Strategy and Corporate Committee on information risk management activities. In addition, a SIRO dashboard is presented at the Audit Risk and Assurance Committee to provide assurance on the activities underway across the organisation to manage information risk.

There are regular communications from the Office of the SIRO in all aspects of information risk, with dedicated pages set up in the Intranet to support this. In addition, all staff are required to complete mandatory Information Security/Information management e-learning courses.

The Information Assurance community have been issued with a terms of reference letter for their role and made accountable through quarterly and annual reporting for their information assets. The community, whether existing or new members, receive training on their role and responsibilities.

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. Where appropriate, Data Protection Impact Assessments, Schedule of Processing Agreements, Sharing Agreements and/or Security Aspects Letters should be in place.

An updated Corporate Information and Records Management strategy was approved in June 2023 and the implementation of that strategy is underway.

The Digital Design Authority has now introduced the requirement for all approved services to have an Annual Review to ensure the standards of governance and assurance are maintained.

The Cyber Security Working Group meets monthly providing a forum to track and discuss

cyber risk, incidents, and compliance and assurance activities. The group reports its findings to the CISO and SIRO.

FCDO Services re-certified for Cyber Essentials Plus and ISO 27001 (Information Security Management) in 2022. The policies relating to ISO 27001 are implemented across the organisation, however the operational scope of the current accreditation is restricted to the customer-facing elements of our IT Services. This provides customer assurance around our information security practices.

### Priorities for 2023/24

- Assessment and implementation of the new Data Protection and Digital Information Bill once more detail is known.
- Creation and implementation of plan for approach to records management, identifying key data sources and making use of a centralised digital archive.
- Implementation of risk assessments and remediation plans as part of the next phase of the Cyber Maturity Assessment review.

## 6. Annual Risk Assessment

### 6.1 The key risks of 2022/23.

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.

<sup>4</sup> HM Treasury, *The Orange Book | Management of Risk – Principles and Concepts*, published 2020

| Customer  |
|---|
| <b>There is a risk that failure to establish and exercise an organisational wide customer centric approach may lead to a lack of right opportunities and deteriorating customer satisfaction resulting in an inability to deliver our Corporate Plan.</b>   |
| Primary factors considered  |
| <ul style="list-style-type: none"> <li>• Optimisation of stakeholder engagement, strategic relationships and delivering high levels of customer satisfaction.</li> <li>• Alignment of products and services to customer needs with focus on our organisation's Unique Selling Points.</li> <li>• Emphasis on our organisation's core purpose with FCDO as owner and priority customer.</li> <li>• Continuous improvement in products and service delivery.</li> <li>• Demonstrating continuous improvement of service delivery, mitigating impact of external cost drivers and delivering more for less.</li> <li>• Developing commercial capability and enabling best practice (commercial management).</li> </ul> |
| Key controls in place   |
| <ul style="list-style-type: none"> <li>• Strategic stakeholder engagement matrix and organisational RASCI*.</li> <li>• Greater focus on the FCDO UK budget holders and Customer Insight.</li> <li>• Risk identification and management through enhanced collaborative working with customers, suppliers and delivery partners.</li> <li>• FCDO strategic review to deliver alignment of the objectives.</li> <li>• High-quality, on time response to tenders.</li> <li>• Organisational pricing strategy and commitment to provide transparency.</li> <li>• Commercial governance, assurance and systemised processes.</li> <li>• Periodic market price assessments.</li> </ul>                                     |

\*RASCI is an acronym that stands for **r**esponsible, **a**ccountable, **s**upporting, **c**onsulted and **i**nformed.

| Finance   |
|---|
| <b>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.</b>   |
| Primary factors considered  |
| <ul style="list-style-type: none"> <li>• Revenue, costs, and assets adequately controlled to support commercial decisions.</li> <li>• Cash reserves which are sufficient to sustain a 'going concern' assumption.</li> <li>• Maintaining an ethical, compliant supply chain.</li> <li>• Robust financial processes and procedures. Safeguarding against errors and potential instances of fraud or non-compliance with statutory regulations.</li> <li>• Compliance with commercial processes and procedures.</li> <li>• Compliance with regulatory and central government requirements.</li> </ul> |

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| Key controls in place  |
|--|
| <ul style="list-style-type: none"> <li>• Financial governance such as: monthly and quarterly forecasting; segregation of duties; delegated authorities; internal audits. And, the independent review and approval of investment business cases.</li> <li>• An operational understanding of IFRS15, and compliance with Counter Fraud Standard GovS013.</li> <li>• Tenders submitted using existing government frameworks where appropriate.</li> <li>• Skilled procurement teams with Chartered Institute of Procurement and Supply (CIPS) Corporate Ethical Procurement and Supply accreditation.</li> <li>• Mandatory training of all staff prior to allowing access to financial systems.</li> <li>• Suitably skilled and qualified accountancy staff in financial management roles.</li> </ul> |

| Governance   |
|--|
| <b>The risk that the governance of the organisation is not aligned to statutory regulations, best practice indicators for government departments and/or the business needs.</b>  |
| Primary factors considered   |
| <ul style="list-style-type: none"> <li>• The Machinery of Government (domestic and foreign) may adversely influence FCDO Services operational delivery.</li> <li>• Timely delivery of projects and services, within budget and meeting quality standards.</li> <li>• The meeting of health and safety, security and quality standards (for ourselves and third party suppliers).</li> <li>• Geopolitical events which test operational resilience.</li> <li>• The geographical range within which FCDO Services operates.</li> <li>• Business continuity planning to enable business to continue operating in business continuity events.</li> <li>• Compliance with prevailing Government Greening Commitments and customers' requirements for sustainable supply.</li> <li>• External environmental factors, which may impact upon operations and delivery, (i.e. flood, earthquake, etc.).</li> <li>• Effectiveness of data governance and information management.</li> </ul> |

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| Key controls in place   |
|---|
| <ul style="list-style-type: none"> <li>• A close relationship with our parent organisation, the FCDO, with aligned ministerial oversight.</li> <li>• Alignment to Government Functional Standards.</li> <li>• Structured partnership review groups, assuring alignment of objectives.</li> <li>• Segregation of duties, delegated authorities and standardised reporting.</li> <li>• Risk management framework and tools.</li> <li>• Regulatory and internal compliance assurance through assurance activities, inspection and routine audit.</li> <li>• Health and safety management system including policies, procedures and management tools supported by internal governance and competent health and safety support.</li> <li>• A Gold, Silver, Bronze business continuity command structure in place, tested and operating.</li> <li>• 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.</li> <li>• Regular communications and awareness to all staff, including mandatory annual training.</li> </ul> |

| People   |
|--|
| <p><b>The risk that the organisation will not effectively attract, retain, engage or develop the right people to meet business need. Leading to a gap in skills and capability, impacting ability to meet current and future customer and operational requirements.</b></p>  |
| Primary factors considered   |
| <ul style="list-style-type: none"> <li>• Employer duty of care to staff, including safe working practices and environments and a workplace that respects diversity and all staff.</li> <li>• Competitiveness of reward package, financial and pay constraints and labour market shortages.</li> <li>• Resource planning and cost management. Dependency upon customer insight and pipeline planning.</li> <li>• Workforce planning to initiate timely recruitment and to build skills to meet future needs.</li> </ul>   |
| Key controls in place  |
| <ul style="list-style-type: none"> <li>• Compliance with policies, procedures and processes, incorporating statutory and regulatory requirements is monitored.</li> <li>• Long-term investment in learning and development on leadership, management, business specific and technical skills.</li> <li>• Reward package, including flexible working and targeted shortage skill allowances, new routes to market and employer value proposition to attract and retain employees.</li> <li>• Skills based pay structure and job families framework in place to improve pay, career progression and to develop and retain talent.</li> <li>• Diversity and Inclusion Strategy and action plan 2021-24 in implementation.</li> <li>• Stakeholder relationship management to build revenue and longer-term work pipeline.</li> </ul> |

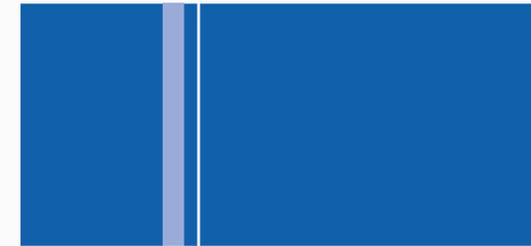
| Process   |
|---|
| <p><b>The risk that a process lacks either efficiency, effectiveness, and/or is not sufficiently complied with. This may then lead to financial, customer, or reputational loss. Or potentially, a lack of compliance with regulatory or legal requirements.</b></p>  |
| Primary factors considered  |
| <ul style="list-style-type: none"> <li>• Operational processes and procedures: to safeguard against errors and potential instances of fraud or non-compliance with statutory regulations.</li> <li>• Financial processes and procedures: safeguarding against errors and potential instances of fraud.</li> <li>• A risk aware culture reflected in leadership and management behaviours.</li> <li>• Commercial excellence.</li> <li>• Security and Information Governance processes.</li> </ul>  |
| Key controls in place   |
| <ul style="list-style-type: none"> <li>• Monthly management accounts process.</li> <li>• Health and safety management system including policy, procedures and management tools.</li> <li>• Security and information governance processes overseen by the Senior Information Risk Owner and Digital and Information assurance teams.</li> <li>• Comprehensive Business Continuity and Crisis Management Plans.</li> <li>• Supplier assurance guidance, policy and process and adherence to recognised standards.</li> <li>• Positioned within HMG's crisis response structures, where we are recognised as a vital source of knowledge and expertise at all stages of response.</li> </ul> |

