National Audit Office

Foreign, Commonwealth & Development Office
2024-25

December 2025

OVERVIEW

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Summary

C&AG introduction

In 2025, we set out our new five-year strategy. In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

Objectives	
Priority outcomes	The Foreign, Commonwealth & Development Office (FCDO) leads the UK's diplomatic, development and consular work around the world. For 2024-25 it had six priority outcomes: Putting growth and jobs at the heart of foreign policy, Enhancing the UK's security, Rebuilding the UK's relationship with Europe, Tackling irregular migration, Restoring UK global leadership on climate and nature, and Modernising the UK's approach to development.
Financial management and reporting	
Total spending, 2024-25	In 2024-25, FCDO spent a total of £12.5 billion against a budget of £12.9 billion. £8.2 billion was spent through regional bilateral, centrally managed and core multilateral programmes.
Official Development Assistance (ODA) spending, 2024-25	FCDO is the largest spender of ODA, the UK's overseas aid budget. It spent 67% of the UK's total £14 billion ODA in 2024. The Home Office is the second highest ODA spender, spending 17% of the total in 2024, primarily on supporting refugees and asylum seekers in the UK.
Financial risks	As of March 2025, FCDO held investments worth £15.6 billion and held leases with a total liability of £658 million. FCDO also had guarantees outstanding totalling £8.2 billion, up from £7.9 billion the previous year.
Productivity	
FCDO2030 transformation programme	FCDO plans to undertake a significant programme of transformation to become a smaller, more modern and more effective department. It will focus on five key areas: strategy and prioritisation, delivery and impact, professional capability, culture and openness, and efficiency and innovation.
Spending review and efficiency targets	FCDO's planned spending is set to decrease by an average of 8.3% a year in real terms between 2025-26 and 2028-29, the largest reduction among departments. It plans to deliver efficiency gains of £76 million a year by 2028-29 through workforce reform, digital upgrades, efficiencies in its arm's-length bodies and a potential headcount reduction of up to 25%.
Risk and resilience	
Changing international aid landscape	The UK ODA budget has reduced from 0.5% of Gross National Income (GNI) to 0.3%. The Organisation for Economic Co-operation and Development projects that overall, ODA spending internationally will reduce by up to 17% in 2025.
FCDO's overseas estate	FCDO's overseas estate consists of around 6,500 properties in 280 posts globally (as at September 2025). Each post is subject to host nation laws, has local supply chains and different exposure to risks. FCDO's resilience and ability to respond to events is affected by the condition of its overseas estate and how it mitigates risks.
Maintaining an ability to respond to crises	FCDO typically leads the UK response to international crises and has a planned crisis reserve of £100 million for 2025-26 for it to respond to any new crises, an increase from the £50 million crisis reserve in 2024-25.
Climate change	Climate and nature is one of FCDO's six priority outcome areas, and FCDO considers climate change and nature loss to exacerbate other global threats. The UK participates in a number of international partnerships and forums on climate, and committed to a target of spending £11.6 billion on international climate finance between 2021-22 and 2025-26.

About the Foreign, Commonwealth & Development Office (FCDO)

FCDO leads the UK's diplomatic, development and consular work around the world.

Staffing

As of 31 March 2025, FCDO employed 17,326 staff members. Of those, 8,152 (47%) were UK-based, and 9,174 (53%) were country-based staff employed locally in different countries. Of the 8,152 UK staff, 27% were based overseas.

One HMG Overseas

FCDO provides the One HMG Overseas platform, which delivers services including HR, transport, accommodation, finance and procurement, and hosts and supports more than 5,000 staff members from more than 35 other UK government departments, devolved administrations and other bodies requiring a presence overseas.

FCDO2030

FCDO was created by the merger of the Foreign & Commonwealth Office (FCO) with the Department for International Development (DFID) in September 2020. FCDO is now starting a transformation programme titled FCDO2030 to become smaller, more modern and more effective by 2030 (see page 15).

FCDO has a presence in 180 countries and territories and has 280 officially designated posts (as at September 2025), consisting of Embassies, High Commissions, delegations, Missions and Consulates.

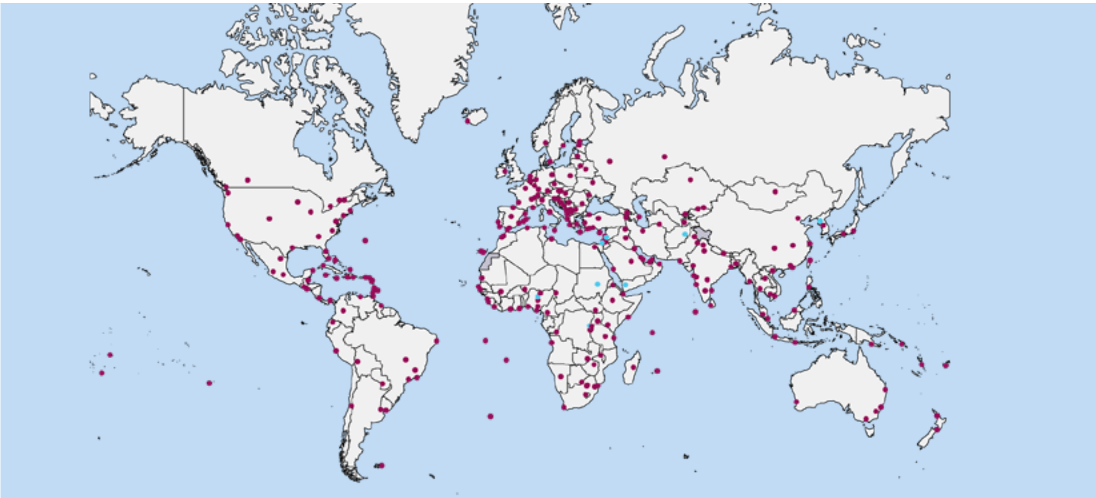
Across the world, FCDO manages around 6,500 properties.

FCDO also maintains an estate in the UK, including two headquarters buildings: King Charles Street in London and Abercrombie House in East Kilbride.

Figure 1

The Foreign, Commonwealth & Development Office's (FCDO's) global network of overseas posts, September 2025

FCDO has 280 posts in 180 countries and territories



- Posts
- Temporarily suspended posts
- Disputed territories

Notes

1 This map does not necessarily represent the views of the UK government on boundaries or political status. It has been designed for information purposes only and should not be used for determining the precise location of places or features, or be considered an authority on the delimitation of international boundaries.

2 Some posts are in the same location: for example, international organisation delegations may be located in the same place as Embassies.

3 Posts are UK Embassies, High Commissions, delegations, Missions and Consulates.

4 This figure shows posts as of September 2025, from FCDO's published data available at: List of Foreign, Commonwealth & Development Office posts abroad – GOV.UK. This reflects a decrease in the number of posts compared to the 282 noted in FCDO's 2024-25 Annual Report and Accounts.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office data 2025

FCDO's Priorities

FCDO's overall aim is to position the UK as a responsible, reliable and effective international actor and partner, investing in the global relationships it needs for the long term.

UK foreign policy

There was a change of Foreign Secretary in September 2025 as part of a wider ministerial reshuffle.

During the UN General Assembly meeting in September 2025, the Foreign Secretary called for global action on security, migration, climate, economic growth and development.

UK Soft Power Council

In January 2025, the government launched the UK Soft Power Council, an advisory board bringing together experts to advise on a new soft power strategy.

National Security Strategy 2025

FCDO also supports the delivery of cross-government strategies, such as the National Security Strategy 2025, which provides a framework to guide the UK's response to national security.

