

Departmental Spending

Foreign & Commonwealth Office



Day-to-day Spending (Resource DEL)

FCO spends 0.7% of total Resource DEL

Spending Review 2015

FCO's overall spending was "protected" in real terms in the 2015 Spending Review.

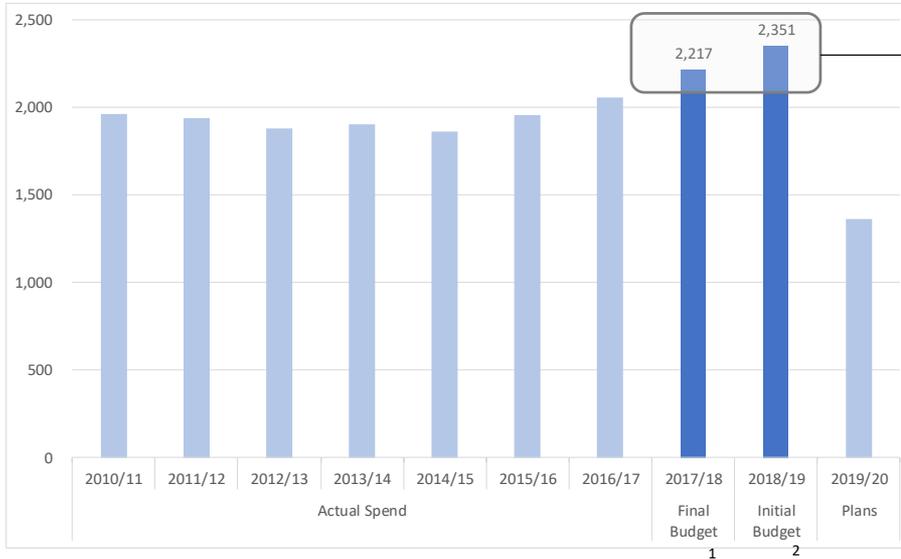
Trends

Since 2010/11: 6% real terms increase

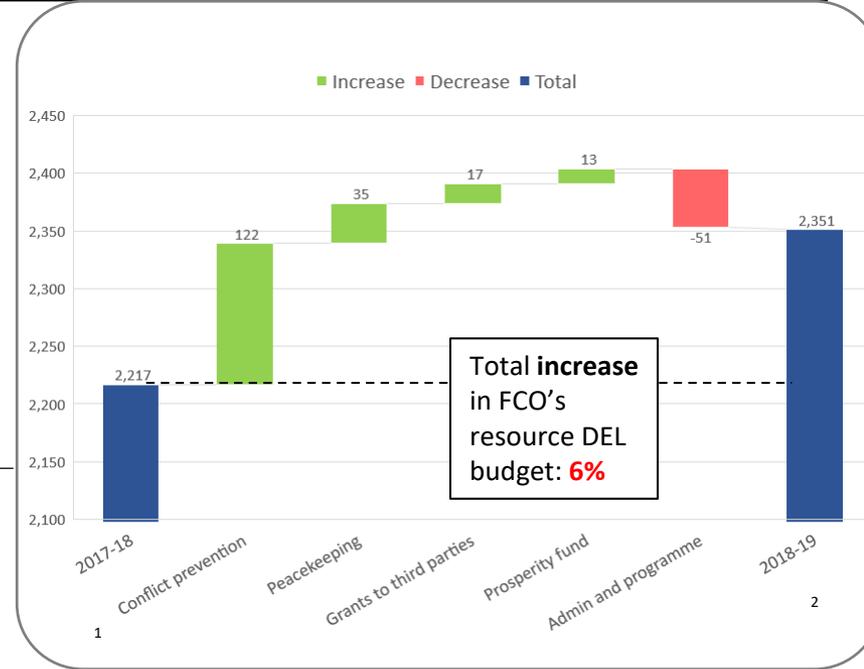
Since 2015/16: Approximately 14% real terms increase.