| Technical   |
|---|
| <p><b>The risk that a failure to evolve the design and the production of systems, and their related products and IT Service Management tooling, will adversely depreciate the offering to customers and/or result in an increased cyber threat to our environment</b></p>   |
| Primary factors considered  |
| <ul style="list-style-type: none"> <li>• Resilience of FCDO Services business critical live systems.</li> <li>• Investment and development of customer-facing IT infrastructure to meet long-term needs.</li> <li>• Alignment of designs with industry and National Technical Authority best practice.</li> <li>• Ensuring effective methods for acceptance into service of new services and devices, underpinned by effective training.</li> <li>• A cyber/data incident which could lead to a loss of confidentiality, integrity, or availability of service.</li> <li>• Legal obligations, ensuring that we have the ability to respond appropriately, and to confirm compliance with legal requirements.</li> <li>• A comprehensive approach to holistic security to protect personnel, information and infrastructure.</li> <li>• Customer agreements, designed to uphold security balance and systems responsibility.</li> <li>• Security of the supply chain, to ensure clear responsibilities.</li> <li>• The environmental footprint of the products and services which are offered by FCDO Services.</li> </ul> |

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| Key controls in place   |
|---|
| <ul style="list-style-type: none"> <li>• Technology strategy, with associated investment plans, to maintain integrity of core IT platforms.</li> <li>• Certification to internationally recognised standards, including ISO 9001, ISO 27001, ISO 22301, and Cyber Essentials Plus.</li> <li>• Education and awareness of all aspects of holistic security and information behaviour to include cyber, information (management and rights), personal, technical and physical.</li> <li>• Comprehensive regime of monitoring and independent health checks and alignment with National Cyber Security Centre (NCSC) best practice.</li> <li>• Adequacy of supply chain management, to ensure that suppliers have appropriate standards and clauses in place for cyber, physical, personnel and data protection clauses.</li> <li>• Alignment of designs with industry and National Technical Authority best practice.</li> <li>• Data Protection Impact Assessments are in place where personal data is being processed.</li> <li>• Information assets are reviewed quarterly, and exceptions raised.</li> <li>• Alignment to regulators good practice (Information Commissioner's Office, NCSC) and UK strategy/policy such as cloud first, national data strategy.</li> </ul> |



# Remuneration and staff report

## 6.2 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)

The National Audit Office has 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 2022/23.

In conclusion, I am satisfied that the assurance assessments across FCDO Services have provided me with confidence on their present level of maturity, and demonstrate on-going development.

## 7. Overall Summary

FCDO Services' resilience has enabled it to navigate numerous challenges throughout 2022/23. As this report highlights, FCDO Services has continued to deliver a quality service to its customers. Supported by a refined and refocused business strategy and a revised core governance model, FCDO Services has continued to build stronger partnerships with customers.

I note that the Head of Internal Audit has provided a Moderate assurance, with a moderate level of assurance on controls, opinion for the year as a whole. This opinion takes into account core financial and risk based audits.

**Mike Astell**  
Chief Executive Officer and Accounting Officer

29 June 2023

## 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 2023. 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.

### 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.

**Nasrin Cobb** (Director of Customer Relationships). Nasrin was appointed on 6 March 2017 on a four year fixed term contract, which was extended to 5 March 2024. Nasrin was appointed to the board on 8 December 2022.

**Rob Eason** (Chief Digital & Innovation Officer and SIRO). Rob held an open-ended appointment until retirement. He stepped down from the board and left on 28 February 2023.

**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. He will revert to his substantive

position and original terms and conditions after a handover period.

**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.

**Jeremy Taylor** (Chief Operating Officer). Jeremy was appointed on 20 June 2022 on a four year fixed-term contract. He stepped down from the board and left on 13 June 2023.

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<br>£'000                                 |   | Performance<br>Related Payment<br>£'000 |         | Pension Benefits<br>(to Nearest<br>£'000) (Note 1) |         | Total<br>£'000 |         |
|--|---|---|---|---------|--|---------|----------------|---------|
|  | 2022/23   | 2021/22   | 2022/23                                 | 2021/22 | 2022/23  | 2021/22 | 2022/23        | 2021/22 |
| Mike Astell  | 150-155   | 80-85<br>(145-150<br>Full Year<br>Equivalent)   | 0-5                                     | -       | 47   | 31      | 200-205        | 110-115 |
| Nasrin Cobb<br>(Appointed 8<br>December 2022)                                | 35-40<br>(115-120<br>Full Year<br>Equivalent)   | -   | -                                       | -       | -3   | -       | 30-35          | -       |
| Rob Eason<br>(Resigned 28<br>February 2023)                                  | 100-105<br>(105-110<br>Full Year<br>Equivalent) | 105-110   | 0-5                                     | 5-10    | -30  | 12      | 70-75          | 120-125 |
| Tim Gall   | 95-100  | 0-5<br>(90-95<br>Full Year<br>Equivalent)       | 0-5                                     | -       | 22   | 36      | 120-125        | 40-45   |
| Yvonne Laird   | 60-65<br>(115-120<br>Full Year<br>Equivalent)   | 110-115   | 5-10                                    | 5-10    | 33   | 44      | 100-105        | 160-165 |
| Danny Payne<br>CMG<br>(Resigned 31<br>December 2021)                         | -   | 265-270<br>(155-160<br>Full Year<br>Equivalent) | -                                       | 5-10    | -  | 38      | -              | 310-315 |
| Jeremy Taylor<br>(Appointed 20<br>June 2022 and<br>resigned 13<br>June 2023) | 105-110<br>(140-145<br>Full Year<br>Equivalent) | -   | -                                       | -       | 42   | -       | 150-155        | -       |
| Claire Shepherd<br>(Resigned 31<br>October 2021)                             | -   | 85-90<br>(140-145<br>Full Year<br>Equivalent)   | -                                       | 5-10    | -  | 33      | -              | 125-130 |

|   | 2022/23 | 2021/22  |
|---|---------|----------|
| Band of Highest Paid Director's<br>Total Remuneration (£'000) | 150-155 | 160-165* |
| Salary Only Median £  | 42,174  | 41,386   |
| Total Pay and Benefits Median £                               | 44,208  | 43,367   |
| Salary Only Lower Quartile £                                  | 29,530  | 28,698   |
| Total Pay and Benefits Lower Quartile                         | 31,350  | 30,231   |
| Salary Only Upper Quartile £                                  | 59,527  | 58,619   |
| Total Pay and Benefits Upper Quartile £                       | 62,250  | 60,880   |
| Median Ratio (Note 2)   | 3.4     | 3.7      |
| Ratio Lower Quartile (Note 2)                                 | 4.9     | 5.4      |
| Ratio Upper Quartile (Note 2)                                 | 2.4     | 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 year 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 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 permanent 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 reduced to 3.4 times earnings due to the CEO's pro rata bonus payable based on 2021/22 performance.

Note 3. Included for comparative purposes only - 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.

Note 4. The remuneration figure for Yvonne Laird has reduced in 2022/23 due to parental leave taken.

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

|                       | 2022/23                        |                | 2021/22                        |                |
|-----------------------|--------------------------------|----------------|--------------------------------|----------------|
|                       | Total Salary and<br>Allowances | Bonus Payments | Total Salary and<br>Allowances | Bonus Payments |
| Staff average         | 6%                             | 4%             | 6%                             | -5%            |
| Highest paid director | -3%**                          | -67%**         | 3%*                            | 0%*            |

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

\*\*Highest paid director received a pro rata bonus in 2022/23 due to length of service, explaining the percentage reduction year on year.

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 2022/23 was £150k-£155k (2021/22 £160k-£165k after the effect of severance pay costs). This was 3.4 times (2021/22 - 3.7) the median remuneration of the workforce, which was £44,208 (2021/22 £43,367). In 2022/23,

four permanent positions currently held by a contractor (2021/22 - 1) received remuneration in excess of the highest paid director. Excluding the highest paid director, remuneration ranged from £19,173 to £187,000 (2021/22 £15,880 to £209,000). The lowest paid employees are apprentices.

#### Salary

'Salary' includes gross base salary, overtime, location allowance, recruitment and retention allowances, and any other allowance to the extent that

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

#### Performance related payments

The pay of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. From time to time, the Review Body advises the Prime Minister on the pay, pensions and allowances of ministers and others whose pay is determined by the ministerial

and Other Salaries Act 1975. The FCDO set the performance bonus value for 2022/23 based on 2021/22 appraisals within the Cabinet Office policy remit at:

| Grade | T1     | T2     |
|-------|--------|--------|
| 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.

The table previously shows the performance related payments paid in 2022/23 and are related to individual and team contribution in the prior year.

### Benefits in kind 2022/23

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 2022/23.

