National Audit Office

REPORT

Managing FCDO's overseas estate

Foreign, Commonwealth & Development Office

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Managing FCDO's overseas estate

Foreign, Commonwealth & Development Office

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

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Key facts

6,500

the approximate number of overseas properties managed by the Foreign, Commonwealth & Development Office (FCDO), including official Residences, Embassies, High Commissions, Consulates, offices and staff accommodation

282

the number of global locations (known as posts), in 180 countries and territories, where FCDO maintains an official diplomatic presence, varying in size from 86 acres to a single office

£2.5bn

the estimated value of the FCDO overseas estate, including owned and long-term leased properties, as at March 2024

2,200 number of FCDO UK staff based overseas, as at December 2024. The overseas estate also hosts 9,143 local country-based staff and 5,200 staff from other UK government departments and bodies

£1.47 billion amount FCDO raised selling land and property assets, primarily in Bangkok (sold for £426 million in 2018) and Tokyo (sold for £685 million in 2022), between 2010-11 and 2023-24

£450 million FCDO estimate of cost of addressing the maintenance backlog for its overseas estate, as at November 2024

933 properties assessed as below FCDO's internal target condition score of 70% or higher, meaning buildings should be sound, operationally safe and exhibit only minor deterioration

85% percentage of FCDO overseas posts without a complete asset register, containing a record of building components and physical assets at that post, as at November 2023

Summary

Introduction

1 The Foreign, Commonwealth & Development Office (FCDO) leads the UK's diplomatic, development and consular work around the world. To support this, it manages an overseas estate of approximately 6,500 properties, mostly located in 282 locations (known as posts) in 180 countries and territories. Posts can vary in size, from 86 acres to a single office. The number of posts has increased from 270 in 2018-19 to 282 in April 2024. In March 2024, FCDO's overseas estate, including owned and long-term leased properties, was valued at £2.5 billion. As at December 2024, FCDO had more than 2,200 UK staff based overseas (27% of FCDO's 8,273 UK staff), and employed 9,143 country-based staff.

2 FCDO regards its overseas estate as central to supporting the achievement of UK government objectives, by facilitating diplomatic engagements and providing a platform for promoting UK industry and services. The overseas estate also hosts over 35 other UK government departments, the devolved administrations and other bodies requiring a presence overseas.[1] This comprises 5,200 staff. For example, UK Visas and Immigration staff based at FCDO property overseas assist with visa applications, and the Department for Business and Trade has an overseas network in support of UK trade, exports and investment. FCDO aims for its estate to be smaller and more efficient, with lower running costs and reduced carbon emissions.

3 As part of the 2010 Spending Review settlement, FCDO did not receive a budget for estate maintenance and projects. Between 2010-11 and 2023-24, FCDO has funded the management of its estate by selling overseas assets for £1.47 billion, primarily through sales in Bangkok (sold for £426 million in 2018) and Tokyo (sold for £685 million in 2022).

4 Strategically, FCDO manages its overseas estate through its corporate Estates, Security and Network Directorate (ESND). Daily management of the estate at posts is carried out through a range of approaches, including both in-house and contracted-out maintenance arrangements.

1 FCDO manages and provides the One HMG Overseas platform, which provides services including HR, transport, accommodation, finance and procurement.

5 The NAO has published several reports on property, most recently our January 2025 report, *Maintaining public service facilities,* which examines how the government plans and manages property maintenance for UK public buildings.[2] We last reported on the former Foreign and Commonwealth Office's (FCO's) overseas estate in 2010 and found that it lacked the clear strategy and comprehensive data necessary for managing its overseas estate effectively, although it was taking positive steps to adapt its properties to new global challenges.[3]

Scope of the report

6 This report examines whether FCDO has a robust approach to managing its overseas estate. It considers whether FCDO:

- has a clear overarching strategy for meeting its current and future overseas estate requirements;
- is set up to manage its overseas estate effectively; and
- is managing its maintenance programme and capital projects effectively.

7 We do not examine the maintenance of security systems in secure areas or the effectiveness of individual posts' approaches to managing their estates. We do not typically identify individual overseas posts, to mitigate any potential security risks. We also do not examine arrangements for managing the FCDO's UK estate, other than where decisions regarding the UK estate may affect the overseas estate.

