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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Margaret Beckett MP
Secretary of State
Foreign & Commonwealth Office
King Charles Street
London SW1A 2AH

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Mr (DES) DTC STAFF PLANS 2 AD
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ACOS (OPS)

Dear Margaret,

BRITISH EMBASSY BAGHDAD

Thank you for your letter of 24 May, in which you sought funding for capital investment in the British Embassy in Baghdad. I was also grateful for Hilary's letter of 7 June.

2. It is encouraging that departments are working together to consider and address current and future security concerns. In the case of Baghdad there clearly is a future risk, particularly once Iraqi security takes control of the International Zone.
3. I welcome the efforts you have made to reduce and absorb the costs and agree that you should work with other departments to agree joint funding. On affordability constraints this year in the FCO's capital budget, I would be willing to agree a request to drawdown End Year Flexibility if, after agreeing contributions with other departments and taking all viable steps to reduce and absorb this pressure, the costs cannot be managed within your capital budget this year.
4. Copies of this letter go to Gordon Brown, Hilary Benn and Des Browne, and to Sir Gus O'Donnell, Nigel Sheinwald and Martin Davidson.

Yours ever,

STEPHEN TIMMS

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