### Pension benefits (subject to audit)

|                 | Accrued Pension at Pension Age as at 31 March 2023 and Related Lump Sum (Note 1) | Real Increase in Pension and Related Lump Sum at Pension Age | CETV at 31 March 2023 (Note 1) | CETV at 31 March 2022 (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  | 2.5-5  | 66                             | 25                             | 29                             | -  |
| Nasrin Cobb     | 15-20  | 0  | 276                            | -                              | -3*                            | -  |
| Rob Eason       | 50-55 Plus a Lump Sum of 125-130   | 0  | 1,120                          | 1,080                          | -88*                           | -  |
| Tim Gall        | 25-30  | 0-2.5  | 413                            | 361                            | 10                             | -  |
| Yvonne Laird    | 10-15  | 0-2.5  | 120                            | 94                             | 15                             | -  |
| Danny Payne CMG | -  | -  | -                              | 460                            | -                              | -  |
| Claire Shepherd | -  | -  | -                              | 97                             | -                              | -  |
| Jeremy Taylor   | 0-5  | 2.5-5  | 31                             | -                              | 23                             | -  |

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

\*Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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.

Note 2. Nasrin Cobb and Jeremy Taylor were appointed as Board Directors in year. CETV as at 31 March 22 has been noted as £nil.

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

providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually, in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS

after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits, in relation to that period (and this may affect the Cash Equivalent Transfer Values shown

in this report. 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 updated, in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member

leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the Civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETV’s 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 and Sir Simon Gass, and are not members of the Civil Service Pension Scheme. The Non-Executive Directors, (excluding Jenny Bates and Sir Simon Gass), are paid through the FCDO Services payroll.

No pay or pension costs are included in FCDO Services' accounts in respect of Jenny Bates, who is a civil servant employed by the Foreign, Commonwealth and Development Office. Travel expenses may be payable by FCDO Services for Jenny Bates' 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, which was extended to 20 May 2024.

**Sir Simon Gass GCMG 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.

**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.

**Lawrie Haynes**, appointed on a four year contract as a Non-Executive Director on 8 August 2022.

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 Business and 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)**

|   | 2022/23                            | 2021/22 |
|---|------------------------------------|---------|
|   | £'000                              | £'000   |
| Jenny Bates <sup>(Note 1)</sup>             | -                                  | -       |
| Sir Simon Gass GCMG CVO <sup>(Note 2)</sup> | -                                  | -       |
| Richard Gunning                             | 15-20                              | 15-20   |
| Lawrie Haynes                               | 10-15 (15-20 full year equivalent) | -       |
| 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 Jenny Bates, who is a civil servant 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 (2021/22 Enil).

**Mike Astell**  
Chief Executive Officer and Accounting Officer

29 June 2023

## Staff report

**Number employed on Senior Civil Service terms and conditions (or equivalent) by band (subject to audit)**

Details provided as at 31 March 2023

| Pay Band | Number of Senior Civil Service Staff |
|----------|--------------------------------------|
| SMS 1    | 8                                    |
| SMS 2    | 2                                    |

Details provided as at 31 March 2022

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

**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 *    | 31 March 2023 Total |
|--------------------------|------------------------------------|------------|---------------------|
| Service Delivery         | 934                                | 134        | 1,068               |
| Corporate Services       | 113                                | 6          | 119                 |
| <b>Total</b>             | <b>1,047</b>                       | <b>140</b> | <b>1,187</b>        |
| Capitalised Staff**      | (3)                                | (8)        | (11)                |
| <b>Net Staff Numbers</b> | <b>1,044</b>                       | <b>132</b> | <b>1,176</b>        |

| Staff Numbers            | Permanent and Fixed Term Employees | Other *    | 31 March 2022 Total |
|--------------------------|------------------------------------|------------|---------------------|
| Service Delivery         | 905                                | 116        | 1,021               |
| Corporate Services       | 121                                | 7          | 128                 |
| <b>Total</b>             | <b>1,026</b>                       | <b>123</b> | <b>1,149</b>        |
| Capitalised Staff**      | (4)                                | (3)        | (7)                 |
| <b>Net Staff Numbers</b> | <b>1,022</b>                       | <b>120</b> | <b>1,142</b>        |

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

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

**Staff costs for the above persons (subject to audit)**

| 31 March 2023                                 |  |                   |                |
|---|--|-------------------|----------------|
|   | Permanent and Fixed Term Employees*<br>£'000 | Other **<br>£'000 | Total<br>£'000 |
| Salaries / Agency Staff and Fee Paid Officers | 54,144                                       | 18,047            | 72,191         |
| Social Security Costs                         | 5,277  | 157               | 5,434          |
| Apprenticeship Levy                           | 285  | -                 | 285            |
| Other Pension Costs***                        | 10,655                                       | 284               | 10,939         |
| <b>Total Staff Costs</b>                      | <b>70,361</b>                                | <b>18,488</b>     | <b>88,849</b>  |
| Capitalised Staff Costs                       | (183)  | (907)             | (1,090)        |
| <b>Total Net Staff Costs</b>                  | <b>70,178</b>                                | <b>17,581</b>     | <b>87,759</b>  |

| 31 March 2022                                 |  |                   |                |
|---|--|-------------------|----------------|
|   | Permanent and Fixed Term Employees*<br>£'000 | Other **<br>£'000 | Total<br>£'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         |
| <b>Total Staff Costs</b>                      | <b>63,630</b>                                | <b>16,105</b>     | <b>79,735</b>  |
| Capitalised Staff Costs                       | (209)  | (326)             | (535)          |
| <b>Total Net Staff Costs</b>                  | <b>63,421</b>                                | <b>15,779</b>     | <b>79,200</b>  |

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

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

\*\*\* 2022/23 variance in value of £19k to pension note below relates to opening and closing accruals (2021/22 £200k).

**Pensions**

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

For 2022/23, employers' contributions of £10,759,982 were payable to the PCSPS (2021/22 £10,316,337) 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 2022/23 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 £192,038 (2021/22 £189,571) 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 £6,099 (2021/22 £6,134), 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 (2021/22 £nil). Contributions prepaid at that date were £nil (2021/22 £nil).

In the 12 months to March 2023 no individual (2021/22 no individual) retired early on ill health grounds; the total additional

accrued pension liability in the year amounted to £nil (2021/22 £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, which is aligned to the FCDO and Civil service strategies, continues to provide a clear focus to enable us to deliver this vision.

During 2022/23 we have been working in conjunction with our staff networks, and those of the FCDO and wider Civil service to increase our staff's feeling of inclusion. In addition, we have had a strong focus on respect at work, and financial wellbeing.

Since we introduced representation aspirations for female, ethnic minority and disability staff, we have made steady progress against our aims. Since 2017, our female representation has risen by 6.2% to 29.4%; our ethnic minority representation by 1.6% to 10%; and our disability representation by 2.1% to 7.26%. However, compared to March 2022, ethnic minority representation has decreased by 1% and disability representation

reduced by 0.34%. It should be noted that the number of staff declaring a disability actually increased between March 2022 and March 2023, but this was against a significant increase in overall headcount, which impacted the percentage. Female representation in our technical roles now stands at 8.1%, an increase of 1.2% in the 12 months since March 2022.

Although we have made good progress in relation to gender, we know we have more work to do, particularly in relation to ethnic minority representation. 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.

**Staff Representation 2021 - 2023**

|                 | March 2023 | March 2022 | March 2021 |
|-----------------|------------|------------|------------|
| Female          | 29.4%      | 28.7%      | 28.9%      |
| Ethnic Minority | 10.0%      | 11.0%      | 10.8%      |
| Disability      | 7.3%       | 7.6%       | 7.5%       |

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. The methodology used by FCDO Services will generally show as a lower percentage representation for the same number of positive responses.

Following the appointment of a dedicated talent outreach lead, we have significantly increased our interaction with education establishments and external early career organisations to strengthen our diversity pipeline. For example, we recently became a signatory to the Tomorrow's Engineer Code. At the same time we have reviewed and updated our apprentice recruitment process to ensure it is even more inclusive. While these activities will not have an immediate impact on

diverse representation, we anticipate that they will impact positively on our future apprentice cohorts.

Our Gender Pay analysis is included within the FCDO annual GDPR report. The latest report based on March 2022 data, which was published in November 2022, showed a significant reduction in FCDO Services' Gender Pay Gap. The pay mean gap decreased from 8.6% to 6.0%, and the median pay gap from 20.1% to 15.4%. This reflected a number of actions, but primarily the implementation of Skills Based Pay. The mean bonus gap decreased from 13.7% to 5.9%, and the median bonus gap decreased from 12.0% to 1.9%. Representation across the pay quartiles also positively affected the analysis. Female representation in the lower quartile decreased by 8.3%, while representation in the upper quartile increased by 1.5%.

**Staff turnover**

During 2022/23, turnover at 7.9% was running slightly higher than our normal pre pandemic levels of 7%\*. The significant decrease during COVID and subsequent slightly higher levels follow similar trends in the labour market. \*Excludes VES, TUPE and COSOP exits and ending of fixed-term contracts.

In total there were 90 leavers and 131 joiners during 2022/23, compared to 78 leavers and 95 joiners in 2021/22.

**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 was 71% (which was down from 72% in 2021), this is still higher than response rate in the wider Civil service (at 65%). Positive feedback against eight of the indices declined and were below

the Civil service benchmark for 2022. One of the indices (My Work) stayed the same as 2021 and was equal to the benchmark. Learning and Development was the only indices which saw an increase, going up by five points and taking this above the Civil Service benchmark.