Key findings

Estates strategy, governance and funding

8 **FCDO oversees a large and complex global portfolio of land and buildings, facing additional challenges not experienced in the government's UK estate.** FCDO's overseas estate consists of approximately 6,500 properties mostly located in 282 locations (known as posts) globally. This includes Embassies, High Commissions, Consulates, offices, official Residences and staff accommodation, and a diverse array of amenities. Properties outside the UK can face risks not commonly experienced by the government's UK estate. These include exposure to extreme climates, earthquakes, and risks arising from operating in conflict zones. FCDO also simultaneously operates in different labour markets and local jurisdictions, which have a range of local standards and laws. Additionally, FCDO is constrained in how it can use many of these properties; for example, some have been given to the UK for diplomatic purposes and cannot be sold (paragraphs 1.2, 1.7 to 1.9, 2.9 and Figure 2).

2 Comptroller and Auditor General, *Maintaining public service facilities*, Session 2024-25, HC 544, National Audit Office, January 2025.

3 The former Foreign & Commonwealth Office (FCO) and the former Department for International Development (DFID) merged to create the Foreign, Commonwealth & Development Office in September 2020.

9 **FCDO and other government departments consider the overseas estate key to achieving the government's global ambitions.** The UK government uses FCDO's overseas estate as a 'soft power' asset in support of its strategic goals. As well as the estate's functional use as office or residential space, it also has broader value. The estate signals the importance of the UK's relationship with the host country, facilitates engagements with key stakeholders and helps promote UK industry and services. The estate also brings together the UK government presence overseas (paragraphs 1.3 and 1.10).

10 **FCDO has not set out the estate it requires to deliver UK government objectives or a plan for achieving this.** It has strategic goals for its overseas estate to be smaller and more efficient, with lower running costs and reduced carbon emissions. However, FCDO does not currently outline the overseas estate that it requires to deliver UK government objectives, rank its posts by importance or set out how it may need to adapt the current estate to meet these objectives. Without this information, it is challenging for FCDO to identify where it could change its estate to reduce costs. In April 2023, FCDO's internal audit reported it was not clear how investment decisions were linked to achieving government ambitions. FCDO reports it is making progress in these areas; for example, including some metrics of posts' importance in its new project prioritisation methodology and starting work to define and rank the importance of posts and review the future size and shape of its overseas estate. FCDO has also not set out in a coherent and useable manner how its various delivery plans and policies support its goals for its overseas estate, and it does not have key performance indicators (KPIs) to measure performance against all elements of its overarching strategy (paragraphs 1.11 to 1.13, 3.3 and Figure 3).

11 **FCDO lacks good-quality data on all aspects of its estate but has started taking steps to improve this.** In November 2023, FCDO reported that 85% of posts either did not have an asset register containing a record of building components and physical assets at that post, or that the register was incomplete, and commissioned surveys to try and fill this gap. Staff at posts do not always have the capacity or skills needed to collect data. FCDO's centrally held estates data, such as on building condition and utilisation, are also incomplete and of variable quality, and cannot be joined up effectively. FCDO uses a number of IT systems to collect estate data, as well as local IT and paper-based systems. FCDO has acknowledged the poor state of its estate data and is taking some steps to improve its data and data systems, including using its forward maintenance register 2024 (FMR24) exercise to gather information on its overseas estate maintenance backlog. It is expanding its portfolio management office to collect data on all estates activity such as maintenance, not just projects. It is also installing new IT systems and has a plan to integrate its systems, but these are not complete (paragraphs 1.22 to 1.26).

12 **FCDO has recently restructured its estates directorate to manage headcount pressures and enable more effective governance of its estates spending, but has not yet set out how its changes will support this aim.** Within FCDO, ESND is responsible for managing the global estate. In 2024, FCDO merged its maintenance and estate project delivery functions to help reduce headcount and improve its estate oversight and decision-making. However, it did not set out the changes to its estates departments and what these changes are intended to achieve. Without such an articulation, FCDO will be unable to track the impact of these changes or whether they are achieving their intended benefits (paragraph 1.16).

