



FCDO Services

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Annual Report and Accounts 2023/24

(for the year ended 31 March 2024)

HC 109

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(for the period 1 April 2023 to 31 March 2024)

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Front cover image: King Charles Street Quadrangle, FCDO Main building

Back cover image: A Remote Radar Head



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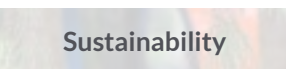


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*Elizabeth Tower
with a Union flag
in the foreground,
Getty Images*





Overview

The overview section contains forewords from 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 Sir Simon Gass

Chair of the FCDO Services Board



I congratulate the Chief Executive and the Executive Directors for another successful year in a challenging global environment. FCDO Services is ambitious, always seeking ways to improve, and this year was no different.

I am pleased to report that FY2023/24 was another year of positive financial performance, with FCDO Services delivering a revenue of £266.2m and a retained surplus of £7.0m, as well as paying a statutory dividend of £2.6m to the FCDO. The Executive Team's efforts to improve financial compliance and billing ensured the organisation was in a comfortable position before year end, with an increased cash balance and surplus compared to last year.

As a Trading Fund, we continue to focus on retaining the trust of our primary customer, the FCDO, to deliver services to its overseas platform and maintain the FCDO estate. The Board and I were therefore pleased to see a marked improvement in the customer satisfaction scores from FCDO budget holders as a result of improving transparency, ease of working and communication.

In a tough public spending environment, we are also working to reduce duplication and improve the efficiency of both organisations. For example, by taking on procurement for FCDO of armoured cars, we have delivered savings of 8.2%

on procurement and 73% on the delivery of vehicles.

FCDO Services excels in crises, which have sadly been all too frequent this year. With the continued Russian aggression in Ukraine and the conflict in Gaza, FCDO Services has stepped up to support the FCDO, which relies on us in times of need.

FCDO Services is only as good as its skilled workforce. This year, we have continued to invest in the next generation of project managers, technical engineers, architects, and cyber and IT experts through our Apprenticeship Scheme, and we have developed our first Accelerated Technical Development Programme, as we work to find new ways to build technical and engineering capability to meet current and future needs.

Our commitment to diversity and inclusion is both ethically right and, critically, part of what will allow us to recruit, retain and motivate staff with highly marketable skills. Encouraging more diverse staff into an engineering business is a challenge which we approach with relish. So the Board look forward to refreshing our ambitious Diversity and Inclusion Strategy in 2024.

This year, the Board continued to review the organisation's departmental strategies, alongside

monitoring risk, finance and health and safety. My fellow Non-Executive Directors provide welcome challenge and valuable expertise, and I am grateful for their continued enthusiasm this year.

As we look ahead, we are building from a stronger financial base than ever before – with a portfolio of established business alongside promising new opportunities. We will continue to focus on our strengths, delivering savings and creating efficiencies for the FCDO, and modernising through reinvestment, as we strive to be their provider of choice.

Finally, I want to express my thanks to colleagues in FCDO Services and UK NACE, both at home and overseas. I am proud of what they have all achieved in the past year. Everything they do is in support of our country's foreign and security policy. What we do matters.

Sir Simon Gass
Chair, FCDO Services Board



Foreword by Mike Astell

Chief Executive FCDO Services

Our strategy, launched in late 2023, to become the provider of choice for our customers, to improve ease of doing business and to have security at the heart, has been at the forefront of minds this last 12-months. Great strides have been made in each of these areas and I am proud of the effort and determination of FCDO Services' staff to continue to make improvements to the way the business is managed and our customers are served.

It cannot be ignored – the world has become more fractious. As a global organisation, created to support the UK's diplomatic platform, FCDO Services must continue to adapt, improve ways of working and utilise new technology or risk becoming obsolete. The deep, trusted relationships with partners in estates, security, logistics and technology, and status as a Trading Fund, gives FCDO Services the flexibility to provide services to the FCDO, whilst also providing services across government. Additionally, it allows FCDO Services to offer better value for money for customers and generate an increased surplus to permit greater investment in developing the business.

To deliver products and services in an increasingly restrictive economic environment, the organisation has started on a path to become more focused and efficient. Progress is being

made with the transformation of the global logistics operation to modernise infrastructure and IT; we are also modernising internal IT and have undertaken a strategic review with the FCDO to reduce duplication and improve the long-term view of requirements for better planning.

The FCDO is our primary customer, and FCDO Services is committed to supporting their objectives. It is recognised though that there are areas for improvement within the services provided. We have focused this year, on improving customer satisfaction, and the target has been exceeded by over 4 points. This was achieved through greater transparency and streamlining delivery of proposals amongst other things.

A core part of the services provided to the FCDO are technical and logistics. The Global Logistics, Regional Technical Support Service (RTSS), Global Property Support Service (GPSS) and the work on the Global Maintenance Programme (GMP) not only support and maintain the overseas diplomatic platform, but are on the front line during the many crises the FCDO has faced over the course of the year – supporting the draw down and evacuation of missions and transporting vital equipment. Redesign of these programmes to enhance delivery will be a priority next year.

In 2023/24, enhancements were made to our unique services such as the National Technical Authority within the UK National Authority for Counter-Eavesdropping (UK NACE) and keeping government data secure through the Sensitivity Review Service (SRS). The SRS has created a unique position across government for pan-government digital archive and review services, helping departments navigate the Public Record Act requirements to transfer significant volumes of legacy digital records to The National Archives. From initial investment of £100,000 in 2018, the business is now providing £11m in revenue with rapidly growing demand.

FCDO Services has also supported the FCDO through its wider government work, especially for the Ministry of Defence. In support of the Foreign Secretary's priority to enhance UK security, the organisation has delivered new and innovative technological systems and upgraded outdated infrastructure, which has been highly commended at senior levels within the UK Government.

Successes of the past year are a tribute to talented and dedicated teams in the UK and across the globe, who have continued to deliver despite challenging operating environments, tighter budgets, difficulties in recruitment and increases in the cost of living. Investment has been

made to address cost of living challenges and develop skills, and interventions on recruitment have seen improved outcomes, sustaining high retention levels. It is clear though that our staff have found the past few years difficult. The impact of this is seen across the business, including in the People Survey results, with the score for employee engagement not meeting the Ministerial Target for two years running. There are actions underway which I trust will reflect in an improved score in the next financial year.

In the year ahead, FCDO Services will continue to build stronger alignment with the FCDO – supporting objectives and continuing to improve efficiency

and service quality. Our work will support UK Government objectives and create mutual benefit for the FCDO and wider market customers; the organisation will become more agile through the modernisation of systems and tools, and we will continue to invest in the development and engagement of our staff.

As an Executive Agency and Trading Fund, FCDO Services is in a privileged position to be a part of the UK Government while also being able to provide goods and services to other customers in the UK and overseas. I would like to thank our partners in the UK and across the world for their continued support.

To FCDO Services staff, I am deeply grateful for the commitment, dedication and professionalism that make FCDO Services such an exciting organisation for all involved. I look forward to meeting more of you in the coming year, both in the UK and at the FCDO's Posts we serve around the world, as we spend more time together in the workplace and host more in-person events.

Thank you.

Mike Astell
Chief Executive Officer



Mike Astell with Permanent Under Secretary Sir Philip Barton KCMG OBE at King Charles Street

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

The secure services we provide 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.

We provide an end-to-end lifecycle of technology services at all tiers within the digital sphere. These are all industry accredited, from bespoke international collaboration solutions, to our own multi tenanted platforms.

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. Working 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 deliver a global operation, 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 posts across the FCDO's international network including our hubs in the UK, Washington DC, Abu Dhabi, and Bangkok.

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.

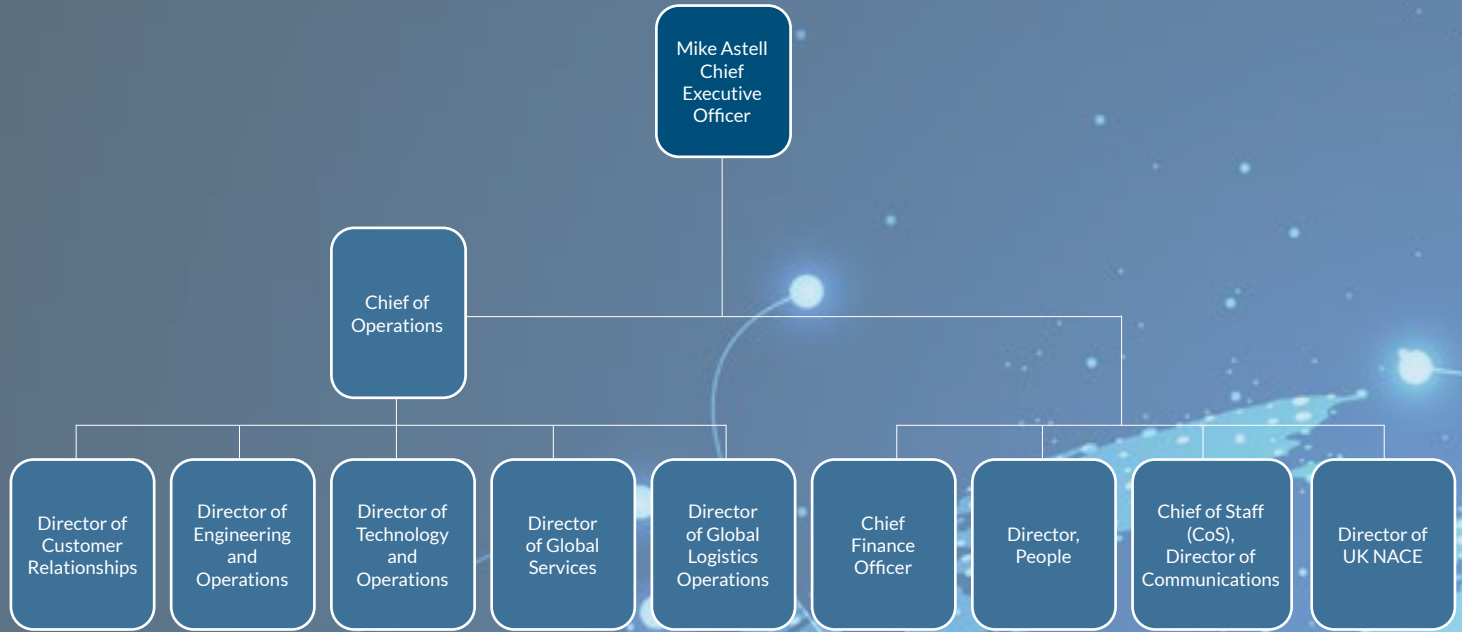
We operate
in more
than

280
Missions

across
178
countries

FCDO Services' global reach

Our Organisation



Our Services



Our Partners



Foreign, Commonwealth
& Development Office



Cabinet Office



Ministry
of Defence



Home Office



Department for
Business & Trade



Government
Security



UK Visas and
Immigration



HM Revenue
& Customs



Canadian
Government



Australian
Government

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

2023/24

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

Our vision

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

Provider of choice

To be the provider of choice for our key customers, primarily the FCDO. We will ensure a product and service portfolio, based on what we do best and our customer requirements, including secure digital and infrastructure solutions, and logistics. The principal aim is to instill confidence in our customers in our capacity, capability and track record to deliver multi-year, repeatable programs.

Security at the heart

Security is at the heart of our business and is threaded through everything we do. This spans from our operational delivery, where our innovative products and services provide confidence to our customers that their operations are secure, to our corporate backbone, with our security-cleared people, unique security skills and expertise based on a world-class global diplomatic platform, all supported by a modernised secure IT platform.



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

To be the organisation of choice for innovation in protecting the people, assets and data of the government and its partners worldwide.

Ease of doing business

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

Organisational goals

FCDO Services has a clear vision to be a trusted government partner who 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 doing business
- Security at the heart

Measuring our performance

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

The Strategy and Corporate Committee (SCC) is a sub-committee of the FCDO Services Board and meets monthly to discuss 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 strategic aims and policies. The Operations Committee is also a sub-committee of the FCDO Services Board and meets monthly to ensure the effective delivery of all operational decisions related to its People, Customers,

Operational Safety, Finance and Security. The SCC has two sub-committees, the Investment Committee and the Risk Review Panel, which replaced the Risk Review and Assurance Board (RRAB) in 2023. The Investment Committee meets to ensure all spend and investment across the organisation is in line with strategic goals and requirements to meet ministerial and organisational targets. The Risk Review Panel assesses the overall risk landscape and undertakes ad-hoc deep dive reviews.

The Operations Committee has one sub-committee, the Product Lifecycle Review Board, which reviews and approves the product lifecycle management strategy and guidance for revenue generating products.

The SCC and Operations Committee are attended by all executive directors and are accountable to the 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

We have continued to deliver against our 'People Strategy' which was renewed in 2022 and recognises that what we deliver is through the professionalism, expertise, resilience and dedication of our people. Against a backdrop of continued 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** – provides 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 two activity has centred on continuing to support staff through the cost-of-living crisis, some highlights are outlined below. Wellbeing has also been a key focus. As part of our wellbeing strategy, we worked with an independent healthcare provider to deliver a series of one-to-one free employee health checks which looked at things like resting heart rate, weight, blood pressure, lifestyle, diabetes, and cholesterol.

Pay award

We made full use of the 5% increase available through Civil Service Pay Guidance, with eligible staff receiving a minimum 4.5% base pay increase as well targeting an additional 0.5% to lower paid staff in line with the reward principles established in our refreshed reward strategy. We also made a £1,500 one off payment to all eligible staff in

FCDO Services' performance in relation to our ministerial targets

Financial



In-year surplus



ROCE

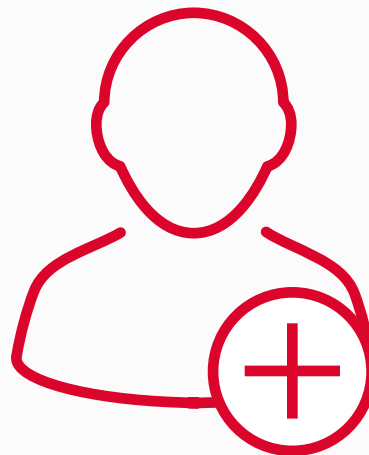


Productivity

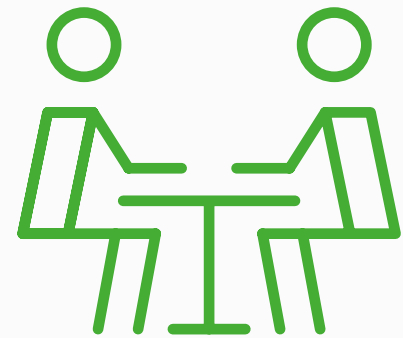
People



Customer Satisfaction



Employee Engagement



My Manager

Ministerial target set		Achieved	
Financial	An in-year surplus in excess of 0.0% before interest, tax and dividend	2.6%	Met
	Achievement of the return on capital employed (ROCE) of at least 6.5% (weighted average)	10.6%	Met
Operational	A productivity ratio of at least 82% , measuring actual billable hours versus available billable hours	85.0%	Met
Customer	An in-year customer satisfaction score of at least 82	86.1	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%	70%	Met

recognition of the increases in cost of living. This approach was well received by staff demonstrated by a 8% increase in the reward score of our people survey.

Diversity and inclusion

Our people make us who we are as an organisation. The skills and commitment of our staff who work around the world, and their breadth of experience and thinking, underpins our success as a business. We recognise that circumstances around the globe over the last year, as well as in the UK, have made it a more challenging environment for our people to be themselves and to be at their best.

Our approach to diversity and inclusion remains committed to creating a workforce that reflects the societies in which we are located, supporting the UK government's social mobility agenda, and to creating and maintaining a workplace where everyone is included and able to be at their best.

As part of our commitment to creating an inclusive workplace, we are in the final year of our 2-year mandated equality and diversity e-learning and 'Respect at Work' training. Alongside this we hosted further 'Active Bystander' sessions which continue to be positively received.

We continue to benefit from the breadth of the FCDO staff networks and Civil Service staff networks, as well as our own, to work more efficiently on activities and to emphasise messaging. We have benefitted from events on neurodiversity and social mobility with insight provided from a multitude of departments and roles.

Outreach has had a strong focus during 2023/24 to improve how we attract talent from diverse groups and building our diverse talent pipeline by showcasing FCDO Services as an employer of choice, and particularly by raising the profile of Science, Technology, Engineering and Maths (STEM) careers within schools and colleges. We have supported the T Level placement scheme, run a virtual work experience as well as attending many regional STEM events and building relationships with other government departments, and external specialists. A key highlight was "Innovators in the Park" – a STEM focused activity day organised in conjunction with Bletchley Park, UK NACE and HMGCC.

Recruitment and retention

This year has seen continued pressure attracting and retaining key skills due to UK wide shortages and high competition, coupled with long lead times for recruitment with vetting requirements.

Targeted interventions to address these pressures have been implemented. These have involved implementing our relationships with different talent pipeline sources, issuing bulk and rolling recruitment campaigns, and creating our own talent pools for future requirements.

More widely, we have reviewed our employee value proposition. This has involved working with a variety of volunteers from across the organisation to get a broad understanding of what people value most about working here, why they should join us and why they should stay with us.

We learnt that having a wide variety of work is important, in the day-to-day tasks as well as

for future career options. Our people want space to grow in their careers, and FCDO Services strikes that rare balance between being part of the Civil Service and having links with commercial industries. This gives our people a broad pool of resources to learn and develop from, while at the same time feeling a shared sense of pride in what we do.

Understanding this has allowed us to refresh our core messages to our internal and external audiences which will help us attract and retain the right people.

Our overarching core message; 'It all matters', unites us in our wider value proposition because it resonates with all our departments, products and services. In what we do and how we do it. As we move forward into the next financial year, we will start to embed this into all our key messaging so that it becomes part of our universal language.

Civil Service People Survey results

With a response rate of 71% (higher than the Civil Service rate of 65%), the Civil Service People Survey continues to provide meaningful feedback on how our staff view issues within our organisation.

The 2023 employee engagement results remained the same as last year at 58%, (against a ministerial target of 61%) and reflected the challenges experienced in many parts of the civil service. Whilst this means we missed one of our targets, we did meet the second ministerial target, with the score for 'My Manager' being at 70%, against a target of 65%.

The picture underneath the high-level scores was mixed, with several indices scoring less

positively than in the previous year, but with others, such as 'Pay' and 'Resources and Workload', 'Inclusion' and 'Leadership' all seeing improvements. This reflects particular efforts in these areas during the course of the year and we will continue to deliver actions aimed at addressing staff concerns in key areas through our Corporate Level Action Plan and business level local engagement action plans.

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 2023 to promote the culture and behaviours that are the driving force of good safety performance. A safety leadership programme will run throughout 2024 to deliver further risk-reducing techniques and skills for our colleagues to employ.

We attained the international standard accreditation for health and safety, ISO 45001 in 2023 which provides assurance to our customers and our colleagues that our processes and procedures are robust. We will work closely with our external stakeholders to engage in further efforts to keep projects, products and services safe, from concept to completion.

Leadership, management and development

We continue to be committed to improving the quality of leadership and management across the organisation. Part of this has been ensuring that our executive directors have the development opportunities they need in order to lead the business effectively. Through the Government Campus, we have partnered with Ernst and Young to design and deliver sessions that address the needs of our directors, and we have rolled out executive coaching as part of this. High quality development is available at all levels of the organisation, with more people taking up coaching and mentoring this year. Our staff continue to make good use of learning opportunities and can apply for funding for qualifications that will help them to deliver in their roles, as well as support their future career plans and aspirations.

