



Foreign &
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Office

King Charles Street
London SW1A 2AH

Secretary of State

21

June 2018

Tom Tugendhat MP
Chair, Foreign Affairs Committee
Committee Office
House of Commons
London
SW1A 0AA

Dear Tom,

Thank you for your letter of 6 June 2018 about the FCO Main Estimate and its accompanying memorandum. Please see below the Department's replies to the questions raised in your letter. Your questions are shown in italicised quotes before each answer.

1. *"The FCO's administration and programme budget is projected to decline by 6% from 2017-18 to 2018-19 (comparing last year's 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?"*

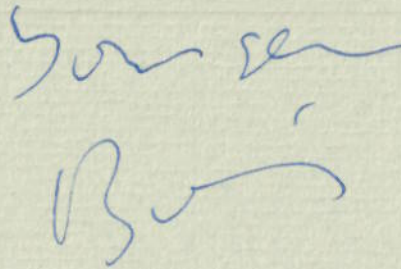
There is no reduction in the FCO's administration and programme budget. The Main Estimate is not comparable to last year's final revised budget, as the FCO's budget is routinely increased each year in the Supplementary Estimate, under longstanding agreements with HM Treasury. For example, in 2017-18 we received an in-year uplift of nearly £90m for consular costs and international subscriptions; we would expect a similar increase this year. In addition, this year's Supplementary Estimate will confirm significant new resources for EU exit preparations and for Global Britain.

2. *"In your letter of 14 March 2018 you explained that the Subhead A (administration and programme) budget funds both the costs of running the FCO network and programmes delivered through commercial contacts. 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?"*

Based on provisional outturn for 2017-18, 95% of resource spend against Subhead A relates to the costs of running the FCO network.

3. *“When is the FCO intending to make use 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)?”*

We have agreed with HMT that capital receipts from asset sales can be used by the FCO over multiple financial years. The amount to be drawn down is agreed through the Supplementary Estimate each year. The exceptional receipt from the sale of the Bangkok compound provides the opportunity to complete a programme of essential maintenance and investment spanning at least four years. To maximise value for money, we are working with HMT to use this funding beyond the end of the current Spending Review period.

A handwritten signature in blue ink, appearing to read 'Boris Johnson', is written over the printed name below.

THE RT HON BORIS JOHNSON MP