In real terms FCO spending reduced in the 2010 Spending Review period but increased in the 2015 Spending Review period. In real terms, FCO resource spending is now greater than it was in 2010/11.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

The 6% cash increase from last year is mainly driven by increases in its conflict prevention and peacekeeping budgets (increasing by 32% and 10% respectively).

However the administration and programme budget (mainly Embassy running costs) has fallen by 6% (£51 million)

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

² Initial budget as at Main Estimates 2018-19 (April 2018)

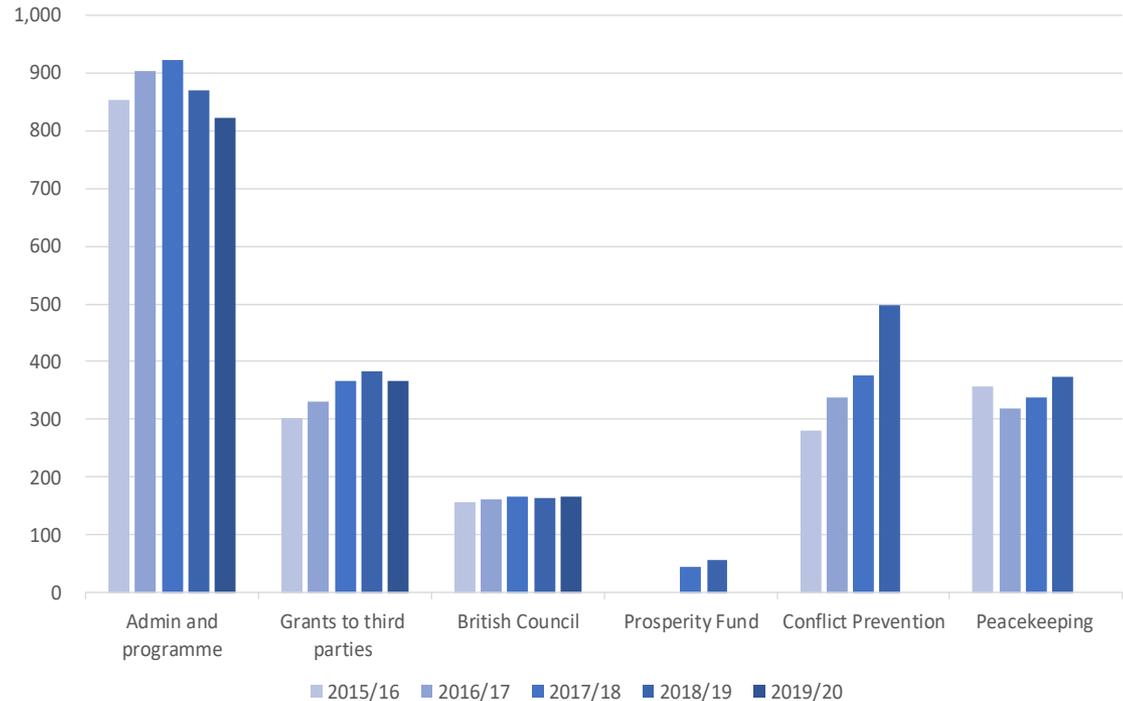
Note: to allow comparison between years this analysis excludes BBC World Service which used to be part of the FCO in the 2010 Spending Review



Breakdown of DEL spending: FCO

Resource DEL

- FCO's administration and programme budget (mostly covering embassy running costs) is showing a decline in 2018/19 and 2019/20, whereas conflict prevention and peacekeeping budgets are projected to rise in 2018/19 (no forecasts available for 2019/20).
- Conflict prevention and peacekeeping are funded by the Conflict Prevention and Stability Fund (see next slide)



Note: In the years 2015/16 to 2016/17, funding in the Prosperity Fund may be included within *admin and programme* and *grants to third parties*, so bar graphs for those years may be slightly over-stated.

Prosperity Fund is a cross-Government fund which aims to promote growth and prosperity in developing countries.

Forecasts are not available for Prosperity Fund, Conflict Prevention and Peacekeeping for 2019/20.