As with previous years, we have partnered with a local college to deliver Chartered Management Institute qualifications, with nine individuals achieving Level 3 qualifications, and six individuals achieving a Level 5 qualification. Our Leadership and Management Development Framework was refreshed during the course of the year, enabling managers and leaders at all levels (and even those who aspire to be a manager in the near future) to see where their gaps are before selecting learning that is appropriate for them. Although more learning is delivered face to face, we continue to make use of virtual learning environments, which enables all of our staff to enrol on courses, irrespective of which country they are working in.

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 and resilience

Over the past year, the approach to business continuity has been reviewed and now includes a proactive structured resilience and comprehensive incident response. This allows us to effectively handle any unexpected disruptions thus ensuring the smooth delivery of services to our customers.

Our organisation's resilience structure has proven to be highly effective and robust, enabling us to remain flexible and prepared during critical times. As we continue to support our customers and stakeholders affected by disruptive events worldwide, our 'Business Continuity and Resilience Strategy' will continue to evolve.

We are proud that we have maintained our ISO 22301 certification for Business Continuity. Through continuous dynamic planning, exercising, and delivery, we remain committed to achieving our goals and providing the highest level of service to both our staff and customers in the future.

Our finance and HR system

FCDO Services introduced a new finance and Human Resources (HR) system in July 2022, with main HR and finance modules using the latest Oracle cloud-based software. Since then, we have added additional Enterprise Performance Management (EPM) and Learn modules which replace our standalone learning management system. Further system enhancements have been made, including mobile access to allow our people to work 'on the move', and work continues to improve the user experience in the self-service elements and the Travel Package module. We are continuing to develop the platform, with Oracle Analytics to be introduced in late 2024 and improvements to the Skills and Capabilities module to be released in late 2024. Over the next couple of years, a new user interface will be introduced, improving the user experience.

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 (and in alignment with their certified ISO 14001 Environmental Management System standard) 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 with a statement of compliance with HM

Treasury Task Force for Climate Related Financial Disclosures Phase 1 guidelines on governance, metrics and targets.

Corporate Security

Collaboration with cross government security working groups and forums has enabled policy and process improvement. Comprehensive security education and a mandatory general security refresher course for all staff, has supported our security culture. Compliance monitoring, measuring trends and the production of lessons learned has influenced our communications, levels of assurance and the direction of 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 launch of GovAssure has been successful with excellent collaboration with Government Security Group (GSG) in the Cabinet Office. Further, the Digital Design Authority (DDA) that covers project governance and assurance has expanded to include regular reviews which 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 2023/24 we managed and maintained

- ISO 9001 Quality Management Standard
- ISO 27001 Information Security Management Standard
- ISO 22301 Business Continuity Standard
- ISO 20000-1 Service Management Standard

We successfully achieved certification in the ISO 45001:2018 Occupational Health and Safety Standard.

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

We completed regular internal compliance audits and managed external surveillance audits on all of the standards. 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. 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 enforcements made by the Information Commissioner's Office (ICO) in 2023/24.

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 2024, FCDO Services received 17 FOI requests, four SARs and two 'right to erasure' requests.

Modern slavery

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

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

Ethics

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

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

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

Our Respect at Work Policy, and mandatory training programme, 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 Achievements

As part of the Foreign, Commonwealth and Development Office (FCDO), all our work underpins the department's priorities to safeguard the UK's security, reduce poverty, defend our values, and tackle global challenges alongside our international partners.

While promoting and protecting the UK's core national interests of security, prosperity and sovereignty, the FCDO also works to shape an open and stable international order through the delivery of the FCDO's key priorities.

Operating across more than 280 missions, in 178 countries, FCDO Services provides secure services that underpin the FCDO's diplomatic network of embassies and high commissions.

From project management, design and construction, and secure logistics, to secure IT hosting and technical security, our teams maintain and secure both physical and digital FCDO assets, ensuring diplomacy and international development can be pursued securely without risk to UK national security.

Outside of the FCDO's King Charles Street headquarters, our work to secure, equip, maintain and protect the FCDO's global estate from our regional hubs, enables the UK's diplomatic network to remain connected in spite of crises such as the Ukraine war or natural disasters. Through this work, the FCDO can continue to provide critical diplomatic, consular and development services to the UK's citizens and global partners.

Beyond securing the diplomatic network, our teams work closely with other government departments and partners including the Ministry of Defence and Home Office to support national security. Delivering mission critical work such as upgrading the Royal Air Force's radar infrastructure and designing secure collaboration platforms with the UK's partners, our teams underpin UK security and international collaboration.

Over the next few pages we will highlight several projects, with UK and international partners, that demonstrate our commitment to enabling the diplomatic, development and defence platforms whilst maintaining a pledge of security to protect the UK.



King Charles Street, FCDO headquarters

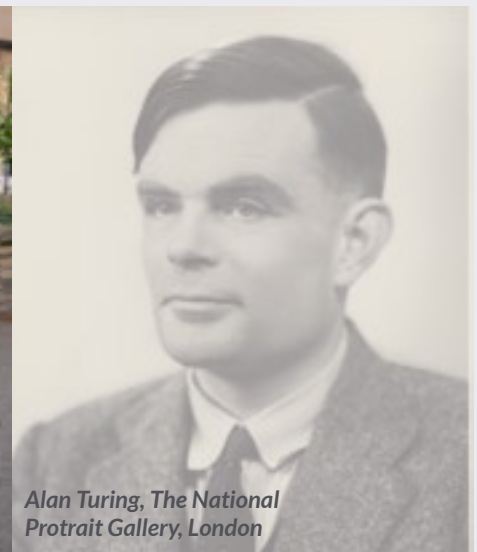
Case Study

Celebrating the work of Alan Turing at Hanslope Park

A fortnight of talks and activities for all staff at Hanslope Park reignited our shared sense of purpose and strengthened our commitment to being a hub for security engineering and innovation.



Demot Turing, Alan Turing's nephew, unveiling a plaque for his uncle



Alan Turing, The National Portrait Gallery, London

FCDO Services and HMGCC along with FCDO staff based at Hanslope Park developed a wide programme of activity to celebrate our shared history last September.

To mark 80 years since Alan Turing first came to Hanslope Park, the anniversary was honoured through a lively two-week programme of talks, demonstrations, displays and activities which generated real enthusiasm about our purpose.

The historical view

Guest speakers, including nephew of Alan Turing, Dermot Turing, Turing biographer Professor Andrew Hodges and author Dr David Kenyon looked at the legacy of Alan Turing's life and work. Through the talks, they explored his ground-breaking

work as a scientist, engineer and mathematician to crack the Enigma code, through to his treatment in later life.

Whilst at Hanslope Park, Alan Turing worked on an advanced speech security system, intended for use in World War II. This was called 'Delilah' and acted as a voice cipher (scrambler and descrambler). It was completed, but not used in the post war period. Volunteers recreated it for a never-before-seen demonstration.

Bringing staff together

A real buzz was generated at Hanslope Park and a shared sense of pride about our history. Staff had the opportunity to have a go at cycling the route taken by Alan Turing in 1943, when he first visited Hanslope Park. Exercise bikes were available with a video

mapping the route from Bletchley Park, with historical insights highlighted along the way. There were opportunities to lunch together and meet in person to discuss our shared purpose and to run the Turing Mile, as Alan Turing was a keen athlete. Tours of the archives proved extremely popular and hands on tech demonstrations were well attended.

Past, present and future

Focussing on our past helped us discuss our future, especially in relation to Artificial Intelligence (AI) in the run up to the Government's AI Safety Summit held only a month later at Bletchley Park. The need for secure communications now remains just as vital as it was in the post war period.

Global Support Centre: Delivering the FCDO's new IT platform

The FCDO is rolling out its new IT platform, Osprey, to its global network of staff. Our Global Support Centre is providing vital assistance to the project.

Global network connections,
Getty Images

Since 2022, FCDO Services has been supporting the FCDO with the international rollout of their new IT platform, Osprey. In 2023, FCDO asked our Global Support Centre (GSC) to provide service support for the Osprey service. With tight deadlines and a challenging deployment plan, the GSC had to adopt the service quickly.

The Global Support Centre

The GSC service desk is our 24/7 year-round operational support centre. From support with cloud, on premise or co-located services, it operates and provides a secure and effective service.

Supported by the Operational Control Centre (OCC), which monitors our IT estate, our teams work to resolve issues efficiently. Typically, our first line engineers engage with users, working with major incident managers to resolve incidents as quickly as possible. Our problem managers will also look to address the root cause of incidents to resolve larger issues.

With the ability and capacity to flex to meet demand, the GSC has ten major customers including the FCDO and Ministry of Defence (MOD) and manages 129 operational services.

Supporting the deployment of Osprey

Since May 2022, FCDO staff in the UK and across the global

diplomatic platform have received Osprey devices that have enabled them to collaborate on a single, modern, cloud-based platform. As users receive their devices, they are supported by the GSC. As of March 2024, the total number of Osprey users under the support of the GSC numbered 11,000, 55% of whom are based in the UK.

Adapting to a challenging service

To support this large number of colleagues, the GSC stood up additional resources to bolster our teams and ensure our 24/7 service remained. Our teams also became experts in the new technology for the platform, including laptops, desktops, phones, and printers to ensure our engineers had the knowledge of the new platform to resolve issues.

To maintain efficient and effective support to users globally, the GSC operates a 'shift left' approach, enabling engineers on the front line to resolve as many incidents as possible in their first interaction. This involves activities such as skills transfer and knowledge articles.

The Osprey project was also discussed at the daily operations briefing which ensured that more complicated incidents were progressed. A weekly service review was also established to maintain performance and understand the evolving service as the number of users continues to increase.

Providing a successful service

By adapting the service and recruiting additional service desk analysts quickly, the GSC was able to maintain its 24/7 service successfully while managing the support of 11,000 Osprey users worldwide.

From 1 April 2023, to 31 March 2024, the GSC managed 35,500 incidents, 19,000 service requests, and resolved 59 major incidents. Of these incidents, 3,000 were Osprey related, with 4,500 requests.

As a shared solution service, with technicians situated with technical teams, the GSC was able to respond to incidents rapidly because staff can work across multiple services and share skills. As a result, customer satisfaction scores remained consistently above government targets, with a first contact resolution rate of over 80%, despite the additional workload caused by the Osprey deployment.

The GSC is continuing to support the FCDO's Osprey rollout, adapting quickly to increasing demand by adopting additional resource and ensuring that the 24/7 service can remain operational.

Case Study

Delivering a better place to work in London

Essential maintenance and improvement works have made it in the King Charles Street (KCS) Quadrangle (Quad) to make it a more accessible, sustainable and enjoyable place for FCDO staff to work.

“FCDO Services is an essential part of the project team, managing the project extremely well and demanding the highest of standards for delivery. Together, we have developed a strong collaborative working group that allows us to communicate essential information to users of the Quad in a timely way.”

**Project Director (Interim),
Estates, FCDO.**

There were a number of drainage and subsidence issues in the Quad that needed to be urgently addressed. In 2021, FCDO Services was asked by the Foreign, Commonwealth and Development Office (FCDO) to develop options against a project brief for improvement works to the KCS Quad.

After the project was initiated, it became clear that the existing uneven cobbles would need to be lifted. Several options were explored, and a wide range of experts consulted to identify the best possible improvements to future-proof the space. Making it more accessible, environmentally sustainable and user-friendly were the key requirements.

A unique space

There are considerable challenges with reworking a Grade I listed space and particular planning conditions that need to be followed. An archaeological survey was commissioned as part of this and no serious obstacles were unearthed.

The logistics of getting construction materials and workers into and off the site carries risks for a space that has many different user groups. These groups include nursery customers, cyclists, motorcyclists, FCDO Services logistics staff and high-profile visitors, especially during ceremonial events. The Quad space is within metres of Downing Street and is used day-to-day by FCDO and FCDO Services staff.

Working collaboratively

The KCS Quad improvement project has involved a number of consultants, including landscape architects, lighting designers, archaeologists and a specialist access consultant. FCDO Services continues to maintain positive relationships with all parties involved and have worked closely and collaboratively with the FCDO throughout.

We have proactively engaged with multiple stakeholders as the project has progressed, including the office of the Permanent Under-Secretary, Westminster City Council, the FCDO's Disability Inclusion and Awareness Network and the Downing Street Security Team.



Communicating the changes

The project team met regularly to ensure communication with senior stakeholders and users of the Quad was informative and timely. The primary communication method was through the FCDO Intranet, where the team kept users of the space up to date with any changes that affected them.

Work is completed, and the benefits of improving the space are now visible. The project delivered a green heart in the centre of this Grade I listed building and a space for outdoor events. There is also Wi-Fi, more electric charging points for vehicles, improved cycle parking and level surfaces. The project was successfully delivered with minimum noise and disruption.



An electric car charger



King Charles Street Quadrangle, FCDO headquarters



Lights on the walkways to assist the visually impaired

KCS Quad Project Sustainability

The improvements will significantly enhance the environmental quality of the KCS Quad. Plant cover will add biodiversity and shade and create a new local ecosystem. The plants will also assist site drainage. The number of electric vehicle charging points will be significantly increased and electrical infrastructure will support the addition of more charging points in future. Better cycle storage will encourage more cycling to work.

King Charles Street Quadrangle, FCDO headquarters

Focus On

Supporting international collaboration

FCDO Services' Translation and Interpreting team delivered several translation projects during 2023/24. This important service has continued to support the diplomatic platform and the Foreign Secretary's priorities.

"Many thanks for all of your work on this. We have been really impressed with the effort from the team and the thoroughness of the service."

Policy and Programme Manager, FCDO (CAPSEAH Translations)

The FCDO Services' Translation and Interpreting team assisted the Foreign, Commonwealth and Development Office (FCDO) extensively during 2023/24. From assisting with international events to international development, the team supports the breadth of the FCDO's work.

The interpreters attended all the main plenaries, and various breakout sessions and bilateral meetings between country representatives. Based in interpreting booths and working in teams of three, they provided non-stop interpreting for main meetings and solo consecutive interpreting for individuals.

management of the interpretation service and the relationship with the customer.

Despite these challenges, our team supported the event and ensured critical conversations on AI, its risks and opportunities could take place. This contributed to and ensured that the world's first government-led AI Safety Summit was a success.

Supporting the AI Safety Summit

In November 2023, the UK held the first global government-led Artificial Intelligence (AI) Safety Summit. The summit was the start of the critical global conversation on AI to manage the opportunities and risks presented by rapidly advancing AI technology.

With 30 countries in attendance, translation and interpretation was crucial to the summit's success. Our team provided all interpreters across the two-day event, in a total of six languages – Japanese, Italian, Korean, German, Portuguese and Chinese.

Interpreting at short notice

Organised in a few months, the team had to mobilise quickly at short notice to ensure that world leaders, such as United Nations Secretary General António Guterres, could communicate with other attendees at the summit.

As a two-day summit, the event programme was particularly demanding for our teams, with a large number of sessions and a high number of languages required. This combined with the short notice of the event, created a challenge for our team to manage all the event logistics including briefings,

CAPSEAH translations

As well as providing support for international summits, our Translation and Interpreting team has assisted the FCDO's international development work. From October to November 2023, our team translated the UK-led draft for a new Common Approach to Protection from Sexual Exploitation, Abuse and Harassment (CAPSEAH) from English into the five other official languages of the United Nations for a global consultation. Supporting CAPSEAH was an



AI Safety Summit at Bletchley Park

extensive project, including translation of the summary and the accompanying website. Our team of twelve professional translators translated the six-page CAPSEAH summary guide from English into Arabic, Chinese, French, Russian and Spanish. This included proofing PDF versions of translations produced by the customer's designer. The original English CAPSEAH document contained subject-specific acronyms which needed to be expanded and translated into the five target languages before further work could take place.

Our linguists translated a further 16,000 words for the website, including sections such as 'Further Guidance', 'Questions for online consultation', the cookies policy and the privacy notice. These sections were translated into Arabic, French and Spanish, with online versions reviewed by our team.

Coordination and consistency

A dedicated project manager was appointed to coordinate the team and liaise with the customer. This ensured that all aspects of the project - from the summary guide and the full common approach to website interface terminology - could be managed concurrently with changes implemented across versions.

The customer made minor changes to the English text at several points during the project. All changes had to be passed on to the twelve linguists so that they could be incorporated in real time. With 12 linguists operating as a single team under a project manager, the individual translators were able to collaborate easily to ensure the meaning and intent of the English text was maintained in the translated text. This included discussing specialist terms, agreeing on appropriate translations and incorporating changes from the customer in both the translation and proofing stages.

As a result of this management, the translated CAPSEAH document and accompanying multilingual website were delivered on time, helping the FCDO meet its own tight deadlines for the website launch on 8 November 2023.

The FCDO's Safeguarding Unit has since commissioned further translations into the five other official UN languages in advance of the full launch in June 2024.

"I was the liaison for the large interpretation team for the AI Safety Summit. It was an intensive two day programme and the team did a terrific job, especially as they often found themselves without subject briefing notes or advance texts. They also responded to changes in the programme or last-minute requests for in-person support. They all played a very important part in making the Summit a success."

**Joint Head, Events and Visits,
Protocol Events and Visits Unit**

Case Study

Enhancing the UK's air security – at home and abroad

Supporting the RAF's Remote Radar Head capabilities

FCDO Services has developed a close relationship with RAF Air Command, including as Principal Designer and Principal Contractor for Programme HYDRA, the upgrade of the UK's network of Remote Radar Heads (RRH).

The HYDRA programme has been covered extensively in previous Annual Reports and is a critical infrastructure programme which has improved the resilience of the UK's ground-based air surveillance system, significantly reducing the risk of not detecting incursions into UK airspace by hostile aircraft. The works have also reduced the running costs to the Royal Air Force (RAF) and enabled the removal of RAF maintenance personnel from sites.

Full operating capability for the four HYDRA sites – in Scotland, and in Northern and Eastern England – was declared in September 2023.

The successes which were achieved by the HYDRA team – from the RAF, FCDO Services and our contracting partners – paved the way for further work on RRH upgrades, including overseas. Continuity of the core project and design management team onto new RAF programmes has ensured that all lessons were pulled-through first hand. This has enabled learning from experience and retention of corporate memory, which has led to tangible

and significant cost, schedule and performance benefits.

One of those later programmes was Project KRAKEN, a construction project for the RAF at RRH Portreath, in Cornwall. This is the most recent, and smallest, of the six UK-based RRH upgrades FCDO Services has completed since 2017. It has been delivered by the same team of project managers, architects, structural engineers, quantity surveyors and mechanical and electrical specialists – all of whom are FCDO Services staff. This project had a very tight turnaround, with on-site work requiring completion in a three-month window. The work included bolstering the existing buildings housing sensitive radar equipment, as well as enhancements to the perimeter fencing and additional technical security upgrades, including CCTV and access control systems.

The same FCDO Services core project and design management team is also currently working closely with RAF Air Command on the installation of modern, secure infrastructure at several RRH sites on a British Overseas Territory. The work, which is already well advanced, involves operating and delivering in geographically challenging locations, often with extremely difficult weather conditions and at the end of a highly demanding logistical chain.

