

Supplementary Estimates Memorandum for the Foreign, Commonwealth and Development Office 2025-26

1. Overview

The Foreign Commonwealth and Development Office's (FCDO) enduring purpose is to lead the Government's diplomatic, development, and consular work around the world. Our overall aim is to position the UK as a responsible, reliable, and effective international actor and partner, investing in the global relationships we need to support the government's missions internationally and deliver for the British people.

The Supplementary Estimate 2025-26 provides details of the changes to the FCDO's budget since the Main Estimate 2025-26, including the Spending Review 2025 (SR25).

1.1 Objectives

Based on the priorities agreed by the previous Foreign Secretary for the current financial year, the FCDO's Priorities for the Supplementary Estimate in 2025/26 have been as follows:

1. Putting **growth** and jobs at the heart of our foreign policy
2. Enhancing the UK's **security**
3. Rebuilding our relationship with **Europe**
4. Tackling irregular **migration**
5. Restoring UK global leadership on **climate and nature**
6. Modernising our approach to **development**

FCDO's spending supports these objectives

1.2 Spending controls

The FCDO's spending is broken down into different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**"): day-to-day running costs of the department. In the FCDO's case, mainly programme funds, frontline diplomacy and development, the overseas platform, scholarships, grants to international organisations and other bodies supporting FCDO objectives and associated non-cash items.
- Capital Departmental Expenditure Limit ("**Capital DEL**"): investment in infrastructure, or loans. In the FCDO's case, mainly investment in capital assets, capital grants, research and development, and investments and assets to create growth in the future for either the UK or our partner governments.
- Resource Annually Managed Expenditure ("**Resource AME**"): less predictable day-to-day spending. In the FCDO's case, this includes accounting adjustments for financial guarantees, impairments, provisions,

foreign exchange, and the refund of certain taxes and duties paid by certain foreign and Commonwealth governments.

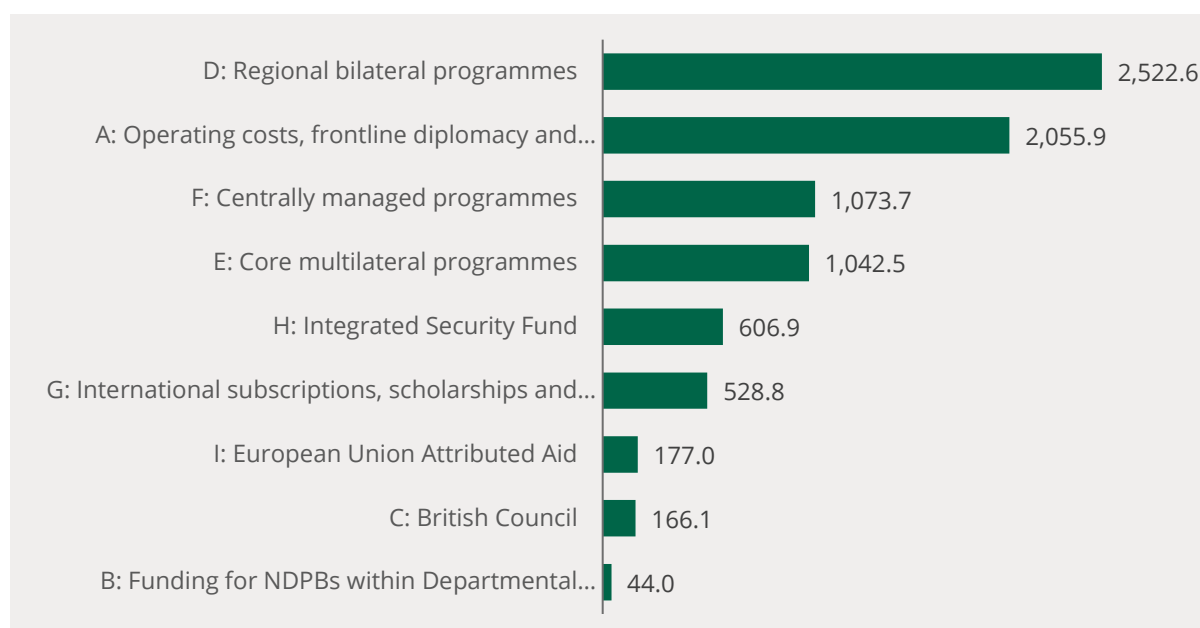
- Capital Annually Managed Expenditure (“**Capital AME**”): less predictable investment spending. In the FCDO’s case, the FCDO is required to record capital injections in its wholly owned self-financing public corporation, British International Investment (BII) as prescribed by the government budgeting rules.
- In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require FCDO to pay out cash in year.

