

Payments & Allowances - What do you need to know?

Before you go to Post, you will receive certain pre-posting payments designed to help you “kit yourself out” for your posting. Once at Post, you will receive various overseas allowances paid with your salary on a continuing basis. These allowances are compensation for the additional costs of living and working outside the UK and they are exempt from tax. Allowances are not intended to be an incentive to work in any particular post.

Pre-Posting payments

1. **Transfer Grant**: This is a lump sum designed to cover a range of incidental expenditure associated with being posted (for example, replacing household items, buying extra luggage and additional transport costs). It is paid for each substantive posting lasting 12 months or more, eg from London to a Post abroad, from one Post abroad to another, or from a Post abroad back to London. Rates are revised annually and paid according to your grade and family status.
2. **Initial Setting-up Addition (ISA)**: The ISA is a lump sum paid to Diplomatic Service staff on their first substantive posting overseas. Its purpose is to assist officers in equipping their household for a series of overseas postings. It is paid according to grade and family status.
3. **Clothing Addition**: This is a lump sum paid to staff and entitled dependants to purchase additional clothing when posted to countries where the climate is significantly colder than the United Kingdom. It is paid when officers are sent on a substantive posting to qualifying countries provided they have not received a Clothing Addition in the previous 3 years. The rates are the same for all grades but vary according to family status and the number of qualifying children.
4. **Advance of Overseas Allowances (OVAL)**: These repayable advances can be made to all staff going overseas, providing they are on their first posting outside the UK, or being posted following a substantive posting in the UK.

Overseas Allowances

Once at Post, you may be entitled to the following allowances:

- Cost of Living Addition (COLA)
- Diplomatic Service Compensation Allowance (DSCA)
- Continuity of Education Allowance (CEA) and Local Education
- Overseas Location Allowance (OLA)

Cost of Living Addition (COLA)

CoLA compensates you for the additional cost of maintaining at Post a standard of living comparable to that in the UK. Rates of CoLA vary from one country to another, and your rate will also depend upon your grade and family status. In countries where the cost of living is cheaper than in the UK, CoLA might be zero. CoLA rates can change significantly during the course of your posting, up or down, so it is important not to rely upon them when undertaking any private financial commitments. You do not need to apply for COLA; it will automatically be paid with your salary once at Post.

Diplomatic Service Compensation Allowance (DSCA)

DSCA has four elements: **Mobility, Hardship, Representational (Indirect Costs) and Partner Compensation**. The only element you have to apply for is Partner Compensation (see below). DSCA will be paid with your monthly salary.

Mobility - compensates for the cost of unforeseen circumstances and added expenditure over a career resulting from frequent changes of job, location and environment. It is paid according to grade and family status, but there is no provision for children. All Diplomatic Service officers receive Mobility while they are on a posting from the UK.

Hardship - compensates staff for the additional costs of maintaining quality of life at hardship posts, based on Employment Conditions Abroad (ECA)'s location ranking scoring system taking into account climate, pollution, isolation, health, security and social tension.

Representation - compensates representational officers, normally Second Secretary and above, for the extra indirect costs they incur using their own clothing, household goods and transport as a result of their representational duties. Rates apply worldwide according to grade and family status, but there is no provision for children.

Partner Compensation - compensates Diplomatic Service staff whose partners have a long-term commitment to full global mobility. It recognises the impact this has on the partner's ability to follow a career and to contribute to a UK pension scheme. It is paid to the officer on the assumption that they will set up a savings scheme or other financial arrangement for their partner. Payment depends on certain conditions. You should apply for this element of DSCA.

Continuity of Education (CEA) and Local Education

Continuity of Education (CEA)

The main purpose of CEA is to provide continuity of education in the British system for the children of staff who have a mobility obligation to work outside the UK. It enables them to attend boarding school in the UK when their parents are on a posting outside the UK and to remain at those schools when their parents return for a UK posting. CEA is also available to officers who choose to educate their children in foreign language or American day schools in the UK.

The FCO authorises the payment of CEA within the appropriate CEA ceilings that apply in the UK, subject to certain conditions being met. The allowance is usually dependent on both parents being at Post. .

Local Education

Staff with dependant children living at Post are entitled to claim day school fees where no suitable free state schooling is available and the school is on the Post's authorised list.

Overseas Location Allowance (OLA)

This is a taxable allowance paid to encourage staff to bid for difficult to fill posts and reward those who serve in the most challenging environments overseas.