“The successes achieved by such a committed, experienced and resilient team, in short timescales and under difficult circumstances, make FCDO Services a strong competitor for bespoke small-to-medium scale security-based infrastructure where high-quality Value for Money outcomes are required at pace or in challenging conditions.”

Senior Responsible Owner for Ground Based Air Command and Control Infrastructure Programmes, RAF Air Command.

The FCDO Services team employed on these programmes has built strong relationships with their RAF colleagues, learning from experience, and improving programme management and delivery as work has progressed. Decision-making timescales are now at the leading edge of what is achievable, enabled through the level of trust built up over the course of these programmes. The teams have also collectively worked to remove unnecessary process that could have delayed delivery, while consistently maintaining the critical safety and risk management required.

Underpinning all aspects of programme delivery has been the formal adoption of Psychological Safety practices across the teams, facilitated by professional consultant psychologists, which has enabled a sustainable high-performing culture to be developed, where it is always safe to challenge and ask questions in the quest to improve.

Remote Radar Head

Enabling secure communications between ten nations

FCDO Services successfully completed an 18-month long IT programme to deliver a collaboration platform called JEFNet for the Ministry of Defence (MOD), in conjunction with the Foreign, Commonwealth and Development Office (FCDO).

"I am immensely proud of what FCDO Services have achieved. You have delivered a modern, secure, interoperable suite of collaboration services to the JEF Partner Nations, within budget and at pace. I couldn't, as the JEFNet Senior Responsible Officer, have asked for more."

Air Commodore Jason Young,
Head of Capability C41STAR
at UK Strategic Command,
Ministry of Defence

JEFNet enables the Joint Expeditionary Force (JEF), made up of ten like-minded nations, to strategically work together on military, security and political challenges in the High North, Northern Europe and Baltic Sea Region.

The countries involved include the United Kingdom, Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Netherlands, Norway and Sweden.

JEF is designed to strengthen existing partnerships that have evolved through operational experience, while enabling nations to better share and combat the threats we commonly face.

UK leading on cooperation in the digital world

In a significant step towards enhancing international defence and security collaboration, the UK serving as the JEF Framework Nation has established a secure,

collaborative working environment known as JEFNet.

The MOD spearheaded this work and called on FCDO Services to help deliver the platform to the Joint Expeditionary Force nations.

As trusted experts in secure IT government services, we understand how technically difficult it can be to deliver and operate complex IT solutions safely and securely worldwide.

Connecting allies at a higher classification

Our Technology and Operations (T&O) teams worked hard over 18 months to deploy the secure IT network, infrastructure and connected devices needed.

JEFNet's wide suite of ICT services and level of sophistication meant that Initial Operating Capability has successfully facilitated access to vital services across all ten nations. This

includes video teleconferencing (VTC), chat, email and shared document management.

It was a complex programme that involved extensive discovery, development and installation work by our teams. We ensured that the right solution was found to deliver interoperability among countries, while maintaining the UK's security standards.

The international JEF community are now able to use the modern tools to securely communicate and work together effectively at a higher classification.

This programme also showcases the joint-working relationship and soft power of the UK Government, enabling it to efficiently align with its core allies overseas. FCDO Services is proud to have contributed to this important role and continues to support this technological solution.

Case Study

Speeding up the release of sensitive records using AI tools

Artificial Intelligence is helping the Digital Sensitivity Review Service to enhance its service to government departments

FCDO Services provides a Digital Sensitivity Review Service for an increasing number of UK government departments. The team are specialists in the complex process of reviewing sensitive documents consistently and securely, before they are released to The National Archives (TNA) in Kew, under the Public Records Act.

The development of Artificial Intelligence (AI) techniques in the handling of material is steadily improving the operational capabilities of the team, enabling faster transfer of documents into the public domain.

AI is used in a variety of ways, including the initial curation of the source documents, deciding on which records meet the criteria for permanent preservation and removing any sensitivities from the document while preserving as much of the original as possible, in accordance with UK law. The team then use robotic processing of the records to ensure consistency in the standard of transfer, a key digital requirement of TNA.

With opportunities come risk

The range of file types which our team reviews is increasing, and many can contain hidden

data which nevertheless requires reviewing. For example, embedding documents or images within files – an increasingly common practice – creates complexity for our reviewers, and the new technologies being developed by the team have been able to address this.

There needs to be consistency in how records are reviewed. If you consider the review of an exchange of emails between departments, it's important that each email – which would be archived by the department's own Knowledge and Information Team – is reviewed in the same way, otherwise it could be possible for the sensitive information to be processed in different ways, and someone could piece together the original content by simply comparing the two versions. This is known as mosaicking. Experienced human sensitivity reviewers are – and will continue to be – essential in deciding what is actually redacted, because at this stage, AI cannot reliably make these judgements to the very high standard required. That is, in part, the result of different types of sensitivity requiring different technologies to achieve the outcomes needed, and also the varying policies which departments apply to their data. Digital records are searchable and therefore errors are easy to spot.

How the tools work

With the ever-increasing amount of material requiring sensitivity review, the project team developing AI tools needed a solution which was quick to implement while taking account of the relatively limited supply of trained sensitivity reviewers and the requirement for a high detection rate of sensitivities before any records were transferred.

Add to this the complexity of sensitivity review and the limitations of what a digital tool can identify. Our sensitivity reviewers are very experienced, often former diplomats, with long careers working on the most sensitive geopolitical issues around the world. Can a computer learn to judge what is and isn't safe to release? However, augmentation realises the best of both.

We are realistic about what support an AI tool can give, but there are areas where AI and automation can dramatically increase efficiency and reduce risk:

- To detect trivial or short-term documents that don't need to be preserved
- To identify duplicate records, or records that can be grouped together (or 'clustered')

- To assist in the identification of commonly redacted words or passages of text, and highlight text already redacted in another document
- To analyse metadata (the detection of embedded text within a record that identifies the document but isn't visible to the casual reader)
- To help 'packaging' (how records are prepared for transfer to TNA)
- To help in the transfer and quality checking process

A community of specialists

Developing this sort of capability requires specialist skills and knowledge. While our in-house reviewers have unparalleled experience in the careful analysis of sensitive documents, we required specialists in machine

learning and digital processing. In line with ISO 44001, we established a programme team – Team Cicero – comprised of industry partners and leading UK universities, including research specialists at Sheffield, Glasgow and Loughborough.

This was a fascinating research project to run. We set our industry and academic partners challenges to meet, including developing solutions to the vast amount of data which will need processing as digital records developed in the mid-nineties (commonly referred to as the “digital heap”) and ultimately a need to develop one single system to manage the digital review and transfer process.

Technology delivering real results

Without the technology which has been developed, we calculate

it would require many more additional operational team members, including sensitivity reviewers, to meet the demands of digital review and transfer for each government department.

The additional benefits have been substantial. We have been able to process records with 10% of the sensitivity review effort and have reduced the risk of releasing sensitive material to well below that which would be the case without the new technology.

We take care to respect legal and ethical considerations when they arise. Our reviewers know what is required, and the new technology is only used to assist their decisions, augmenting their ability to process a much greater volume of material than would otherwise be possible.

Case Study

Supporting the UK and Australian missions in Mongolia after severe flooding

In July 2023, extreme rain flooded the UK and Australian Embassy Residences in Ulaanbaatar that sit on the same compound. FCDO Services was called on to support the flood response, working with critical partners to make the buildings habitable again.

The heaviest rain for 50 years caused the rivers – Selbe and Tuul – that run through the city to overflow. Hundreds of homes and streets were flooded, with water levels rising by one metre.

Inspecting the damage

Technical teams in FCDO Services jumped into action, providing rapid remote support to get critical systems back-up and running in the Residences. Our Regional Technical Lead (RTL) and Technical Works Supervisor (TWS) arrived on-site quickly to offer assistance.

Before they got there, the company responsible for the management of the buildings began isolating services to the

Australian Residence. They cleared debris and attempted to dry the heavily impacted basement, affected by dirty and contaminated water. Our FCDO Services colleagues carried out an initial inspection of the properties to check that there were no immediate safety risks. They then completed a comprehensive survey and inspection to identify all the works needed to both the UK and Australian Residences.

At the Australian building in particular, flooding had damaged the electrical installation unit, air conditioning unit, water heating, and the building's structure. Extensive work was required to make it operational. Our RTL provided technical support to the building management company to speed up this work.

Supporting the missions in the future

Our survey found that the site had limited surface drainage points, so it was likely to flood again if another severe rain event

happened. Due to the high risk, a flood prevention improvement programme was developed. As part of this, suitable systems for water diversion were identified, and works identified to strengthen the perimeter wall and entrances to the compound.

Our RTL reviewed and agreed the most suitable methods for flood prevention with the building management company, who then carried out the essential work.

FCDO Services was asked to support the negotiations with the owner of the buildings. This ensured an effective works plan was put in place to the technical standards expected, while also ensuring the site is made safer against future flood threats.

In January 2024, our RTL returned to the UK and Australian Residences, as part of a routine support visit. They conducted a full inspection of the successfully completed works and confirmed that both properties are fully functional again, welcoming embassy staff and guests alike.

"Thank you so much for your Regional Technical Lead's comprehensive report and the offer to inspect the completed works for us. It's very reassuring for us to have your expert assessment on the property and we appreciate your expertise."

Anh Nguyen
First Secretary and Consul for the Australian Embassy, Ulaanbaatar

Greening the FCDO global estate

"This year, the expertise of Regional Technical Leads was instrumental for FCDO in identifying pragmatic, value for money energy efficiency and renewable energy projects in a diversity of locations. Their local awareness and in-depth knowledge of FCDO facilities adds great value and insight, helping to expedite sustainable outcomes for the FCDO."

Head of Energy Management FCDO.

The Foreign, Commonwealth and Development Office (FCDO) has a target to reduce energy use across its global estate by at least 20% by March 2025, from a 2019/20 baseline. With sustainability a priority for the FCDO, FCDO Services has been making use of our global technical network to support the Estates Operations Sustainability Team.

Sustainability baselines

Using their local and technical knowledge, FCDO Services Regional Technical Lead (RTL) engineers and their teams have been assisting overseas posts with sustainability activities, data gathering and helping to identify energy saving projects.

Liaising with local managers and 'Green Teams', RTLs encouraged posts to more closely monitor energy utilisation and provided technical advice where needed. Working closely with the customer, they implemented the FCDO sustainability baseline checklist, to support future sustainability planning tailored to each post.

Working with carbon intensive posts

Beginning in 2023, our RTLs carried out a series of preliminary assessments of energy efficiency measures and renewable energy projects in the most carbon intensive FCDO diplomatic buildings. These posts were identified using the FCDO 'Global Carbon Footprint'

data tool. The potential low carbon measures were sorted according to cost benefit, prioritising smart metering, energy efficiency and considering renewable technologies such as air source heat pumps and on-site solar power. Following these assessments, the FCDO are carrying out more in-depth assessments at a selection of posts together with a wider assessment of an FCDO pathway to be net zero by 2050.

Looking ahead, FCDO Services technical staff will continue to embed cost and carbon saving thinking into their planned maintenance processes and actively scope for sustainability projects across the global FCDO network.

Case Study

The Coronation of His Majesty King Charles III

Keeping critical services running throughout the Coronation

In May 2023, the nation celebrated the coronation of our new Monarch, King Charles III. FCDO Services played a crucial role behind the scenes by supporting the FCDO and wider government to prepare and keep critical services going.

Delivering secure and reliable IT systems and technology

Our technical services team manage connectivity for all FCDO sites and Posts across the world and it was essential that this service could be relied upon in the lead up to and during the Coronation.

Throughout the Coronation, technical engineers from FCDO Services were based in the event Hub at King Charles Street, providing IT and technology support to the teams based there. The Hub housed staff from across government who

were responsible for the smooth running and organisation of the Coronation and were in regular contact with embassies, heads of state and dignitaries.

FCDO Services engineers were on-hand throughout so that all teams had access to a reliable, efficient and secure service.

Supporting the diplomatic platform

The Coronation was important diplomatically and gave FCDO staff at Post the opportunity to celebrate in-country with their networks. In the lead-up, our Logistics team shipped UK produced supplies to embassies and high commissions across the world.

Any critical items that needed to be shipped into the UK were sent to our Logistics team, who screened and processed all goods

before sending them onto their final destinations. Support staff on the helpdesk were on hand and available to deal with enquiries and keep the service running smoothly.

Providing translation services

Our Translation and Interpreting (T&I) team work on many high-profile government events and the Coronation saw dignitaries from around the world flying in to attend. The T&I team from FCDO Services translated assembly instructions into multiple languages to help VIPs access their seats in Westminster Abbey on the day.



Enhancing security

Our organisation works on projects where security is crucial, so it's considered in everything that we do. The Coronation posed one of the most significant security challenges for the Metropolitan Police and UK Government in history. Hundreds of thousands of people gathered to watch the procession and over 2000 dignitaries attended. Our specialists at the UK National Authority for Counter-Eavesdropping (UK NACE) provided advice and countermeasures to the Metropolitan Police, enabling them to better protect visiting guests.

Staff volunteers

The opportunity to volunteer for the coronation was open to all across the Civil Service and many of our staff volunteered and contributed to its success.

Some of our staff were part of the Arrivals and Departures and Protective Security hub, helping to facilitate dignitaries' flights in and out of the UK and ensuring swift passage to their onward destination. Their roles involved working closely with diplomatic missions and airports and working with the Home Office and the Royalty and Specialist Protection team at the Metropolitan Police,

to provide protective security to visiting dignitaries.

Some were also based in the main event Hub at King Charles Street and were responsible for answering queries and questions. Staff also volunteered to play roles in the rehearsals for the event which helped to make sure everything ran on time and to plan on the day.

Along with staff from across government, FCDO Services volunteers were recognised for their hard work and dedication and received Coronation medals later in the year.

Case Study

Innovators at the Parks

FCDO Services forms partnership with Bletchley Park in first ever jointly run schools outreach event



During this year's National Apprenticeship Week, FCDO Services and Bletchley Park joined forces to bring a unique outreach event to schools from across Milton Keynes, in a brand-new collaboration. The event, coined Innovators at the Parks, saw organisations from across Hanslope Park come together to engage with a bright young audience and demonstrate how their interest in STEM can lead to a career in government.

Hosted by Bletchley Park, this was an exciting collaboration between the two sister sites and the start of a new partnership. The students in our local area had a chance to learn about the rich history of Bletchley Park, and how the work started there in World War Two continues today at Hanslope Park.

It was also an opportunity for students to find out about this year's apprenticeship schemes at Hanslope Park.

Nearly 200 students from schools and colleges across the Milton Keynes area attended the event. They were given exposure to new experiences, role models and educational opportunities located just a stone's throw away from where they live.

Interactive workshops

Students took part in a series of hands-on interactive workshops run by FCDO Services, UK NACE and HMGCC, giving them the opportunity to see the creativity and innovation involved in national security work. The workshops were run by current apprentices and volunteers to help promote this year's schemes in Logistics, IT, Technical Engineering and Associate Project Management.

We wanted the students to be able to see themselves in those job roles in the future and give them the chance to find out what an apprenticeship is like from the people doing them. As well as getting involved in activities, we gave them time to talk to our current apprentices and ask as many questions as they liked in a relaxed and friendly environment.

Activities included searching for eavesdropping devices, technical engineering, and some coding and encryption tasks.

A student taking part in a counter-eavesdropping activity said "I liked the way we could use the different cameras to find the listening devices in the most

unusual areas. I had no idea that they could be hidden in everyday items. I found it cool that you could do this every day for your job!"

An exciting opportunity

Dr Morrison CBE, founder of Amazing Apprenticeships, also attended the event to talk to students about the benefits of choosing an apprenticeship and encouraged them to find out more about the schemes available at Hanslope Park. Dr Morrison said:

"Today is exciting because it's bringing together the organisations based at Hanslope Park to inspire 200 Year 11 students from across Milton Keynes. It's crucial that they understand the opportunities that are available right here on their doorstep and also how exciting they are."

Participating in this event underlined the commitment of our organisations to increase a diverse talent pool and inspire the next generation of technology, cyber security, and engineering professionals within the UK government. It was encouraging to see so many students engaged in the STEM topics at this event.

A drone flying at the Bletchley Park event

London Car Service: making travel more sustainable

FCDO Services removed the equivalent of 10 tonnes of carbon dioxide by introducing eight plug-in hybrid vehicles to our operations

FCDO Services operates the Logistics service for the Foreign, Commonwealth and Development Office worldwide. Our remit is wide ranging and incorporates familiar services like the Accompanied and Unaccompanied Diplomatic Bag, including the historic King's Messengers.

In the UK, we also run the vital London Car Service. This transports FCDO Senior Officials and Ministers on official business around the capital. We manage all the ministerial bookings, and where we have capacity, we use our own security cleared couriers and car fleet.

Reducing our impact on the planet

Logistics, by its nature, has a significant carbon footprint, so anything we can do to reduce our impact is important. We recently added eight new plug-in hybrid cars to our London Car Service as part of our wider fleet transition plans to reduce our carbon emissions. We have also taken steps to rationalise scheduling and maximise use of the most efficient vehicles. By using the new vehicles we managed to reduce the London Car Service emissions by 10 tonnes of CO₂e, which played a significant part in the emissions reduction of the fleet.

Added benefits for the FCDO

Additionally, the vehicles are now more suitable to ministers' needs, offering more space and more luggage capacity, giving us greater flexibility to accommodate the travel requests we receive.

The demand for the London Car Service has historically meant that FCDO Services has had to rely on support from external companies to provide sufficient capacity.

With the addition of these new vehicles, we have been able to bring even more of the service in-house, with a fleet that is more environmentally friendly and versatile.

This not only saves the FCDO money, giving better value for the public purse, but also means we can provide an enhanced logistics service to the FCDO.

We're proud to be supporting the FCDO on its journey to transition to reduce carbon emissions, and our drive to improve the sustainability of our Logistics operations helps underpin this, bringing us one step closer.

An electric car charger

Case Study

HERMES International Secure Communications

Building an international secure communications system for UK and international partners

“For a programme like GCAP, where timely sharing of sensitive information internationally is key, the HERMES system has already delivered major benefits – securely moving engineering information between industry partners has been reduced from 3 weeks to 2 hours and will allow a huge improvement in our productivity.”

*FCAS Head of Delivery,
Ministry of Defence*

In January 2021, the UK’s Ministry of Defence (MOD) Global Combat Air Programme (GCAP) required support to design, build, deploy and support a communications platform. This platform would enable developments and increased collaboration between the UK and its international partners across government and industry.

With existing MOD platforms unable to fulfil the complex requirements due to the international nature of the platform, FCDO Services was commissioned to deliver the new HERMES platform.

Creating the platform

After beginning discovery activity in January 2021, the FCDO Services team progressed rapidly through discovery, design, build and deployment activities with the first HERMES sites deployed and operational in November 2022.

From discovery, build and assurance, our team engaged and consulted with National Security Authorities, including UK NACE, ensuring that close collaborative relationships can be forged between the UK and its international partners.

Improving capability

The HERMES platform enables individuals to communicate and collaborate internationally across the higher tier. High security assurance is implemented throughout, protecting information between groups of users. Since delivering initial operating capacity in December 2022, a multi-year agreement was reached for the delivery of HERMES to continue supporting the GCAP and the wider MOD. This will build capability to support wider priorities for secure communications and engagement with international partners.