1.3 Main areas of spending

The graphic below shows the main components of FCDO’s proposed budget for the new year, included in the latest Supplementary Estimate, and the proportions of funds spent on its main activities. Details of spend in each area is provided in section 2.0.

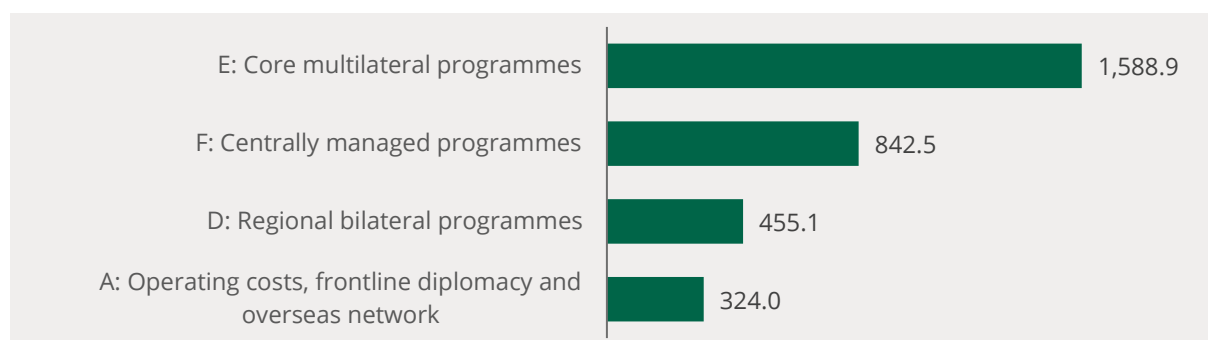
Resource DEL by spending area in 2025-26 (£ million)

(Total budget £8,217.4 million)



Capital DEL by spending area in 2025-26 (£ million)

(Total budget £3,210.5 million)

