



National Audit Office

Report

by the Comptroller
and Auditor General

Implementing the UK's exit
from the European Union

The Foreign & Commonwealth Office

Key facts

1.3m

UK nationals living in the EU27 member states who may require support from FCO consular services as a result of EU Exit

14%

reduction in FCO staffing costs across the EU27 member states between 2009-10 and 2014-15

107

existing staff reorganised by the FCO in 2016 to support EU Exit work

428

new staff funded for EU Exit work; consisting of 178 up to the end of 2017-18, and an estimated additional 250 staff from 2018-19

168

staff recruited by April 2018, of the 178 initially funded

11

EU Exit work streams the FCO is responsible for delivering and reporting progress on to DExEU

£90.9m

estimated FCO EU Exit costs to March 2020, consisting of: £25m in re-programmed existing FCO funds; £36.3m in extra HM Treasury funding, and an estimated requirement for at least £29.6m in 2019-20

£65m

that the FCO has identified may additionally be required in 2018-19 in the event of a 'no deal' with the EU, excluding any further funding that may be required for the Overseas Territories

Summary

The Foreign & Commonwealth Office (FCO) aims to “protect our country, our people and our interests; to project our influence and values; and to promote our prosperity overseas.” In the context of Europe, the FCO describes its role as “helping to build a deep and special partnership with our European neighbours and with the European Union that helps protect our people, project our global influence and promote our prosperity.” This includes supporting the Department for Exiting the European Union (DExEU) and other government departments on EU negotiations.

The scale of the FCO’s task:

- **The FCO will need to apply significant resources and skills to successfully deliver the 11 EU Exit work streams it is responsible for delivering and reporting progress on to DExEU.** These work streams are reliant on the FCO achieving close cross-government and international cooperation on sensitive issues such as establishing an independent sanctions regime and the Overseas Territories, including Gibraltar.
- **Demand for consular services from the 1.3 million UK nationals permanently residing in the EU27 member states will likely increase.** One of the FCO’s work streams focuses on consular services. As well as those UK nationals residing officially in, or travelling to, the EU27 member states, there are unregistered UK nationals living in the EU27 member states who may also require support. For example, the embassy in Madrid is aware that there are a significant number of UK nationals not currently registered with the Spanish authorities.
- **Having previously reduced the number of UK diplomats across the EU27, the FCO now intends to increase them in order to enhance its ability to engage bilaterally with member states.** Although the FCO does not have reliable data on actual numbers, it is clear that the number of UK diplomats reduced substantially in the decade up to the EU referendum. To compensate for leaving the EU institutions the UK is increasing staffing numbers across the FCO’s Europe network in the EU27 member states. In March 2018, the FCO announced 250 new posts in its overseas network, including the Europe network.
- **The FCO’s focus on EU Exit work has required a combination of additional resources and a re-prioritisation of other work.** Given a 14% reduction in the FCO’s staffing budget across the EU27 member states between 2009-10 and 2014-15, a re-prioritisation of the FCO’s financial and staffing resources onto EU Exit work has been essential.

Key points on how the FCO has set about its task

Funding

- To date, the FCO has received £36.3 million in additional HM Treasury funding for EU Exit work, as well as re-allocating £25 million of existing FCO funds. The FCO estimates that it may require a further £29.6 million of funds in 2019-20, so total FCO EU Exit costs may be at least £90.9 million by March 2020, plus any additional bids to cover as yet unforeseen activities.
- In the event of ‘no deal’ outcome with the EU, the FCO has identified a requirement for an additional £65 million in 2018-19, with the possibility of additional funds being required for the Overseas Territories.
- Under the ‘Global Britain’ agenda the FCO has considered its role once the UK leaves the EU. For example, it believes there will be a greater need for bilateral work in the EU27 member states. In addition to EU Exit funding, the FCO will receive an extra £45 million a year in 2018-19 and 2019-20 for the Global Britain agenda and to support the British Council.

Additional staff

- The FCO initially planned to recruit 505 extra staff to cover EU Exit work: 178 staff in two initial tranches; and a further 327 staff in a third tranche. In October 2017 the FCO received tranche 1 and 2 funding, that enabled it to fund the 178 additional staff. Of those, the FCO has recruited 168 staff and is advertising for the remainder. In March 2018, the FCO received its tranche 3 funding for 2018-19. It estimates that this will enable it to fund approximately 250 additional staff, for a total of around 428 staff.
- The FCO re-assessed the level of vetting required for some roles to reduce delays in getting staff into post. The government’s security vetting system has come under great pressure, at a time when it is being re-organised, and it is taking longer to process cases.

Prioritisation

- The FCO carried out a short-term re-prioritisation by moving 107 staff: 55 to reinforce the FCO’s Europe network and 52 to create a central EU Exit team in London.
- The FCO has begun to consider what work can be stopped, reduced or not started, in order to prioritise EU Exit activities. So far, however, no significant areas of existing work have been reduced or cut.

Work streams and delivery plans

- Nine of the 11 work streams the FCO is required to deliver and report progress on have an associated delivery plan, as agreed with DExEU. For the tenth work stream – External Security – the FCO has a modified delivery plan but does not consider that a standard plan is required because it relates only to negotiations and does not involve operational delivery or new policy development. The FCO also has a modified delivery plan for its eleventh work stream – Third Country and International Agreements – with several other departments contributing to this programme. This cross-government work stream is coordinated by DExEU.
- The FCO has made progress on the delivery phase of all of its work streams. However, uncertainty around negotiations and a need to rely on other bodies has meant milestones on some work streams have been missed and progress has been slower than planned. While this is significantly due to factors outside the FCO’s control, including dependencies on action by other EU member states, the delay and uncertainty is a concern given the likely impact if key work streams do not deliver. It is important that there is clarity about: any areas where progress is slower than intended; what remains to be done; and what are the consequences of failing to deliver. Appendix One provides a commentary on the progress of each work stream.