Planes flying in the sky, BAE Systems



Supporting international deployment

To support the international deployment of HERMES, FCDO Services utilised our regional support network to provide in-country assistance by UK security cleared personnel. Our secure King's Messenger services also contributed, ensuring deployed components were delivered securely from the UK to their final destinations.

FCDO Services is continuing to support the development of additional capability and provides live service management from our Global Support Centre.

Embracing challenges

The initial design and build phase of the HERMES platform was completed during the Covid pandemic. Due to the classification of the platform all work was required to be conducted from FCDO Services secure facilities.

Beyond Covid pandemic restrictions, security was a challenge for our teams. Due to differences in the implementation of security policy across UK Government departments and international partners, aligning solutions to ensure the successful

delivery of capability was a challenge. Through early and continuous engagement with key stakeholders, our team overcame these challenges, leading to the successful assurance and deployment of the platform.

Enhancing future collaboration

HERMES has significantly decreased the time taken to share secure information between international partners. This has enabled GCAP to collaborate securely and more closely on a global scale reducing the time and cost to deliver the next generation combat air platform.

Throughout 2023, enhancements to information sharing and collaboration services have allowed the GCAP to ensure secure collaboration in reduced timelines.

FCDO Services is now engaging additional MOD partners to extend the benefits of the HERMES platform. This is intended to reduce the need to contract, design and deploy bespoke platforms from scratch when a requirement is identified. By extending this platform, FCDO Services can reuse assured design patterns and common technical teams to deliver capability in reduced timelines and at a lower cost.

Case Study

Phase two of the Osprey rollout

Osprey, the FCDO's new IT system is ensuring users can operate effectively and collaboratively on one platform.

Osprey is a new IT system that is bringing together all parts of the FCDO onto one single platform. It is crucial for enabling effective collaboration across all parts of the FCDO. It is also faster than previous platforms, works more efficiently in places with challenging connectivity and has increased security.

With the project moving into the delivery phase, FCDO Services is supporting the rollout of new devices to FCDO colleagues overseas to give them access to the platform.

Completion of phase one

The first phase of the rollout began in May 2022 and finished in September the same year. FCDO Services was commissioned to support with organising the return of old devices, issuing of new cloud-based devices and laptops and successful user support to allow access to the new platform.

This stage of the rollout focused on UK sites - King Charles Street, Abercrombie House and Hanslope Park and deployed devices and trained new staff

at a number of overseas posts. Our teams collaborated with the FCDO's Information and Digital Directorate, Osprey team and a third-party supplier to ensure its success.

Delivering to Post

After the completion of phase one, focus has shifted to the global platform and the rollout to teams across the world, which is continuing into 2024/25.

As of April 2024, 11,000 FCDO staff have begun to use the new platform and the first region has now moved to Osprey. The move to the platform began in October 2023 and engineers from FCDO Services travelled to the Americas region to provide full support. They worked closely with country-based staff, including the FCDO's IT Support Officers, to up-skill and increase their knowledge of the devices and platform.

The next wave of the rollout in Europe, Asia Pacific and the Middle East will begin imminently.

Secure shipping across the world

The Osprey rollout needs secure and reliable planning and shipping to ensure new devices reach users. The Logistics team at FCDO Services has been central to the rollout and now have staff dedicated to working exclusively on the project.

All devices, including laptops, desktops and printers must be security screened and protectively packaged. The rollout is complex, but the team have used a management system that helps ensure devices are sent and received on time.

The majority of old devices have been returned to the UK to be processed and the Logistics team has ensured their safe return. The Secure Destruction team has managed the destruction of devices in a secure and sustainable way.

The team has also managed project challenges, including the shipping of new Osprey printers. The printers are too large to be transported via aircraft,



so other solutions have been adopted. They have also created a bespoke eco-friendly cardboard crate to ship the printers, protecting them from damage.

24-hour technical support

Our in-house technical teams offer a 24-hour support service. In March 2023, the support desk added Osprey support to the service and incorporated 6,000 additional users on the platform. This has now increased to 11,000 users across the global estate for laptops, smart-devices, desktops and printers.

In addition to the support desk, tech bars have been set up in King Charles Street and Abercrombie House to offer technical assistance to staff based there.

With the project continuing to be delivered throughout the next year, the knowledge and experience of FCDO Services staff continues to support a smooth transition for users across the FCDO.

“FCDO Services are a trusted and valued partner of the FCDO. They are embedded in to the FCDO’s deployment team and they are central to the deployment of the Osprey IT solution – which is replacing the FCDO’s aging corporate IT. FCDO Services are contributing to the deployment in a number of ways, including security, logistics, IT support and secure deployment.

Their understanding of how to deploy safely and securely across the globe is critical to the success of the programme and the on-going security of the Department’s IT capability. It’s great to have them as part of the delivery team, and we trust their teams to deliver the FCDO’s required outcomes.

Deputy Director Major Programmes, Foreign Commonwealth and Development Office.

A photograph of a meeting pod at Hanslope Park. The pod is a small, cylindrical structure with a blue and orange color scheme. It is partially obscured by the branches of a large evergreen tree in the foreground. The background is a soft-focus view of the pod and the surrounding park environment.

Sustainability

A meeting pod at Hanslope Park

Sustainability Report

This report highlights some of the significant developments in sustainability performance at FCDO Services in 2023/24. We have continued our sustainability improvement path, increasing environmental awareness to meet the Greening Government Commitments 2021-25 (GGC) and implementing our Sustainability Strategy and Action Plan 2022-25. We have further improved our data capture and the analysis of our footprint and have focused on enhancing our capabilities as a supplier of greener products and services. Greenhouse gas emissions for FCDO Services' UK operations in 2023/24 were 35% lower than the baseline year 2017/18, and 7% lower than 2022/23¹.

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 (EMS) and work closely together to be environmentally compliant and meet sustainability targets. During 2023/24, the ISO 14001 EMS was successfully re-certified.

FCDO Services' Environmental Policy Statement is published on our website.

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 continued inflationary pressure during 2023/24, we have sought to drive closer collaboration between efficiency, continuous improvement and sustainability. Recognising the importance

of behavioural shift and staff training in driving sustainability improvement, we have compiled an introductory sustainability training course for all staff and we run regular internal campaigns, for example, on better waste management.

Sustainability Strategy

Our 'Sustainability Strategy and Action Plan 2022-25' 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
- Embed a culture of sustainability and associated capability uplift to make FCDO Services 'net zero-capable'
- Build greener and more efficient customer-supplier frameworks and deliver products and services that help improve customer sustainability

Task Force for Climate Related Financial Disclosures (TCFD)

Sustainability performance is regularly reviewed by the Executive and FCDO Services Main Board (see table below for details). Climate change is monitored and managed as a Principal Risk in the organisation.

The Chief of Operations of FCDO Services holds the role of Chief Sustainability Officer, championing the topic at board level. Day to day management oversight of sustainability sits with the Head of Health and, Safety, Security, Environment and Quality. Operational management responsibility sits with the Head of Environment and Sustainability.

TCFD Compliance Statement

FCDO Services' reporting on climate-related financial disclosures is consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK

¹GHG Emissions by scope can be located in Table 2

Governance Entity	Sustainability Oversight
Operations Committee (All Executive Directors)	Monthly report, review of annual performance report and escalations as required
Strategy and Corporate Committee (All Executive Directors)	Monthly report, review of annual performance report and escalations as required
Audit and Risk Assurance Committee (ARAC)	Quarterly review of Principal Risk and review of annual performance report
FCDO Services Main Board	Review of annual performance report

public sector. FCDO Services has complied with the TCFD Phase 1 recommendations and recommendations disclosures around:

- Governance (all recommended disclosures)
- Metrics and targets (disclosures (b) from TCFD overview framework)

This is in line with the central government’s TCFD-aligned disclosure implementation timetable. FCDO Services plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) from the TCFD overview framework in future reporting periods in line with the central government implementation timetable.

Waste minimisation and management

During 2023/24 FCDO Services implemented a Waste Management Action Plan to drive improvement. This included introduction of a new staff training course, new staff induction manuals and online guidance, more rigorous waste contractor management with an improved waste management information system, and a recycling campaign with staff events and displays. Staff feedback demonstrated significantly increased awareness and compliance.

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 2023/24, prisoners laundered 22,182 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 plastic 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 Service, including ministerial vehicles.

We regularly review the size and composition of our fleet to look for opportunities to enhance efficiency, flexibility and sustainability. We are working to transition the car and van fleet to Ultra Low Emission Vehicles (ULEV) and Zero Emission Vehicles (ZEV). 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 Public Procurement Notice (PPN) 6/20 (taking account of social value in the award of central government contracts) and PPN 06/21 (taking account of Carbon Reduction Plans in the procurement of major government contracts). 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, and during 2023/24 we completed our second assessment of the Commercial Continuous Improvement Assessment Framework (GovS 008) as part of a continuous improvement programme.

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.

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. We have on-premise servers and cloud platforms and are focused on increasing the efficiency of our on-premise facilities. 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.

At the core of our technology strategy is the integration of sustainable practices throughout the entire lifecycle of our IT and digital assets, alongside enabling staff training and engagement. We will prioritise the following key elements:

- 1) Sustainable infrastructure:** We continuously strive to optimise the efficiency of our data centres and digital infrastructure, leveraging energy-efficient technologies, virtualisation, and renewable energy sources wherever feasible
- 2) Eco-friendly hardware and software:** We prioritise the selection of eco-friendly hardware components and software solutions. We collaborate with suppliers to ensure that our IT investments align with our sustainability goals
- 3) Lifecycle management:** We implement rigorous lifecycle management processes to maximise the lifespan of our IT assets and minimise electronic waste. This includes responsible disposal and recycling practices, as well as refurbishment and reuse initiatives
- 4) Digital innovation for sustainability:** We actively explore innovative digital solutions that contribute to environmental sustainability, such as smart energy management systems,

predictive analytics for resource optimisation, and digital platforms for promoting sustainable behaviours among employees and stakeholders.

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 green building standards such as BREEAM and LEED where requested.

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 the impacts of extreme weather events on its global estate and is working to develop an organisational climate change adaptation strategy across its operations. FCDO Services' Overseas Regional Services teams assist the FCDO in assessing and responding to climate risks and impacts 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 2023/24 were 35% lower than 2017/18, and 7% lower than 2022/23. The largest reported carbon footprint component, UK electricity, was 52% lower in 2023/24 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 2023/24 FCDO Services represented 16% of UK based headcount, a decrease from 17% in 2022/23, and from 2021/22 when the figure was 23%.

For this year's report distance will be provided in kilometres.

Table 1: Greening Government Commitments: FCDO Services 2023/24 Greenhouse Gas Emissions by category compared to 2017/18 baseline year¹

		Baseline ^{***}		Performance						
		2017/18		2021/22		2022/23		2023/24		
		kWh/KMs	tCO ₂ e	kWh/KMs	tCO ₂ e	kWh/KMs	tCO ₂ e	kWh/KMs	tCO ₂ e	Expenditure
Emission Sources	Electricity	3,070,576	1,181	3,260,350	754	2,881,595	608	2,685,083	567	£756,424
	Gas	220,510	41	12,132	2	7,481	1	10,934	2	£2,135
	Heating Oil	94,436	26	18,297	5	32,347	8	34,526	9	£495
	Low Sulphur Fuel Oil	-	-	152,000	41	122,000	33	84,129	23	£8,869
	Biomass	34,476	0	-	-	-	-	-	-	-
	Biodiesel	286,588	1	431,123	2	242,286	1	278,374	1	£35,899
	Whitehall District Heating Scheme	335,764	89	669,299	178	309,141	82	461,190	123	£111,304
	Fugitive		3		8		38 ³		4	
	Domestic Flights	48,968	12	59,412	8	40,379	5	62,464	8	£26,055
	International Flights ^{**}	25,702,151	4,557	10,810,887	2,104	25,743,195	4,322	26,699,265	4,490	£6,656,195
	UK Rail [*]	88,915	4	32,618	1	545,219 ²	19 ²	551,853	20	£177,655
	Private Mileage	216,042	32	249,429	46	319,040	62	297,791	54	£92,853
	Fleet	82,857	34	1,142,069	207	630,992	106	659,836	102	-
	Car Hire	98,844	18	235,066	41	273,188	49	124,953	28	£48,528
	Taxis	81,351	13	4,318	1	18,385 ⁴	3	18,648	3	£23,824

* 2022/23 and 2023/24 UK 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.

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

*** 2017/18 Baseline figures adjusted to include data relating to FCDO Services' delivery for all customers, not just FCDO.

¹ tCO₂e stands for tonnes of carbon dioxide equivalent. The GGC's definition for reporting requirements for CO₂e 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"

² Correction: In Table 1, 2022/23 UK Rail (Distance and Carbon Emissions totals) have been adjusted to incorporate the sum of both pre-booked rail tickets by FCDO Services travel provider, and rail travel claimed by personal expenses. In Table 2, this correction affects the Scope 3 (Other Indirect) emission total, Total (emissions), and Tonnes of CO₂e per FTE in 2022/23

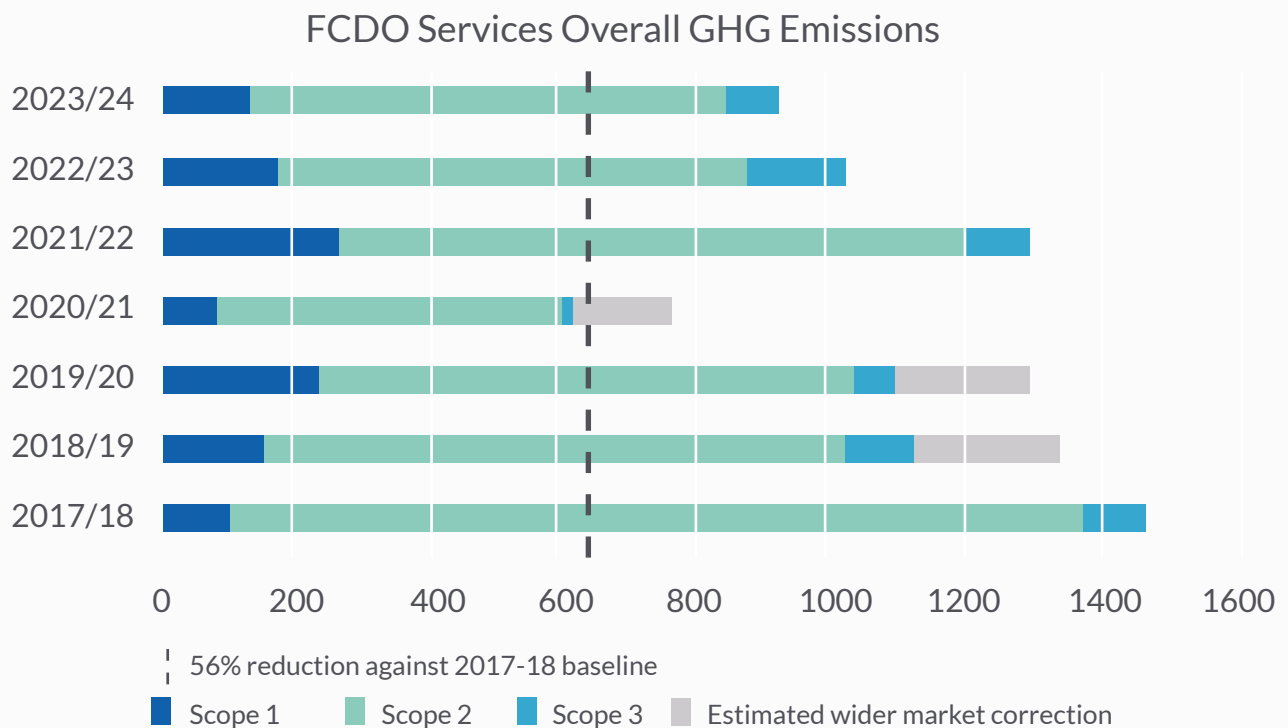
³ Correction: 2022/23 Fugitive Emissions have been adjusted in Table 1 due to a publication data error. Scope 1 Total in Table 2 does not require adjustment.

⁴ Correction: 2022/23 Taxi distance has been adjusted in Table 1 to correct a conversion error in miles. There is no corresponding change to emissions.

Table 2: FCDO Services GHG Scope Emissions

Emissions by Scope (TCO ₂ e)	Totals by Scope			
	Baseline	Performance		
	2017/18	2021/22	2022/23	2023/24
Scope 1 (Energy Direct)	105	265	187	141
Scope 2 (Energy Indirect)	1,270	932	690	689
Scope 3 (Other Indirect)	79	97	138 ⁵	112
Total	1,454	1,294	1,015 ⁵	942
Total FTE FY End	996	1,157	1,084	1,140
Tonnes of CO ₂ e Per FTE	1.46	1.12	0.94 ⁵	0.83

Graph 1: FCDO Services Overall GHG Emissions



⁵Correction: 2022/23 UK Rail (Distance and Carbon Emissions totals) have been adjusted to incorporate the sum of both pre-booked rail tickets by FCDO Services travel provider, and rail travel claimed by personal expenses. In Table 2, this correction affects the Scope 3 (Other Indirect) emission total, Total (emissions), and Tonnes of CO₂e per FTE in 2022/2)

Greening government commitments: progress against direct estate GHG emissions

2025 Target: Reduce direct emissions by 30% compared to the 2017/18 baseline. The target comprises direct emissions from estate and operations (excluding the vehicle fleet). This includes emissions arising from direct fuel use and fugitive emissions across the estate.

2023/24 Performance: Direct estate emissions in 2023/24 decreased by 45% compared to the 2017/18 baseline.

Table 3: FCDO Services Scope 1 Emissions

Scope 1	Baseline	Performance		
	2017/18	2021/22	2022/23	2023/24
Scope 1 GHG Emissions (tCO _{2e})	71	58	81*	39

* The 2022/23 increase was due to a fugitive refrigerant leak. Excluding fugitive emissions, direct fuel use emissions fell 37% in 2022/23 compared to the 2017/18 baseline.

Greening fleet commitment

2025 Target: Government Fleet Commitment is for 25% of the government car fleet to be ULEV by 31 December 2022, and for 100% of the government car and van fleet to be fully ZEV at the tailpipe by 31 December 2027.

2023/24 Performance: In terms of achievement against the **2022 ULEV target**, 8 PHEV vehicles were purchased for the fleet in 2022, resulting in a proportion of 23% ULEV as reported in 2022/23. However, as part of a review in 2023/24, two vans were re-classified to a non-ULEV category resulting in an overall reduction to 18% ULEV in the fleet.

Working towards the **2027 ZEV target**, FCDO Services are developing a transition plan to electric vehicles aligning with the normal vehicle replacement schedule based upon operational need and optimising the embedded carbon from the existing fleet. We continue to consult closely with the FCDO and Office for Zero Emission Vehicles (OZEV) on wider dependencies and charging infrastructure.

Table 4: FCDO Services' Fleet Composition

Vehicle type	(No. of Vehicles)		
	2021/22	2022/23	2022/23
Petrol and diesel	20	21	15
Mild hybrid LEV >50g/km	5	5	4
Mild hybrid LEV <50g/km	0	[8]	0
Plug-In Hybrid, <=50gCO ₂ /km	0	0	8
Full electric	0	1	1
Van <=50g/km	0	2	0**
Van >50g/km	0	19	21
Total number of cars and vans <3.5 tonnes*	25	48	49

* The fleet composition was reviewed in consultation with the OZEV in 2022/23 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.