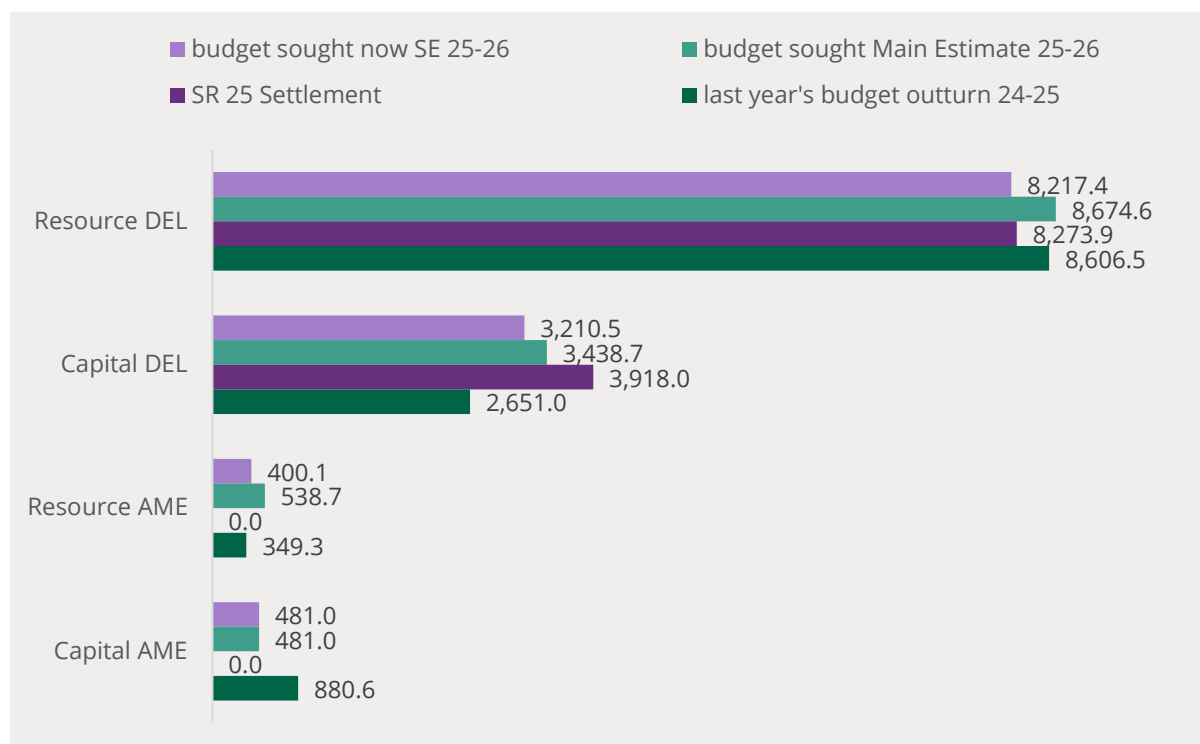


1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for the FCDO in its Supplementary Estimate compare with the Main Estimate and the latest Spending Review settlement (SR 2025):

Amounts sought this year (Supplementary Estimate 2025-26)		Difference (+/-), compared to final budget last year		Difference (+/-), compared to original budget		Difference (+/-), compared to Spending Review	
(Supplementary Estimate 2025-26)		(Outturn 2024-25)		(Main Estimate 2025-26)		SR 2025	
£m		£ m	%	£ m	%	£ m	%
Resource DEL	8,217	-389	-5%	-457	-5%	-57	-1%
Capital DEL	3,210	559	21%	-228	-7%	-708	-18%
Resource AME	400	51	15%	-139	-26%	400	100%
Capital AME	481	-400	-45%	0	0%	481	100%

FCDO budget comparison for Supplementary Estimate 2025-26 (£ million)



1.5 Key drivers of spending changes since last year

The main changes in Resource DEL since last year are:

- a budget exchange of £12.0 million from 2025-26 to 2026-27 for the International Security Fund to align budgets with timing of spend.

- a budget exchange of £12.0 million from 2025-26 to 2026-27 for the ring-fenced voluntary exit scheme budget to in line with timing of exits arising from the restructuring programme.
- ODA reduction for the FCDO of £255.0 million and £4.0 million for ISF. See section 1.8 for further information.

The main changes in Capital DEL since last year are:

- a budget exchange of £55.0 million from 2025-26 to 2026-27 for estates (£11.7 million), IFRS16 (£32.2 million), security (£10.0 million) and information and technology budgets (£1.1 million) to reflect the timing of spend. IFRS16 budgets are dependent on the timing of leases being signed, with more being delayed into next year. Further spend has slipped into 2026-27, works associated with the Global Asset Management Plan (GLAMP), and projects which were paused during the Spending Review negotiations.
- ODA reduction for the FCDO of £179.1 million. See section 1.8 for further information.
- The additional difference between 2024-25 and 2025-26 relates to the £480.0 million additional investment in British International Investment made last year.

All other spend is similar to 2024-25.

1.6 Key drivers of change since the Spending Review

The levels of DEL funding for the FCDO for 2025-26 are based on plans published in the Spending Review 2025 for the department. Since that time, the Government has made several changes to 2025-26 spending plans. Details of funding changes are set out in the Table in Annex B.

Notable amongst Resource DEL changes are:

- ODA reduction for the FCDO of £255.0 million and £4.0 million for ISF as part of the 2025/26 overall ODA reductions across government of £0.5 billion to allow for the gradual reduction to 0.3% by 2027.
- The depreciation budget was reviewed and re-baselined during the summer which resulted in reducing the RDEL administration budget by £41.1 million and an increase to the RDEL programme budget by £7.6 million.
- A corresponding reduction to the IFRS 16 depreciation budget of £7.3 million in line with the reduction IFRS 16 Capital spend mentioned in section 1.5 above.
- a budget exchange from 2025-26 to 2026-27 for the International Security Fund of £12.0 million and £12.0 million for the Voluntary Exit scheme to align budgets with timing of spend.
- a reserve claim of £11.7 million for the Consular Passport Premium for the non-discretionary levy charged as part of the passport application fee receivable from the Home Office.
- a budget switch of £6.0 million Resource DEL to Capital DEL to cover capital grants.