A number of indices have scores lower than we have ever had previously, but we did still meet one of our people-based ministerial targets for 2022/23. Against a target for My Manager of 65% we achieved a score of 71% (which was down from 75% last year). This year our Engagement Score was 58% against a target of 61% (a reduction from 61% in 2021).

Since the last survey, our organisation and its staff have faced inflationary pressures, as well as shortages in the labour market affecting resource levels. These external factors will have had a bearing on results, as will internal factors, such as change programmes and changes in corresponding leadership positions through this period. Improving scores and engagement is a priority, and the Executive Board have agreed key areas to focus on at a corporate level, including the Organisational Objectives and Leadership and Change indices.

In addition, each area of the business will update its engagement action plans to address issues which affect their specific teams.

**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 31 March 2023:

- Senior Civil Service Grades: 50% (2021/22 – 42.9%) were female
- Delegated Grades 29.2% (2021/22 - 28.7%) 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 the MOD. As a STEM organisation we continue to face a challenge due to a shortage of females working in the industry. As part of our diversity strategy, we have remained focused on improving representation of female staff overall, and especially in technical roles and at senior levels. Over the last year we have seen female representation increase by 7.1% within Senior Civil Service grades and 0.5% within delegated grades. This is a result of a range of positive actions including:

- A focus on diversity in advertising setting, workforce ambitions, anonymised recruitment, and diverse selection panels
- Mentoring and I reverse mentoring, highlighting internal and external role models, and focused development programmes
- Working in conjunction with WE:Connect, our gender staff network

The people included in the Senior Civil Servants split in the previous table, are all members of the Strategic and Corporate Committee and Operations Committee. 5 of the 10 are the Executive Directors (detailed earlier in this report) of which 40% are female and 60% are male (2021/22: 7 Executive Directors – 25% female, 75% male). Data above is based on headcount as at 31 March 2023 and 2022 respectively.

**Sickness absence data**

The average number of working days lost per employee due to sickness absence was 5.2 days in 2022/23. This compared to 4.6 days in 2021/22. Our Attendance Management Policy has been updated with improved 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 2022/23.

**Staff policies applied during the financial year for the recruitment, ongoing employment, and training and promotion of people with disabilities**

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

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

- We analyse performance and promotion data by a number of protected characteristics to ensure fair and consistent application of our processes

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

**Civil Servant / Delegated grades**

| 31 March 2023         |            |            |              |
|-----------------------|------------|------------|--------------|
|                       | Female     | Male       | Total        |
| Delegated             | 327        | 792        | 1,119        |
| Senior Civil Servants | 5          | 5          | 10           |
| <b>Total</b>          | <b>332</b> | <b>797</b> | <b>1,129</b> |

| 31 March 2022         |            |            |              |
|-----------------------|------------|------------|--------------|
|                       | Female     | Male       | Total        |
| Delegated             | 304        | 757        | 1,061        |
| Senior Civil Servants | 3          | 4          | 7            |
| <b>Total</b>          | <b>307</b> | <b>761</b> | <b>1,068</b> |

## Facility time publication requirements

Table 1: Relevant union officials

| Number of Employees Who Were Relevant Union Officials During 1 April 2022 – 31 March 2023 | Full-Time Equivalent Employee Number |
|---|--------------------------------------|
| 6   | 6                                    |

Table 2: Percentage of time spent on facility time

Number of employees who were relevant union officials employed during 1 April 2022 – 31 March 2023 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%                 | 31                  |
| 1-50%              | 6                   |
| 51-99%             | 0                   |
| 100%               | 0                   |

Table 3: Percentage of pay bill spent on facility time

|   |               |
|---|---------------|
| The Total Cost of Facility Time                             | £95,993       |
| The Total Pay Bill  | £ 669,372,178 |
| The Percentage of the Total Pay Bill Spent on Facility Time | 0.01%         |

Table 4: Paid trade union activities

|   |    |
|---|----|
| Percentage of Time Spent on Paid Trade Union Activities as a Percentage of Total Paid Facility Time Hours | 0% |
|---|----|

This data includes FCDO, FCDO Services and Wilton Park. The TU officials represent members from all three 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 2022/23 was £nil (2021/22 £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 2023, for more than £245 per day and that last longer than six months

|   |     |
|---|-----|
| (a) The total number of such engagements as of 31 March                             | 162 |
| (b) The number that have existed for less than one year at time of reporting        | 67  |
| (c) The number that have existed for between one and two years at time of reporting | 18  |
| (d) The number that have existed between two and three years at time of reporting   | 6   |
| (e) The number that have existed between three and four years at time of reporting  | 9   |
| (f) The number that have existed for four or more years at time of reporting        | 62  |

Table 2: For all new off-payroll appointments, or those that reach six months in duration, between 1 April 2022 and 31 March 2023 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  | 83 |
| (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   | 83 |
| (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 2022 and 31 March 2023 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 | 14  |

### 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 |           |
|--|-----------------------------------|---------|-----------------------------------|-----------|--|-----------|
|  | 2022/23                           | 2021/22 | 2022/23                           | 2021/22   | 2022/23                                    | 2021/22   |
| <£10,000                                     | -                                 | -       | -                                 | -         | -  | -         |
| £10,000 - £25,000                            | -                                 | -       | -                                 | -         | -  | -         |
| £25,000 - £50,000                            | -                                 | -       | -                                 | -         | -  | -         |
| £50,000 - £100,000                           | -                                 | -       | 1                                 | 1         | 1  | 1         |
| £100,000 - £150,000                          | -                                 | -       | -                                 | -         | -  | -         |
| £150,000 - £200,000                          | -                                 | -       | -                                 | -         | -  | -         |
| <b>Total Number of Exit Packages by Type</b> | -                                 | -       | <b>1</b>                          | <b>1</b>  | <b>1</b>                                   | <b>1</b>  |
| <b>Total Resource Cost (£'000)</b>           | -                                 | -       | <b>95</b>                         | <b>95</b> | <b>95</b>                                  | <b>95</b> |

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

The total payment received from FCDO in relation to the VES scheme amounted to £95k (2021/22 £nil), which included £nil (2021/22 £nil) 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               | 31 March 2023 | 31 March 2022 |
|--------------------------------|---------------|---------------|
|                                | £'000         | £'000         |
| Total Number of Losses         | 11            | 9             |
| <b>Total Value of Losses *</b> | <b>34</b>     | <b>121</b>    |
| Stores Losses                  | 24            | 90            |
| Fruitless Payments             | 3             | 5             |
| Loss on currency exchange      | 6             | 26            |
| Other                          | 1             | -             |

\* There were no individual losses over £300,000 in either 2022/23 or 2021/22. All losses are disclosed on an accruals basis.

### Special Payments and Gifts

In 2022/23 the costs falling into the category special payments and gifts was £nil (2021/22 £nil).

### Fees and Charges

**(Subject to Audit)**

There are no fees and charges to be disclosed.

### 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

29 June 2023

# 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 2023 under the Government Trading Funds Act 1973.

The financial statements comprise: FCDO Services'

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and of its retained surplus for the financial 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 and my auditor's certificate and report thereon. 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.

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 HM Treasury directions made 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements 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 Reports.

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

- Adequate accounting records have not been kept by FCDO Services or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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 to be audited 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within FCDO Services from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; 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 either 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, I:

- considered the nature of the sector, control environment and operational performance including the design of FCDO Services' accounting policies and key performance indicators.
- inquired 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 on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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;
- inquired of management, FCDO Services' head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal IT auditors' specialists, 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of FCDO Services' framework of authority and other legal and regulatory frameworks in which FCDO Services operates. I focused 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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated

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 risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them. 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 I identify during my audit.

## Report

I have no observations to make on these financial statements.

Gareth Davies

Date 03 July 2023

Comptroller and Auditor General

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

# Financial Statements



## Statement of comprehensive income

for the year ended 31 March 2023

|   | Note | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------|------------------------|------------------------|
| Revenue from contracts with customers                                     | 2    | 222,940                | 189,142                |
| Cost of sales   | 5    | (182,508)              | (142,319)              |
| <b>Gross surplus</b>  |      | <b>40,432</b>          | <b>46,823</b>          |
| Other income  | 2    | 391                    | 293                    |
| Operating expenses  | 5    | (38,608)               | (39,863)               |
| <b>Operating surplus</b>  |      | <b>2,215</b>           | <b>7,253</b>           |
| (Loss) on disposal of property, plant and equipment and intangible assets |      | (32)                   | (13)                   |
| <b>Surplus before financing</b>   |      | <b>2,183</b>           | <b>7,240</b>           |
| Financing income  | 2    | 1,131                  | 50                     |
| <b>Net financing</b>  |      | <b>1,131</b>           | <b>50</b>              |
| <b>Surplus for the financial year</b>                                     |      | <b>3,314</b>           | <b>7,290</b>           |
| Dividend  | 6    | (2,417)                | (2,295)                |
| <b>Retained surplus for the financial year</b>                            |      | <b>897</b>             | <b>4,995</b>           |
| <b>Other comprehensive net income</b>                                     |      |                        |                        |
| Net gain on the revaluation of property, plant and equipment              |      | 147                    | 60                     |
| <b>Total comprehensive income for the financial year</b>                  |      | <b>1,044</b>           | <b>5,055</b>           |

All income and expenditure is derived from continuing operations.

