

2008 No. 590

GOVERNMENT TRADING FUNDS

The FCO Services Trading Fund Order 2008

Made - - - - *3rd March 2008*

Coming into force - - *1st April 2008*

Whereas:

(1) It appears to the Secretary of State for Foreign and Commonwealth Affairs (“Secretary of State”) that—

- (a) the operations of the Foreign and Commonwealth Office that are referred to in article 2 of, and Schedule 1 to this Order, being operations for which he is responsible, are suitable to be financed by means of a fund established under the Government Trading Funds Act 1973(a) (“the 1973 Act”) and, in particular, to be so managed that the revenue would consist principally of receipts in respect of goods or services provided in the course of the operations; and
- (b) the financing of these operations by means of a trading fund would be in the interests of the improved efficiency and effectiveness of the management of the operations;

(2) The Secretary of State has taken such steps as appear to him to be appropriate to give an opportunity to such persons as appear to him to be appropriate to make representations to him and has laid before Parliament a report about the representations received and his conclusions;

(3) The Secretary of State has, in accordance with section 2 of the 1973 Act, with the concurrence of the Treasury, determined what Crown assets and liabilities are properly attributable to the operations and are suitable to be appropriated to the fund; and

(4) In accordance with section 6(2) of the 1973 Act, a draft of this Order has been laid before the House of Commons and has been approved by a resolution of that House.

Accordingly, the Secretary of State in exercise of the powers conferred by sections 1, 2, 2AA(1) and (2), 2A(1) and 2C(1) of the 1973 Act, with the concurrence of the Treasury, makes the following Order:

Citation and commencement

1. This Order may be cited as the FCO Services Trading Fund Order 2008 and shall come into force on 1st April 2008.

(a) 1973 c.63, as amended by the Government Trading Act 1990 (c.30). The 1973 Act, as amended, is set out in Schedule 1 to the 1990 Act. The 1973 Act was further amended by section 119 of the Finance Act 1991 (c. 31), Schedule 22 to the Finance Act 1993 (c.34), section 29 of the Government Resource and Accounts Act 2000 (c. 20), and by section 108 of the Finance Act 2001 (c. 9).

Establishment of the Fund

2.—(1) A trading fund, to be known as the FCO Services Trading Fund (“the fund”), shall be established from 1st April 2008 for the operations of the Foreign and Commonwealth Office undertaken by FCO Services from that date.

(2) The operations of FCO Services described in Schedule 1 shall be financed by means of the fund.

Source of loans

3. The Secretary of State for Foreign and Commonwealth Affairs is designated as the source of issues to the fund by way of loan.

Assets, liabilities, reserves and public dividend capital

4.—(1) The Crown assets and liabilities set out in Schedule 2 shall be appropriated as assets and liabilities of the fund.

(2) The sum of £39,000, being part of the amount by which the values of those assets exceeds the amount of those liabilities, shall be treated as a revaluation reserve in the accounts of the fund, and the reserve so created shall be maintained as a revaluation reserve.

(3) The sum of £3,204,000, being part of the amount by which the value of those assets exceeds the amount of those liabilities shall be treated as public dividend capital.

Maximum borrowing etc.

5. The aggregate of the following shall not exceed £30,000,000—

- (a) the total outstanding at any given time in respect of amounts issued to the fund under section 2B of the Government Trading Funds Act 1973 (other than as originating debt); and
- (b) the total at that time constituting public dividend capital issued to the fund under section 2A(2A) of the Government Trading Funds Act 1973.

One of Her Majesty’s Principal Secretaries of State

1st March 2008 *David Miliband*
Secretary of State for Foreign and Commonwealth Affairs

We concur *Steve McCabe*
Dave Watts

3rd March 2008 Two of the Lords’ Commissioners of Her Majesty’s Treasury

SCHEDULE 1

Article 2(2)

FUNDED OPERATIONS

The operations of FCO Services to be funded by the fund are—

- (a) the provision of any goods and services necessary to enable the operations of the Foreign and Commonwealth Office in the UK and overseas to function effectively, including the provision of technology and communication services, construction services, facility management, procurement and office administration services, consultancy, operations and maintenance services, logistics, technical material and advice, security and vetting services, translation and interpreting services and other goods and services as may be required;
- (b) the provision of these goods and services to other customers in the United Kingdom and overseas;
- (c) the carrying out of operations incidental, conducive, related or otherwise ancillary to the provision of the goods and services described above.

SCHEDULE 2

Article 4(1)

ASSETS AND LIABILITIES APPROPRIATED AS THOSE OF THE FUND

ASSETS

Information technology, communications and security equipment, office fittings and equipment, and vehicles, as at 1st April 2008, used or allocated for use in the funded operations.

Intangible assets, as at 1st April 2008, used or allocated for use in, or arising from, the funded operations.

Debtors, stocks and work in progress, as at 1st April 2008, in relation to the funded operations.

LIABILITIES

Creditors, provisions and accruals, as at 1st April 2008, in relation to the funded operations.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the setting up from 1st April 2008 of a fund with public money under the Government Trading Funds Act 1973 for the operations of the Foreign and Commonwealth Office undertaken by FCO Services. This agency currently provides support necessary for British Government offices in the UK and overseas to operate effectively and will also seek to provide services to other customers in the UK and overseas.

The Order designates the Secretary of State for Foreign and Commonwealth Affairs, as the authorised lender to the fund. The Order also requires £39,000 to be treated and maintained as a revaluation reserve. It also provides for £3,204,000 (being part of the difference in value between the assets and the amount of liabilities of the fund) to be treated as public dividend capital of the fund.

A report setting out the results of a consultation exercise and an impact assessment of the establishment of the FCO Services Trading Fund have been produced separately and published in accordance with Cabinet Office guidance.

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