Notable amongst Capital DEL changes are:

- ODA reduction of £179.1 million as part of the 2025/26 overall ODA reductions across government of £0.5 billion to allow for the gradual reduction to 0.3% by 2027.
- a budget switch of £6.0 million Resource DEL to Capital DEL to cover capital grants.
- a budget exchange from 2025-26 to 2026-27 of £55.0 million for Capital expenditure to align budgets with timing of spend. See section 1.5 for further details.

Full details of movements are available in Table B attached

1.7 Reserve Claims and spending pressures

In 2025-26 the FCDO continues to operate within the Spending Review settlement received. Budgets will be monitored throughout the year to identify spending pressures, in line with the HM Treasury approach to reduce future Reserve access.

1.8 Funding and other spending announcements

Details of all new funding announcements by the FCDO can be found on [Gov.uk](https://www.gov.uk).

1.9 New policies and programmes; ambit changes

On Tuesday 25 February 2025, the Prime Minister announced that the UK will increase defence spending to 2.5% of GDP from 2027. This uplift will be funded through difficult but necessary reductions to development assistance from 0.5% to 0.3% of GNI, shifting to hard power capabilities whilst upholding fiscal discipline.

The Chancellor's Spring Statement confirmed the changes in defence and ODA spending, including the ODA saving profile to 2029-30. The Spring Statement also confirmed that ODA Department Expenditure Limit (DEL) totals will not be adjusted for GNI fluctuations to improve budget stability. As a result of this change, the FCDO no longer holds the ODA 'spender and saver of last resort' role, thus giving the FCDO more predictable budgets and allows it to support the government's ODA commitment without adjusting budgets to meet yearly spending targets.

The UK is committed to playing a significant role in international development; it is in our national interest and the interests of our partners. The UK remains committed to returning to spending 0.7% of GNI on ODA as soon as the fiscal situation allows. As set out in the Autumn Budget, £0.5 billion was reduced from the 2025-26 ODA budgets across government departments. The FCDO's proportion, £0.4 billion which was subsequently reprofiled to 2026-27, was made up of £259.0 million Resource DEL and £179.1 million Capital DEL. The remaining reductions were carried out by other ODA spending departments.

Details of all new policies and programmes announced by the FCDO can be found on [Gov.uk](https://www.gov.uk).

There are no changes to the FCDO's ambit in 2025-26.

1.10 Administration costs and efficiency plans

Administration costs are set to increase by 7% in 2025-26 compared to last year's final budget. This is mainly due to budget received in the Main Estimate 2025-26 to cover the Voluntary Exit Scheme.

Amounts sought this year (Supplementary Estimate 2025-26)		Difference (+/-), compared to final budget last year		Difference (+/-), compared to original budget		Difference (+/-), compared to Spending Review	
(Supplementary Estimate 2025-26)		(Outturn 2024-25)		(Main Estimate 2025-26)		SR 2025	
		£ m	%	£ m	%	£ m	%
Administration costs	347	22	7%	-41	-11%	3	1%