2024-25 priority outcomes

FCDO's 2024-25 Annual Report and Accounts sets out its six priority outcomes in support of its delivery of UK foreign policy, and provides examples of work it has conducted in support of each over the past year:

Priority outcome	Examples of reported activities in 2024-25
Growth: putting growth and jobs at the heart of foreign policy, with foreign policy focusing on areas including strengthening the UK's reputation as a stable economy, building new economic partnerships and assisting development of agreements to facilitate UK trade and investment.	• Held the first Japan–UK Economic ministers' meeting in Tokyo to promote dialogue on trade and economic security. • Supported Indian regional investment into the UK as part of a partnership between India and the UK, and hosted India's External Affairs Minister.
Security: enhancing the UK's security. This outcome focuses on FCDO working with international partners to build shared resilience and confront national security threats, including cyber threats.	• Attended NATO's 75th Anniversary Summit and pledged £3 billion of support to Ukraine each year until at least 2030-31. • Sanctioned an additional 40 oil tankers that were transporting Russian oil and gas.
Europe: strengthening bilateral relationships and shaping a new relationship with the European Union by 2030.	• Signed an agreement with Germany, committing to improved bilateral defence cooperation. • Took forward new approaches to implementing the EU Entry/Exit system.
Migration: tackling irregular migration by focusing on disrupting criminality facilitating the movement of vulnerable people, deterring irregular movement and returning those without the right to be in the UK.	• Launched a joint taskforce on illicit finance with Italy. • Launched new police and enforcement plans with France.
Climate and nature: restoring the UK's global leadership on climate and nature.	• Launched the new Climate Investment Funds Capital Markets Mechanism at COP29. • Announced new initiatives to tackle deforestation and support indigenous people.
Development: modernising its approach to development by balancing supporting the world's most vulnerable and poverty reduction with protecting British interests.	• Announced £86 million of funding to support Sudan. • Launched a new British International Investment facility.

FCDO's structure

FCDO is led by the Permanent Under-Secretary (PUS) and the second Permanent Under-Secretary.

The PUS is the Head of the Diplomatic Service, responsible for the management of FCDO. The second PUS manages FCDO's development programme portfolio.

In 2024-25, FCDO had nine Director General (DG) areas. Figure 2 shows the structure in 2024-25 and spending across each DG area for that year.

FCDO restructured its DG areas in September 2025 from nine to seven: DG Strategy & Delivery, DG Chief Operating Officer, DG Political, DG Global Issues, DG Defence & Security, DG Network and DG Legal.

The Supervisory Board is FCDO's most senior decision-making body, and it is chaired by the Foreign Secretary. The Supervisory Board delegates departmental management decision-making to the Executive Committee, chaired by the PUS.

These are supported by three sub-committees: the People and Operations Committee, the Investment Committee and the FCDO2030 Steering Board. Other boards and committees feed into the Supervisory Board, including the Audit and Risk Assurance Committee.

Figure 2

The Foreign, Commonwealth & Development Office's (FCDO's) structure, 2024-25

In 2024-25 FCDO had nine Director General (DG) areas, with DG Humanitarian and Development being the area with the highest spending

Thematic priorities		Geographic priorities
DG Humanitarian and Development (£2.9 billion) Responsible for delivering the UK government's International Development Strategy and leads on global programmes like health.	**DG Geopolitics and Political (£0.5 billion)** Responsible for leading international engagement for foreign policy priorities and shaping the UK's response to the global geopolitical context.	**DG Indo-Pacific, Middle East and North Africa (£1.5 billion)**
DG Economics, Climate and Global Issues (£1.4 billion) Responsible for areas such as evaluation, growth, energy, climate and environment.	**DG Finance & Corporate (£1.2 billion)** Responsible for areas such as people, finance, estates, digital and FCDO Services.	**DG Africa, the Americas and Overseas Territories (£2.1 billion)**
DG Defence and Intelligence (£0.6 billion) Responsible for issues relating to national security, crisis management, consular services and strategic communications.	**DG Legal** Responsible for delivering a legal service to FCDO, including advice on international law and oversight of the Department's treaties.	**DG Europe (£0.3 billion)**

Notes

1 The expenditures shown are net expenditure for 2024-25 and are taken from Note 2 to the accounts – Statement of Operating Expenditure by Operating Segment.

2 Expenditure for DG Legal is included within the 'Other' category in the 2024-25 Annual Report and Accounts.

Source: National Audit Office analysis of *Foreign, Commonwealth & Development Office, Annual Report and Accounts 2024-25*

FCDO's Departmental Group

The FCDO departmental group consists of nine organisations, in addition to the core department.

FCDO's relationship with each entity is agreed and set out in a published framework document. This covers funding, financial controls, jointly agreed priorities, performance and governance.

Executive agencies and non-departmental public bodies (NDPBs): FCDO's PUS is responsible for one executive agency, four executive NDPBs and one advisory NDPB.

FCDO Services and the British Council sit outside FCDO's financial reporting boundary, so their financial activities are not reflected in its financial statements. The PUS appoints their Accounting Officers and is responsible for ensuring appropriate systems and controls are in place.

British International Investment plc is an investment company owned 100% by FCDO, that invests in private sector businesses in emerging economies. FCDO operates an arm's-length relationship, which means that day-to-day operations and decision-making take place outside government.

Figure 3

Foreign, Commonwealth & Development Office (FCDO) departmental group structure

The FCDO departmental group comprises nine organisations, in addition to the core department

Owned subsidiaries	Trading fund	Non-departmental public body (NDPB)
British International Investment (BII)	FCDO Services	British Council

FCDO

Executive NDPBs	Executive agency	Advisory NDPB
The Commonwealth Scholarship Commission	Wilton Park	Independent Commission for Aid Impact (ICAI)
Marshall Aid Commemoration Commission		
Great Britain-China Centre (also a company)		
Westminster Foundation for Democracy (also a company)		

■ Outside the financial reporting boundary

■ Inside the financial reporting boundary

Notes

1 FCDO also provides grant funding to the BBC World Service (which is part of the BBC) as an independent public corporation, overseen by the Department for Culture, Media & Sport.

2 The British Council is also a public corporation and charity.

3 Entities within the financial reporting boundary are included in FCDO's group accounts. Entities outside the financial reporting boundary are not, but they produce their own accounts.

4 FCDO Services is a trading fund of FCDO and provides a range of integrated services worldwide to support diplomacy, development and defence for the UK government. The British Council is the UK's international organisation for cultural relations and educational

Source: National Audit Office analysis of *Foreign, Commonwealth & Development Office, Annual Report and Accounts 2024-25*

Where FCDO spends its money

In 2024-25, FCDO spent a total of £12.5 billion against a budget of £12.9 billion. This covers both Official Development Assistance (ODA) and non-ODA spending. In 2024-25, FCDO spent £0.4 billion more than the previous year, an increase of 3%. This consists of the following.

Regional bilateral, centrally managed, and core multilateral programmes (£8.2 billion). This increased from £7.6 billion in 2023-24 and covers spending on health, climate and the environment, and humanitarian aid. Regional bilateral programmes were £3.9 billion, core multilateral programmes were £2.6 billion, and centrally managed programmes were £1.7 billion.

Operating costs, frontline diplomacy and overseas network (£1.4 billion). Administration and network costs. This decreased from £2.1 billion in 2023-24.

UK Integrated Security Fund (£0.7 billion). A cross-government fund for activity to prevent instability and conflicts. This replaced the Conflict, Stability and Security Fund (CSSF) on 1 April 2024. Spending on the CSSF in 2023-24 was £0.7 billion.