13 **Although FCDO's current approach to funding its overseas estate is not sustainable, it is working with HM Treasury (HMT) to determine future funding options.** Since 2010, FCDO has funded its overseas estate capital and maintenance projects through property sales. It has generated £1.47 billion from these, largely from two significant sales in Bangkok in 2018 and a partial sale of its Tokyo site in 2022. FCDO has been able to access funds flexibly (subject to standard HMT spending controls) and complete, or approve for construction, around 200 capital projects since 2018, including refurbishing the Washington D.C. Embassy and building a new High Commission in Ottawa. FCDO commissioned a review by Knight Frank in 2020, which confirmed that it had no assets remaining of similar value to Tokyo and Bangkok that it could sell. FCDO will need to work within annual funding limits set by HMT from 2025-26, compared to previously flexible funding across years. This will require FCDO to produce a robust plan for the size and shape of its future estate (paragraphs 1.17 to 1.21, 3.5 and Figure 4).

Estate condition and maintenance

14 **Long-term under-investment in maintenance has contributed to the declining condition of FCDO's overseas estate.** In November 2024, FCDO increased the risk rating of its overseas estate from major to severe, based on the risk of irreversible estate deterioration and FCDO being unable to meet minimum health and safety standards. FCDO has assessed 933 buildings as not meeting its internal target condition score of 70% or higher (where buildings are sound, operationally safe and exhibit only minor deterioration), while a further 3,616 have not had their condition assessed recently. In 2023-24, individual posts spent £56 million directly maintaining their estates and FCDO also spent £36 million on facilities management contracts. HMT is currently discussing with FCDO the level of annual budget necessary for estates purposes. The poor condition of the estate reduces FCDO's resilience and capability to respond to events, and has the potential to affect the productivity and health of its staff: 26% of respondents to our survey of overseas posts reported major concerns with health and safety, and 50% reported minor concerns. Nineteen percent of respondents reported major concerns with building condition or functionality having a negative impact on staff productivity and 36% reported minor concerns (paragraphs 1.14, 2.3 to 2.6, Figures 5 and 6, and Appendix Two).

15 **FCDO has prioritised its maintenance spending to address immediate risks, at the expense of more long-term spending.** FCDO has prioritised its funding for maintenance projects on addressing health and safety and compliance risks, over longer-term prevention works that reduce overall costs. Planned preventative maintenance is the responsibility of posts, but the majority of respondents to our survey said that it was challenging to undertake preventative maintenance, resulting in the need for more reactive maintenance. In one post, a building has been declared unsafe due to cracking and tilting. In another post, three quarters of British Embassy staff had to move into temporary accommodation early, ahead of refurbishment of the main Embassy building due to the failure of mechanical and electrical equipment. FCDO acknowledges that failure to conduct maintenance is poor value for money, as it often results in more extensive and costly subsequent work. FCDO is now implementing a new prioritisation system, but this will remain heavily focused on managing health and safety risks (paragraphs 2.4 and 3.5).

16 **FCDO conducted an important exercise to provide a more accurate picture of the condition of its estate and identified a £450 million maintenance backlog, much greater than its previous estimate.** In 2023, recognising that its estates data was both incomplete and inaccurate, FCDO decided to commission professional surveys of 97 posts identified as 'most at risk' to check that their asset registers were accurate and identify necessary extra maintenance work. This snapshot exercise, called FMR24, reported in November 2024 that FCDO's total overseas estate maintenance backlog liability was £450 million, much greater than FCDO's previous estimate of £150 million. At FCDO's pace of reactive maintenance spending at the time, it will take at least a decade to clear this (paragraph 2.7).

17 **FCDO overseas posts use different delivery models for property maintenance, which makes it challenging to identify efficiencies across the global network.** Different FCDO posts operate in very distinct local contexts, with differing laws, supply chains and labour markets. Accordingly, different maintenance models operate across FCDO's estate. For 16% of FCDO overseas posts where supplier capacity exists, primarily in Asia Pacific and Europe, estate maintenance is outsourced and provided through regional facilities management contracts, where private companies provide both estate maintenance services and other facilities services, like waste disposal. The other 84% of posts are responsible for maintaining their own estates, through in-house teams or local contractors, or a hybrid model. This flexibility allows posts to adapt their estate maintenance to local conditions. However, it also makes it more difficult to assess and benchmark performance across posts and identify best practice (paragraph 2.9 and Figure 2).