Investment Spending (CapitalDEL)

FCO spends 0.2% of total Capital DEL

Spending Review 2015

The Treasury allows FCO to supplement its capital budget through allowing it to carry forward income from the proceeds from the disposal of assets from the previous year. There are often fluctuations in FCO's investment budgets year-on-year due to the investment profile of capital projects as well as one-off income gains from sales of assets.

In a letter to the FCO Committee dated 14 March 2018, the Department indicated that the Treasury is allowing the FCO to carry forward some £412 million of asset sales into future years. None of this carry-forward appears to be drawn down in the Main Estimate 2018-19. The capital DEL budget for 2018-19 is only £4 million above its Spending Review settlement due to a transfer from BEIS for the Science and Innovation network. **There is a question around when FCO will be making use of the proceeds of the £412 million for past assets sales, and whether these will be used, as intended, to benefit FCO's own budgets rather than as a windfall to the Treasury.**

Total **reduction** in FCO's capital DEL budget: **-26%**

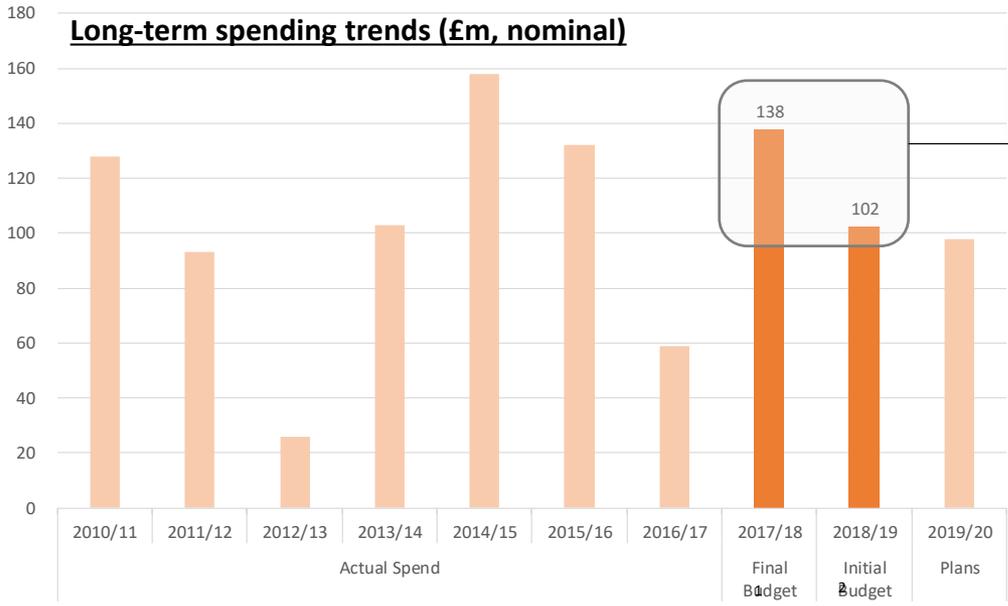
Changes from last year

FCO plans a Capital DEL (investment) budget of £102 million, 26% below last year's final budget of £138 million.

In reality, FCO's estimated actual net outturn in **2017-18** is expected to show income from asset sales exceeded spend by **£273 million** because of proceeds from sale of its Bangkok residence, a net underspend of £411 million, against the £138 million budget.

In a letter of 14 March 2018 to the Committee, the FCO indicated it expected that its gross expenditure, before netting off income, will be around **£150 million** in **2017-18**. The capital budget for 2018-19 at £102 million is 48% below this figure, suggesting lower gross spending than last year or further asset disposals will be needed, or a combination of both.