British International Investment (£0.9 billion). Capital investment in the UK's development finance institution. This increased from £0.4 billion in 2023-24.

EU attributed aid (£0.3 billion). Outstanding commitments under the EU-UK Withdrawal Agreement for EU development projects. This decreased from £0.4 billion in 2023-24.

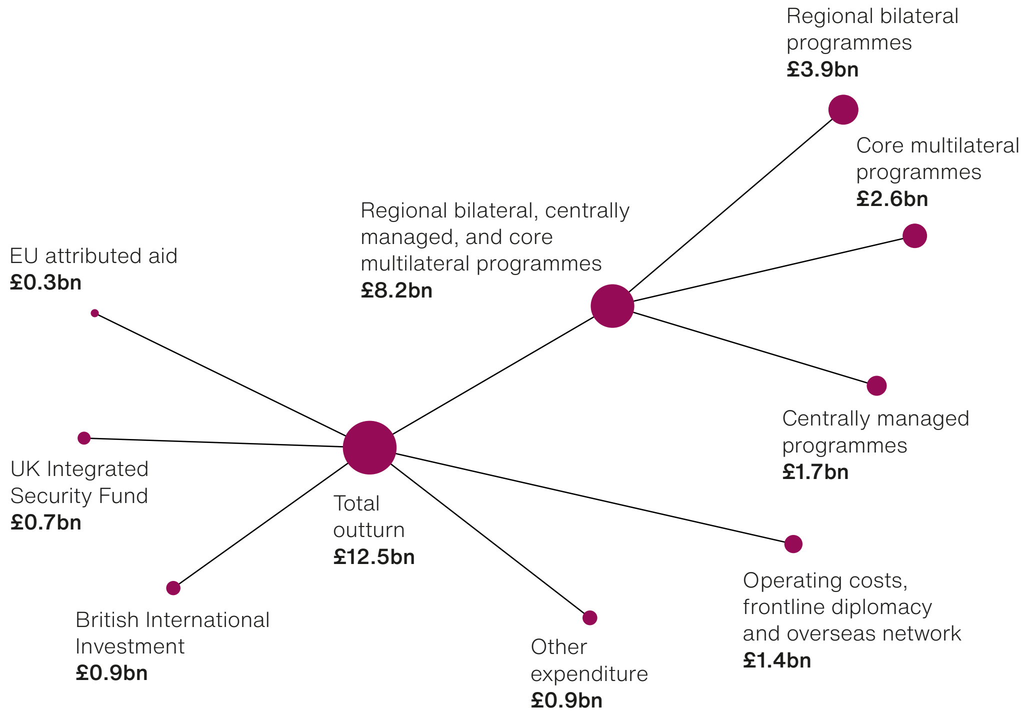
Other expenditure (£0.9 billion). This increased from £0.8 billion in 2023-24. This covers other, smaller, areas of FCDO spending in 2024-25 and included:

- international subscriptions and the BBC World Service (£386 million);
- the British Council (£166 million);
- funding for non-departmental public bodies (£43 million); and
- £350 million for other central programme and technical costs.

Figure 4

Foreign, Commonwealth & Development Office (FCDO) total spending, 2024-25

In 2024-25, FCDO spent £12.5 billion, the majority of which was through its programmes



Notes

1 Figures may not sum due to rounding.

2 'Other expenditure' includes international subscriptions, the BBC World Service, the British Council, funding for non-departmental public bodies and other central programme and technical costs.

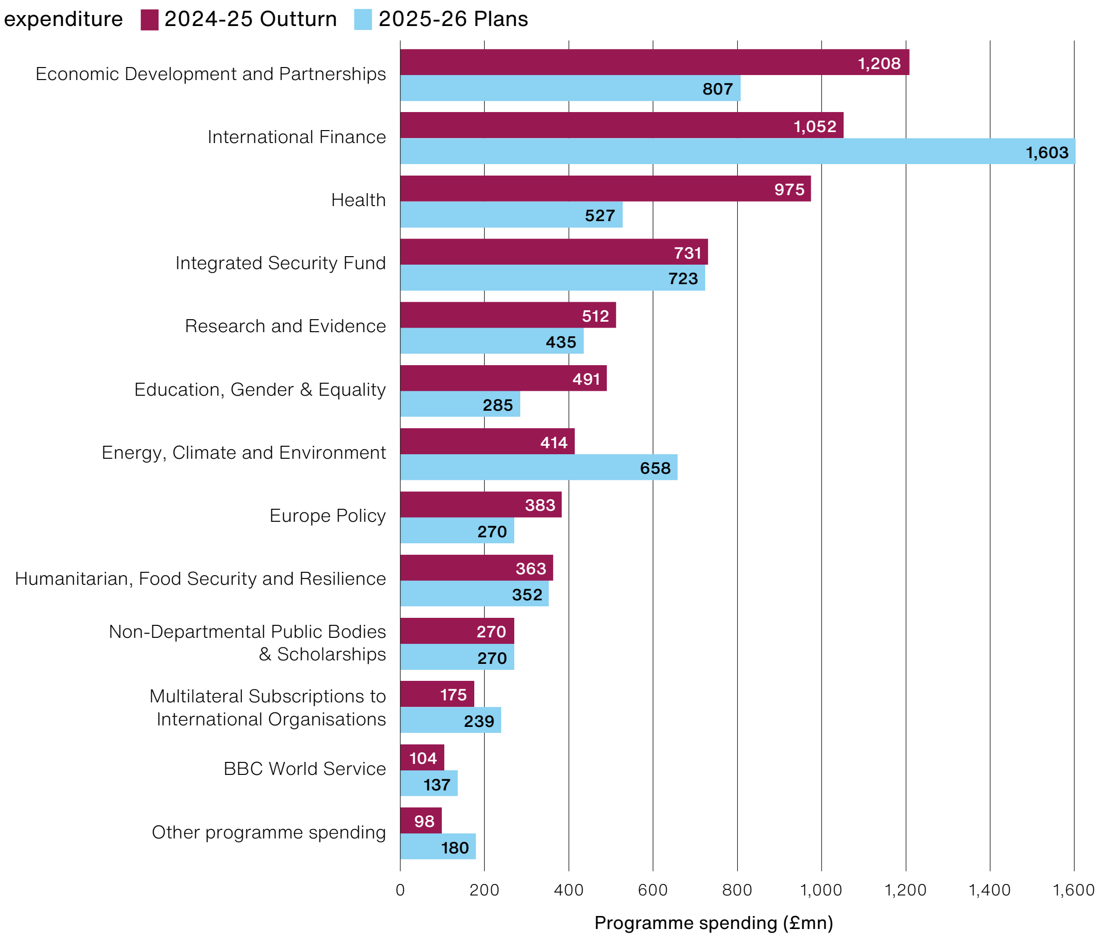
Source: National Audit Office analysis of *Foreign, Commonwealth & Development Office, Annual Report and Accounts 2024-25*

Financial management and reporting – FCDO programme spending

Figure 5

Foreign, Commonwealth & Development Office (FCDO) programme spending by sector, 2024-25 to 2025-26

Plans for 2025-26 show that spending on Economic Development and Partnerships will drop by £0.4 billion, and spending on International Finance will increase by £0.55 billion



Source: National Audit Office analysis of *Foreign, Commonwealth & Development Office, Annual Report and Accounts 2024-25*

FCDO delivers many of its objectives through programmes, and its total programme spending in 2024-25 was £10 billion. The remaining spending of around £2.5 billion was operating expenditure. This includes core pay expenditure and resource annually managed expenditure, which includes non-cash accounting costs.