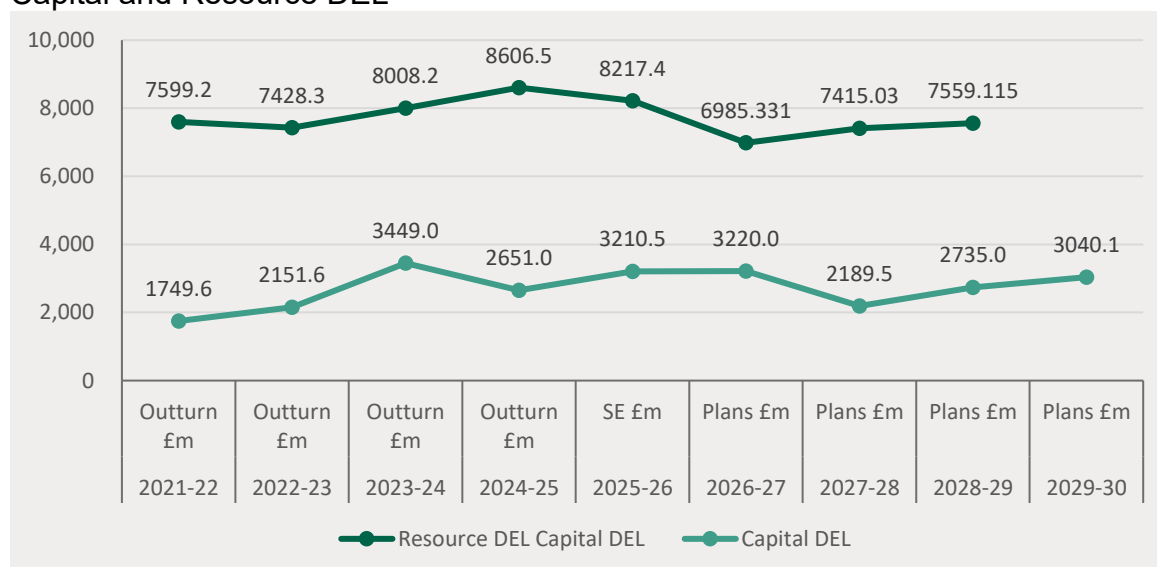
The FCDO are committed to delivering overall savings and efficiencies in 2025-26y as agreed in SR 2025 and described in the Government Efficiency Framework. Regular reporting will be provided in accordance with HM Treasury's reporting mechanisms.

1.11 Spending trends

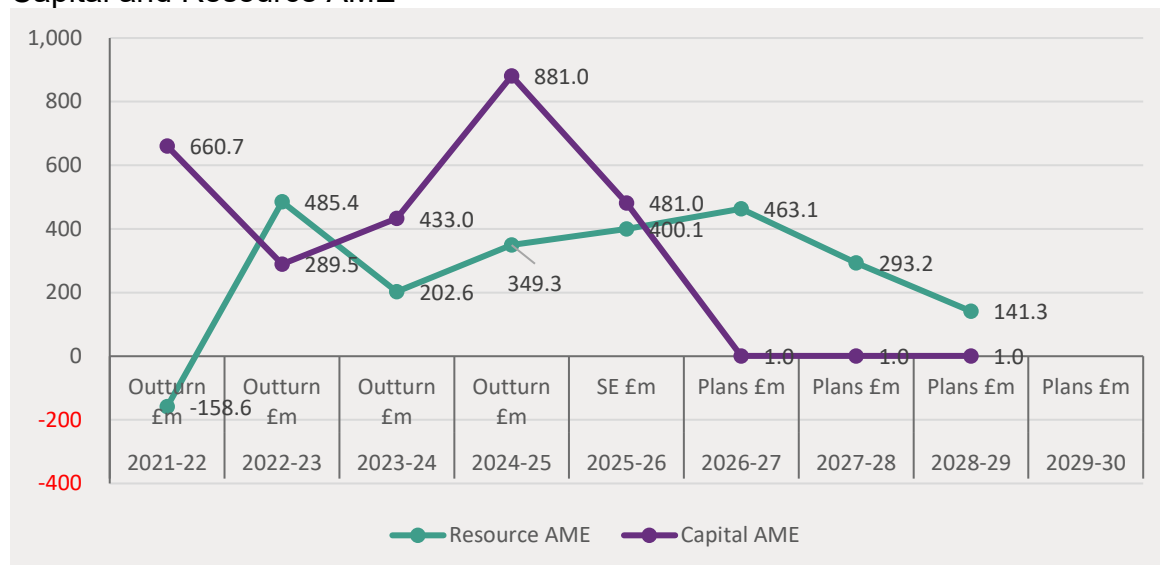
The charts below show overall spending trends for the last five years and plans presented in Estimates for 2026-27 to 2029-30. Plans for 2029-30 for Resource DEL, Resource AME and Capital AME will be confirmed in due course.