## Statement of financial position

as at 31 March 2023

|   | Note | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------|------------------------|------------------------|
| <b>Non-current assets</b>                     |      |                        |                        |
| Intangible assets                             | 7    | 609                    | 611                    |
| Property, plant and equipment                 | 8    | 15,847                 | 11,498                 |
| <b>Total non-current assets</b>               |      | <b>16,456</b>          | <b>12,109</b>          |
| <b>Current assets</b>                         |      |                        |                        |
| Inventories                                   | 9    | 5,385                  | 3,862                  |
| Trade receivables, financial and other assets | 10   | 72,129                 | 32,597                 |
| Cash and cash equivalents                     | 11   | 44,094                 | 64,805                 |
| <b>Total current assets</b>                   |      | <b>121,608</b>         | <b>101,264</b>         |
| <b>Total assets</b>                           |      | <b>138,064</b>         | <b>113,373</b>         |
| <b>Current liabilities</b>                    |      |                        |                        |
| Trade payables and other current liabilities  | 12   | (70,467)               | (46,792)               |
| Lease liabilities                             | 13   | (33)                   | -                      |
| Provisions due within one year                | 14   | (280)                  | (400)                  |
| <b>Total current liabilities</b>              |      | <b>(70,780)</b>        | <b>(47,192)</b>        |
| <b>Total assets less current liabilities</b>  |      | <b>67,284</b>          | <b>66,181</b>          |
| <b>Non current liabilities</b>                |      |                        |                        |
| Lease liabilities                             | 13   | (59)                   | -                      |
| <b>Total non current liabilities</b>          |      | <b>(59)</b>            | <b>-</b>               |
| <b>Total assets less liabilities</b>          |      | <b>67,225</b>          | <b>66,181</b>          |
| <b>Taxpayers' equity</b>                      |      |                        |                        |
| Public dividend capital                       |      | 4,981                  | 4,981                  |
| General reserve                               |      | 3,098                  | 3,040                  |
| Revaluation reserve                           |      | 180                    | 91                     |
| Income and expenditure account                |      | 58,966                 | 58,069                 |
| <b>Total taxpayers' equity</b>                |      | <b>67,225</b>          | <b>66,181</b>          |

**Mike Astell**  
Chief Executive Officer and Accounting Officer

29 June 2023

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

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

## Statement of cash flows

for the year ended 31 March 2023

|  | Note     | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|--|----------|------------------------|------------------------|
| <b>Cash flows from operating activities</b>  |          |                        |                        |
| Surplus on ordinary activities before dividend payable                                   |          | 3,314                  | 7,290                  |
| Adjustments for non-cash transactions  | 15       | 1,464                  | 1,671                  |
| Net interest receivable  | 2        | (1,131)                | (50)                   |
| Increase in inventories  | 9        | (1,523)                | (1,198)                |
| Increase in trade and other receivables  | 10       | (39,532)               | (6,839)                |
| less movements in receivables relating to items not passing through the income statement |          |                        |                        |
| - Accrued deposit interest   |          | 64                     | 15                     |
| Increase in trade and other payables   | 12       | 23,675                 | 1,899                  |
| less movements in payables relating to items not passing through the income statement    |          |                        |                        |
| - Dividend payable   | 12       | (122)                  | (209)                  |
| Decrease in provisions   | 14       | (120)                  | (451)                  |
| <b>Net cash inflow / (outflow) from operations</b>                                       |          | <b>(13,911)</b>        | <b>2,128</b>           |
| <b>Cash flows from investing activities</b>  |          |                        |                        |
| Purchases of intangible assets   | 7        | (16)                   | (54)                   |
| Purchases of property, plant and equipment   | 8        | (5,526)                | (4,990)                |
| Disposals of intangibles, property, plant and equipment                                  |          | 3                      | 173                    |
| <b>Net cash outflow from investing activities</b>  |          | <b>(5,539)</b>         | <b>(4,871)</b>         |
| <b>Cash flows from financing activities</b>  |          |                        |                        |
| Lease repayments   |          | (33)                   | -                      |
| Interest received  |          | 1,067                  | 34                     |
| Contribution from parent   |          | -                      | 537                    |
| Dividend paid  | 6 and 12 | (2,295)                | (2,086)                |
| <b>Net financing</b>   |          | <b>(1,261)</b>         | <b>(1,515)</b>         |
| <b>Net decrease in cash and cash equivalents in the period</b>                           |          | <b>(20,711)</b>        | <b>(4,258)</b>         |
| <b>Cash and cash equivalents at the beginning of the period</b>                          | 11       | <b>64,805</b>          | <b>69,063</b>          |
| <b>Cash and cash equivalents at the end of the period</b>                                | 11       | <b>44,094</b>          | <b>64,805</b>          |

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

## Statement of changes in taxpayers' equity

for the year ended 31 March 2023

|  | Public Dividend Capital<br>£'000 | General Reserve<br>£'000 | Revaluation Reserve<br>£'000 | Income and Expenditure Account<br>£'000 | Total Reserves<br>£'000 |
|--|----------------------------------|--------------------------|------------------------------|---|-------------------------|
| Balance at 1 April 2021  | 4,981                            | 2,453                    | 81                           | 53,074                                  | 60,589                  |
| <b>Changes in taxpayers' equity for 31 March 2022</b>  |                                  |                          |                              |   |                         |
| 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                   |
| <b>Total recognised income and (expense) for 31 March 2022</b>   | <b>-</b>                         | <b>587</b>               | <b>10</b>                    | <b>4,995</b>                            | <b>5,592</b>            |
| Balance at 31 March 2022   | 4,981                            | 3,040                    | 91                           | 58,069                                  | 66,181                  |
| <b>Changes in taxpayers' equity for 31 March 2023</b>  |                                  |                          |                              |   |                         |
| Unrealised net surplus on revaluation of property, plant and equipment   | -                                | -                        | 147                          | -                                       | 147                     |
| General reserve transfer - depreciation charge difference in year on revalued cost basis compared to historic cost basis | -                                | 58                       | (58)                         | -                                       | -                       |
| Retained surplus for the financial year  | -                                | -                        | -                            | 897                                     | 897                     |
| <b>Total recognised income and (expense) for 31 March 2023</b>   | <b>-</b>                         | <b>58</b>                | <b>89</b>                    | <b>897</b>                              | <b>1,044</b>            |
| <b>Balance at 31 March 2023</b>  | <b>4,981</b>                     | <b>3,098</b>             | <b>180</b>                   | <b>58,966</b>                           | <b>67,225</b>           |

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 £nil (2021/22: £0.537m) 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 15 December 2022, pursuant to section 4(6)(a) of the Government Trading Funds Act 1973. This requires the Trading Fund to comply with the accounting principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FRoM) and Trading Funds Accounts Guidance, as issued by HM Treasury.

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

### 1.2 Going concern

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

### 1.3 Accounting Convention

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

### 1.4 Revenue from contracts with customers

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

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

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

#### Chief of Operations (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 uses performance over time to recognise revenue, as the customer asset is enhanced and or the customer derives benefit from the service.

#### Benefit is derived typically as follows:

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

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

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

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

#### Chief Digital and Innovation Officer (CDIO):

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

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

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

### 1.5 Expenditure

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

### 1.6 Dividend

An annual statutory dividend is payable to the Foreign, Commonwealth 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 to accounting for output and input tax

### 1.8 Leases

#### Scope and classification

In accordance with IFRS 16, contracts, or parts of a contract, that convey the right to use an asset in exchange for consideration are accounted for as leases.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

FCDO Services excludes contracts with a term shorter than twelve months; as well as for low-value items, defined as items costing less than £3,000 (under the capitalisation threshold) when new, provided they are not highly dependent on or integrated with other items.

**Initial recognition**

At the commencement of a lease (or the IFRS 16 transition date, if later), FCDO Services recognises a right-of-use asset and a lease liability.

The lease liability is measured at the payments for the remaining lease term, net of irrecoverable value added tax, discounted either by the rate implicit in the lease or, where this cannot be determined, the incremental cost of borrowing advised by HM Treasury which is set on a calendar year basis when not considered trivial in value over the life of the lease (3.51% for 2023).

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

**Subsequent measurement**

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments and modifications are measured by re-discounting the revised cash flows. The impact is reflected in the liability and either in the asset valuation or expenditure.

**Lease expenditure**

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items (less than £3,000) or for those shorter than twelve months are expensed.

**Transitional arrangements**

FCDO Services has made the following determinations:

To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Income and the Statement of Financial Position for 2021-22 reflect the requirements of IAS 17.

Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts have been classified using the IFRS 16 criteria:

For leases previously treated as operating leases:

- To measure the liability at the present value of the remaining payments, discounted by the incremental cost of borrowing as at the transition date if not considered trivial over the length of the lease
- To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease
- To exclude leases whose term ends within twelve months of first adoption
- To use hindsight in assessing remaining lease terms

**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 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:

|                               |                            |
|-------------------------------|----------------------------|
| <b>Information technology</b> | 2 to 8 years               |
| <b>Transport equipment</b>    | 2 to 8 years               |
| <b>Plant and machinery</b>    | 5 to 20 years              |
| <b>Fixtures</b>               | 10 to 25 years             |
| <b>Right of use assets</b>    | Over the life of the lease |

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.

**Right of use assets**

As detailed in Note 1.8, FCDO Services has adopted IFRS16 'Leases' from 1 April 2022. As permitted by the FReM, IFRS16 has been implemented without restatement of prior year figures.