FCDO splits its programme spending between:

- policy priorities, international organisations and humanitarian programmes (£5.6 billion). Examples of these include Economic Development, Health, Humanitarian, Food Security and Resilience, and Research and Evidence;
- regional programmes, which is spending in specific regions and countries (£3.2 billion); and
- other FCDO programme spending on areas including the BBC World Service, and Non-Departmental Public Bodies & Scholarships (£1.2 billion).

For 2025-26, FCDO plans for its programme spending to reduce to £9.6 billion. FCDO expects to spend more on some sectors (such as International Finance) and less on others (such as Economic Development and Partnerships) than it has previously.

Notes for Figure 5

1 This does not include regional programme spending.

2 'Other programme spending' includes 10 areas of spending. One of these is 'Other Central Programmes', which had a negative total of –£82 million in 2024-25 due to loan reflows and returned funds, and the expenditure is offset elsewhere.

3 FCDO includes the 'crisis reserve total' of £85 million in its programme spending plans for 2025-26, but this is not included above.

4 Differences between outturn spending in 2024-25 and planned spending for 2025-26 reflect the reduction of the UK ODA budget to 0.3% of Gross National Income by 2027.

5 The increase in planned International Finance spending reflects changes to the value of investments in International Financial Institutions and British International Investment, as well as an increase in the expected loss from financial guarantees.

Financial management and reporting – Official Development Assistance spending

FCDO is the largest spender of ODA, the UK's overseas aid budget, but other government departments also spend ODA. In 2024, FCDO spent £9.5 billion of ODA, 67% of total ODA.

ODA is funding that promotes and specifically targets the economic development and welfare of developing countries. In 2024, total UK ODA spending was £14.1 billion, down from £15.3 billion in 2023. This reflects reduced costs of supporting refugees and asylum seekers in the UK (which decreased from £4.3 billion in 2023 to £2.8 billion in 2024) and a commitment to only spend 0.5% of Gross National Income (GNI) on ODA in 2024, compared to 0.58% of GNI in 2023.

The Home Office is the second highest spender of ODA, spending 17% of the total in 2024. Most of this is the cost of supporting asylum seekers and refugees in the UK.

Monitoring and reporting on ODA objectives

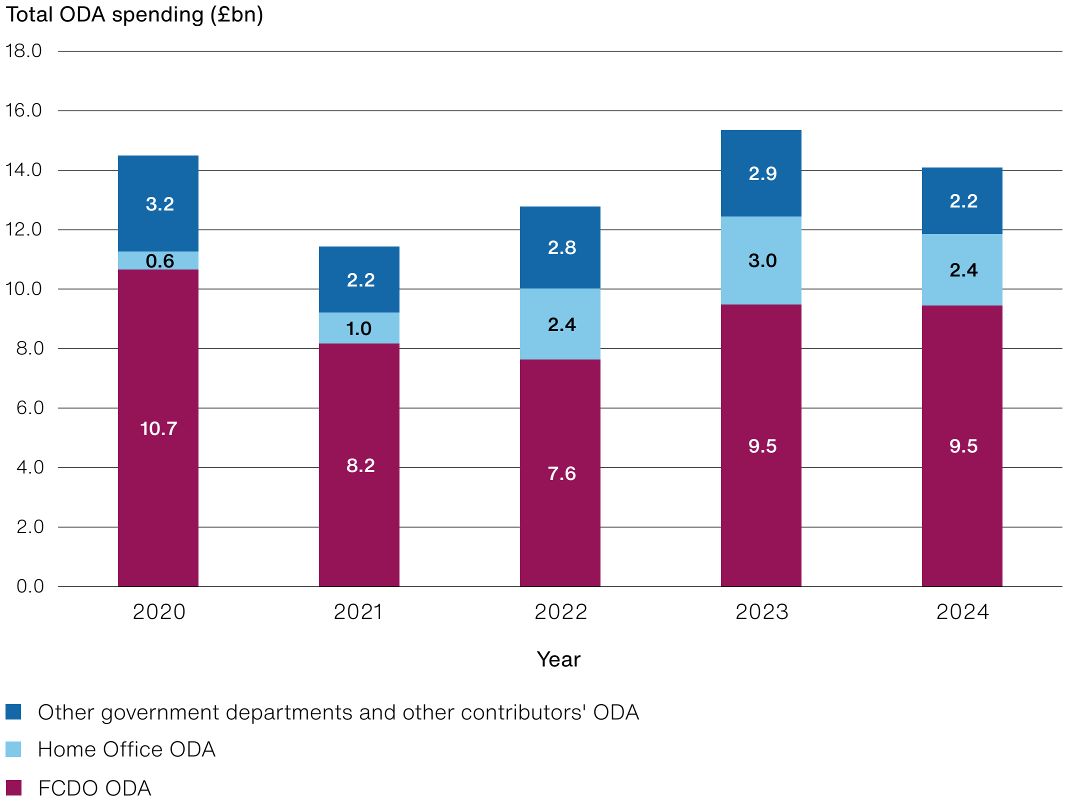
The Independent Commission for Aid Impact's (ICAI's) 2025 report, *Management of the Official Development Assistance spending target*, highlighted concerns that there has been limited ambition to create an interdepartmental governance structure for ODA to ensure coherence at a strategic level, or a system for monitoring and reporting on whether the UK is achieving its international development objectives.

The gov.uk Development Tracker site shows details of ODA programmes led by FCDO and other government departments.

Figure 6

Official Development Assistance (ODA) spending by department, 2020 to 2024

The Foreign, Commonwealth & Development Office (FCDO) has spent the majority of the UK's ODA since 2020



Notes

1 FCDO ODA expenditure up to September 2020 combines spending by the former Foreign & Commonwealth Office and Department for International Development to represent FCDO.

2 Data are based on calendar years; data published in FCDO's Annual Report and Accounts 2024-25 are based on the financial year.

3 This figure shows net ODA expenditure. Expenditure has not been adjusted for inflation to ensure that figures are consistent with published Statistics on International Development.

Source: National Audit Office analysis of UK Statistics on International Development, 2024

Financial management and reporting – Official Development Assistance spending

ODA spending channels

There are two main channels of ODA spending:

- bilateral, which is provided for a specific purpose for specific projects or delivered via partners in a country or region; and
- multilateral, which is provided to the core budget of a multilateral organisation, such as the Global Alliance for Vaccines and Immunization.

In 2024, for all government departments, £11.3 billion was provided as bilateral ODA, and £2.8 billion was provided as multilateral ODA. The proportion of ODA provided as multilateral reduced from 35% in 2023 to 20% in 2024.

Regional ODA spending

UK bilateral spending increased from £10 billion in 2023 to £11.3 billion in 2024. The majority of this increase was in bilateral expenditure identified as benefiting a single country or region.

The UK spends more in Africa and Asia than any other region. Africa continues to receive the largest proportion of UK bilateral ODA allocated to a specific country or region, with 49.4%, up from 46.4% in 2023.

ODA expenditure increased for Africa and Asia between 2023 and 2024. ODA for Africa increased by £652 million from £1,233 million in 2023 to £1,885 million in 2024 and ODA for Asia increased from £864 million to £1,366 million.

