

Foreign Affairs Committee

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From the Chair

Rt Hon Boris Johnson MP
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6 June 2018

The Committee has had an opportunity to consider the Main Estimate and its accompanying Memorandum laid by the Department on 19 April.

The Committee notes that the Department has changed its Estimate sub-heads. It welcomes the Department changing the name of subhead B to Grants to third parties as recommended by the Committee and separately identifying Prosperity Fund expenditure.

The Committee has a few queries arising from the review of the Main Estimate and would appreciate a response from the Department on the matters listed below:

1. The FCO's administration and programme budget is projected to decline by 6% from 2017-18 to 2018-19 (comparing last years' revised budget to this year's Main Estimate). By contrast, the conflict prevention and peacekeeping budgets are projected to increase by 32% and 10% respectively. Why is the administration and programme budget—which funds British embassies around the world—being reduced in 2018-19 and how are these reductions going to be achieved?
2. In your letter dated 14 March 2018, you explained that the subhead A (administration and programme) budget funds both the costs of running the FCO network and also programmes delivered through commercial contracts. Could you identify what proportion of the administration and programme budget funds the costs of running the FCO network, and what proportion funds programmes delivered through commercial contracts?
3. In a letter to the Committee dated 14 March 2018, the FCO stated that it is carrying forward £412.5 million worth of asset sales into 2018-19. However, none of these funds appear to be included in the FCO's Main Estimate 2018-19 and the FCO has not spent more than £160 million in investment in the last 10 years. When is the FCO intending to make use of the proceeds of the £412.5 million worth of asset sales, given that there are only two years remaining in the Spending Review period (2018-19 and 2019-20)?

Tom Tugendhat MP
Chair