18 **FCDO's outsourcing of facilities management services has had mixed results.** FCDO contracted out facilities management for 24 locations in Asia Pacific in 2021, and for 22 locations in Europe in 2023. The contractor, Jones Lang LaSalle (JLL), is now performing strongly overall against its KPIs in most posts in Asia Pacific. In Europe, however, its performance varies considerably: in January 2025 one post achieved 91% of its KPIs, but another just 33%. Challenges and reasons for inconsistent performance include insufficient staff and difficulties in switching sub-contractors. FCDO acknowledges the transition to have been more challenging than anticipated and aims for performance to improve in the second year of the contract. FCDO is considering expanding this outsourcing model to other European posts, but JLL's performance means that it does not yet consider this feasible. FCDO considers the outsourcing model can deliver benefits such as increased professionalism, and is considering outsourcing facilities management in other regions where sufficient supplier capacity exists (paragraphs 2.10 to 2.13).

19 **FCDO's ability to support effective estate management is limited by significant staffing and skills shortages, both centrally and at overseas posts, which it has found challenging to address.** Estate management responsibilities are devolved to overseas posts, supported by FCDO's central estates department. FCDO overseas posts do not all operate a model with estates professionals on site and, where they do, have found it difficult to recruit and retain people locally with the necessary skills. To support posts with their estate maintenance, FCDO provides a network of regional specialists, although their capacity is limited. It also contracts FCDO Services for technical support for government facilities. However, in November 2024, FCDO's principal risk register rated the risk of inadequate capacity and capability at posts affecting progress in clearing any maintenance backlogs as severe. It also highlighted insufficient capacity and capability within FCDO's central estates directorate as a risk. Sixty-five percent of respondents to our survey of overseas posts agreed that lack of capacity and staffing was a challenge in managing their estates. FCDO has acknowledged that limited capacity means posts are often unable to adequately monitor the condition of their estates and maintain them. However, it has not yet produced a workforce plan to clarify and address capacity and capability issues at the centre and at posts (Figure 4 and paragraphs 1.6 and 2.13 to 2.20).

Estates capital projects

20 FCDO has not previously taken a strategic approach to the allocation of its estate capital funding, but is now implementing a new approach to prioritising projects. Since 2018, to ensure that receipts from the sale of the Bangkok and Tokyo estates are fully committed, FCDO has approved funding for its capital projects when they reach full business case stage, rather than planning delivery across the portfolio based on the priority allocated to each project. While this 'first past the post' approach has enabled funds to be spent, FCDO identified that it could reduce its flexibility to respond to urgent and unexpected estates needs, or fund higher-priority projects that had a longer planning and development process. FCDO has been operating in a context of global volatility and changing political priorities, which it considers has had an impact on its strategic direction. It is now ranking potential projects using health and safety, staff security and strategic importance criteria. FCDO plans to use this ranking to create a multi-year delivery plan. As at April 2025, FCDO's estimate of the cost of its capital investment pipeline of projects is £2.1 billion, covering more substantial refurbishments, replacements of assets at end of life, acquisitions and new constructions. FCDO will need to work within annual funding limits set by HMT from 2025-26, compared to previously flexible funding across years, and as such the prioritisation system will be of even greater importance (paragraphs 3.2 to 3.7).

21 FCDO has completed or approved for construction around 200 estates capital projects since April 2018, with some large high-profile projects running significantly over time and budget. FCDO reports that it completed, or approved for construction, around 200 capital projects between 2018 and 2024. FCDO does not hold the management information necessary to evidence its track record or to enable fully informed decision-making across the portfolio. Some notable projects have been delivered late and considerably over budget. The refurbishment of the Washington D.C. Embassy, for example, was completed 12 months behind schedule. FCDO's estimate of final outturn project costs increased from £112 million in 2019 to £160 million in 2023 (inclusive of contingency costs). FCDO identified a range of contributing factors, including the COVID-19 pandemic, scope and design changes, foreign exchange loss, and the worse-than-expected condition of the 90-year-old Residence. In October 2024, FCDO assessed that delivery to time was a significant risk for 12% of its live projects, and a further 19% of its live projects had some risk of running over schedule (paragraphs 3.8 to 3.13).