Spending by country

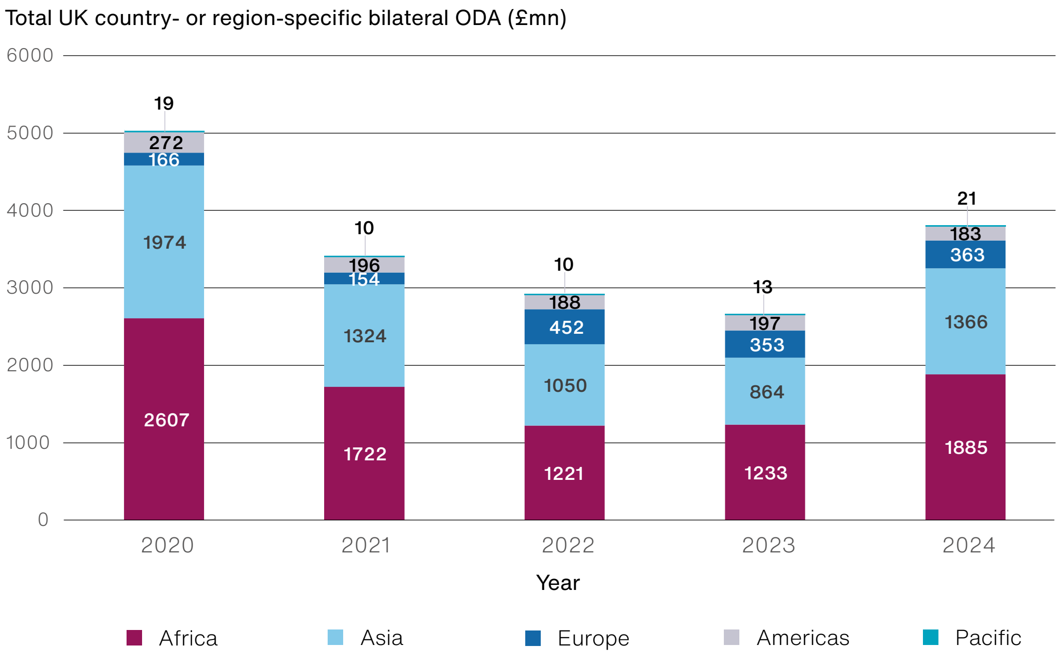
The top five countries receiving UK bilateral ODA in 2024 were:

Ukraine	£270 million
Afghanistan	£192 million
Ethiopia	£182 million
Syria	£158 million
Somalia	£143 million

Figure 7

Country- or region-specific bilateral Official Development Assistance (ODA) by region, 2020 to 2024

Africa continues to be the region receiving the most country- or region-specific ODA



Notes

1 Data are based on calendar years; data published in the Foreign, Commonwealth & Development Office's Annual Report and Accounts 2024-25 are based on the financial year.

2 Bilateral spending not attributed to individual countries or regions is excluded from the analysis above.

3 This figure shows net ODA expenditure. Expenditure has not been adjusted for inflation, to ensure that figures are consistent with published Statistics on International Development.

Source: National Audit Office analysis of UK Statistics on International Development, 2024

Financial management and reporting – Key financial risks

FCDO faces financial risks from operating in challenging and diverse environments across the world and providing support through investments and guarantees.

Financial guarantees

FCDO often uses financial guarantees to unlock affordable finance for partner countries. Single country guarantees enable multilateral development banks to lend beyond their usual limits, and portfolio guarantees enable governments to secure financing for specific objectives such as climate finance. FCDO is liable for repayment if the borrower defaults.

FCDO extended a guarantee with a liability of $280 million (US dollars) to the Asian Development Bank, which (with around $2.2 billion of guarantees from other partners) is intended to unlock $11 billion of climate finance across Asia and the Pacific.

As of 31 March 2025, the total value of FCDO's guarantees was £8.2 billion, up from £7.9 billion in 2023-24, £4.5 billion in 2022-23 and £0.9 billion in 2021-22. FCDO may have to manage unpredictable costs from calls to these guarantees and ODA may be spent if a country defaults, resulting in FCDO having to make trade-offs on its ODA budget.

FCDO calculates a fair value for its guarantees, which reflects the estimated cost it may incur over the lifetime of the agreements (which can be over decades), based on the likelihood of guarantees being called. The fair value of guarantees as of 31 March 2025 was £1.1 billion.

Financial investments

As of 31 March 2025, FCDO held £15.6 billion worth of investments, an increase of £1.2 billion compared to the previous year. This primarily consisted of:

- investment of £9.7 billion in British International Investment, an increase of £0.9 billion from the previous year; and
- investments of £5.2 billion in International Finance Institutions (IFIs), an increase of £0.2 billion from the previous year.

As investments in IFIs are denominated in foreign currencies, FCDO is exposed to currency risk if the value of these currencies falls against sterling. FCDO is also exposed to market risk, as the value of each investment is dependent upon the net assets of the IFIs.

Property lease liabilities

FCDO leases properties across the world, mostly for operational land and buildings. The liability of a lease is the amount FCDO is committing to pay over a period of time. As of 31 March 2025, FCDO held 3,318 leases for residential properties and 316 for non-residential properties, with a total liability of £658 million.
The most significant leases were:

- King Charles Street – liability of £312.1 million, held with the Government Property Agency (GPA);
- UK Mission New York – liability of £34.4 million;
- Abercrombie House – liability of £12.1 million, held with the GPA;
- UK Embassy Beijing – liability of £9.1 million; and
- Abuja compound Nigeria – liability of £8.7 million.

In the July 2025 Committee of Public Accounts session, Cost of maintaining the FCDO's overseas estate, FCDO was questioned about the value for money of lease agreements. FCDO responded that, at least for its overseas estate, it has to ensure it has flexibility in places where the requirements of the estate change over time.

Fraud

FCDO faces a number of fraud risks, including from the variety and nature of its programmes, managing supply chains and having a geographically dispersed workforce. FCDO's total gross fraud losses before recovery in 2024-25 were £2.2 million, an increase from £1.3 million in 2023-24. After recovery, the total net losses were £1.3 million, up from £286,000 in 2023-24.

FCDO has a counter-fraud action plan in place and spent over £2 million in countering fraud in 2024-25. This mainly covered staffing costs and travel expenses for international investigations. It expects that spending will increase slightly for 2025-26.

Financial management and reporting – Good practice

FCDO and its related bodies can draw lessons from our work to help ensure good financial management.

Allocating resources effectively

FCDO has stated that, in the context of a reduced ODA budget, it must ensure its ODA spending plans deliver the maximum value for money going forward.

Our good practice guide, *Financial management in government: allocating resources* highlights that organisations need to prioritise effectively, with finance leaders supporting decision-makers to make difficult decisions and trade-offs to generate value-for-money outcomes based on agreed priorities.

In its 2025 report, *How UK aid is spent*, ICAI stated that the past four years have been a turbulent period for UK ODA and that there have been large and often unplanned changes to the UK's development budget and a major reallocation of spending away from well-established purposes.

ICAI also notes the growing importance of UK development finance through British International Investment (BII). BII is an investment company, 100% owned by FCDO, that invests in private sector businesses in emerging economies across the world. As of 31 December 2024, it had net assets of £9.9 billion, and BII takes on more risk than private sector investors to drive positive development impact.

Managing the British Council

The British Council is the UK's international organisation for cultural relations and educational opportunities.

Most of the British Council's income is from commercial revenues, such as providing exams and teaching English, which were affected by the COVID-19 pandemic, and it is currently facing financial pressures. In 2021-22, it was provided with a commercial loan, and in the year to 31 March 2025, FCDO extended the loan for a further 18 months to September 2026. A Chief Transformation Officer has been appointed to work out the right balance of revenues and costs for the Council over this spending review period.

Our good practice guide *Overcoming challenges to managing risks in government* identified the need for organisations to make risk-informed decisions and to aim for high-quality and robust strategic conversations in which relevant factors are being considered when making decisions on planning, long-term investment, prioritisation and trade-offs.