** 2 vehicles have been reclassified to a non-ULEV category.

Greening government commitments: progress against domestic flights target

2025 Target: Reduce the emissions from domestic business flights by at least 30% from a 2017/18 baseline.

2023/24 Performance: FCDO Services' domestic flight emissions in 2023/24 decreased by 32% compared to the baseline year of 2017/18. The fluctuation reflects customer projects in non-mainland UK locations.

FCDO Services shares the FCDO policy to use rail by default for domestic travel and, whenever possible, avoid travel using virtual technology.

Table 5: FCDO Services' Domestic Flight Footprint

Domestic flights	Baseline	Performance		
	2017/18	2021/22	2022/23	2023/24
Number of flights	180	161	104	158
Distance travelled (kilometers)	48,968	59,412	40,379	62,464
Carbon footprint (tCO ₂ e)	12	8	5	8
Expenditure	£26,883	£27,461	£14,929	£26,055

Greening government commitments: 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 an aim of reducing related emissions. No specific target is set. The international flight carbon footprint is not required by GGC to be included in Scope 3 data totals.

International flights are core to FCDO Services global delivery. The flight footprint includes flights for the Accompanied Diplomatic Bag Messenger Service (King's Messenger) and visits by professional and technical staff to deliver secure projects at overseas diplomatic posts. Sustainable travel options are considered and we adhere to the FCDO travel policy of digital first. We have seen an uplift in both short and long-haul distances due to more projects in distant destinations, and an increase in international (non-UK) distance as a result of utilising in-region overseas staff for delivery. We continue to explore ways to increase efficiency in delivery, consolidate trips where possible and utilise technology delivery systems.

Table 6: FCDO Services' International Business Travel Footprint

Travel category		Performance						
		2021/22		2022/23		2023/24		
		km	tCO ₂ e	km	tCO ₂ e	km	tCO ₂ e	Expenditure
Eurostar/Eurotunnel				643	0	505	0	£2,277
Short haul (Europe)	Economy	2,256,913	204	2,099,214	168	2,328,883	186	£335,804
	Business			406,790	49	380,528	46	£221,728
	Unclassified			15,439	1	19,691	2	£6,022
Long haul	Economy	8,491,205	1,663	4,170,156	326	4,495,421	351	£670,004
	Premium economy			1,734,454	217	1,537,800	192	£283,739
	Business			11,365,354	2,577	11,666,479	2,645	£3,333,519
	First			26,290	8	34,790	11	£6,256
	Unclassified			0	0	0	0	0
International (Non-UK)**	Economy	2,094,471	237	1,938,302	144	1,956,961	145	£359,377
	Premium economy			284,353	34	163,945	20	£41,524
	Business			3,682,996	794	4,047,427	873	£1,382,268
	First			14,343	4	64,987	19	£13,002
	Unclassified			4,861	0	1,848	0	£675
Totals		12,842,589	2,104	25,743,195	4,322	26,699,265	4,490	£6,656,195

* FCDO Services distances and carbon emissions are rounded to the nearest whole number.

** Due to changes in GGC guidance, international (non-UK) flights, that is, trips not originating from the UK were included from 2021/22.

Greening government commitments: progress against waste target

2025 Target: Reduce the overall amount of waste generated by 15% from the 2017/18 baseline.

Sub-Targets: 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. Remove **consumer single use plastic (CSUP)** from the central government office estate by 2025.

2023/24 Performance: **Total waste** decreased by 11% in 2023/24 compared to the baseline of 2017/18. Total waste in 2023/24 increased over 2022/23 largely due to building work at the Hanslope Park site to support increased business need. The **landfill target** continues to be met.

The improved **recycling rate** in 2023/24 from 2022/23 was assisted by an organisational awareness campaign and increased staff training in 2023/24. The re-use of equipment and ICT is encouraged and completed as part of standard internal operations where appropriate and consistent with National Protective Security Authority (NPSA) guidelines.

FCDO Services continues to work with the FCDO to remove **CSUP** from across the UK estate and our Logistics operations are actively reducing the use of plastic packaging materials, replacing them with paper-based, re-used and recyclable materials.

Table 7: FCDO Services Waste

Waste Disposal Method*	Baseline	Performance**					
	2017/18	2021/22		2022/23		2023/24	
	Tonnes	Tonnes	Expenditure GBP (£)	Tonnes	Expenditure GBP (£)	Tonnes	Expenditure
Total volume of waste	92	92	£113,140	66	£38,281	82	£63,736.46
Landfill	0	0	0	0	0	0	0
Recycled (Total)			£89,110	36	£12,047	53	£7,627
Reused			£11,980	0	0	0	0
Composted	49	67	£1,400	5	£1,130	8	0
Non-ICT Waste				26	£9,465	46	£7,627
ICT Waste			£75,730	5	£322	0	0
Incinerated With Energy Recovery						29	£56,109.44
Non-ICT waste	43	25	£20,588	29	£26,234	28	£48,748.65
ICT waste						1	£7,360.79
Incinerated Without Energy Recovery	0		£3,442	-	0	-	0
% Recycled	53%	73%		55%		65%	

* FCDO Services waste volumes are rounded to the nearest whole metric Tonne.

** FCDO Services waste volume is apportioned by FTE as a proportion of the annual FCDO FTE total, due to shared sites and services. 2023/24 Expenditure is for invoices incurred by FCDO Services directly, previous years have been apportioned

Greening government commitments: progress against paper consumption target

2025 Target: Reduce paper use by at least 50% from 2017/18 baseline.

2023/24 Performance: Paper usage decreased by 89% in 2023/24 compared to the 2017/18 baseline. We have encouraged lower paper usage through new ways of working particularly 'digital by default', resulting in a 58% reduction in 2023/24 compared to 2022/23.

Table 8: FCDO Services' Paper Use

Paper Consumption	Baseline	Performance		
	2017/18	2021/22	2022/23	2023/24
Total paper consumption (reams A4 equivalent)	5,830	930	1,479	619
Staff FTE	996	1,157	1,084	1,140
Reams Per FTE	6	0.8	1.3	0.5

Greening government commitments: progress against water target

2025 Target: Reduce water consumption by at least 8% from the 2017/18 baseline.

2023/24 Performance: FCDO Services' overall water usage decreased by 6% in 2023/24 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. This includes a campaign to encourage speedy reporting of leaks and faults to minimise water loss.

Table 9: FCDO Services' Water Consumption

Water consumption	Baseline	Performance		
	2017/18	2021/22	2022/23	2023/24
Consumption (cubic metres)	8,432*	7,141	7,027	7,922
Staff FTE	996	1,157	1,084	1,140
Cubic metres Per FTE	8.5	6.2	6.5	6.9
Expenditure	£17,213	£22,273	£20,665	£18,428

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



British High Commission, Ottawa

Accountability Report





Accounts and calculator, Getty Images

Review of Financial Performance

Financial Outturn 2023/24

Total revenue delivered in 2023/24 was £266.2m, an increase of £43.3m (19.4%) on the revenue of £222.9m reported for 2022/23, and underpinned by an operating surplus before financing of £7.0m (2022/23: £2.2m). The strong revenue performance is due to an increased delivery for the FCDO and long term, strategic programmes delivered to wider market customers.

Revenue from the FCDO (£154.3m) recorded an increase of £24.4m (18.8%). This was driven by additional work delivered on existing major programmes including the Global Maintenance Programme and across the Technical Security portfolio, and also new work including delivery of Armoured Vehicles.

FCDO Services achieved a gross surplus before operating expenses of £51.5m, a return of 19.3% on revenue which is higher than 2022/23 (£40.4m, 18.1%). There are a number of drivers contributing to this increase including e.g. less reliance on professional services and work packages with more work delivered by FCDO Services resource and greater efficiency in our logistics operation with an increased consolidation of consignments. Utilisation remained in line with prior year at 85%.

During 2023/24 other income of £0.4m was received (£0.4m in 2022/23) being solely the drawdown of monies from the apprenticeship levy relating to recoverable training costs of eligible personnel. Our operating expenses at £44.6m are running at 16.7% of revenue compared to 17.3% in 2022/23, this is an increase of £6.0m compared to the prior year reporting to support the increase on revenue over the prior year.

The Engineering segment operating deficit of £1.6m compares to an operating deficit of £1.9m for the prior year. This is predominantly due to delivery of long term, strategic projects for the wider market which FCDO Services are acting as a service integrator.

The Technology segment operating surplus of £4.7m compares to an operating deficit of £0.7m for the prior year. The improved surplus is predominantly due to a year-on-year increase in revenue from £54.0m to £83.1m, thanks to large programmes of work with wider market customer.

The Global Services segment operating surplus of £4.0m compares to an operating surplus of £4.9m for the prior year. Whilst there has been a year-on-year increase in revenue from £67.4m to £98.6m, the additional revenue is largely from programmes of work that are low margin or pass through programmes. The Global Services segment was also impacted by inflationary pressures on travel costs on subscription services which were not fully passed on to customers

Impact of inflationary pressures

The business has worked hard to mitigate inflationary pressures during the course of the year. We did not pass on cost inflation to our customers, increasing prices by only 4.1%, and 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 2023/24 totalled £2.5m (2022/23: £1.1m), comprising bank interest receivable and driven by having a higher bank balance throughout the year.

Surplus for the year

Our reported surplus before financing of £7.0m (2022/23: £2.2m) represents a net contribution of 2.6% compared with 1.0% in 2022/23, reflecting the impact of drivers mentioned above. The statutory dividend charged in this financial year was £2.6m (2022/23 £2.4m) with no discretionary dividend charged (2022/23: £nil), resulting in a retained surplus for the financial year of £7.0m (2022/23 £0.9m).

Net assets

FCDO Services continues to invest in accordance with the requirements in our Corporate Plan, with capital additions of £6.8m in property, plant and equipment. This was higher than the 2022/23 expenditure of £5.5m as we continue to invest in our IT infrastructure and people.

At 31 March 2024, FCDO Services held net assets of £74.3m against an opening year position of £67.3m, with the movement of £7.0m driven by an increase in the capital investment and an increase in current assets.

Net assets comprise non-current assets of £18.2m (2022/23: £16.5m), inventories of £4.4m (2022/23: £5.4m), cash and cash equivalents of £66.8m (2022/23: £44.1m) and other net liabilities of £15.1m (2022/23: other net assets £1.3m).

Cash generation

FCDO Services generated a net cash inflow of £22.7m, with a closing cash position of £66.8m at 31 March 2024 (2022/23: £44.1m). This increase in cash relates primarily to the increase in net surplus and a decrease in trade receivables of £15.3m compared to 2022/23.

Cash management

Trade receivable days outstanding were 31.5 days at the end of March 2024 (March 2023: 44.9 days), reflecting optimised processes and procedures and substantial billing activity at year end.

Effective cash management ensured that liquidity remained strong, with a quick ratio of 1.8 at 31 March 2024 (2022/23: 1.6).

Financial performance targets

FCDO Services' financial performance in 2023/24 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 2.6% (2022/23: 1.0%), compared against a target of 0.0%.

Return on Capital Employed

ROCE: Target achieved

The result for the year of 10.3% (2022/23: 3.5%) compared against a weighted average target of 6.5% and reflects the stronger financial performance in the year.

Other ministerial targets

Customer satisfaction: Target achieved

We achieved an 86.1 (2022/23: 85.6) 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 slightly improved on previous year as we continue

to work closely with our customer base, continuing to demonstrate our ongoing commitment to improving customer service building long-term, strategic relationships.

Productivity ratio: Target achieved

Our productivity ratio target of at least 82.0% was exceeded, with an average productivity of 85.0% achieved by revenue earning staff (2022/23: 85.5%), reflecting continued efforts to find efficiency in our operations, good time recording and a customer-focused approach to delivery.

People – My Manager: Target achieved

A resulting score of 70% (2022/23: 71%) compared favourably to the target of 65%.

Engagement – Employee Engagement: Target not achieved

In 2023/24 the score achieved was 58% (2022/23 58%) compared to the target of 61%. Employee engagement remains below the ministerial target and the Executive Directors have agreed key areas to focus on at a corporate level. 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 later 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 2023/24 is £134k (2022/23: £125k).

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

16 July 2024

Table of performance against ministerial targets

Ministerial target set		Achieved	
Financial	An in-year surplus in excess of 0.00% before interest, tax and dividend	2.6%	Met
	Achievement of the return on capital employed (ROCE) of at least 6.5% (weighted average)	10.3%	Met
Operational	A productivity ratio of at least 82%, measuring actual billable hours versus available billable hours	85%	Met
Customer	An in-year customer satisfaction score of at least 82	86.1	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%	70%	Met

Corporate governance report

Directors' report

Details of FCDO Services' executive and non-executive directors for the period April 2023 to March 2024 are listed later in this report. For a full list of our board directors' roles and responsibilities visit the About Us section of the FCDO Services website.

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

FCDO Services Board



Sir Simon Gass,
Non-Executive
Director and Chair



Richard Gunning,
Non-Executive
Director



Jenny Bates,
Non-Executive
Director



Ann Tourle,
Non-Executive
Director



Bill McCluggage,
Non-Executive
Director



Lawrie Haynes,
Non-Executive
Director



Jeremy Taylor,
Chief of Operations
(Resigned 14
June 2023)



Yvonne Laird,
Chief Financial Officer,
Interim Chief of
Operations, start of
interim promotion:
23 July 2023 until 1
April 2024. Contract
ended 3 June 2024



Tim Gall,
Interim Chief
Finance Officer
Start of interim
promotion 14
March 2022 until
1 April 2024



Nasrin Cobb,
Director of
Customer
Relationships
Stepped down 31
March 2024



Gayle Worvill,
Director, People,
Appointed to board
1 April 2023



Mike Astell,
Chief Executive
Officer

FCDO Services Executive Directors



Mike Astell,
Chief Executive
Officer



Jeremy Taylor,
Chief of Operations
(resigned 14
June 2023)



Yvonne Laird,
Chief Finance Officer,
Interim Chief of
Operations: Start of
interim promotion:
23 July 2023 until 1
April 2024. Contract
ended 3 June 2024



Tim Gall,
Interim Chief
Finance Officer
Start of interim
promotion 14
March 2022 until
1 April 2024



Nasrin Cobb,
Director of
Customer
Relationships
Stepped down 31
March 2024



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



Gayle Worvill,
Director, People



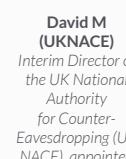
Suzanne Pinkett,
Chief of Staff
and Director of
Communications



Liz Harris,
Director of
Technology and
Operations



**Melanie
Johnson**,
Interim Global
Logistics
Operations
Director



**David M
(UKNACE)**
Interim Director of
the UK National
Authority
for Counter-
Eavesdropping (UK
NACE), appointed
30 October 2023



Jonathan Pilling
Interim Director of
Regional Services,
appointed 2
March 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

16 July 2024

Governance statement

1. Scope of Responsibility

As Chief Executive Officer (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.

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. The Framework Document is currently being revised to align with the new HM Treasury template. Additionally, FCDO Services' Corporate Governance Framework sets out the corporate governance structures within FCDO Services. The framework is periodically reviewed and assessed to ensure continued compliance with HM Treasury^{1 2} and Cabinet Office guidance³.

3. The Governance Framework

Our corporate strategy and ministerial targets are set out in a Corporate Plan, which seeks the input and support of the Partnership Board, the FCDO People and Operations Committee, the FCDO Director General, Finance and Corporate, the FCDO Permanent Under Secretary and ministers prior to submission. Our ministerial targets are then laid in both Houses of Parliament in Written Ministerial Statements. To align with the FCDO's new governance structure,

the Corporate Plan and Ministerial Targets now seek endorsement at the FCDO People and Operations Committee, as opposed to the Management Board.

During 2023/24 the membership of the Strategy and Corporate Committee, a sub-committee of the FCDO Services Board, was extended to include all Executive Directors. The membership now includes the CEO, Chief of Operations, Chief Finance Officer, Director of Customer Relationships, Director, People, Chief of Staff and Director of Communications, Director of Global Services, Director of Technology and Operations, Director of Engineering and Operations, Director of Global Logistics Operations and Director of UK NACE.

The SCC Terms of Reference were revised in 2023/24 to reflect changes in membership and the addition of oversight of health and safety and external relationships.

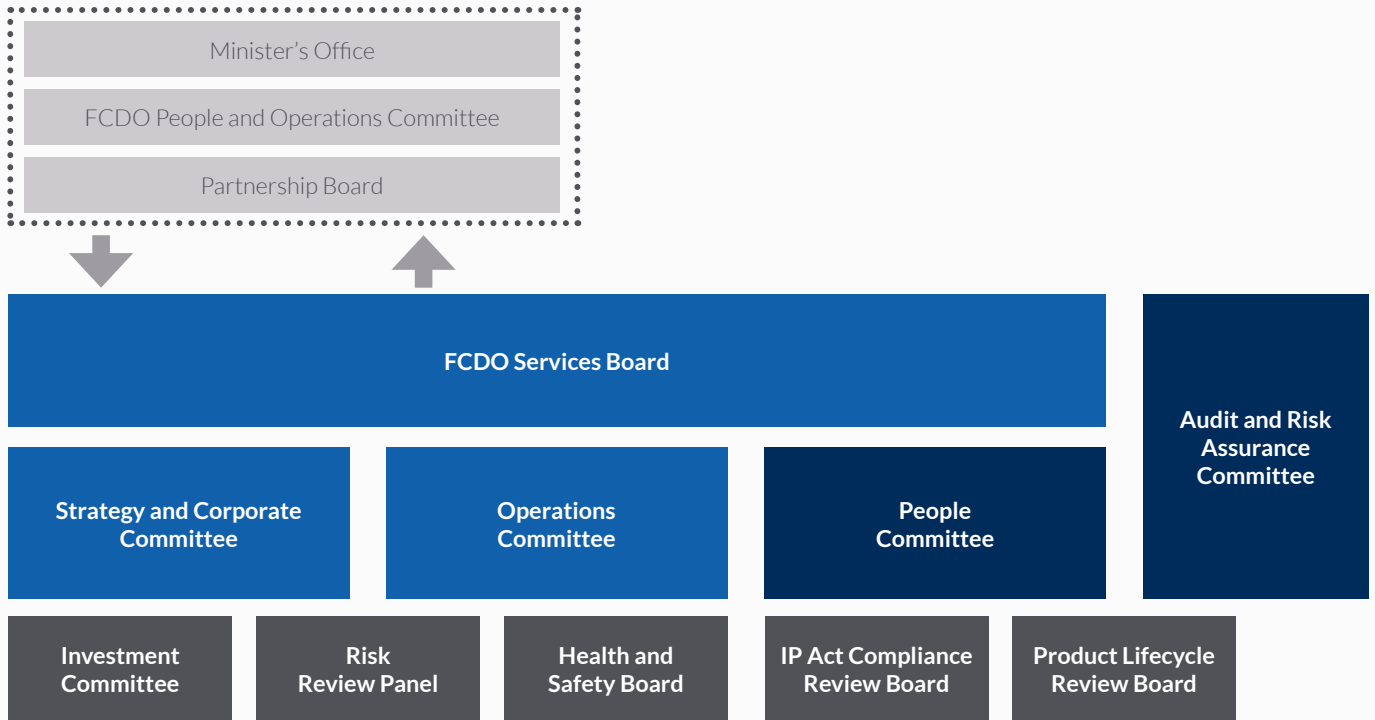
Jeremy Taylor resigned as Chief of Operations (CoO) on 14 June 2023. Yvonne Laird returned as Chief Finance Officer (CFO) on 18 April 2023 before becoming interim Chief of Operations from 23 July 2023 to 31 March 2024. Tim Gall remained as interim Chief Finance Officer for the duration of FY 2023/24, initially to aid with handover to Yvonne Laird, then remaining as interim CFO for the duration of Yvonne Laird's role as interim CoO. Nasrin Cobb retired from the FCDO Services Board on 31 March 2024.