FCDO spending trends (£million)

Capital and Resource DEL



Capital and Resource AME



- Resource DEL is expected to reduce from 2025-26 to meet 0.3% ODA by 2027. Remaining Resource DEL has reduced in cash terms but remains broadly stable in real terms.
- Capital DEL is expected to reduce from 2025-26 to meet 0.3% ODA by 2027. The £991 million reduction in 2024-25 was an ODA reduction to support the in-donor refugee costs. Remaining Capital DEL has reduced in cash terms but remains broadly stable in real terms.
- Resource AME has been steadily increasing in the outturn years due to an increase in Financial Guarantees. This reduces in future plans due to the unpredictable nature of future financial guarantees, impairments, provisions and foreign exchange.
- Capital AME is mainly made up of the FCDO's capital injections in its wholly owned self-financing public corporation, British International Investment (BII). Budget for British International Investment is received within the FCDO's Capital DEL Financial Transactions budget in the Spending Review before it is switched to Capital AME in the Estimates.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table comments below show how the FCDO's spending plans for Resource DEL at the Supplementary Estimate 2025-26 compared with the budget received in the Main Estimate 2025.

Subhead	Description	Resource DEL				
		£ million			%	
		This year (2025-26 Supplementary Estimate budget sought)	This year (2025-26 Main Estimate budget approved)	changes from Main Estimate		see note number
A	Operating costs, frontline diplomacy and overseas network	2,055.9	1,414.8	641.1	45%	1,2,3
B	Funding for NDPBs within Departmental Group (Net)	44.0	44.0	-0.0	0%	
C	British Council	166.1	163.1	3.0	2%	
D	Regional bilateral programmes	2,522.6	4,149.0	-1,626.4	-39%	2,3
E	Core multilateral programmes	1,042.5	1,054.8	-12.3	-1%	3
F	Centrally managed programmes	1,073.7	513.0	560.7	109%	2,3
G	International subscriptions, scholarships and BBC World Service	528.8	435.8	92.9	21%	3
H	Integrated Security Fund	606.9	723.1	-116.2	-16%	4
I	European Union Attributed Aid	177.0	177.0	0.0	0%	

Differences of more than 10% which are more than £10 million; of more than 5% and £200 million; and significant or unusual changes, are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the Annex Tables.

1. Operating costs, frontline diplomacy and overseas network

The net increase comprised mainly of:

- net budget transfers received of £1.1 million to other departments,
- a Budget Exchange of £12.0 million Resource DEL from 2025-26 to 2026-27 for the Voluntary Exit scheme to align budget with the timing of departures,
- £40.7 million reduction to ringfenced depreciation budget follow summer re-baselining exercise and review of IFRS depreciation requirement, and
- Other routine and technical costs including £4.0 million surrender as FCDO's contribution to State Visit costs, £11.7 million received for Consular Passport Premium and £36.0 million surrender for Differential Inflation and Foreign Currency Mechanism.

2. Realignment of Programme Budget

The Estimate Rows were based on prior year allocations in the Main Estimate 2025-26 as a current year allocations had not been finalised. The movements between the Estimate Rows in the table above reflect recalibration after SR 25 allocations were completed. These movements have not resulted in any changes to the control totals.

3. Post Main Estimate 2025-26 ODA Surrender

The net £255.0 million decrease comprised mainly of:

- Operating costs, frontline diplomacy and overseas network - £18.8 million decrease,
- Regional bilateral programmes - £429.2 million decrease,
- Core multilateral programmes - £29.0 million decrease,
- Centrally managed programmes – £129.0 million increase, and,
- International subscriptions, scholarships and BBC World Service - £92.9 million increase.

4. Integrated Security Fund (ISF)

The net decrease in the Integrated Security Fund comprised of:

- net budget transfers of £93.3 million to other departments,
- £4.0 million ODA budget surrender,
- £1.0 million Budget surrender of returned INSTEX investment,
- a budget switch of £6.0 million from ISF Resource DEL to ISF Capital DEL, and,
- a Budget Exchange of 12.0 million Resource DEL from 2025-26 to 2026-27.

Capital DEL

The table comments below show how the FCDO's spending plans for Capital DEL at the Supplementary Estimate 2025-26 compared with the budget received in the Autumn Budget 2024.

Subhead	Description	Capital DEL				
		£ million			%	
		This year (2025-26 Supplementary Estimate budget sought)	This year (2025-26 Main Estimate budget approved)	changes from Main Estimate		see note number
A	Operating costs, frontline diplomacy and overseas network	324.0	391.1	-67.1	-17%	6,7
D	Regional bilateral programmes	455.1	548.7	-93.5	-17%	7,8
E	Core multilateral programmes	1,588.9	1,507.0	81.9	5%	7,8
F	Centrally managed programmes	842.5	992.0	-149.5	-15%	7,8
H	Integrated Security Fund	0.0	0.0	0.0	0%	

Differences of more than 10% which are more than £10 million; of more than 5% and £200 million; and significant or unusual changes, are explained below.