Tracking the costs and benefits of change

Our 2024 report *Progress with the merger of the Foreign & Commonwealth Office (FCO) and Department for International Development (DFID)* found that FCDO did not have an overview of the full costs of the merger. It spent a minimum of £24.7 million on the merger in 2020-21 to 2022-23. FCDO decided not to track the indirect costs of the merger and stopped tracking direct costs in March 2023. We found that the estimated direct costs of the merger were small compared to the overall expenditure of the department, but that the indirect costs in terms of disruption, diverted effort and the impact on staff morale should not be under-estimated.

FCDO can draw lessons from the merger as it takes forward its FCDO2030 transformation programme, including the effective prioritisation of change activity, tracking costs and benefits and understanding wider impacts (see page 15).

Productivity – Spending review and efficiency targets

The 2025 Spending Review set out funding plans for FCDO up to 2028-29:

£bn	2025-26	2026-27	2027-28	2028-29
Resource Department Expenditure Limit (RDEL)[1]	8.4	6.6	7.0	7.1
Capital Department Expenditure Limit (CDEL)[2]	3.7	3.2	2.2	2.7
Total Department Expenditure Limit (DEL)	12.1	9.8	9.2	9.9

The overall size of FCDO's budget is due to reduce over this spending review period, reflecting the UK government's decision to reduce ODA spending to 0.3% of GNI by 2027. In July 2025, based on forecasts for GNI, the House of Commons Library estimated that reducing the aid budget to 0.3% of GNI would mean that the aid budget in 2027 would be around £9.2 billion. Keeping the aid budget at 0.5% of GNI would mean that the aid budget in 2027 would be around £15.4 billion.

Following the 2025 Spending Review FCDO expects its total spending to decrease by an average of 8.3% a year in real terms between 2025-26 and 2028-29, the largest reduction among departments. The reduction in budget requires FCDO to make savings and efficiencies across the organisation.

Notes

1 Resource DEL refers to the portion of a government department's budget allocated for day-to-day running costs and operational expense.

2 Capital DEL is spent on investments that add to the public sector's fixed assets and public buildings.

Savings and efficiencies

FCDO has committed to delivering at least 5% savings and efficiencies, including through its FCDO2030 transformation programme (see page 15).

FCDO is aiming for efficiency gains of £76 million a year by 2028-29, and plans to deliver this through:

- workforce reform, including trying to ensure roles are accurately evaluated and appropriately remunerated, and modernising and simplifying its Overseas Employment Framework;
- digital upgrades and insourcing, including removing legacy IT systems and reducing reliance on outsourced services by increasing in-house expertise; and
- through its arm's-length and public bodies, including investing in automation, AI and digital tools. FCDO plans for the British Council to deliver significant efficiencies through operational reform.

Our report *Making public money work harder* highlighted the risk of prioritising short-term requirements over longer-term value for money, particularly if organisations attempt to identify efficiency savings without a full understanding of the additional costs this could create elsewhere.

Our 2024 study, *Progress with the merger of the Foreign & Commonwealth Office (FCO) and the Department for International Development (DFID)* reported that FCDO anticipated some savings from combining corporate functions, integrating IT systems and streamlining office accommodation. However, FCDO had not systematically tracked or quantified costs savings or other benefits from the merger.

Our 2025 study, *Managing FCDO's overseas estate*, found that spending to address immediate risks had been at the expense of longer-term investment. We concluded that FCDO needed to make decisions about what it could realistically afford and find ways to identify efficiencies and reduce costs.

Productivity – FCDO's transformation programme

FCDO2030: FCDO's transformation programme

FCDO plans to undertake a significant programme of transformation by 2030 to become a smaller, more modern and more effective department. FCDO received a £290 million transformation fund from HM Treasury in the 2025 Spending Review to fund workforce reform and digital transformation over 2026-27 and 2027-28.

FCDO states that the FCDO2030 programme will focus on five key areas:

Strategy and prioritisation	Developing a clear international strategy that directs its resources and expertise where they will make the greatest difference.
Delivery and impact	Focusing on achieving outcomes that advance the government's priorities, creating a more secure and prosperous UK and world.
Professional capability	Investing in training for staff, giving them the tools, time, and space to apply their skills and expertise most effectively.
Culture and openness	Bringing in required expertise, more diversity of thought and background, and encouraging more engagement with external partners to better understand the world.
Efficiency and innovation	Streamlining processes to create a modern department that enables its staff to spend more time on the highest impact work.

FCDO will need to take on board lessons from the merger to ensure the FCDO2030 transformation programme is able to achieve the aim of a smaller and more effective department. Our 2024 report *Progress with the merger of the Foreign & Commonwealth Office (FCO) and the Department for International Development (DFID)* found that the initial Transformation Portfolio of programmes to deliver the merger was unrealistic in scope and timing. The programme of change was also difficult and disruptive for many staff.

In the report, we recommended that FCDO should accelerate its culture change work, as – at the time of the merger – staff from the former departments felt that they subscribed to different cultures and values. We also recommended that FCDO implement a revised internal communications and engagement strategy setting out its plan to deliver future organisational improvements to address uncertainty and concerns affecting staff morale. FCDO accepted these recommendations, and plans to incorporate them as part of this transformation programme.

Productivity – FCDO's transformation programme

Reduced headcount

FCDO reported that by 2029 a 15% to 25% reduction in its overall headcount is needed. Our report on the FCDO merger found that FCDO's development capability had already reduced since the merger, with the loss of dedicated senior development roles reducing capacity and undermining FCDO's credibility.

FCDO is concluding a voluntary exit scheme for UK-based staff at certain grades to align costs with the spending review budget. It started in December 2024, prior to the FCDO2030 programme, and exits are expected to take place from November 2025. FCDO has stated that as part of this process it has made sure it is not losing people with the skills it needs for the future.

Digital and AI

FCDO is refreshing its Digital, Data and Cyber Security Strategy. It states that in 2025-26 it will prioritise investments to enhance cyber and information security capabilities and develop digital, data, and AI skills, aiming to boost diplomatic and public services, reduce operating costs and increase workforce productivity.

Our report *Making public money work harder* set out that successful digital transformation needs an understanding of the challenge presented by legacy digital services. It also requires realism about what can be achieved, by when and at what cost, and enough capacity and capability to support the scale of change.

FCDO categorises its risks into seven areas, and states that it is operating in a more volatile international context and a tighter resource environment.

For 2024-25, FCDO's internal audit again provided a limited annual assurance opinion, highlighting patterns of risks not being controlled for within FCDO's risk appetite, and insufficient progress addressing actions agreed in previous audits. Internal audit noted that a fundamental shift was needed to improve the maturity of risk management across FCDO through embedding risk management into decision-making, better compliance with the risk management framework and better use of tools.

Our good practice guide *Overcoming challenges to managing risks in government*, highlighted a need for organisations to drive continuous improvement, learning lessons from others and assessing risk maturity. FCDO reported that as an organisation it has a continuing improvement process to help embed its risk approach as a core part of its decision-making. This includes activity such as enabling better sharing of risk information via an online platform and sharing best practice with other government departments.