¹ Corporate governance in central government departments – Code of good practice, published in April 2017

² Managing public money, published in May 2023

³ Partnerships between Departments and Arm's-Length Bodies: Code of good practice, published in February 2017

At 31 March 2024, the governance structure is as follows:



FCDO Services Board	
Frequency of meeting:	The Board met seven times in 2023/24
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.

The FCDO Services Board is responsible for the overall strategic management of the business, setting the corporate policy and monitoring performance. It is chaired by a non-executive director, Sir Simon Gass. The membership comprises of six non-executive directors (including the Chair), the CEO, the Chief Finance Officer, Chief of Operations, 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.

During 2023/24, the Board reviewed the departmental strategies for Customer Relationships, Regions, People (including Diversity and Inclusion), Business Services, Technology and Operations, Engineering and Operations, Corporate Communications, Global Logistics Operations and the Sensitivity Review Service. The Board also discussed the Corporate Plan, the Annual Report and Accounts and the FCDO Services Strategy.

A Board effectiveness review is planned for early 2024/25, to

be undertaken by an external reviewer. The review will cover Board composition, engagement, dynamics, strategic outputs and risk management.

The Board has four sub-committees, the Audit and Risk Assurance Committee (ARAC), Strategy and Corporate Committee (SCC), Operations Committee (OpsCom) and the People Committee. The Board and its sub-committees provide advice and support with regard to my responsibilities, with a focus on corporate governance, strategy, operations, workforce policy, risk management and internal control.

Audit and Risk Assurance Committee (ARAC) (Board sub-committee)

Frequency of meeting: The Committee met five times in 2023/24

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. The Committee meet quarterly.

Key tasks: The key tasks are 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.

The ARAC membership comprised of 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 2023/24 and has been quorate throughout the year. The FCDO Services Board has been briefed on the Committee's 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 2023/24 have included cyber risk, health and safety, HR, organisational change, and product lifecycle.

The activities undertaken by the Internal Audit and Investigations 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 2023/24.

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 Internal Audit report noted good progress on delivering objectives and a strengthening in risk management capability. There were two audits with limited assurance and action plans have been agreed to address the recommendations.

The FCDO's Investigations Department has continued to advise on matters relating to the investigation and prevention of fraud, and we have improved our collaboration during this period.

There have been four cases of suspected fraud reported to the Fraud Investigation team, this is an increase from the prior year figure of two. One of these did not fall under the remit of IAID, one was found not to be substantiated and the other two remain under investigation.

There are adequate policies and processes 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.

People Committee (Board sub-committee)

Frequency of meeting: The Committee met twice in 2023/24. The third meeting scheduled for March was not held until 11 April 2024; information is included here for completeness.

Chair: Sir Simon Gass, Non-Executive Director

Purpose: Sub-committee of the FCDO Services Board. Its purpose is to advise on key workforce issues and policy and on the appointment, development and reward of senior staff. They meet three times per year.

Key tasks: The Committee scrutinises practices and plans for:

- Identifying and developing leadership and high potential talent;
- Engaging staff to build a high performance culture and workforce;
- Identifying and managing risks associated with key people management policies and practices;
- Succession planning for Board and senior leadership roles to ensure an appropriate balance of skills and experience;
- Incentive and reward structures and policies for senior staff and the extent to which these arrangements are effective in improving performance; and
- Promoting diversity and inclusion in Board memberships and the wider FCDO

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, including turnover, hot spot areas, engaged workforce risk, executive succession planning and strategic workforce planning. A new Employee Value Proposition was also presented to the Committee for implementation. The Committee also oversaw Performance and Development

Review (PDR) consistency and made recommendations on talent ratings for the Executive team. They also reviewed the People Strategy and Diversity and Inclusion Strategy, ensuring they addressed the challenges faced by the organisation. The Committee also discussed the Reward Strategy and the approach to skills and delegated grades pay.

3.1 Board and Committee Attendance

1 April 2023 to 31 March 2024, including extraordinary Board and ARAC meetings in June 2023. People Committee attendance includes the meeting held on 11 April 2024.

Board Member	FCDO Services Board	ARAC	People Committee
Sir Simon Gass GCMG CVO Non-Executive Director, Chair of Board and People Committee	7 of 7	-	3 of 3
Richard Gunning Non-Executive Director, Chair of ARAC	7 of 7	5 of 5	-
William McCluggage Non-Executive Director	7 of 7	-	-
Ann Tourle Non-Executive Director	6 of 7	-	3 of 3
Jenny Bates Non-Executive Director	3 of 7	-	-
Lawrie Haynes Non-Executive Director	7 of 7	5 of 5	-
Juliette Wilcox Independent Director	-	4 of 5	-
Carmel Thornton FCDO Representative, ARAC (Member Until 31 December 2023)	-	3 of 3	-
Julia McDonald FCDO Representative, ARAC (Member from 30th January 2024)	-	1 of 1	-
Mike Astell CEO and Accounting Officer	7 of 7	-	3 of 3
Jeremy Taylor Chief of Operations (Resigned 14 June 2023)	1 of 2	-	-
Yvonne Laird Chief of Operations (Interim) 23 July 2023 to 31 March 2024 *	7 of 7	-	-
Vicky Muronen , Interim Senior Information Risk Officer (SIRO)	1 of 1	-	-
Tim Gall Chief Finance Officer (Interim appointment: from 12 March 2022 to 31 March 2024)	7 of 7	-	-
Gayle Worvill Director, People	6 of 7	-	3 of 3
Nasrin Cobb Director of Customer Relationships	6 of 7	-	-

* Yvonne Laird attended all Board meetings in 2023/24 as returning Chief Finance Officer, and the remaining 4 as Interim Chief of Operations

FCDO Services complies with the rules of business appointments. Advice regarding specific business appointments has been published on our website <https://www.fcDOServices.gov.uk/>

4. System of Internal Control

The following governance framework has been established to support the Board and its sub-committees:

Strategy and Corporate Committee (Board sub-committee)	
Frequency of meeting:	Monthly
Chair:	Mike Astell, Chief Executive Officer
Purpose:	Sub-committee of the FCDO Services Board. Ensures effective and strategic delivery of all corporate decisions including people management, customer relationships, finance, health and safety, sustainability, accommodation and workplace, communications, corporate strategy and corporate governance. The committee meets monthly.
Key tasks:	Develop and review the overarching vision, strategic aims, and objectives, including the Annual Report and Accounts, Corporate Plan and Ministerial Targets. Set and implement an internal and external communications strategy in line with, and in support of, the overarching vision and strategic aims and objectives. Provide director approval for corporate decisions including people management, commercial decisions and escalations from sub-committees (Investment Committee and Risk Review Panel).
Operations Committee (Board sub-committee)	
Frequency of meeting:	Monthly
Chair:	Yvonne Laird, (Interim) Chief of Operations
Purpose:	Sub-committee of the FCDO Services Board. Responsible for ensuring the effective delivery of all operational decisions related to its people, customers, operational safety, finance and security.
Key tasks:	To provide oversight and direction of operational business areas to ensure effective implementation of operational strategies against the Corporate Plan. Oversight includes ensuring operational issues and risks are managed appropriately, collaborative operational working, continuous improvement and acting as sponsoring body for operational policies. The Committee is the sponsoring body for the Product Lifecycle Review Board and provides an interface into the Strategy and Corporate Committee.
Investment Committee (SCC sub-committee)	
Frequency of meeting:	Monthly
Chair:	Tim Gall, (Interim) Chief Finance Officer
Purpose:	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.
Key tasks:	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, provided the CEO is in attendance.

Risk Review Panel (SCC sub-committee)

Frequency of meeting: Twice a year

Chair: Tim Gall, (Interim) Chief Finance Officer

Purpose: Sub-committee of the Strategy and Corporate Committee. To oversee the overall risk landscape and undertake ad-hoc deep dive reviews.

Key tasks: To provide oversight of the risk governance framework of the risk management process, and seeking assurance that first and second line risks are appropriately unpacked, escalated, cascaded, shared and communicated. Responsible for oversight of governance and assurance. 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.

Health and Safety Board (SCC sub-committee)

Frequency of meeting: Every two months

Chair: Yvonne Laird, (Interim) Chief of Operations

Purpose: Sub-committee of the Strategy and Corporate Committee. Responsible for health and safety cascades through the organisation from the CEO to every member of staff and managing health and safety by reviewing performance across all levels of the business.

Key tasks: To review safety performance information and key performance indicators, review, and lead responses to the findings of audits and inspections, implement actions for deployment of changes to health and safety policy and procedures, review health and safety learning and training requirements, and review work related risk assessments and risk control measures to ensure they are effective.

IP Act Compliance Review Board (CRB)

Frequency of meeting: Quarterly

Chair: Yvonne Laird, (Interim) Chief of Operations

Purpose: To review UK NACE's compliance with the Investigatory Powers Act 2016 (IPA)

Key tasks: Meets quarterly with X-HMG representation to discuss findings of annual Investigatory Powers Compliance Office (IPCO) inspections, appropriately manage potential current and future compliance challenges and risks associated with IPA compliance. Reports risks to the Audit and Risk Assurance Committee (ARAC).

Product Lifecycle Review Board (Operations Committee sub-committee)

Frequency of meeting: Monthly

Chair: Yvonne Laird, (Interim) Chief of Operations

Purpose: Sub-committee of the Operations Committee. To review and approve the FCDO Services product lifecycle management strategy and provide guidance for revenue generating FCDO Services products.

Key tasks: To identify FCDO Services' primary revenue generating products, review annual plans and produce health assessments of the products identified to understand the product status, risks, issues, and next steps. The Product Lifecycle Review Board (PL-RB) is an oversight board, not a decision-making board.

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 an annual considered review of our Corporate Plan, which is 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 include:

- British Standards Institution (BSI) certification in:
 - ISO 22301: Business Continuity Management
 - ISO 9001: Quality management systems – across several key operational functional areas, and
 - ISO 27001: Information Security management – across customer facing elements of our IT Services
 - ISO 45001: Health and Safety Management Systems

Second line assurance is sought from our executive 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.

We have self-assessed against the Government Functional Standards that are applicable to our business and have developed action plans to ensure our ongoing compliance with the Standards during 2024/25. Alongside this, ongoing assurance and reporting is provided throughout the year by the SIRO, giving 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, with risks actively managed by their responsible risk owner(s).

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 several 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.

4.3 Task force on climate related financial disclosures compliance

The TCFD Compliance statement is included in the Sustainability section on page 39 of the Annual Report.

5.1 Risk management framework

Our risk management 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. The Risk Appetite Statement is updated annually during our Corporate Planning round. This sets the appetite for each of our risk categories of Customer, People, Process, Technical, Finance and Governance. When planning for 2023/24 the FCDO Services Board reviewed and approved high level appetite statements across these categories.

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. We are continuing to develop the use of our in-house risk recording tool which unifies the recording of risks across operational and principal tiers.

I am not aware of any evidence to suggest material deficiencies in our risk management process. In line with the principles of the Orange Book¹ we look for continuous maturity within our organisational processes and will continue to strengthen and embed those around the management of risk. We are planning to undertake a risk management maturity assessment during 2024/25.

¹ HM Treasury, *The Orange Book | Management of Risk – Principles and Concepts*, published 2020

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 2023/24.

The Senior Information Risk Owner (SIRO) provides a regular oversight report aligned to the Government Functional 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 has been issued with a terms of reference letter for their role and made accountable through six-monthly 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, we will ensure that Data Protection Impact Assessments, Schedule of Processing Agreements, Sharing Agreements and/or Security Aspects Letters are in place.

The Digital Design Authority role is to make sure products or services that deliver technical or information-based systems have their lifecycle reviewed on initiation and annually. This ensures the standards of governance and assurance are in place and being maintained for digital solutions.

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 Chief Information Security Officer (CISO) and the output of which is incorporated into the SIRO report. In 2024/25 there will be a new Cyber Operations committee, covering incidents, vulnerabilities and threats affecting operational services in Technology and Operations.

FCDO Services re-certified for Cyber Essentials Plus and ISO 27001 (Information Security Management) in 2023. 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. FCDO Services has been undertaking GovAssure (the new cyber security assurance approach) for its OFFICIAL hosting platform and is at Stage 5 awaiting review by the Government Security Group (Cabinet Office).

5.3 Priorities for 2024/25

- Assessment and implementation of the new Data Protection and Digital Information Bill once approved by Parliament.
- Extending GovAssure which is a mandatory assurance for Government digital systems across FCDO Services.
- Creation and phased implementation of a SIRO Assurance Framework which clearly sets out first, second and third lines of defence in terms of cyber, information management and information security.

6. Annual risk assessment

6.1 The key risks of 2023/24

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

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).

Customer

There is a risk that failure to establish and exercise an organisational wide customer centric approach may lead to a lack of opportunities and deteriorating customer satisfaction resulting in an inability to deliver our Corporate Plan

Primary factors considered

- Optimisation of stakeholder engagement, strategic relationships and delivering high levels of customer satisfaction
- Alignment of products and services to customer needs with focus on our organisation's Unique Selling Points
- Emphasis on our organisation's core purpose with FCDO as owner and priority customer
- Continuous improvement in products and service delivery
- Demonstrating continuous improvement of service delivery, mitigating impact of external cost drivers, and delivering more for less
- Developing commercial capability and enabling best practice (commercial management)
- Strategic growth of Revenue pipeline aligned to core products, services, and capability

Key controls in place

- Pipeline and Commercial Review Committee and Major Opportunity Assessment Committee
- Strategic stakeholder engagement matrix and organisational RASCI*
- Ministerial targets for Customer Satisfaction measured against Interviews and Surveys of both budget holders and end-user customers with focus on developed KPIs and reporting against key customer priorities
- Strategic Market insight reporting and Product Lifecycle Review Board and strategic account plans
- Risk identification and management through enhanced collaborative working with customers, suppliers, and delivery partners
- Organisational pricing strategy, pricing and commercial assurance processes and commitment to provide transparency
- Commercial governance, assurance, and systemised processes
- Periodic market price assessments

*RASCI is an acronym that stands for **responsible, accountable, supporting, consulted** and **informed**.

Finance

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

Primary factors considered

- Revenue, costs and assets adequately controlled to support commercial decisions
- Cash reserves which are sufficient to sustain a 'going concern' assumption
- Maintaining an ethical, compliant supply chain
- Robust financial processes and procedures, safeguarding against errors and potential instances of fraud or non-compliance with statutory regulations
- Compliance with commercial processes and procedures
- Compliance with regulatory and central government requirements

Key controls in place

- 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
- An operational understanding of IFRS15, and compliance with Government Finance Standard GovS 006, Audit Standard GovS 009, Counter Fraud Standard GovS 013, and Debt Management Standard GovS 014
- Tenders submitted using existing government frameworks where appropriate
- Skilled procurement teams with Chartered Institute of Procurement and Supply (CIPS) Corporate Ethical Procurement and Supply accreditation
- Mandatory training of all staff prior to allowing access to financial systems
- Suitably skilled and qualified accountancy staff in financial management roles
- Financial control framework including policies and procedures and alignment to Finance Global Design Principles
- External Audit (third line of defence)

Governance

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

Primary factors considered

- The Machinery of Government (domestic and foreign) may adversely influence FCDO Services' operational business
- Timely delivery of projects and services, within budget and meeting quality standards
- The meeting of health and safety, security, and quality standards (for ourselves and third-party suppliers)
- Geopolitical events which test operational resilience
- The geographical range within which FCDO Services operates
- Business continuity planning to enable business to continue operating in business continuity events
- Compliance with prevailing Government Greening Commitments and customers' requirements for sustainable supply
- External environmental factors, which may impact upon operations and delivery, (e.g., flood, earthquake, etc.)
- Effectiveness of data governance and information management

Key controls in place

- A close relationship with our parent organisation, the FCDO, with aligned ministerial oversight
- Alignment to Government Functional Standards
- Structured partnership review groups, assuring alignment of objectives
- Segregation of duties, delegated authorities, and standardised reporting
- Risk management framework and tools
- Regulatory and internal compliance assurance through assurance activities, inspection and routine audit and published governance structure
- Health and safety management system including policies, procedures and management tools supported by internal governance and competent health and safety support
- A Gold, Silver, Bronze business continuity incident management structure in place, tested and operating
- 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
- Regular communications and awareness to all staff, including mandatory annual training
- Quality Assurance teams (2nd and 3rd line of defence)
- Regular reporting to owner, customers, and statutory bodies
- Certification to internationally recognised standards, including ISO 9001, ISO 20000, ISO 27001, ISO 22301, ISO 45001, and Cyber Essentials Plus
- An appointed information assurance community who manages information asset registers and completes bi-annual information assurance returns
- Third line Assurance (the Audit Risk and Assurance Committee (ARAC) and Internal Audit)

People

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

Primary factors considered

- Employer duty of care to staff, including safe working practices and environments and a workplace that respects diversity and all staff
- Competitiveness of reward package, financial and pay constraints and labour market shortages
- Resource planning and cost management
- Dependency upon customer insight and pipeline planning
- Workforce planning to initiate timely recruitment and to build skills to meet future needs

Key controls in place

- Compliance with policies, procedures, and processes, incorporating statutory and regulatory requirements is monitored
- Long-term investment in learning and development on leadership, management, business specific and technical skills
- Reward package, including flexible working and targeted shortage skill allowances, new routes to market and employer value proposition to attract and retain employees
- Skills based pay structure and job family framework in place to improve pay, career progression and to develop and retain talent
- Diversity and Inclusion Strategy and action plan covering 2021-24
- Stakeholder relationship management to build revenue and longer-term work pipeline
- Development of Strategic Workforce Planning
- Employee Assistance Programme

Process

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

Primary factors considered

- Operational processes and procedures to safeguard against errors and potential instances of fraud or non-compliance with statutory regulations
- Financial processes and procedures to safeguard against errors and potential instances of fraud
- A risk aware culture reflected in leadership and management behaviours
- Commercial excellence
- Security and Information Governance processes

Key controls in place

- Monthly management accounts process
- Health and safety management system including policy, procedures management tools and incident management processes
- Security and information governance processes overseen by the Senior Information Risk Owner and Digital and Information assurance teams
- Comprehensive Business Continuity and Incident Response Plans
- Supplier assurance guidance, policy and process and adherence to recognised standards
- Positioned within HMG's crisis response structures, where we are recognised as a vital source of knowledge and expertise at all stages of response
- Continuous improvement and streamlining of processes
- Business Improvement Team
- Certification to internationally recognised standards, including ISO 9001, ISO 20000, ISO 27001, ISO 22301, ISO 45001, and Cyber Essentials Plus
- Certification to internationally recognised processes
- Risk Management framework
- Processes and systems align to ensure commercial activities are conducted in compliance with delegated authorities
- Insider Threat Board to consider insider threat across the organisation and associated trends
- Cross system exception reporting with remedial action to regularise where required
- Commercial assurance and data validation

Technical

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

Primary factors considered

- Resilience of FCDO Services business critical live systems
- Investment and development of customer facing IT infrastructure to meet long-term needs
- Alignment of designs with industry and National Technical Authority best practice
- Ensuring effective methods for acceptance into service of new services and devices, underpinned by effective training
- A cyber/data incident which could lead to a loss of confidentiality, integrity, or availability of service
- Legal obligations, ensuring that we have the ability to respond appropriately, and to confirm compliance with legal requirements
- A comprehensive approach to holistic security to protect personnel, information, and infrastructure
- Customer agreements, designed to uphold security balance and systems responsibility
- Security of the supply chain, to ensure clear responsibilities
- The environmental footprint of the products and services which are offered by FCDO Services

Key controls in place

- Technology strategy, with associated investment plans, to maintain integrity of core IT platforms
- Maintenance to relevant Government frameworks including GovS 007, GovAssure and DSHC
- Certification to internationally recognised standards, including ISO 9001, ISO 20000, ISO 27001, ISO 22301, ISO 45001, and Cyber Essentials Plus
- Education and Awareness of all aspects of holistic security and information behaviour to include cyber, information (management and rights), personal, technical, and physical
- Comprehensive regime of monitoring and independent health checks and alignment with National Cyber Security Centre (NCSC) and National Protective Security Authority (NPSA) best practice
- Adequacy of supply chain management, to ensure that suppliers have appropriate standards and clauses in place for cyber, physical, personnel and data protection clauses
- Alignment of designs with industry and National Technical Authority best practice
- Data Protection Impact Assessments/ Data Processing Agreements are in place where personal data is being processed
- Information assets are reviewed every 6 months and information risks raised
- Alignment to regulators good practice (Information Commissioner's Office, NCSC, etc.) and UK strategy/policy such as Cloud First, National Data Strategy
- Digital Design Authority and Cyber Security Working Group
- Conducting regular business continuity exercises

7. Overall Summary

FCDO Services' resilience has enabled it to navigate numerous challenges throughout 2023/24. 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. This opinion takes account of core financial and risk-based audits.

