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FCS/07/086/A

CHIEF SECRETARY TO THE TREASURY

Dear Stephen,

Urgent Security Works At The British Embassy Baghdad

1. It has become clear recently that a further capital investment is urgently needed in security works for our Embassy in Baghdad, if the Embassy is to continue to provide a safe platform for HMG's operations, and to offer a base for important international partners. The investment required is unaffordable from the FCO's current capital budget. I am therefore making a bid to you for exceptional access to conflict prevention funding from the Reserve. I have seen that Des Browne is making a parallel application for accommodation at Basra.
2. The US plan to hand responsibility for security in the International Zone (IZ) to the Iraqi Security Forces. The current target date for this is January 2009.
3. The Prime Minister saw at first hand this week the threat which our Embassy in Baghdad is already under. Iraqi-isation of security in the IZ will have significant effects on the security of our Embassy, unless security in Baghdad has dramatically improved by the time of transition. It is likely to

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lead to a greater direct threat to our Embassy, and also increase the risks and the difficulty of movement within what used to be the IZ.

4. An urgent programme of estates work in Baghdad is therefore required:

- construction of new hardened accommodation units to replace existing "Red Sea" containers (which do not offer the same degree of protection against rocket/mortar attack);
- construction of additional accommodation units to allow both our static guard force and our mobile guard force to be housed on the compound;
- construction of a new (modest) Residence for our Ambassador on the compound. The current Residence, which is located off-compound, will become insecure when the US Ambassador moves from the adjoining property to a vast new Embassy complex;
- construction of a helicopter landing site on the compound. We expect the helipad which we use at the moment for transfer to Baghdad International Airport (BIAP) to close when the US Embassy moves to its new premises.
- a series of other essential security works at the compound, such as construction of additional watchtowers; and
- construction of hardened transit accommodation at the airport, as we are increasingly concerned about the risks faced by staff who frequently have to overnight at the airport.

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5. We have carried out detailed pre-tender estimates of most of this work, and expect the total capital investment required to be around £23 million. The great majority of this expenditure is required within this financial year, in order to ensure that the work is completed before IZ transition.
6. This requirement has emerged at a time when the FCO already has a full programme of estate investment in place, most of which is driven by urgent security requirements such as relocating vulnerable embassies. The whole of our £100m capital investment allocation for 2007/08 is already committed to existing contracts on construction projects that were entered into in previous financial years. Our scope for raising extra funds this year through additional asset sales is extremely limited.
7. The £23m work in Baghdad, therefore, will only be affordable if other Departments who use the compound are prepared to contribute their full share of the capital costs, and if we are able to secure the necessary uplift in our capital budget in this FY to cover the FCO share. Of "teeth" staff on the compound, and contractors involved in operational delivery (such as police advisers), fewer than 50% are FCO. The remainder belong to a range of Departments including DFID, MoD, the British Council, and the agencies. Of course, there are also large numbers of contractors who provide security and life support, which is a shared benefit.
8. If we are not able collectively to make this investment, we would have to look hard at how we could continue to operate safely and sustainably, meeting our duty of care to all compound users and residents. We would have to do some or all of the following:

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an end to one or more of our programmes to place specialist advisers in key Iraqi Ministries; civilian police and Adam Smith International (ASI, under contract to DFID) advisers in the Ministry of the Interior; MoD civil servants at the Iraqi MoD. This would produce a reduction in numbers of civilian police, MoD and ASI staff at the Embassy.

- ceasing to host some of our international tenants, who include the World Bank, the European Commission and the EU Justlex programme. We have strong political as well as policy reasons for helping to keep these institutions engaged in Iraq, but although they contribute pro rata towards our running costs, there would be space and resource savings in asking them to leave.
- further cuts in FCO, DFID and agency staffing. In the case of FCO staff, these would have to be above and beyond the currently-planned reductions which will see total FCO numbers reduce by about 25% in this FY. An end to the small British Council presence should also be considered as part of this option.

9. Even with these measures, a number of the works will have to go ahead if we are to maintain a safe and sustainable Embassy, irrespective of other efficiencies. These include the additional accommodation for our static security force, the provision of a modest new Residence on compound, the helipad and the work at BIAP. These elements would cost around £15-16 million. I cannot commit to this expenditure without an assurance that it will be met from the Reserve and pro rata contributions from those other Departments still represented in Baghdad.

10. Irrespective of the success of the Baghdad Security Plan and the US military surge, I believe that a secure and adequately-resourced post in

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Baghdad will remain vital to our national interests, both in allowing us to influence the development of the new Iraq, and in terms of our alliance with the US. But we need to make the necessary investment.

Margaret Beckett

MARGARET BECKETT

Foreign and Commonwealth Office

31 May 2007

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