Figure 8

National Audit Office summary of the Foreign, Commonwealth & Development Office's (FCDO's) risk profile, 2024-25

FCDO categorises its risks into seven areas

Strategy and context risks	Continuing effects of conflicts in Ukraine and the Middle East, changing priorities of allies and other partners, and challenges to international institutions.
Policy and Programme Delivery	ODA reductions will increase challenges – especially as other donors also cut commitments. FCDO is currently re-prioritising its ODA funded work, and considering how best to fulfil its role as a strategic development partner.
Public Service Delivery and Operations	An acute area of risk, particularly in maintaining the global estate and managing the risk of cyber-attacks. There is a balance to be struck between protecting core systems and taking advantage of advances such as artificial intelligence.
People	Priority of ensuring that FCDO maintains the right level of staffing, with the right expertise, in the right locations, balanced against the ambition to reduce overall departmental headcount.
Safeguarding	Risks to programme beneficiaries and FCDO staff is of utmost concern. There is a major challenge of maintaining focus on safeguarding against sexual exploitation, abuse and harassment across the aid sector as donor spending reduces.
Financial and fiduciary	Fraud is a key concern, with FCDO conducting increased work on its identification, prevention, reporting and investigation.
Reputation	Careful monitoring of public confidence in FCDO work and influence with key stakeholders, and management of supplier compliance with ethical standards.

Note

1 FCDO considers climate change and nature loss to be serious multipliers of other global threats.

Source: National Audit Office analysis of *Foreign, Commonwealth & Development Office, Annual Report and Accounts 2024-25*

Figure 9

Total UK Official Development Assistance (ODA) spending, 2011 to 2027

The ODA budget as a proportion of Gross National Income (GNI) was reduced from 0.7% in 2021, and faces a further reduction to 0.3% by 2027

Notes

1 Data are based on calendar years, data published in FCDO's Annual Report and Accounts 2024-25 are based on the financial year.

2 The UK government announced in 2025 that the ODA budget would reduce from 0.5% of GNI to 0.3% by 2027. Actual data are shown up to 2024. Projected ODA spending as a proportion of GNI shows the drop from 0.5% to 0.3% by 2027 but will not reflect actual spending in 2025 and 2026.

3 This figure shows net ODA expenditure. Expenditure has not been adjusted for inflation to ensure that figures are consistent with published Statistics on International Development.

Source: National Audit Office analysis of UK Statistics on International Development, 2024

Risk and resilience – Managing reductions in Official Development Assistance

From 2025-26, the planned reduction in ODA means FCDO will need to prioritise its ODA spending.

UK ODA spending was previously reduced to 0.5% from 0.7% of GNI in 2021, and additional budget meant that spending was around 0.5% in 2022 and 2023. In February 2025, the UK government announced that ODA spending would reduce from 0.5% to 0.3% of GNI in 2027. The government has stated that it is committed to restoring ODA spending to 0.7% of GNI as soon as fiscal circumstances allow.

FCDO considers 2025-26 to be a transitional year for reductions in ODA spending, with greater reductions to come in future years. FCDO is also no longer 'spender and saver of last resort', where it had to adjust its own spending to ensure that the UK met, but did not exceed, the ODA budget. FCDO has stated that this provides it with greater predictability and assurance that it is now able to produce a three-year allocation for ODA budgets.

FCDO has stated that it will prioritise multilaterals in the ODA budget in areas where the government considers the international system needs to deliver at scale and reform: the climate and nature crisis, global health and humanitarian emergencies. The UK will aim to prioritise spending through the most impactful multilateral organisations.

FCDO priorities for ODA

FCDO has committed to prioritising bilateral spending on humanitarian crises in Ukraine, Gaza and Sudan, and is in the process of resetting how it allocates and focuses its ODA priorities. FCDO plans to move from being a donor to an investor; help countries build their own education, health and economic systems; allocate fewer grants and provide more technical assistance (providing expertise, knowledge, skills or capabilities to a partner); and work through local partners and civil society.

FCDO gave evidence at the Committee of Public Accounts session on 10 July (Cost of maintaining the FCDO's overseas estate), and the Committee highlighted the challenge of ensuring impact and value for money when it is spending through multilateral organisations. FCDO has stated it is likely that going forward it will withdraw further from some multilateral partnerships, and underperforming multilateral organisations will face funding cuts in future.

Changes to the international aid landscape

FCDO is managing reductions in ODA in a context of declining aid internationally. The US Agency for International Development has officially closed, with more than 80% of all the agency's aid funding cancelled as of March 2025. The Organisation for Economic Co-operation and Development (OECD) has projected a 9% to 17% drop in ODA internationally in 2025, with ODA in 2027 projected to fall back to 2020 levels. As of June 2025, 11 OECD countries have announced ODA cuts for 2025 to 2027.

Learning from previous ODA reductions

In our 2022 report *Managing reductions in Official Development Assistance spending* we found that spending on bilateral programmes had been disproportionately cut in 2020 and 2021, and the extent of the reduction meant that programmes performing well had to be considered for cuts.

FCDO stated in the Foreign Affairs Committee session on 8 July (Work of the Foreign, Commonwealth and Development Office) that it took lessons from our report that the previous reduction was done too quickly, that it did not engage with partners and it was not engaging adequately across government. It also said that a lesson it learnt internally was that teams wanted predictability and a consistent budget over the course of multiple years.

Equality impact assessment

In July 2025, FCDO published the *Equality impact assessment of Official Development Assistance programme allocations for 2025 to 2026*. This states that FCDO has managed to maintain positive impacts on equalities across multilateral, humanitarian, financial transactions, international climate finance, and research and development spending. The impact assessment also reports that reductions in planned bilateral spending on education, health, and social protection – as well as the total or partial closure or pausing of some equalities-targeted programmes – will have negative impacts on equalities. However, the assessment states that disproportionate negative impacts on equalities have been avoided. The Committee of Public Accounts and the International Development Committee have highlighted concerns about the impact of moving away from dedicated programmes for women and girls, and the mainstreaming of this into wider development programmes.

Risk and resilience – FCDO's overseas estate

FCDO's overseas estate consists of around 6,500 properties in 280 posts globally (as at September 2025). This includes everything from Embassies and High Commissions to Residences and sports facilities. FCDO's overseas estate is essential for delivery of the UK government's global objectives, helping to facilitate diplomacy and promote UK industry abroad.

Managing the overseas estate is complex, with additional challenges not experienced in the government's UK estate. Each post is subject to host nation laws, has local supply chains and different exposure to risks. In March 2024, FCDO's overseas estate, including owned and long-term leased properties, was valued at £2.5 billion.

Impact on staff

In May 2025, our report *Managing FCDO's overseas estate* found that much of the overseas estate was in poor condition, with 933 properties not meeting FCDO's target condition score. This poor condition reduces FCDO's resilience and capability to respond to events and can affect the productivity and health of staff. Twenty-six percent of respondents to our survey of overseas posts reported major concerns with health and safety, and 50% reported minor concerns.

Allocating resources effectively

Our good practice guide *Financial management in government: allocating resources* highlighted the need to balance immediate demands with long-term sustainability and that financial leaders should ensure that longer-term assets are given sufficient attention.

Value for money of the estate

In our report on managing FCDO's overseas estate, we found that FCDO estimated the cost of addressing the maintenance backlog for its overseas estate, as of November 2024, to be £450 million. We also found FCDO had not set out the estate it requires to deliver UK government objectives or a plan for achieving this.

FCDO has made some progress in recent years improving its management of the overseas estate, including improving its understanding of the true condition of the overseas estate through its forward maintenance register 2024 exercise. However, it needs to do more to achieve value for money of the estate. It has rightly focused on making repairs to ensure buildings are safe and legally compliant; however, this is at the expense of investment to improve the estate or reduce its cost. There are still challenges to address, including poor and incomplete data, capability issues and the need to develop a coherent strategy and delivery plan for its future estate.