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 2023/24.

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 ongoing development.

Mike Astell

Chief Executive Officer and Accounting Officer

16 July 2024

Remuneration and staff report

Remuneration report

This report provides details of the remuneration, compensation payments, service contracts and pensions of FCDO Services Board members for the year ended 31 March 2024. 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 April 2024. Nasrin was appointed to the board on 9 December 2022.

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/ secondment as Chief of Operations. He reverted to his substantive position and original terms and conditions after a handover period on the 1 April 2024, with his temporary promotion concluding on the 31 March 2024.

Gayle Worvill (Director, People). Gayle was appointed on 1 February 2023 on a permanent promotion from D7.

Yvonne Laird (Deputising Chief of operations). Yvonne was appointed on 15 October 2018 on a four year fixed-term contract which was subsequently extended. Yvonne left FCDO Services on 3 June 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 14 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 £'000		Performance Related Payment £'000		Pension Benefits (to Nearest £'000) (Note 1)		Total £'000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Mike Astell	160-165	150-155	0-5	0-5	61	47	220-225	200-205
Nasrin Cobb	120-125	35-40 (115-120 full year equivalent)	0-5	-	46	-3	165-170	30-35
Tim Gall	105-110	95-100	0-5	0-5	64	22	175-180	120-125
Gayle Worvill	100-105	-	0-5	-	125	-	230-235	-
Yvonne Laird	130-135	60-65 (115-120 full year equivalent)	0-5	5-10	49	33	180-185	100-105
Jeremy Taylor (resigned 14 June 2023)	75-80 (140-145 full year equivalent)	105-110 (140-145 full year equivalent)	0-5	-	-	42	75-80 (140-145 full year equivalent)	150-155

	2023/24	2022/23
Band of Highest Paid Director's Total Remuneration (£'000)	160-165	150-155
Salary Only Median £	44,612	42,174
Total Pay and Benefits Median £	45,755	44,208
Salary Only Lower Quartile £	31,324	29,530
Total Pay and Benefits Lower Quartile £	32,852	31,350
Salary Only Upper Quartile £	63,222	59,527
Total Pay and Benefits Upper Quartile £	65,400	62,250
Median Ratio (Note 2)	3.6	3.4
Ratio Lower Quartile (Note 2)	4.9	4.9
Ratio Upper Quartile (Note 2)	2.5	2.4

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

Note 2. FCDO Services is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce as well as earnings at the 25th and 75th quartile point. The basis for the median pay, 75th and 25th quartile calculations for both financial years is based on the requirements specified in the Hutton Review of Fair Pay – Implementation Guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff (including contractors in 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 increased to 3.64 times earnings due to an increase in the banding of the highest paid director.

Note 3. The remuneration figure for Yvonne Laird has increased in 2023-24 due to parental leave taken in the prior year.

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

	Total Salary and Allowances		Bonus Payments	
	2023/24	2022/23	2023/24	2022/23
Staff average	-5%	5%	-5%	34%
Highest paid director	7%	-3%	-100%	-67%*

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 2023/24 was £160k-£165k (2022/23 £150k-155k). This was 3.6 times (2022/23 - 3.4) the median remuneration of the workforce, which was £45,755 (2022/23 £44,208). In 2023/24, 3x line position currently held by a contractor (2022/23 - 4) received remuneration in excess of the highest paid director. Excluding the highest paid director, remuneration ranged from £24,550 to £175,500 (2022/23 £19,173 to £187,000). 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.

In line with the Senior Salaries Review Body (SSRB) recommendations, FCDO Services set our performance bonus value at 2023-24 at:

Grade	SCS1	SCS2
Exceeding	£6,500	£8,500
High Performing	£4,500	£5,500
Achieving/ Partially Met	No bonus in line with SCS Pay Guidance	

The values are slightly higher than last financial year but take in to account the fact that SCS staff were not eligible for the one off payment made to recognise the impact of the rise in the cost of living.

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided and treated by HM Revenue and Customs as a taxable emolument. No executive member or key management personnel received any benefits in kind in 2023/24.

Pension benefits (subject to audit)

	Accrued Pension at Pension Age as at 31 March 2024 and Related Lump Sum (Note 1)	Real Increase in Pension and Related Lump Sum at Pension Age	CETV at 31 March 2024 (Note 1)	CETV at 31 March 2023 (Note 1)	Real Increase in CETV (Note 1)	Employer Contribution to Partnership Pension Account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mike Astell	5-10	2.5-5	150	66	45	-
Nasrin Cobb	20-25	2.5-5	374	276	42	-
Tim Gall	30-35	2.5-5	604	413	51	-
Gayle Worvill	35-40 plus a lump sum of 90-95	5-7.5 plus a lump sum of 10-12.5	664	-	94	-
Yvonne Laird	15-20	2.5-5	200	120	29	-

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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. Jeremy Taylor left FCDO Services with less than 2 year's reckonable service, therefore he has not accrued any pension benefits.

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the

PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switched to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in

both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based

on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Non-Executive Directors

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

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

FCDO Services' Non-Executive Directors are not employed on civil service terms and conditions of employment, except for Jenny Bates 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 then to 31 January 2024, and again to 31 July 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.

Julia McDonald, was appointed as a Member of the Audit and Risk Assurance Committee on 30 January 2024. 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)

	2023/24	2022/23
	£'000	£'000
Jenny Bates ^(Note 1)		-
Sir Simon Gass GCMG CVO ^(Note 2)	25-30 (30-35 full year equivalent)	-
Richard Gunning	15-20	15-20
Lawrie Haynes	15-20	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 for 2022/23 as he was a civil servant employed by the Cabinet Office.

Mike Astell

Chief Executive Officer and Accounting Officer

16 July 2024

Staff report

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

Details provided as at 31 March 2024

Pay Band	Number of Senior Civil Service Staff
SMS 1	7
SMS 2	2

Details provided as at 31 March 2023

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

Staff report (subject to audit)

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

Summary of average FTE

Staff Numbers	Permanent and Fixed Term Employees	Other *	31 March 2024 Total
Service Delivery	974	201	1,175
Corporate Services	141	7	148
Total	1,115	208	1,323
Capitalised Staff**	(2)	(7)	(9)
Net Staff Numbers	1,113	201	1,314

Staff Numbers	Permanent and Fixed Term Employees	Other *	31 March 2023 Total
Service Delivery	934	134	1,068
Corporate Services	113	6	119
Total	1,047	140	1,187
Capitalised Staff**	(3)	(8)	(11)
Net Staff Numbers	1,044	132	1,176

* 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 2024			
	Permanent and Fixed Term Employees* £'000	Other ** £'000	Total £'000
Salaries / Agency Staff and Fee Paid Officers	58,715	24,755	83,470
Social Security Costs	5,609	11	5,620
Apprenticeship Levy	484	-	484
Other Pension Costs***	12,161	-	12,161
Total Staff Costs	76,969	24,766	101,735
Capitalised Staff Costs	(136)	(1,004)	(1,140)
Total Net Staff Costs	76,833	23,762	100,595

31 March 2023			
	Permanent and Fixed Term Employees* £'000	Other ** £'000	Total £'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
Total Staff Costs	70,361	18,488	88,849
Capitalised Staff Costs	(183)	(907)	(1,090)
Total Net Staff Costs	70,178	17,581	87,759

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

** Other comprises contracted and agency staff.

*** 2023/24 variance in value of £1k to pension note below relates to opening and closing accruals (2022/23 £19k).

Pensions

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

For 2023/24, employers' contributions of £11,987,856 were payable to the PCSPS (2022/23

£10,759,982) 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 2023/24 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 £168,871

(2022/23 £192,038) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £5,376 (2022/23 £6,099), 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 (2022/23 £nil). Contributions prepaid at that date were £nil (2022/23 £nil).

In the 12 months to March 2024 no individual (2022/23 no individual) retired early on ill health grounds; the total additional accrued pension liability in the year amounted to £nil (2022/23 £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 2023-24 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.

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 8.2% to 31.4%; our ethnic minority

representation by 2.3% to 10.7%; and our disability representation by 2.8% to 8%. Compared to 2023, representation has increased across all categories, and female and disability representation is the highest since we began monitoring. Female representation in our technical roles now stands at 8.2%, an increase of 0.1% in the 12 months since March 2023, and again is the highest level achieved to date.

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 further actions to reduce the disparity.

Staff Representation 2022 - 2024

	March 2024	March 2023	March 2022
Female	31.4%	29.4%	28.7%
Ethnic Minority	10.7%	10.0%	11.0%
Disability	8.0%	7.3%	7.6%

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.

Our dedicated talent outreach lead continues to significantly increase our interaction with education establishments and external early career organisations to strengthen our diversity pipeline. At the same time we are implementing our updated apprenticeship recruitment process which was reviewed 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 2023 data, showed an increase in FCDO Services' Gender Pay Gap. The pay mean gap increased from 6.0% to 7.4%, and the median pay gap from 15.4% to 18.1%. Analysis indicated the main reason for the increase was the concentration of allowance payments in March 2023 (the FCDO Services year-end) which coincided when the gender pay data was taken and was predominantly due to the implementation of a new HR and Finance system.

Staff turnover

During 2023/24, turnover at 9.0% was higher than the 2022/23 turnover of 7.9%. This is the highest level of staff turnover since 2016/17. Figures are for voluntary turnover

and therefore exclude VES, TUPE and COSOP exits and ending fixed term contracts.

In total there were 108 leavers and 164 joiners during 2023/24 compared to 90 leavers and 131 joiners in 2022/23.

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. Our completion rate was 71% (same as 2022), which remains higher than response rate in the wider Civil Service (at 65%). Positive feedback against four of the indices declined (My Work, My Manager, My Team and Learning and Development). Organisation Objectives and Purpose remained unchanged from 2022. The remaining indices all increased, with Pay and Benefits increasing the most by 8 points. All indices were below the 2023 Civil Service benchmark.

This year our Engagement score remained at 58% against a target of 61%.

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 31st March 2024:

- Senior Civil Service Grades: 62.5% (2022/23 – 50.0%) were female
- Delegated Grades 31.2% (2022/23 – 29.2%) 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 focussed 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 12.5% within Senior Civil Service grades and 0.5% within delegated grades. This is a result of a range of ongoing positive actions including:

- A focus on diversity in advertising setting, workforce ambitions, anonymised recruitment, and diverse selection panels;
- Mentoring/reverse mentoring, highlighting internal and external role models, and focussed development programmes;
- Working in conjunction with WEConnect, our gender staff network.

The people included in the Senior Civil Servants split above, are all members of the Strategic and Corporate Committee and Operations Committee. Six of the eight are the Executive Directors (detailed earlier in this report) of which 50% are female and 50% are male (2022/23: Five Executive Directors – 40% female, 60% male). Data above is based on headcount as at 31 March 2024 and 2023 respectively.

Civil Servant / Delegated grades

31 March 2024			
	Female	Male	Total
Delegated	366	808	1,174
Senior Civil Servants	5	3	8
Total	371	811	1,182

31 March 2023			
	Female	Male	Total
Delegated	327	792	1,119
Senior Civil Servants	5	5	10
Total	332	797	1,129

Sickness absence data

The average number of working days lost per employee due to sickness absence was 5.8 days in 2023/24. This compared to 5.2 days in 2022/23. 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 2023/24.

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.

- Applicants are asked on their application form to disclose whether they have a disability and if so, advise if they require any reasonable adjustments for the interview or assessment(s), access to the venue etc.

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

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

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

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

Facility time publication requirements

Table 1: Relevant union officials

Number of Employees Who Were Relevant Union Officials During 1 April 2023 – 31 March 2024	Full-Time Equivalent Employee Number
40	39.6

Table 2: Percentage of time spent on facility time

Number of employees who were relevant union officials employed during 1 April 2023 – 31 March 2024 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%	33
1-50%	7
51-99%	0
100%	0

Table 3: Percentage of pay bill spent on facility time

The Total Cost of Facility Time	£137,068
The Total Pay Bill	£746,408,000
The Percentage of the Total Pay Bill Spent on Facility Time	0.02%

Table 4: Paid trade union activities

Percentage of Time Spent on Paid Trade Union Activities as a Percentage of Total Paid Facility Time Hours	0%
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This data includes FCDO, FCDO Services and Wilton Park. The TU officials represent members from all 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 2023/24 was £0 (2022/23 £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 2024, for more than £245 per day and that last longer than six months

(a) The total number of such engagements as of 31 March	232
(b) The number that have existed for less than one year at time of reporting	105
(c) The number that have existed for between one and two years at time of reporting	45
(d) The number that have existed between two and three years at time of reporting	14
(e) The number that have existed between three and four years at time of reporting	5
(f) The number that have existed for four or more years at time of reporting	64

Table 2: For all new off-payroll appointments, or those that reach six months in duration, between 1 April 2023 and 31 March 2024 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	129
(b) The number of these engagements which were assessed as caught by IR35	126
(c) The number of these engagements which were assessed as not caught by IR35	3
(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 2023 and 31 March 2024 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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
<£10,000		-		-		-
£10,000 - £25,000		-		-		-
£25,000 - £50,000		-		-		-
£50,000 - £100,000		-		1		1
£100,000 - £150,000		-		-		-
£150,000 - £200,000		-		-		-
Total Number of Exit Packages by Type		-		1		1
Total Resource Cost (£'000)		-		95		95

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

The total payment received from FCDO in relation to the VES scheme amounted to £nil (2022/23 £95k), which included £nil (2022/23 £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 (Subject to Audit)

Losses Statement	31 March 2024	31 March 2023
Total Number of Losses	12	11
	£'000	£'000
Total Value of Losses *	107	34
Stores Losses	0	24
Fruitless Payments	56	3
Loss on currency exchange	0	6
Other	51	1

* There were no individual losses over £300,000 in either 2023/24 or 2022/23. All losses are disclosed on an accruals basis.

Special Payments and Gifts

(Subject to Audit)

In 2023/24 the costs falling into the category special payments and gifts was £nil (2022/23 £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

16 July 2024

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 2024 under the Government Trading Funds Act 1973.

The financial statements comprise: FCDO Services'

- Statement of Financial Position as at 31 March 2024;
- 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 2024 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. 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 18 July 2024

Comptroller and Auditor General

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

Financial Statements



147	5,055
<u>1,044</u>	

Annual Report and Accounts 2022/23 - Financial Statements
31 March 2023

Statement of comprehensive income		31 March 2023	
Note	31 March 2023	£'000	
		222,940	
		(182,508)	
		<u>40,432</u>	



March 2023

Non-current assets
Intangible assets
Property, plant and equipment
Total non-current

189,142
(142,319)
46,823

293
(39,863)

7,253

Current assets, financial and other assets
Cash and cash equivalents
Total current assets

Total assets
Current liabilities
Trade payables and other current liabilities
Current liabilities

Statement of comprehensive income

for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Revenue from contracts with customers	2	266,249	222,940
Cost of sales	5	(214,774)	(182,508)
Gross surplus		51,475	40,432
Other income	2	405	391
Operating expenses	5	(44,591)	(38,608)
Operating surplus		7,289	2,215
(Loss) on disposal of property, plant and equipment and intangible assets		(280)	(32)
Surplus before financing		7,009	2,183
Financing income	2	2,506	1,131
Net financing		2,506	1,131
Surplus for the financial year		9,515	3,314
Dividend	6	(2,563)	(2,417)
Retained surplus for the financial year		6,952	897
Other comprehensive net income			
Net gain on the revaluation of property, plant and equipment		75	147
Total comprehensive income for the financial year		7,027	1,044

All income and expenditure is derived from continuing operations.

