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CHANGES TO OVERSEAS NETWORK

Thank you for your letter of 19 February asking for further details of the changes we are making in the diplomatic network.

You asked which Posts have yielded £4.25m of savings. We have revised our estimate of the funding required for the 50 new positions we have created in the Europe network to £4.1m.

We will complete the changes that will yield £4.1m of savings by 2020, as part of our Diplomacy 20:20 Programme, and to balance our budget within this Spending Round.

Reshaping the network is a dynamic process, as we both flex to meet events and shifting priorities in the external environment, and adapt to our funding picture. On the latter, we have ongoing discussions with HM Treasury, including on the Chancellor's fund for additional EU Exit related work. I will update you on any potential changes to our funding which might affect the decisions we are taking.

As I set out in my letter of 26 January, we are seeking to deliver our frontline work efficiently, flexibly and with the same, or better, impact. In a number of overseas Posts, we are looking at different ways of funding frontline work, rather than reducing it.

For example, in Jakarta, an ODA-eligible Post, we expect to lose some prosperity-related staff from our FCO payroll, but we are planning to scale up for new prosperity programmes through the cross-government Prosperity Fund. These programmes are being developed and are going through approvals processes now.

In Kabul, up to five UK Based (UKB) jobs will be funded by the Conflict, Security and Stability Fund (CSSF), another cross-Government fund, rather than FCO pay-bill. These jobs have changed over time to deliver CSSF objectives.

Some savings proposals around the network have already been agreed and communicated with staff. These will contribute about £2m towards the £4.1m uplift. I set out below where these involve reductions to front-line jobs, with approximate savings estimates for each region. Other savings are being realised by changes to how we deliver corporate services, both at individual Posts and from our regional centres in Lisbon, Abu Dhabi, Mexico City, Washington, Pretoria, Vilnius and Manila.

Region	Post	Changes to front-line jobs	Timeframe	Estimated saving by region
Africa	Goma, DRC	Change to DFID-only post. One UKB job transferred to CSSF.	Completed.	£150,000
Americas	Sao Paolo, Brasilia, Brazil Washington, USA Bogota, Colombia	60% of 1 x UKB to Prosperity Fund; 1 LS to Prosperity Fund. One Local Staff (LS) cut One LS cut	To be completed by end 2018.	£103,000
Asia Pacific	China network Tokyo, Japan Jakarta, Indonesia	Three UKB job cuts; Three UKB jobs localised; nine LS job cuts Voluntary early severance offer to Local Staff. One UKB and one LS job to move to Prosperity Fund.	To be completed by March 2019. Details known when consultation completed. Jobs to change from 1 April 2018	£1,077,000
South Asia and Afghanistan	Kabul, Afghanistan	Up to ten UKB jobs may be funded by CSSF, relocated to London or deleted.	Plans being finalised with stakeholders, including staff. Aim to complete changes by end 2018.	£700,000
Total		Up to 31.6 job changes (18.6 UKB; 13 LS)	Estimated front-line savings to be realised by April 2019.	£2,030,000

We are considering further proposals, including ideas for restructuring in the Caribbean and Mexico, although not all may come to fruition. I would be happy to update you on these emerging proposals, in person or in writing, as they firm up.

Simon McDonald