Financial management is a challenge for FCDO when considering its overseas estate. FCDO has previously invested in its estate using proceeds from selling land and buildings, and it will now receive funding for its overseas estate over the 2025 Spending Review period. However, this is in the context of a reduced FCDO budget overall, and it still needs to find ways to identify efficiencies, reduce costs, adapt its estates portfolio or accept the decline in condition of its overseas estate.

Parliamentary sessions

In the Foreign Affairs Committee session on 8 July 2025, Work of the Foreign, Commonwealth and Development Office, FCDO stated that the estate was large and complex, and accepted that it is spending considerable amounts on maintaining the estate. FCDO will need to think about how to consolidate it and prioritise investments to reduce spend on an ongoing basis.

The Committee of Public Accounts held a session on 10 July 2025 following our report. The Committee published a report with their findings and six recommendations: *Cost of maintaining the FCDO's overseas estate*. The recommendations covered areas such as:

- ensuring FCDO's new estates strategy sets out the estate it needs to support UK government objectives;
- plans to reduce the maintenance backlog;
- ensuring the collection of good-quality data with an integrated data management system; and
- restarting its lessons-learned processes.

Risk and resilience – International crises

FCDO typically leads the UK's response to international crises such as natural disasters, political unrest and large-scale terrorist attacks. Through the National Risk Register, FCDO is the lead government department for international emergencies, including risk identification and assessment, prevention and response. Due to growing humanitarian needs and an increased impact from global crises and conflicts last year, the UK spent £1.5 billion of bilateral ODA on humanitarian assistance in 2024 (2023: £882 million).

Taking a forward-looking view

Our good practice guide *Overcoming challenges to managing risks in government* identified the need for departments to take a forward-looking view, continuously horizon-scanning for future threats, building in diversity to risk identification and being imaginative in scenario planning to improve responses to unexpected shocks.

ICAI's February 2025 report, *How UK aid is spent* highlighted that the UK's ability to respond to humanitarian crises had been reduced in previous years due to cuts in humanitarian aid, and that the UK has had to prioritise its humanitarian responses.

Our 2024 report *Progress with the merger of the Foreign & Commonwealth Office (FCO) and the Department for International Development (DFID)* stated that international crises, cuts in aid spending and changing priorities have placed significant demands on FCDO. It also highlighted, however, that the merger led to some examples of more integrated crisis response, such as the joint humanitarian and political response to the Ebola crisis in Uganda.

FCDO maintains a crisis reserve to ensure it can respond to new crises. This was set at £50 million in 2024-25, and it has a planned crisis reserve of £100 million for 2025-26, with £15 million of this already being allocated to respond to growing humanitarian needs in Myanmar.

Examples of UK responses to crises

Despite a reduction in ODA, spending on humanitarian crises remains one of FCDO's priorities. Recent examples of the UK's responses to crises led by FCDO include:

Sudan	In 2024-25, the UK supplied £226.5 million in emergency food assistance, shelter, drinking water, emergency health care and education; treated over 98,000 children with severe malnutrition; provided basic water services to over 744,000 people; and assisted over 229,000 food-insecure individuals with cash, vouchers and food.
Lebanon	The UK's Emergency Medical Team, which is the UK government's health response to overseas disasters, was deployed in November 2024 for five months to support healthcare services. They established a physiotherapy ward, provided training and equipment and conducted over 550 patient consultations.
Rwanda	In October 2024, FCDO sent 16 medical experts for two months to support Rwanda in tackling an outbreak of Marburg virus disease. The team provided support for intensive care, operating theatres, infection control and prevention, and emergency medical services across health facilities in the capital. The team also provided informal teaching and mentoring for nurses and training for local health staff, introduced quality improvements across health facilities and completed 1,370 nursing interventions, and 176 patients benefited.
Multilateral	FCDO also invests in multilateral bodies that respond to crises. It reported that in 2024 its contribution to the UN humanitarian Central Emergency Response Fund enabled the humanitarian system to assist 4.1 million people in 45 countries. This assistance was in areas including healthcare, nutrition support, water, sanitation and education.

Risk and resilience – Climate change

Climate and nature is one of FCDO's six priority outcome areas, and FCDO considers climate change and nature loss to exacerbate other global threats.

Making risk-informed decisions

Our good practice guide *Climate change risk* highlighted that climate risks can have many impacts for an organisation, and to properly manage these risks they need to be understood and integrated as part of an organisation's strategy.

The UK's work on climate

The UK participates in a number of international partnerships and forums on climate. For example, the UK and Norway have launched a new Green Industrial Partnership to enhance cooperation across clean energy sectors, and the UK helped to secure agreement of the 'New Collective Quantified Goal' to deliver $300 billion (US dollars) annually for developing countries climate action by 2035.

International Climate Finance (ICF)

ICF is ODA from the UK to support developing countries to prevent and address challenges caused by climate change, biodiversity loss and environmental degradation or to reduce emissions. Four government departments, including FCDO, have responsibility for investing ICF.

Performance of ICF programmes is reported against 15 key performance indicators. The government reports that, since 2011, ICF programmes have helped over 137 million people adapt to climate change and reduced or avoided around 145 million tonnes of emissions.

Examples of ICF programmes

Climate Action for a Resilient Asia
(Feb 2022 to Mar 2031, £276 million)

This programme aims to support climate resilience in Asia by supporting governments and vulnerable communities to adapt to climate change, integrating climate resilience into government-wide policy and planning, and working with private sector organisations to integrate climate-related risks into their investment decisions.

Mobilising Finance for Forests
(Feb 2021 to Feb 2036, £208 million)

This programme, led by the Department for Energy Security & Net Zero, aims to increase private investment in tropical forest regions to combat deforestation and other environmentally unsuitable land use practices.

Forty-one percent of British International Investment's (BII's) commitments in 2024 were climate finance. BII states that in the five years to 2026, 30% of its annual commitments will go to climate finance.

The UK committed to a £11.6 billion ICF target between 2021-22 and 2025-26. In its February 2025 report *How UK aid is spent* ICAI stated that the UK held to this target despite pressures on the development budget. However, ICAI also found that the government changed its accounting methods to ensure all eligible expenditure was included, effectively bringing the UK closer to the £11.6 billion commitment without any new spending.

Climate disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) has designed a framework to help organisations more effectively disclose climate-related risks and opportunities. FCDO now has to include climate-related financial disclosures in its annual reports, in line with this framework.

In 2024-25, FCDO explained that it could not provide the required TCFD disclosures around the metrics and targets it uses to manage material climate-related risks. It does not have climate-related metrics and targets that span the entirety of its operations, nor an organisation-wide climate risk strategy. FCDO aims to align with the TCFD recommendations in future by reviewing local risk registers and identifying recurring and significant climate-related risks.

Boosting resilience at posts

FCDO has a 'Net Zero estate pathway' to align with the UK aim to achieve net zero by 2050, which FCDO states will allow it to reduce carbon emissions and energy costs and increase energy resilience overseas. Our report, *Managing FCDO's overseas estate*, found that in addition to reducing costs and carbon emissions, low carbon measures can play an important role in boosting post resilience where local energy supplies are unreliable.

About the NAO

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enable us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account, and we use our insights to help those who manage and govern public bodies to improve public services.

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

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About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the Foreign, Commonwealth & Development Office (FCDO). It is intended to support the Foreign Affairs and International Development Committees and members across the House in their examination of FCDO.

This report updates our previous report, *Foreign, Commonwealth & Development Office 2023-24 - NAO overview*, published on 5 November 2024.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money work, including the annual report and accounts of FCDO and its partner organisations. In some cases, to provide the most up to date information, we have drawn on information from publicly available documents. We have cited these sources throughout the guide to enable readers to seek further information if required.

Where analysis has been taken directly from our value for money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.