Right of use lease contracts comprise leases of plant and machinery, all of which are insignificant individually and in totality and therefore shown within the right of use asset column within note 8.

FCDO Services has a Memorandum of Terms of Occupancy (MOTO) arrangement in place in respect of accommodation provided by the Foreign, Commonwealth & Development Office (FCDO). There is no fixed lease term, with the arrangement being on a rolling 12 month basis, until either party gives notice. The FReM removes the option to reassess whether a contract contains a lease, and as the MOTO was assessed as a lease under IAS 17, it is deemed to be a lease under IFRS 16. The agreement is based on variable lease payments based on wider market revenue, where the consideration paid increases in-line with the amount of revenue generated from sources other than the FCDO as a percentage of total revenue. These payments are not linked to a rate or index and therefore in accordance with IFRS 16 this generates a nil value lease liability and no right of use asset under the cost model.

Under the HM Treasury FReM, where the cost model is not a valid proxy for fair value, then the revaluation model should be applied. In applying this, the FReM refers to guidance issued by the Royal Institution of Chartered Surveyors (RICS) which concludes that similarly to the cost model, variable payments not linked to a rate or index should be excluded from the valuation under the revaluation model. As such, and as all payments are variable on the basis of the proportion of revenue generation, no lease liability or right of use asset is recognised on the Statement of Financial Position with respect to the MOTO. Instead, the rental charges are shown in the Statement of Comprehensive Income as accommodation costs. In relation to the MOTO these were £4.1m (2022-21 - £4.2m). Payments could be up to circa £10m if all relevant accommodation costs were charged to FCDO Services rather than those that specifically relate to wider markets.

**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:

|                                 |              |
|---------------------------------|--------------|
| <b>Software licences</b>        | 3 to 5 years |
| <b>Research and Development</b> | 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 (2021/22: 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 (2022) 08):

| Nominal Rates  |  |       |
|----------------|--|-------|
| Short-term     | Between 0 and up to and including 5 years from the statement of financial position (SOFP) date | 3.27% |
| Medium-term    | After 5 years and up to and including 10 years from the SOFP date                              | 3.20% |
| Long-term      | After 10 years and up to and including 40 years from the SOFP date                             | 3.51% |
| Very long-term | Exceeding 40 years from the SOFP date  | 3.00% |

| Inflation Rates |   |       |
|-----------------|---|-------|
| Year 1          | Between 0 and up to and including 1 year from the SOFP date     | 7.40% |
| Year 2          | After 1 year and up to and including 2 years from the SOFP date | 0.60% |
| Into perpetuity | Exceeding 2 years from the SOFP date                            | 2.00% |

| Lease Rates  |       |
|--------------|-------|
| Nominal Rate | 3.51% |

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 19.

### 1.20 Effects of future accounting policies

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', other income, and finance income

### 2a. Revenue from contracts with customers\*

|   | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------------------------|------------------------|
| Foreign, Commonwealth and Development Office                                  | 129,963                | 128,803                |
| Other UK Government bodies, and UK and international organisations (non-FCDO) | 92,977                 | 60,339                 |
| <b>Total revenue from contracts with customers</b>                            | <b>222,940</b>         | <b>189,142</b>         |

FCDO Services has delivered one of its strongest revenue generating years to date with increased work in wider markets, particularly in support of the Ministry of Defence. There has been no fundamental change in the work performed by FCDO Services in the year.

This in turn has led to increases in contract assets and accrued income, contract liabilities and payments on account held on the statement of financial position at the year end.

| Project type          | Primary method of revenue recognition | 31 March 2023  |                   |                |
|-----------------------|---------------------------------------|----------------|-------------------|----------------|
|                       |                                       | FCDO<br>£'000  | Non-FCDO<br>£'000 | Total<br>£'000 |
| Call off              | Point in time                         | 18,408         | 11,973            | 30,381         |
| Fixed price           | Over time                             | 60,771         | 31,231            | 92,002         |
| Subscription          | Over time                             | 44,552         | 17,074            | 61,626         |
| Time and direct costs | Point in time                         | 6,232          | 32,699            | 38,931         |
|                       |                                       | <b>129,963</b> | <b>92,977</b>     | <b>222,940</b> |

| Project type          | Primary method of revenue recognition | 31 March 2022  |                   |                |
|-----------------------|---------------------------------------|----------------|-------------------|----------------|
|                       |                                       | FCDO<br>£'000  | Non-FCDO<br>£'000 | Total<br>£'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         |
|                       |                                       | <b>128,803</b> | <b>60,339</b>     | <b>189,142</b> |

### 2b. Other income

|               | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---------------|------------------------|------------------------|
| Other income* | 391                    | 293                    |
|               | <b>391</b>             | <b>293</b>             |

\* Other income relates to the Apprenticeship Scheme.

### 2c. Financing income

|                     | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---------------------|------------------------|------------------------|
| Interest receivable | 1,131                  | 50                     |
|                     | <b>1,131</b>           | <b>50</b>              |

## 3. Segmental reporting

FCDO Services is organised on two service delivery providers, Chief of Operations (CoO) and Chief Digital and Innovation Officer (CDIO):

**Chief of Operations** manages all commercial and delivery aspects of multiple, project-based programmes including installations, technical architecture and project management construction. It delivers the Regional Technical Support Service and King's Messengers services across the UK and internationally, 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 innovation of new products and services.

| Analysis of operating surplus by service delivery group*       | Chief of Operations | Chief Digital Innovation Officer | Total            |
|--|---------------------|----------------------------------|------------------|
|  | £'000               | £'000                            | £'000            |
| <b>31 March 2023</b>   |                     |                                  |                  |
| External revenue   | 197,750             | 25,190                           | 222,940          |
| Internal revenue - charged to Chief of Operations              | -                   | 178                              | 178              |
| Internal revenue - charged to Chief Digital Innovation Officer | 173                 | -                                | 173              |
| Internal revenue - charged to Corporate Areas                  | 294                 | -                                | 294              |
| <b>Total revenue</b>   | <b>198,217</b>      | <b>25,368</b>                    | <b>223,585</b>   |
| Cost of sales  | (158,417)           | (22,555)                         | (180,972)        |
| Depreciation   | (1,011)             | (453)                            | (1,464)          |
| Amortisation   | (11)                | (4)                              | (15)             |
| Impairments and revaluation                                    | 27                  | 54                               | 81               |
| Internal cost charges  | (178)               | (173)                            | (351)            |
| <b>Total cost</b>  | <b>(159,590)</b>    | <b>(23,131)</b>                  | <b>(182,721)</b> |
| <b>Gross surplus</b>   | <b>38,627</b>       | <b>2,237</b>                     | <b>40,864</b>    |
| Other income   | 328                 | 63                               | 391              |
| Operating expenses   | (34,010)            | (4,734)                          | (38,744)         |
| Allocated internal cost charges                                | (261)               | (33)                             | (294)            |
| Depreciation   | (30)                | (4)                              | (34)             |
| <b>Total operating expenses</b>                                | <b>(33,973)</b>     | <b>(4,708)</b>                   | <b>(38,681)</b>  |
| <b>Surplus before financing</b>                                | <b>4,654</b>        | <b>(2,471)</b>                   | <b>2,183</b>     |

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

## 3. Segmental reporting continued

| Analysis of operating surplus by service delivery group*       | Chief of Operations<br>£'000 | Chief Digital Innovation Officer<br>£'000 | Total<br>£'000 |
|--|------------------------------|---|----------------|
| <b>31 March 2022</b>   |                              |   |                |
| External revenue   | 166,859                      | 22,283                                    | 189,142        |
| Internal revenue - charged to Chief of Operations              | -                            | 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 assets less liabilities by service delivery group | Chief of Operations<br>£'000 | Chief Digital Innovation Officer<br>£'000 | Corporate<br>£'000 | Total<br>£'000 |
|---|------------------------------|---|--------------------|----------------|
| <b>31 March 2023</b>  |                              |   |                    |                |
| <b>Segment assets</b>   |                              |   |                    |                |
| Intangible assets   | 530                          | 79  | -                  | 609            |
| Property, plant and equipment                                 | 12,842                       | 2,379                                     | 57                 | 15,278         |
| Property, plant and equipment additions in year               | 355                          | 214                                       | -                  | 569            |
| Inventories   | 5,255                        | 130                                       | -                  | 5,385          |
| Trade receivables, financial and other assets                 | 63,655                       | 7,789                                     | 685                | 72,129         |
| Cash and cash equivalents                                     | -                            | -   | 44,094             | 44,094         |
| <b>Segment liabilities</b>                                    |                              |   |                    |                |
| Current liabilities   | (47,227)                     | (3,453)                                   | (20,100)           | (70,780)       |
| Non current liabilities                                       | (59)                         | -   | -                  | (59)           |
| <b>Segment assets less liabilities</b>                        | <b>35,351</b>                | <b>7,138</b>                              | <b>24,736</b>      | <b>67,225</b>  |

| Analysis of assets less Liabilities by service delivery group | Chief of Operations<br>£'000 | Chief Digital Innovation Officer<br>£'000 | Corporate<br>£'000 | Total<br>£'000 |
|---|------------------------------|---|--------------------|----------------|
| <b>31 March 2022</b>  |                              |   |                    |                |
| <b>Segment assets</b>   |                              |   |                    |                |
| 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         |
| <b>Segment liabilities</b>                                    |                              |   |                    |                |
| Current liabilities   | (27,415)                     | (2,603)                                   | (17,174)           | (47,192)       |
| <b>Segment assets less liabilities</b>                        | <b>15,789</b>                | <b>114</b>                                | <b>50,278</b>      | <b>66,181</b>  |

