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# Foreign and Commonwealth Office

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## Introduction

1. This Estimate covers the cost of running the Foreign and Commonwealth Office including UK Trade and Investment, subscriptions to international organisations, conflict prevention and peacekeeping and the other FCO programmes and grants including gifts of equipment and services mainly in Africa, Asia, the Caribbean, Eastern Europe, Latin America and the overseas territories; the Government's grants in aid to the BBC in respect of the World Service for broadcasting, the FCO's contribution towards the expenses of the British Council; and on associated non-cash items.
2. The Estimate also provides for the refund of certain UK taxes and duties paid by certain Foreign and Commonwealth governments and international organisations. A detailed breakdown of expenditure in sections A to F is included in the 'Resources and Staffing' section of the Foreign and Commonwealth Office's Departmental Report (Cm 6823).
3. Symbols are explained in the introduction to this booklet

## Part I

	£
<b>Request for Resources 1: Promoting internationally the interests of the UK and contributing to a strong world community</b>	<b>1,565,765,000</b>
<b>Request for Resources 2: Conflict prevention</b>	<b>238,463,000</b>
<b>Total net resource requirement</b>	<b>1,804,228,000</b>
<b>Net cash requirement</b>	<b>1,757,712,000</b>

Amounts required in the year ending 31 March 2007 for expenditure by the Foreign and Commonwealth Office on:

### **RfR 1: Promoting internationally the interests of the UK and contributing to a strong world community**

Expenditure by the Foreign and Commonwealth Office including UK Trade and Investment, on its administration, Wilton Park Executive Agency, hospitality and facilities; international organisations, grants-in-aid to bodies supporting FCO objectives; scholarships, information services and sponsored visits; special payments and assistance programmes to support foreign policy objectives including human rights, good governance, international security and the fight against the illicit drug trade; on grant-in-aid to the BBC World Service for broadcasting and to the British Council; the refund of certain taxes and duties paid by certain Foreign and Commonwealth governments and international organisations; and on associated non-cash items.

### **RfR 2: Conflict prevention**

Expenditure by the Foreign and Commonwealth Office on conflict prevention, early warning, crisis management, conflict resolution/peacemaking, peacekeeping and peacebuilding activity and on associated strengthening of international and regional systems and capacity.

The **Foreign and Commonwealth Office** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>1,565,765,000</b>	<b>694,298,000</b>	<b>871,467,000</b>
<b>RfR 2</b>	<b>238,463,000</b>	<b>106,149,000</b>	<b>132,314,000</b>
<b>Total net resource requirement</b>	<b>1,804,228,000</b>	<b>800,447,000</b>	<b>1,003,781,000</b>
<b>Net cash requirement</b>	<b>1,757,712,000</b>	<b>775,813,000</b>	<b>981,899,000</b>

## Part II: Subhead detail

										£'000	
2006-07 Provision								2005-06 Provision	2004-05 Outturn		
Resources						Capital Non- operating A in A		Net Total Resources	Net Total Resources		
Admin 1	Other Current 2	Grants 3	Gross Total 4	A in A 5	Net Total 6	Capital 7	8	9	10		
<b>RfR 1: Promoting internationally the interests of the UK and contributing to a strong world community</b>											
928,228	740,338	252,990	1,921,556	355,791	1,565,765	120,203	10,000	1,660,503	1,470,800		
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<i>Central Government spending</i>											
A Administration, programmes and international organisations subscriptions.											
928,228	352,292	196,190	1,476,710	355,791	1,120,919	120,203	10,000	1,212,150	1,058,310		
B BBC World Service Broadcasting											
-	208,543	-	208,543	-	208,543	-	-	208,143	194,143		
C British Council											
-	179,503	-	179,503	-	179,503	-	-	181,410	164,265		
D BBC World Service - Capital grant											
-	-	31,000	31,000	-	31,000	-	-	31,000	31,000		
E British Council - Capital grant											
-	-	7,800	7,800	-	7,800	-	-	7,800	7,800		
<b>Non-Budget</b>											
F Reimbursement of certain duties taxes and licence fees											
-	-	18,000	18,000	-	18,000	-	-	20,000	15,282		
<b>RfR 2: Conflict prevention</b>											
-	-	238,463	238,463	-	238,463	-	-	358,721	291,418		
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<i>Central Government spending</i>											
A Sub - Saharan Africa - Programme expenditure											
-	-	2,893	2,893	-	2,893	-	-	2,206	13,401		
B Global - Programme expenditure											
-	-	35,570	35,570	-	35,570	-	-	46,358	52,358		
C Sub - Saharan Africa - Peacekeeping											
-	-	100,000	100,000	-	100,000	-	-	188,033	140,952		
D Global - Peacekeeping											
-	-	100,000	100,000	-	100,000	-	-	122,124	84,707		
<b>Total for Estimate:</b>											
928,228	740,338	491,453	2,160,019	355,791	1,804,228	120,203	10,000	2,019,224	1,762,218		

## Part II: Resource to cash reconciliation

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement</b>	<b>1,804,228</b>	<b>2,019,224</b>	<b>1,762,218</b>
Voted capital items			
Capital	120,203	153,712	85,341
Less Non-operating A-in-A	10,000	18,015	7,515
<b>Total net voted capital</b>	<b>110,203</b>	<b>135,697</b>	<b>77,826</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-39,835	-60,835	-42,225
Depreciation	-116,624	-138,716	-70,043
New provisions and adjustments to previous provisions	-	-	361
Profit/loss on sale of assets	-	-	-4,159
Prior period adjustments	-	-	-
Other non-cash items	-260	-260	-260
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-
Increase (-) / Decrease (+) in creditors	-	-	-
Use of provisions	-	11,400	-
<b>Total accruals to cash adjustments</b>	<b>-156,719</b>	<b>-188,411</b>	<b>-116,326</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>1,757,712</b>	<b>1,966,510</b>	<b>1,723,718</b>

### Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<b>£'000</b>					
	<b>2006-07</b>		<b>2005-06</b>		<b>2004-05</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	2,401	<i>2,402</i>	3,602	<i>3,602</i>	10,501	<i>10,501</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>2,401</b>	<b><i>2,402</i></b>	<b>3,602</b>	<b><i>3,602</i></b>	<b>10,501</b>	<b><i>10,501</i></b>

## Forecast Operating Cost Statement

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Administration Costs</b>			
RfR 1	827,101	845,677	752,637
RfR 2	-	-	-
<b>Total Net Administration costs</b>	<b>827,101</b>	<b>845,677</b>	<b>752,637</b>
<b>Net Programme Costs</b>			
RfR 1	736,264	811,225	707,663
RfR 2	238,463	358,721	291,418
Non-voted	6,712	6,712	6,712
<b>Total Net Programme costs</b>	<b>981,439</b>	<b>1,176,658</b>	<b>1,005,793</b>
<b>Total Net Operating Cost</b>	<b>1,808,540</b>	<b>2,022,335</b>	<b>1,758,430</b>
<i>of which:</i>			
<b>Net Resource Requirement</b>	<b>1,804,228</b>	<b>2,019,224</b>	<b>1,762,218</b>
Non-voted expenditure	6,713	6,713	6,713
Consolidated Fund Extra Receipts	-2,401	-3,602	-10,501
<b>Resource Budget Outturn</b>	<b>1,818,141</b>	<b>1,967,137</b>	<b>1,714,849</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>1,804,228</b>	<b>2,019,224</b>	<b>1,762,218</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	6,713	6,713	6,713
Consolidated Fund Extra Receipts in the OCS	-2,401	-3,602	-10,501
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>1,808,540</b>	<b>2,022,335</b>	<b>1,758,430</b>
<i>Adjustments to remove:</i>			
Capital grants	-38,800	-38,800	-38,800
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-18,000	-20,000	-15,282
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	2,401	3,602	10,501
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	64,000	-	-
Other adjustments	-	-	-
<b>Resource Budget (Budget)</b>	<b>1,818,141</b>	<b>1,967,137</b>	<b>1,714,849</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1,818,141	1,967,137	1,714,849
Annually Managed Expenditure (AME)	-	-	-

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>110,203</b>	<b>135,697</b>	<b>77,826</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-4,159
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	38,800	38,800	38,800
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	1,000	1,000	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	<b>150,003</b>	<b>175,497</b>	<b>112,467</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	150,003	175,497	112,467
Annually Managed Expenditure (AME)	-	-	-

## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

**Request for Resources 1:** Sir Michael Jay, Permanent Head of the Department

**Request for Resources 2:** Sir Michael Jay, Permanent Head of the Department

Sir Michael Jay as the Accounting Officer of the Foreign and Commonwealth Office has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Foreign and Commonwealth Office.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.



## Notes to the Main Estimate (*continued*)

### Analysis of Consolidated Fund extra receipts

	<b>£'000</b>					
	<b>2006-07</b>		<b>2005-06</b>		<b>2004-05</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>
Consular Fees •	2,401	2,402	3,602	3,602	10,501	10,501
<b>Total</b>	<b>2,401</b>	<b>2,402</b>	<b>3,602</b>	<b>3,602</b>	<b>10,501</b>	<b>10,501</b>

## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	1,747,428	70,713	1,818,141
<i>of which:*</i>			
Administration budget	827,101	35,000	862,101
Near-cash in RDEL	1,590,709	35,713	1,626,422
Capital DEL**	149,003	1,000	150,003
Less Depreciation†	-116,624	-35,000	-151,624
Total DEL	1,779,807	36,713	1,816,520

\* The total of the 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

\*\* Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

### Comparison of provision sought with final provision

The total net resource sought for 2006-07 of £1,804,228,000 is 10.6 per cent lower than the final net provision for 2005-06 of £2,019,224,000.

### Cash which may be retained to offset expenditure

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	365,791	338,846	252,080

## Notes to the Main Estimate (*continued*)

### Changes in Accounting Policies

Furniture is now classed as a near cash expense, scored in administration budgets, rather than as a capital expense that attracts depreciation and cost of capital charges. The effect of this that £20,000,000 has moved from depreciation and cost of capital charge into main administration. The net effect of this change to Resource DEL is neutral.

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**Notes to the Main Estimate (*continued*)****Grants in aid**

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<b>RfR/Section</b>	<b>Body</b>	<b>£'000</b>
RfR1	BBC World Service Broadcasting ♦	239,543
RfR1	British Council ♦	187,303
RfR1	Westminster Foundation for Democracy ♦	4,100

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**Notes to the Main Estimate (*continued*)****Contingent liabilities**

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Nature of Liability	£'000
British Council - Indemnities give by the British Council to the owners of objects exhibited overseas against loss or damage	10,055

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**Notes to the Main Estimate (*continued*)****International subscriptions**

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<b>RfR/Section</b>	<b>Body</b>	<b>£'000</b>
RfR1	UN Regular Budget	60,913
RfR1	Commonwealth Secretariat	4,170
RfR1	OECD	13,094
RfR1	Western European Union	2,090
RfR1	NATO Civil Budget	18,694
RfR1	NATO HQ	1,697
RfR1	Council of Europe	19,593
RfR1	OSCE	3,310

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