6. Operating costs, frontline diplomacy and overseas network

The main decrease arises from a Budget Exchange of £55.0 million Capital DEL from 2025-26 to 2026-27 due to changes and delays in estates budget spend. See 1.5 above for further information.

7. Realignment of Programme Budget

The Estimate Rows were based on prior year allocations in the Main Estimate 2025-26 as a current year allocations had not been finalised. The movements between the Estimate Rows in the table above reflect recalibration after SR 25 allocations were completed. These movements have not resulted in any changes to the control totals.

8. Post Main Estimate 2025-26 ODA Surrender

The net £179.1 million decrease comprised mainly of:

- Regional bilateral programmes - £166.0 million increase,
- Core multilateral programmes - £81.9 million increase, and,
- Centrally managed programmes - £427.0 million decrease.

Resource AME

The table comments below show how the FCDO's spending plans for Resource AME at the Supplementary Estimate 2025-26 compared with the budget received in the Autumn Budget 2024.

Subhead	Description	Resource AME				
		£ million			%	
		This year (2025-26 Supplementary Estimate budget sought)	This year (2025-26 Main Estimate budget approved)	changes from Main Estimate		see note number
J	Other central programme and technical costs	400.1	538.7	-138.7	-26%	9

Differences which are significantly above or below inflation are explained below.

9. Other central programme and technical costs

Resource AME is used primarily for accounting adjustments and, by definition, is volatile. It reduced to £400.1 million following a review of outstanding FX contracts and Financial Guarantees commitments expected by the end of the year, particularly for Ukraine.

Capital AME

The table comments below show how the FCDO's spending plans for Capital AME at the Supplementary Estimate 2025-26 compared with the budget received in the Autumn Budget 2024.

Subhead	Description	Capital AME				
		£ million			%	
		This year (2025-26 Supplementary Estimate budget sought)	This year (2025-26 Main Estimate budget approved)	changes from Main Estimate		see note number
K	British International Investment	481.0	481.0	0.0	0%	10

Differences which are significantly above or below inflation are explained below.

10. British International Investment

Capital AME shows British International Investment's (BII) forecast capital needs. Budget for British International Investment is received within the FCDO's Capital DEL Financial Transactions budget before it is switched to Capital AME. There are no changes to the Capital AME investment in British International Investment plc in the Supplementary Estimate.

2.2 Restructuring

There have been no Machinery of Government changes or changes to the structure of FCDO's Estimate lines since the Main Estimate 2025. However, due to the timing of SR 2025-26 and the lead time to prepare the Main Estimates 2025-26 ahead of

publication, the full allocation of the Estimate Rows had not been finalised and were therefore based on prior year allocations. Whilst keeping the overall control totals unchanged, the Estimate Rows required recalibration after SR 25 allocations were completed.

2.3 Ring fenced budgets

Within the totals, administration, research and development, financial transactions, depreciation and the Integrated Security Fund, are ring-fenced and funding cannot be transferred into other parts of the core FCDO budget without HMT approval.

Amounts sought this year (Supplementary Estimate 2025-26)		Difference (+/-), compared to final budget last year. (Outturn 2024-25)		Difference(+/-), compared to original budget (Main Estimate 2025-26)	
		£ m	%	£m	%
Research and Development (CDEL)	411	-101	-20%	30	8%
Financial Transactions (CDEL)	126	-92	-42%	0	0%
Administration (RDEL)	347	21	6%	-41	-11%
Integrated Security Fund (TDEL)	607	-121	-17%	-116	-16%
Depreciation (RDEL)	366	22	6%	-41	-10%

The £30.0 million increase to Research and Development compared to the Main Estimate arises from the realignment of programme budgets following the ODA reduction.

The Administration ringfenced budget has increased by £21.0 million compared to 2024-25 to allow for net one-off costs relating to a Voluntary Exit Scheme. It reduced by £41.0 million compared to the Main Estimate due to reprofiling of depreciation in the summer exercise.