#### 4. Staff costs

|   | 31 March 2023 |               |               |
|---|---------------|---------------|---------------|
|   | Permanent*    | Other**       | Total         |
|   | £'000         | £'000         | £'000         |
| Salaries / agency staff and fee paid officers | 54,144        | 18,047        | 72,191        |
| Social security costs                         | 5,277         | 157           | 5,434         |
| Apprenticeship levy                           | 285           | -             | 285           |
| Other pension costs                           | 10,655        | 284           | 10,939        |
| <b>Total staff costs</b>                      | <b>70,361</b> | <b>18,488</b> | <b>88,849</b> |
| Capitalised staff costs                       | (183)         | (907)         | (1,090)       |
| <b>Total net staff costs</b>                  | <b>70,178</b> | <b>17,581</b> | <b>87,759</b> |

|   | 31 March 2022 |               |               |
|---|---------------|---------------|---------------|
|   | 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        |
| <b>Total staff costs</b>                      | <b>63,630</b> | <b>16,105</b> | <b>79,735</b> |
| Capitalised staff costs                       | (209)         | (326)         | (535)         |
| <b>Total net staff costs</b>                  | <b>63,421</b> | <b>15,779</b> | <b>79,200</b> |

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

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

#### 5. Cost of Sales and Operating expenses

|  | 31 March 2023  |                    |                | 31 March 2022  |                    |                |
|--|----------------|--------------------|----------------|----------------|--------------------|----------------|
|  | Cost of sales  | Operating expenses | Total          | Cost of sales  | Operating expenses | Total          |
|  | £'000          | £'000              | £'000          | £'000          | £'000              | £'000          |
| Net staff costs                                    | 43,957         | 26,221             | 70,178         | 36,089         | 27,332             | 63,421         |
| Net agency staff and fee paid officers*            | 15,444         | 2,137              | 17,581         | 12,853         | 2,926              | 15,779         |
| Training and recruitment                           | 416            | 2,489              | 2,905          | 171            | 1,933              | 2,104          |
| Travel   | 16,389         | 315                | 16,704         | 10,736         | 150                | 10,886         |
| Professional services*                             | 35,004         | 1,078              | 36,082         | 19,298         | 1,318              | 20,616         |
| Legal services                                     | 3              | 68                 | 71             | 7              | 30                 | 37             |
| Work packages                                      | 12,450         | 1,273              | 13,723         | 7,437          | -                  | 7,437          |
| Communications                                     | 1,155          | 312                | 1,467          | 832            | 200                | 1,032          |
| Other supplies, services and facilities management | 1,711          | 143                | 1,854          | 2,494          | 44                 | 2,538          |
| Management charges from the FCDO                   | 1,367          | 223                | 1,590          | 1,744          | 218                | 1,962          |
| IS hardware  | 4,180          | -                  | 4,180          | 7,743          | 227                | 7,970          |
| IS software  | 3,393          | -                  | 3,393          | 2,327          | 139                | 2,466          |
| Other machinery and equipment under £3k            | 1,632          | 91                 | 1,723          | 1,681          | 844                | 2,525          |
| Security equipment                                 | 6,680          | 22                 | 6,702          | 3,036          | 64                 | 3,100          |
| Work in progress decrease                          | (858)          | -                  | (858)          | (1,471)        | -                  | (1,471)        |
| Freight  | 15,844         | 6                  | 15,850         | 10,867         | 12                 | 10,879         |
| Maintenance  | 20,106         | 1,202              | 21,308         | 22,743         | 1,199              | 23,942         |
| Operating leases - other                           | 10             | 1                  | 11             | -              | 34                 | 34             |
| Accommodation charges**                            | 1,599          | 2,501              | 4,100          | 1,640          | 2,565              | 4,205          |
| Loss on currency exchange                          | -              | 6                  | 6              | -              | 26                 | 26             |
| Other  | 39             | 249                | 288            | -              | 329                | 329            |
| Insurance  | 589            | 112                | 701            | 514            | 98                 | 612            |
| Depreciation                                       | 1,464          | 34                 | 1,498          | 1,524          | 55                 | 1,579          |
| Amortisation of intangible assets                  | 15             | -                  | 15             | 26             | 2                  | 28             |
| Impairment (write back) / charge                   | (81)           | -                  | (81)           | 28             | -                  | 28             |
| Auditors' remuneration and expenses***             | -              | 125                | 125            | -              | 118                | 118            |
| <b>Total costs</b>                                 | <b>182,508</b> | <b>38,608</b>      | <b>221,116</b> | <b>142,319</b> | <b>39,863</b>      | <b>182,182</b> |

\* 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 £31,000 (31 March 2022 £4,000). This includes staff costs and an appropriate recovery of overheads.

Interest is payable at a fixed rate to the Foreign, Commonwealth & Development Office.

## 6. Dividend

|                            | 31 March 2023 | 31 March 2022 |
|----------------------------|---------------|---------------|
|                            | £'000         | £'000         |
| Statutory dividend charged | 2,417         | 2,295         |
| Dividend                   | <b>2,417</b>  | <b>2,295</b>  |

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

## 7. Intangible assets

|                           | Assets under development | Research and Development | Software licences | Total        |
|---------------------------|--------------------------|--------------------------|-------------------|--------------|
|                           | £'000                    | £'000                    | £'000             | £'000        |
| <b>31 March 2023</b>      |                          |                          |                   |              |
| <b>Cost or valuation</b>  |                          |                          |                   |              |
| At 1 April 2022           | 552                      | 29                       | 844               | <b>1,425</b> |
| Additions                 | 16                       | -                        | -                 | <b>16</b>    |
| Disposals                 | -                        | -                        | (154)             | <b>(154)</b> |
| As at 31 March 2023       | <b>568</b>               | <b>29</b>                | <b>690</b>        | <b>1,287</b> |
| <b>Amortisation</b>       |                          |                          |                   |              |
| At 1 April 2022           | -                        | 8                        | 806               | <b>814</b>   |
| Provided during the year  | -                        | 5                        | 10                | <b>15</b>    |
| Disposals                 | -                        | -                        | (151)             | <b>(151)</b> |
| As at 31 March 2023       | -                        | <b>13</b>                | <b>665</b>        | <b>678</b>   |
| <b>Net book value</b>     |                          |                          |                   |              |
| As at 31 March 2023       | <b>568</b>               | <b>16</b>                | <b>25</b>         | <b>609</b>   |
| As at 31 March 2022       | <b>552</b>               | <b>21</b>                | <b>38</b>         | <b>611</b>   |
| Owned as at 31 March 2023 | <b>568</b>               | <b>16</b>                | <b>25</b>         | <b>609</b>   |

## 7. Intangible assets continued

|                           | Assets under development | Research and Development | Software licences | Total        |
|---------------------------|--------------------------|--------------------------|-------------------|--------------|
|                           | £'000                    | £'000                    | £'000             | £'000        |
| <b>31 March 2022</b>      |                          |                          |                   |              |
| <b>Cost or valuation</b>  |                          |                          |                   |              |
| 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       | <b>552</b>               | <b>29</b>                | <b>844</b>        | <b>1,425</b> |
| <b>Amortisation</b>       |                          |                          |                   |              |
| At 1 April 2021           | -                        | 261                      | 2,027             | 2,288        |
| Provided during the year  | -                        | 5                        | 23                | 28           |
| Disposals                 | -                        | (258)                    | (1,244)           | (1,502)      |
| As at 31 March 2022       | -                        | <b>8</b>                 | <b>806</b>        | <b>814</b>   |
| <b>Net book value</b>     |                          |                          |                   |              |
| As at 31 March 2022       | <b>552</b>               | <b>21</b>                | <b>38</b>         | <b>611</b>   |
| As at 31 March 2021       | <b>520</b>               | <b>8</b>                 | <b>63</b>         | <b>591</b>   |
| Owned as at 31 March 2022 | <b>552</b>               | <b>21</b>                | <b>38</b>         | <b>611</b>   |

