

## **EXPLANATORY MEMORANDUM TO**

### **THE FCO SERVICES TRADING FUND (VARIATION) ORDER 2009**

**2009 No. 1362**

- 1.** This explanatory memorandum has been prepared by the Foreign and Commonwealth Office (“the FCO”) and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

- 2. Purpose of the instrument**

2.1 The FCO Services Trading Fund (Variation) Order 2009 provides for the variation of the amounts attributed to the revaluation reserves and to public dividend capital of the Trading Fund established by the FCO Services Trading Fund Order 2008.

- 3. Matters of special interest to the Select Committee on Statutory Instruments**

3.1 None.

- 4. Legislative Context**

4.1 The Government Trading Funds Act 1973 enables Ministers to decide that certain services provided by Government Departments may be financed by means of trading funds.

4.2 The operations financed by a trading fund must be managed so that the revenue of the fund consists principally of payments for goods and services and is sufficient to finance the operations concerned.

4.3 The FCO Services Trading Fund Order 2008 provided for the establishment from 1<sup>st</sup> April 2008 of a fund from public money under the Government Trading Funds Act 1973 for the operations of the FCO undertaken by FCO Services.

- 5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

- 6. European Convention on Human Rights**

6.1 The Secretary of State for Foreign and Commonwealth Affairs has made the following statement regarding Human Rights. “In my view the provisions of the FCO Services Trading Fund (Variation) Order 2008 are compatible with the Convention rights.”

## **7. Policy background**

7.1 FCO Services began operating as a separate Trading Fund on 1<sup>st</sup> April 2008.

7.2 With reference to Statutory Instrument No.590 paragraph 4 (2) the figure of £39,000 has been updated to £51,000 as a proportion of those assets exceeding liabilities treated as a revaluation reserve. This revised figure has been drawn from the formal FCO Services accounts for 2007/2008 reflecting an actual value over the original estimated value.

7.3 With reference to Statutory Instrument No.590 paragraph 4 (3) the figure of £3,204,000 is now updated to £4,981,000 to reflect a firm value for the Public Dividend Capital of FCO Services. This has been based upon actual values from the final FCO Services accounts for 2007/2008 rather than the estimated values on the balance sheet as at 31<sup>st</sup> March 2008 prior to the preparation, audit and presentation of accounts.

## **8. Consultation outcome**

8.1 No consultation was conducted.

## **9. Guidance**

9.1 No guidance has been issued.

## **10. Impact**

10.1 No specific impact assessment has been prepared for this instrument as it is only for the purpose of amending the balances on the original statutory instrument giving FCO Services Trading Fund status, and as such makes no substantive changes to its effects.

10.2 An impact assessment was carried out prior to the passing of the original Statutory Instrument and this concluded that there was little if any impact on the public and private sector. The amendments to the balances are relevant only to the internal management of the fund and have no effect on any person or organisation outside of the Foreign and Commonwealth Office and FCO Services.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 No review is to be conducted.

## **13. Contact**

In the first instance questions regarding the Instrument may be put to Mr Andrew Hobbs at the Foreign and Commonwealth Office on 020 7008 1100 or e-mail [Andrew.Hobbs@fco.gov.uk](mailto:Andrew.Hobbs@fco.gov.uk).