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

Statement of financial position

as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Non-current assets			
Intangible assets	7	921	609
Property, plant and equipment	8	17,242	15,847
Total non-current assets		18,163	16,456
Current assets			
Inventories	9	4,413	5,385
Trade receivables, financial and other assets	10	56,841	72,129
Cash and cash equivalents	11	66,826	44,094
Total current assets		128,080	121,608
Total assets		146,243	138,064
Current liabilities			
Trade payables and other current liabilities	12	(71,756)	(70,467)
Lease liabilities	13	(27)	(33)
Provisions due within one year	14	(172)	(280)
Total current liabilities		(71,955)	(70,780)
Total assets less current liabilities		74,288	67,284
Non current liabilities			
Lease liabilities	13	(36)	(59)
Total non current liabilities		(36)	(59)
Total assets less liabilities		74,252	67,225
Taxpayers' equity			
Public dividend capital		4,981	4,981
General reserve		3,159	3,098
Revaluation reserve		194	180
Income and expenditure account		65,918	58,966
Total taxpayers' equity		74,252	67,225

Mike Astell

Chief Executive Officer and Accounting Officer

16 July 2024

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

Statement of cash flows

for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Cash flows from operating activities			
Surplus on ordinary activities before dividend payable		9,515	3,314
Adjustments for non-cash transactions	15	5,194	1,464
Net interest receivable	2	(2,506)	(1,131)
Decrease / (Increase) in inventories	9	972	(1,523)
Decrease / (Increase) in trade and other receivables	10	15,288	(39,532)
less movements in receivables relating to items not passing through the income statement			
- Accrued deposit interest		(79)	64
Increase in trade and other payables	12	1,289	23,675
less movements in payables relating to items not passing through the income statement			
- Dividend payable	12	(1,646)	(122)
Decrease in provisions	14	(108)	(120)
Net cash inflow / (outflow) from operations		27,919	(13,911)
Cash flows from investing activities			
Purchases of intangible assets	7	(86)	(16)
Purchases of property, plant and equipment	8	(6,759)	(5,526)
Disposals of intangibles, property, plant and equipment		19	3
Net cash inflow / (outflow) from investing activities		(6,826)	(5,539)
Cash flows from financing activities			
Interest received		2,585	1,067
Repayment of finance leases		(29)	(33)
Dividend paid	6 and 12	(917)	(2,295)
Net cash inflow / (outflow) from financing		1,639	(1,261)
Net increase / (decrease) in cash and cash equivalents in the period		22,732	(20,711)
Cash and cash equivalents at the beginning of the period	11	44,094	64,805
Cash and cash equivalents at the end of the period		66,826	44,094

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

Statement of changes in taxpayers' equity

for the year ended 31 March 2024

	Public Dividend Capital £'000	General Reserve £'000	Revaluation Reserve £'000	Income and Expenditure Account £'000	Total Reserves £'000
Changes in taxpayers' equity for 31 March 2023					
Balance at 1 April 2022	4,981	3,040	91	58,069	66,181
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
Total recognised income and (expense) for 31 March 2023	-	58	89	897	1,044
Balance at 31 March 2023	4,981	3,098	180	58,966	67,225
Changes in taxpayers' equity for 31 March 2024					
Unrealised net surplus on revaluation of property, plant and equipment	-	-	75	-	75
General reserve transfer - depreciation charge difference in year on revalued cost basis compared to historic cost basis	-	61	(61)	-	-
Retained surplus for the financial year	-	-	-	6,952	6,952
Total recognised income and (expense) for 31 March 2024	-	61	14	6,952	7,027
Balance at 31 March 2024	4,981	3,159	194	65,918	74,252

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.

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 14 December 2023, pursuant to section 4(6)(a) of the Government Trading Funds Act 1973, which requires the Trading Fund to comply with the accounting principles and disclosure requirements of the 2023-24 Government Financial Reporting Manual (FReM) and Trading Funds Accounts Guidance, as issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which 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 project types the following IFRS15 revenue recognition is applied:

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. Where performance obligations exist 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.

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.

Subscription and Call Off Projects:

Contracts have monthly or regular performance obligations, which are recognised as the customer consumes the service and recognised over time. Subscriptions are recognised over the time which they cover with call off projects recognised at a point in time.

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 (4.72% for 2024).

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.

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:

Information technology	2 to 8 years
Transport equipment	2 to 8 years
Plant and machinery	5 to 20 years
Fixtures	10 to 25 years
Right of use assets	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. The only right of use assets are 4 forklift trucks

FCDO Services has a Memorandum of Terms of Occupancy (MOTO) arrangement in place in respect of accommodation provided by the Foreign, Commonwealth and 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 £6.3m (2022-23 - £4.1m). 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:

Software licences	3 to 5 years
Research and Development	3 to 5 years

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

1.12 Research and development

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

1.13 Government grants

Government grants relate to property, plant and equipment and are recognised at fair value in the government grant reserve. The grant is recognised as income over the life of the asset. There were no government grants in the current year (2022/23: 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	4.26%
Medium-term	After 5 years and up to and including 10 years from the SOFP date	4.03%
Long-term	After 10 years and up to and including 40 years from the SOFP date	4.72%
Very long-term	Exceeding 40 years from the SOFP date	4.40%

Inflation Rates		
Year 1	Between 0 and up to and including 1 year from the SOFP date	3.60%
Year 2	After 1 year and up to and including 2 years from the SOFP date	1.80%
Into perpetuity	Exceeding 2 years from the SOFP date	2.00%

Lease Rates	
Nominal Rate	4.72%

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 is 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 2024 £'000	31 March 2023 £'000
Foreign, Commonwealth and Development Office	154,335	129,963
Other UK Government bodies, and UK and international organisations (non-FCDO)	111,914	92,977
Total revenue from contracts with customers	266,249	222,940

FCDO Services has delivered its strongest revenue generating year to date with increased work for both the Foreign, Commonwealth and Development Office and in wider markets, particularly in support of the Ministry of Defence. There has been an increase in work delivered via contract management and procurement as a service to wider market customers.

Project type	Primary method of revenue recognition	31 March 2024		
		FCDO £'000	Non-FCDO £'000	Total £'000
Call off	Point in time	21,046	7,794	28,840
Fixed price	Over time	60,166	51,969	112,135
Subscription	Over time	50,328	28,620	78,948
Time and direct costs	Over time	22,795	23,531	46,326
		154,335	111,914	266,249

Project type	Primary method of revenue recognition	31 March 2023		
		FCDO £'000	Non-FCDO £'000	Total £'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	Over time	6,232	32,699	38,931
		129,963	92,977	222,940

2b. Other income

	31 March 2024 £'000	31 March 2023 £'000
Other income*	405	391
	405	391

* Other income relates to the Apprenticeship Scheme.

2c. Financing income

	31 March 2024 £'000	31 March 2023 £'000
Interest receivable	2,506	1,131
	2,506	1,131

3. Segmental reporting

From 1 April 2023, following the departure of the Chief Digital and Information Officer, the business was restructured with the removal of the Chief Digital and Information Officer function and the creation of 3 distinct customer offerings, being Engineering, Technology and Global Services. For comparison purposes the prior year segmental analysis has been restated in to the 3 new pillars.

FCDO Services is split into to three main service delivery area, Engineering, Technology and Global services:

Engineering manages all commercial and delivery aspects of multiple, project-based programmes including installations, technical architecture and construction project management. It delivers global secure technical services, technical security, translation and interpretation, and leads on the innovation of new products and services.

Technology delivers ICT operations across the UK and internationally, as well as managing the internal digital capability of FCDO Services systems and our Sensitivity Review Service.

Global Services delivers the Regional Technical Support Service and King's Messengers services across the UK and internationally, along with numerous logistics services such as procurement of overseas armoured vehicles

Analysis of operating surplus by service delivery group*	Engineering £'000	Technology £'000	Global Services £'000	Total £'000
31 March 2024				
External revenue	88,821	82,111	95,317	266,249
Internal revenue - Charged to Engineering	-	601	2,548	3,149
Internal revenue - Charged to Technology	5	-	533	538
Internal revenue - Charged to Global Services	15	360	-	375
Internal revenue - Charged to Corporate Areas	2	43	182	227
Total revenue	88,843	83,115	98,580	270,538
Cost of sales	(71,716)	(60,130)	(78,046)	(209,892)
Depreciation	(540)	(4,011)	(256)	(4,807)
Amortisation	(39)	-	-	(39)
Impairments and revaluation	-	-	-	-
Internal cost charges	(3,149)	(538)	(375)	(4,062)
Total cost	(75,444)	(64,679)	(78,677)	(218,800)
Gross surplus	13,399	18,436	19,903	51,738
Other income	311	83	11	405
Operating expenses	(15,249)	(13,743)	(15,848)	(44,840)
Allocated internal cost charges	(76)	(70)	(81)	(227)
Depreciation	(23)	(21)	(24)	(68)
Total operating expenses	(15,037)	(13,751)	(15,942)	(44,730)
Surplus before financing	(1,638)	4,686	3,961	7,009

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

3. Segmental reporting continued

Analysis of operating surplus by service delivery group*	Engineering (Restated) £'000	Technology (Restated) £'000	Global Services (Restated) £'000	Total (Restated) £'000
31 March 2023				
External revenue	105,003	52,584	65,353	222,940
Internal revenue – charged to Engineering	-	584	1,309	1,893
Internal revenue - charged to Technology	24	-	544	568
Internal revenue – charged to Global Services	74	735	-	809
Internal revenue - charged to Corporate Areas	10	99	222	331
Total revenue	105,111	54,002	67,428	226,541
Cost of sales	(86,465)	(44,167)	(50,340)	(180,972)
Depreciation	(458)	(738)	(268)	(1,464)
Amortisation	(4)	(11)	-	(15)
Impairments and revaluation	38	19	24	81
Internal cost charges	(1,893)	(568)	(809)	(3,270)
Total cost	(88,782)	(45,465)	(51,393)	(185,640)
Gross surplus	16,328	8,537	16,035	40,901
Other income	296	71	24	391
Operating expenses	(18,388)	(9,262)	(11,093)	(38,743)
Allocated internal cost charges	(156)	(78)	(97)	(331)
Depreciation	(16)	(8)	(10)	(34)
Total operating expenses	(18,264)	(9,277)	(11,176)	(38,718)
Surplus before financing	(1,936)	(740)	4,859	2,184

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

3. Segmental reporting continued* 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	Engineering £'000	Technology £'000	Global Services £'000	Corporate £'000	Total £'000
31 March 2024					
Segment assets					
Intangible assets	123	53	-	477	644
Intangible additional in year	277	-	-	-	277
Property, plant and equipment	1,454	7,496	533	1,007	10,490
Property, plant and equipment additions in year	921	5,362	464	5	6,752
Inventories	1,337	-	3,076	-	4,413
Trade and other receivables	31,398	7,822	17,738	(117)	56,841
Cash and cash equivalents	-	-	-	66,826	66,826
Segment liabilities					
Current liabilities	(17,782)	(18,084)	(11,122)	(24,966)	(71,955)
Non-current liabilities	-	-	(36)	-	(36)
Segment assets less liabilities	17,729	2,649	10,652	43,222	74,252

Analysis of assets less liabilities by service delivery group	Engineering (Restated) £'000	Technology (Restated) £'000	Global Services (Restated) £'000	Corporate (Restated) £'000	Total (Restated) £'000
31 March 2023					
Segment assets					
Intangible assets	100	36	-	474	609
Intangible additions in year	-	-	-	-	-
Property, plant and equipment	2,171	11,516	659	1,000	15,346
Property, plant and equipment additions in year	213	193	95	-	501
Inventories	1,059	579	3,746	-	5,384
Trade and other receivables	49,956	10,807	11,413	(47)	72,129
Cash and cash equivalents	-	-	-	44,094	44,094
Segment liabilities					
Current liabilities	(17,981)	(26,471)	(4,812)	(21,516)	(70,780)
Non-current provisions	-	-	(59)	-	(59)
Segment assets less liabilities	35,518	(3,339)	11,042	24,005	67,225

4. Staff costs

	31 March 2024		
	Permanent*	Other**	Total
	£'000	£'000	£'000
Salaries / agency staff and fee paid officers	58,715	24,755	83,470
Social security costs	5,609	11	5,620
Apprenticeship levy	484	-	484
Other pension costs	12,161	-	12,161
Total staff costs	76,969	24,766	101,735
Capitalised staff costs	(136)	(1,004)	(1,140)
Total net staff costs	76,833	23,762	100,595

	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
Total staff costs	70,361	18,488	88,849
Capitalised staff costs	(183)	(907)	(1,090)
Total net staff costs	70,178	17,581	87,759

* 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 2024			31 March 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net staff costs	47,742	29,091	76,833	43,957	26,221	70,178
Net agency staff and fee paid officers*	20,987	2,775	23,762	15,444	2,137	17,581
Training and recruitment	214	2,483	2,697	416	2,489	2,905
Travel	16,100	397	16,497	16,389	315	16,704
Professional services*	30,721	1,015	31,736	35,004	1,078	36,082
Legal services	67	95	162	3	68	71
Work packages	10,471	1,728	12,199	12,450	1,273	13,723
Communications	1,189	522	1,711	1,155	312	1,467
Other supplies, services and facilities management	1,409	128	1,537	1,711	143	1,854
Management charges from the FCDO	1,557	196	1,753	1,367	223	1,590
IS hardware	11,333	-	11,333	4,180	-	4,180
IS software	2,196	-	2,196	3,393	-	3,393
Other machinery and equipment under £3k	1,808	236	2,044	1,632	91	1,723
Security equipment	5,700	(7)	5,693	6,680	22	6,702
Work in progress increase / (decrease)	440	-	440	(858)	-	(858)
Freight	25,482	8	25,490	15,844	6	15,850
Maintenance	29,090	943	30,033	20,106	1,202	21,308
Operating leases - other	17	-	17	10	1	11
Accommodation charges**	2,493	3,900	6,393	1,599	2,501	4,100
Loss on currency exchange	-	35	35	-	6	6
Other	254	718	972	39	249	288
Insurance	663	126	789	589	112	701
Depreciation	4,807	68	4,875	1,464	34	1,498
Amortisation of intangible assets	39	-	39	15	-	15
Impairment losses on PPE Assets	(4)	-	(4)	-	-	-
Impairment (write back) / charge	-	-	-	(81)	-	(81)
Auditors' remuneration and expenses***	-	134	134	-	125	125
Total costs	214,774	44,591	259,365	182,508	38,608	221,116

* 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 £11,000 (31 March 2023 £31,000). This includes staff costs and an appropriate recovery of overheads.

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

6. Dividend

	31 March 2024	31 March 2023
	£'000	£'000
Statutory dividend charged	2,563	2,417
Dividend	2,563	2,417

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

7. Intangible assets

	Assets under development £'000	Research and Development £'000	Software licences £'000	Total £'000
31 March 2024				
Cost or valuation				
At 1 April 2023	568	29	690	1,287
Additions	86	-	-	86
Reclassification from PPE	301	-	-	301
Assets brought in to use	(302)	302	-	-
Disposals	(36)	-	(85)	(121)
As at 31 March 2024	617	331	605	1,553
Amortisation				
At 1 April 2023	-	13	665	678
Provided during the year	-	30	9	39
Disposals	-	-	(85)	(85)
As at 31 March 2024	-	43	589	632
Net book value				
As at 31 March 2024	617	288	16	921
As at 31 March 2023	568	16	25	609
Owned as at 31 March 2024	617	288	16	921

7. Intangible assets continued

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

8. Property, plant and equipment

	Right-of-use assets - plant and machinery £'000	Assets under construction £'000	Fixtures £'000	Information technology £'000	Transport equipment £'000	Plant and machinery £'000	Total £'000
31 March 2024							
Cost or valuation							
At 1 April 2023	125	10,990	1,903	9,998	2,040	6,772	31,828
Transfer	-	-	-	-	-	-	-
Additions*	-	6,759	-	-	-	-	6,759
Assets brought in to use	-	(10,436)	-	8,800	505	1,131	-
Reclassification to intangible assets	-	(301)	-	-	-	-	(301)
Disposals	-	(49)	-	(1,172)	(261)	(1,118)	(2,600)
Revaluation and impairment	-	-	-	97	(25)	235	307
As at 31 March 2024	125	6,963	1,903	17,723	2,259	7,020	35,993
Depreciation							
At 1 April 2023	32	-	1,097	8,053	1,668	5,129	15,979
Charged in year	28	-	114	4,020	180	533	4,875
Disposals	-	-	-	(1,147)	(255)	(930)	(2,332)
Revaluation	-	-	-	80	(21)	170	229
As at 31 March 2024	60	-	1,211	11,006	1,572	4,902	18,751
Net book value							
As at 31 March 2024	65	6,963	692	6,717	687	2,118	17,242
As at 31 March 2023	93	10,990	806	1,945	370	1,643	15,847
Owned as at 31 March 2024	65	6,963	692	6,717	687	2,118	17,242

8. Property, plant and equipment continued

	Right-of-use assets - plant and machinery £'000	Assets under construction £'000	Fixtures £'000	Information technology £'000	Transport equipment £'000	Plant and machinery £'000	Total £'000
31 March 2023							
Cost or valuation							
At 1 April 2022	-	5,987	1,903	17,262	1,873	8,105	35,130
Initial recognition	125	-	-	-	-	-	125
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
Depreciation							
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
Net book value							
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

9. Inventories

	31 March 2024 £'000	31 March 2023 £'000
Raw materials and consumables	1,377	1,415
Work in progress	3,036	3,970
	4,413	5,385
Amount of inventory write back	283	104

10. Trade receivables, financial and other assets

Analysis by type

	31 March 2024	31 March 2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	23,012	27,453
Other receivables	385	1
Prepayments, contract assets and accrued income*	33,444	44,675
	56,841	72,129

*Included within prepayments, contract assets and accrued income is £18,312,000 relating to the FCDO (31 March 2023 £21,121,000).

11. Cash and cash equivalents

	31 March 2024	31 March 2023
	£'000	£'000
Balance at 1 April	44,094	64,805
Net change in cash and cash equivalents	22,732	(20,711)
Balance at 31 March	66,826	44,094

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 2024	31 March 2023
	£'000	£'000
Amounts falling due within one year:		
Trade payables	948	2,212
Accruals *	31,489	32,813
Contract liabilities and payments on account **	25,973	28,402
Other payables ***	9,457	2,953
VAT	1,326	3,170
Dividends payable****	2,563	917
	71,756	70,467

* Included within accruals is £7,746,000 (31 March 2023 £10,930,000) due to FCDO in respect of payroll and accrued costs.

** Included within contract liabilities and payments on account is £9,629,000 from the FCDO (31 March 2023 £6,472,000).

*** Included in other payables is £9,704,000 (31 March 2023 £2,965,000) 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 2024	31 March 2023
	£'000	£'000
Analysis by type		
Amounts falling due less one year:		
Lease liabilities	27	33
Analysis by type		
Amounts falling due after one year:		
Lease liabilities	36	59
Amounts falling due:		
Not later than one year	27	33
Later than one year and not later than 5 years	36	59
Later than five years	-	-
Balance as at 31 March	63	92

14. Provision for liabilities and charges

	31 March 2024	31 March 2023
	£'000	£'000
Balance at 1 April	280	400
Provided in the year*	(71)	113
Provisions not required written back*	(38)	(233)
Provisions utilised in the year*	-	-
Balance at 31 March	172	280

*2023/24 £71k workplace provision written back in year and £38k remediation costs written back in the year.
2022/23 £233k workplace provision written back in year and £113k remediation cost provided in year.

As at 31 March 2024 total provisions comprised of a workplace provision £97k (2022/23 £167k) and remediation costs of £75k (2022/23 £113k).

15. Adjustments for non-cash transactions

		31 March 2024	31 March 2023
	Note	£'000	£'000
Loss on disposal of intangible assets and property, plant and equipment		280	32
Amortisation	7	39	15
Depreciation	8	4,847	1,466
Depreciation on right of use assets	8	28	32
Revaluation (write back) / charge	5	-	(81)
		5,194	1,464

16. Capital commitments

	31 March 2024	31 March 2023
	£'000	£'000
Property, plant and equipment	3,511	2,361
	3,511	2,361

Contracted capital commitments not provided in these accounts.

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 2024 contingent liabilities existed in respect of employment £138,100 (31 March 2023 £151,600). 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 two 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 and Development Office, other government bodies, other central government bodies and foreign governments. These risks are managed through a robust credit management process.

Liquidity risk

The Trading Fund is not exposed to a liquidity risk as long as its annual surplus is sufficient to clear any outstanding loans and interest repayments (at the end of both 2023/24 and 2022/23 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 and Development Office who is the sole shareholder. The Foreign, Commonwealth and Development Office (the Department) is regarded as a related party. During the year FCDO Services had various material transactions with the Department which is a major customer of the Trading Fund. This included the Memorandum of Terms of Occupancy (MOTO) arrangement in place in respect of accommodation provided by the Foreign, Commonwealth and 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

16 July 2024