## 8. Property, plant and equipment

|                            | Right-of-use assets - plant and machinery<br>£'000 | Assets under construction<br>£'000 | Fixtures<br>£'000 | Information technology<br>£'000 | Transport equipment<br>£'000 | Plant and machinery<br>£'000 | Total<br>£'000 |
|----------------------------|--|------------------------------------|-------------------|---------------------------------|------------------------------|------------------------------|----------------|
| <b>31 March 2023</b>       |  |                                    |                   |                                 |                              |                              |                |
| <b>Cost or valuation</b>   |  |                                    |                   |                                 |                              |                              |                |
| At 1 April 2022            | -  | 5,987                              | 1,903             | 17,262                          | 1,873                        | 8,105                        | 35,130         |
| Initial recognition        | 125  |                                    |                   |                                 |                              |                              | 125            |
| Transfer*                  | -  | -                                  | -                 | -                               | -                            | -                            | -              |
| Additions                  | -  | 5,155                              | -                 | 151                             | 27                           | 193                          | 5,526          |
| Assets brought in to use   | -  | (131)                              | -                 | 22                              | -                            | 109                          | -              |
| Disposals                  | -  | (21)                               | -                 | (8,033)                         | (23)                         | (2,273)                      | (10,350)       |
| Revaluation and impairment | -  | -                                  | -                 | 596                             | 163                          | 638                          | 1,397          |
| As at 31 March 2023        | 125  | 10,990                             | 1,903             | 9,998                           | 2,040                        | 6,772                        | 31,828         |
| <b>Depreciation</b>        |  |                                    |                   |                                 |                              |                              |                |
| At 1 April 2022            | -  | -                                  | 980               | 14,831                          | 1,388                        | 6,433                        | 23,632         |
| Charged in year            | 32   | -                                  | 117               | 719                             | 178                          | 452                          | 1,498          |
| Disposals                  | -  | -                                  | -                 | (8,029)                         | (23)                         | (2,265)                      | (10,317)       |
| Revaluation                | -  | -                                  | -                 | 532                             | 127                          | 509                          | 1,168          |
| As at 31 March 2023        | 32   | -                                  | 1,097             | 8,053                           | 1,670                        | 5,129                        | 15,981         |
| <b>Net book value</b>      |  |                                    |                   |                                 |                              |                              |                |
| As at 31 March 2023        | 93   | 10,990                             | 806               | 1,945                           | 370                          | 1,643                        | 15,847         |
| As at 31 March 2022        | -  | 5,987                              | 923               | 2,431                           | 485                          | 1,672                        | 11,498         |
| Owned as at 31 March 2023  | 93   | 10,990                             | 806               | 1,945                           | 370                          | 1,643                        | 15,847         |

## 8. Property, plant and equipment continued

|                            | Assets under construction<br>£'000 | Fixtures<br>£'000 | Information technology<br>£'000 | Transport equipment<br>£'000 | Plant and machinery<br>£'000 | Total<br>£'000 |
|----------------------------|------------------------------------|-------------------|---------------------------------|------------------------------|------------------------------|----------------|
| <b>31 March 2022</b>       |                                    |                   |                                 |                              |                              |                |
| <b>Cost or valuation</b>   |                                    |                   |                                 |                              |                              |                |
| 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         |
| <b>Depreciation</b>        |                                    |                   |                                 |                              |                              |                |
| 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         |
| <b>Net book value</b>      |                                    |                   |                                 |                              |                              |                |
| 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         |

## 9. Inventories

|                                | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|--------------------------------|------------------------|------------------------|
| Raw materials and consumables  | 1,415                  | 1,332                  |
| Work in progress               | 3,970                  | 2,530                  |
|                                | 5,385                  | 3,862                  |
| Amount of inventory write back | 104                    | 30                     |

## 10. Trade receivables, financial and other assets

### Analysis by type

|  | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|--|------------------------|------------------------|
| <b>Amounts falling due within one year:</b>      |                        |                        |
| Trade receivables                                | 27,453                 | 12,219                 |
| Other receivables                                | 1                      | 3                      |
| Prepayments, contract assets and accrued income* | 44,675                 | 20,375                 |
|  | <b>72,129</b>          | <b>32,597</b>          |

For further detail on the increase in prepayments, contract assets and accrued income please refer to note 2.

\*Included within prepayments, contract assets and accrued income is £21,121,000 relating to the FCDO (2021/22 £13,951,000).

## 11. Cash and cash equivalents

|   | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------------------------|------------------------|
| Balance at 1 April                      | 64,805                 | 69,063                 |
| Net change in cash and cash equivalents | (20,711)               | (4,258)                |
| Balance at 31 March                     | <b>44,094</b>          | <b>64,805</b>          |

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

## 12. Trade payables and other current liabilities

|   | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------------------------|------------------------|
| <b>Amounts falling due within one year:</b>     |                        |                        |
| Trade payables                                  | 2,212                  | 1,947                  |
| Accruals *                                      | 32,813                 | 26,291                 |
| Contract liabilities and payments on account ** | 28,402                 | 13,665                 |
| Other payables ***                              | 2,953                  | 1,802                  |
| VAT   | 3,170                  | 2,292                  |
| Dividends payable****                           | 917                    | 795                    |
|   | <b>70,467</b>          | <b>46,792</b>          |

For further detail on the increase in contract liabilities and payments on account please refer to note 2.

\* Included within accruals is £10,390,000 (2021/22 £10,294,000) due to FCDO in respect of payroll and accrued costs.

\*\* Included within contract liabilities and payments on account is £6,472,000 from the FCDO (2021/22 £5,664,000).

\*\*\* Included in other payables is £2,965,000 (2021/22 £1,802,000) 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. Lease liabilities

|  | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|--|------------------------|------------------------|
| <b>Analysis by type</b>                        |                        |                        |
| <b>Amounts falling due less one year:</b>      |                        |                        |
| Lease liabilities                              | <b>33</b>              | -                      |
| <b>Analysis by type</b>                        |                        |                        |
| <b>Amounts falling due after one year:</b>     |                        |                        |
| Lease liabilities                              | <b>59</b>              | -                      |
| <b>Amounts falling due:</b>                    |                        |                        |
| Not later than one year                        | 33                     | -                      |
| Later than one year and not later than 5 years | 59                     | -                      |
| Later than five years                          | -                      | -                      |
| Balance as at 31 March                         | <b>92</b>              | -                      |

### Reconciliation from IAS17 Operating lease commitment on 31 March 2022 to IFRS16 opening lease liability on 1 April 2022

Operating lease commitments (plant and machinery) 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 has been recognised on the statement of financial position. The variance in value of £4k is due to prepayments not adjusted for at the date of transition as these were considered trivial.

## 14. Provision for liabilities and charges

|                                       | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---------------------------------------|------------------------|------------------------|
| Balance at 1 April                    | 400                    | 851                    |
| Provided in the year                  | 113                    | -                      |
| Provisions not required written back* | (233)                  | (205)                  |
| Provisions utilised in the year*      | -                      | (246)                  |
| Balance at 31 March                   | <b>280</b>             | <b>400</b>             |

\*2022/23 £233k workplace provision written back in year and £113k remediation costs have been provided in the year. 2021/22 £75k remediation cost and £171k other provisions utilised in year and £205k workplace provision written back in year.

As at 31 March 2023 total provisions comprised of a workplace provision £167k (2021/22 £400k) and remediation costs of £113k (2021/22 £nil).

## 15. Adjustments for non-cash transactions

|   | Note | 31 March 2023<br>£'000 | 31 March 2022<br>£'000 |
|---|------|------------------------|------------------------|
| Loss on disposal of intangible assets and property, plant and equipment |      | 32                     | 13                     |
| Amortisation  | 7    | 15                     | 28                     |
| Depreciation  | 8    | 1,466                  | 1,579                  |
| Depreciation on right of use assets                                     | 8    | 32                     | -                      |
| Capitalisation Adjustment   |      | -                      | 23                     |
| Revaluation (write back) / charge                                       | 5    | (81)                   | 28                     |
|   |      | <b>1,464</b>           | <b>1,671</b>           |

## 16. Capital commitments

Contracted capital commitments not provided in these accounts.

|                               | 31 March 2023 | 31 March 2022 |
|-------------------------------|---------------|---------------|
|                               | £'000         | £'000         |
| Property, plant and equipment | 2,361         | 2,533         |
|                               | <b>2,361</b>  | <b>2,533</b>  |

## 17. Other financial commitments

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

## 18. Contingent liabilities disclosed under IAS 37

At 31 March 2023 contingent liabilities existed in respect of employment £151,600 (31 March 2022 £47,000). 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 three legal cases in respect of employment where liabilities cannot reasonably be quantified.

## 19. Financial instruments

For FCDO Services financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. FCDO Services treasury operations are governed by the FCDO Services Trading Fund Order 2008 (SI 2008 No 590) as supplemented by the Framework document 2020.

FCDO Services' financial instruments comprise cash deposits and other items such as trade debtors and trade creditors. The main purpose of the financial instruments is to finance the trading fund's continuing operations.

### Credit risk

Exposures to credit risk are as a result of transactions in FCDO Services' ordinary course of business, the major risks being trade debtors and cash. Customers are mainly The Foreign, Commonwealth & Development Office, other government bodies, other central government bodies and foreign governments. These risks are managed through a robust credit management process.

### Liquidity risk

The Trading Fund is not exposed to a liquidity risk as long as its annual surplus is sufficient to clear any outstanding loans and interest repayments (at the end of both 2022/23 and 2021/22 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.

## 20. Related party transactions

FCDO Services is a Trading Fund of the Foreign, Commonwealth & Development Office who is the sole shareholder. The Foreign, Commonwealth & Development Office (the Department) is regarded as a related party. During the year FCDO Services had various material transactions with the Department which is a major customer of the Trading Fund. This included the Memorandum of Terms of Occupancy (MOTO) arrangement in place in respect of accommodation provided by the Foreign, Commonwealth & Development Office which is described in more detail within note 1.10.

In addition, FCDO Services has had various material transactions with other government departments, other central government bodies and foreign governments. Most of these transactions have been with the Home Office, Ministry of Defence, Global Affairs Canada, Mayors Office for Policing and Crime and National Crime Agency.

With the exception of the above, no board member, key manager or other related party has undertaken any material transaction with FCDO Services during the year.

## 21. 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*

29 June 2023



E02939937  
978-1-5286-4309-2