The reduction in the Integrated Security Fund (ISF) arises from a reprofiling of ISF budgets, the ODA reduction and transfers to other departments. A full breakdown is provided in note 4 of section 2.1.

The depreciation budget was reduced by £33.4 million following a revaluation exercise in Summer 2025 and reduction of £7.3 million to the 2025-26 IFRS 16 requirement. The depreciation budget will change from Resource DEL to Resource AME from 2026-27.

2.4 Changes to contingent liabilities

The FCDO's contingent liabilities have decreased by around £6.0 billion from the Mains Estimate 2025-26 to the Supplementary Estimate 2025-26.

The decrease mainly relates to financial guarantees of £4.4 billion which were included in the Main Estimate as there was a possibility of these being agreed at the start of the year but are no longer expected to be signed in the financial year 25-26. These included World Bank guarantees of £1.6 billion for South Africa, £1.6 billion for Indonesia and £1.3 billion for Ukraine. The decrease for Ukraine is also partially attributable to favourable interest and FX movements, which reduce exposure.

In addition to this, favourable FX movements and interest rates have resulted in a reduction of £0.3 billion for the remainder of the guarantee portfolio and a reduction in contingent liabilities on callable capital balances of £1.1 billion.

An additional decrease of £0.9 billion is attributable to depositing of promissory notes in the year.

3. Priorities and performance

3.1 How spending relates to objectives

It is not possible to reflect the breakdown of resources by Priority as the FCDO is not structured in this way. Our resources, both people and projects, are cross cutting and delivery of our objectives contribute towards all of our Priorities.

3.2 Measures of performance against each priority outcome

Data on the FCDO's 2025-26 performance will be given in the FCDO 2025-26 Annual Report and Accounts which will be published in Summer 2026.

3.3 Commentary on steps being taken to address performance issues

In May 2025, the National Audit Office (NAO) published its report into "Managing FCDO's overseas estate". The FCDO accepts the NAO's findings and recommendations about managing our overseas estate and has an implementation plan in place to fully address all the NAO recommendations.

As part of the 2024 Autumn Budget settlement, £100.0 million Capital DEL from capital receipts and £50.0 million Resource DEL was baselined for the FCDO to fund estates projects in 2025-26. This marks a transition from self-funding to a sustainable funding model for the overseas estates' portfolio. In the Supplementary Estimate, the FCDO has agreed with HMT to return £11.7 million of the £55.0 million CDEL in budget exchange, driven by delays to works associated with the Global Asset Management Plan (GLAMP) and a pause to projects during the SR negotiations.

The Capital DEL continues to fund contractually committed projects that are part of the estates programme of global new builds and refurbishments, and has funded new offices in Geneva, Djibouti, Miami and Melbourne. It is also funding major works on offices in Tokyo, Lagos, Maputo, Nicosia and Gaborone which are due to complete over the SR25 period. There are also other large projects addressing urgent health and safety/end of life asset issues in Baghdad, Hargeysa, Athens, Nairobi and Luanda. We continue to invest other capital in a long pipeline of smaller projects.

The Resource DEL will continue to fund smaller estates projects helping to reduce the backlog on largely health and safety maintenance works.

3.4 Major projects

The FCDO will deliver the following major project as defined by the National Infrastructure and Service Transformation Authority (NISTA):

- A project which will refurbish and upgrade key buildings on the British Embassy compound in Tokyo.

The following project, although still on the 2024-25 report, has now completed and will be removed from the next NISTA report:

- Echo 2: a joint project with the British Council to provide new network, telephony and video-conferencing services.

Progress on major projects is recorded at:

[NISTA Annual Report 2024-2025 - GOV.UK](#)

4. Other information

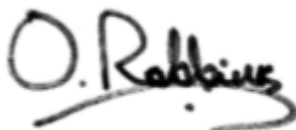
4.1 Additional specific information required by the select committee

The Spring Statement confirmed the impacts of the Government's decision to reduce ODA to 0.3% of GNI by 2027 to fund increased Defence spend. There was a £0.4 billion reprofiling to the FCDO's 2025-26 ODA budgets supporting the gradual reduction to 0.3% of GNI in 2027. See section 1.8 for further information.

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.



Sir Oliver Robbins
Accounting Officer
Permanent Under-Secretary
Foreign, Commonwealth and Development Office
12 February 2026