Long-term spending trends (£m, nominal)

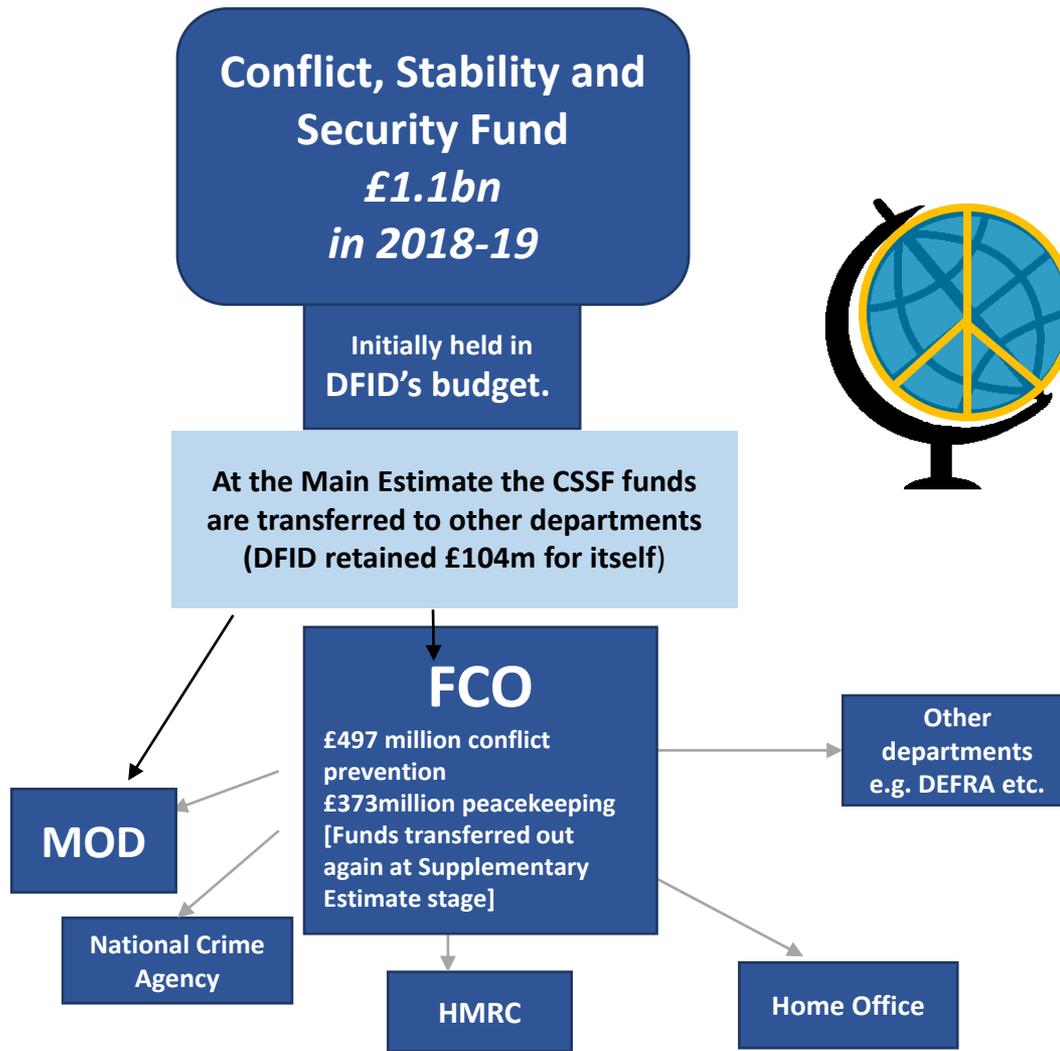


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Note this analysis excludes BBC World Service which used to be part of the FCO in the 2010 Spending Review



Conflict, Stability and Security Fund (CSSF)



The CSSF came into being **on 1 April 2015** and replaced the Conflict Pool. It is a cross-government fund set up in support of National Security Council objectives:

Scope:

- **Conflict reduction**
- **Development assistance**
- Tackling **threats to UK interests**.
- Funding the UK's contributions to **multilateral peacekeeping** budgets and related commitments

Departments can bid for funding in the CSSF and one of its purposes is to improve co-operation between departments.

*FCO's **conflict prevention and peacekeeping** budgets are both funded by the CSSF.*