Conclusion

22 FCDO's overseas estate is essential for delivery of the UK government's global objectives, helping to facilitate diplomacy and promote UK industry abroad. Yet much of the FCDO's overseas estate is in a poor and deteriorating condition, and a maintenance backlog of nearly half a billion pounds has built up over time. FCDO has rightly focused on making repairs to ensure its buildings are safe and legally compliant. However, this has come at the expense of longer-term investment to improve the estate or reduce its cost, and inevitably this compromises the long-term value for money of this spending.

23 FCDO has in recent years taken positive actions, including improving its understanding of the true condition of its overseas estate. However, it still needs to do more to achieve value for money from its estate. The significant challenges it needs to address include poor and incomplete data at post and portfolio level, capacity and capability issues and the need to develop a coherent strategy and delivery plan setting out how it will achieve its future estate needs. FCDO has invested in its estate using proceeds from selling land and buildings, but there are now no more significant assets to sell. FCDO now needs to work with HMT to take decisions about what it can realistically afford. It must find ways to identify efficiencies, reduce costs, adapt its estates portfolio, or accept the decline in condition of its overseas estate.

Recommendations

24 Our recommendations focus on measures FCDO needs to take to improve the robustness of its management of its overseas estate.

a **FCDO should develop its estates strategy further, setting out the overseas estate needed to fulfil UK government objectives.** FCDO should build on the strategic work it has already conducted to ensure it can demonstrate that its plans for its estate fully support UK diplomatic, foreign policy and wider government objectives. FCDO's estates strategy should rank posts by strategic importance and identify opportunities for improving long-term value for money. Where appropriate, it should consider options such as co-locating posts with other diplomatic missions, reducing the number of posts and leasing properties.

b **FCDO should support its overseas estates strategy with a fully costed delivery plan, clarifying its priorities and identifying any necessary trade-offs.** FCDO should ensure its estates strategy reflects a full and informed assessment of the funding it is likely to have available in future. This should also consider the feasibility and scale of asset sales and efficiencies.

c **FCDO should review its estates governance structure to ensure that it is working effectively.** FCDO should review whether its new ESND structure is achieving the intended benefits and identify whether any further improvements are necessary to ensure effective oversight of its overseas estate.

d **FCDO should produce a plan for its estates workforce.** FCDO should evaluate the skills it requires in its estates staff, identify skills gaps in the organisation and create a plan to set out how it intends to close these gaps. This includes central staff, staff at posts, contractors and the balance between specialist and generalist roles.

e **FCDO should ensure that the collection and use of good-quality and complete data is embedded into the day-to-day running of its overseas estate.** FCDO should develop a plan to ensure its data on the estate is kept up to date after its one-off FMR24 exercise. FCDO should proceed with its plan to integrate and consolidate estates data centrally as a matter of urgency, to ensure it can use this data.

f **FCDO should identify suitable performance benchmarks for its maintenance delivery models and use this to assess the performance of different models.** Once benchmarks and performance measures have been identified, FCDO should establish a monitoring regime to support data collection.

g **FCDO should review its management of its estate capital projects, to ensure it has appropriate oversight of delivery risks at a portfolio level.** This includes reviewing portfolio governance, reporting and management information.

Part One

Estates strategy, governance and funding

1.1 This part of the report sets out the Foreign, Commonwealth & Development Office's (FCDO's):

- overseas estate;
- estates strategy;
- governance and oversight of the overseas estate;
- funding for the overseas estate;
- collection and use of estate data; and
- additional uses of the estate.

FCDO's overseas estate

1.2 FCDO leads the UK's diplomatic, development and consular work around the world. FCDO's overseas estate consists of approximately 6,500 properties, mostly located in 282 locations, known as posts, in 180 countries and territories (**Figure 1**). This includes Embassies, High Commissions, Consulates, offices, official Residences and accommodation for staff and their families, and amenities such as swimming pools and sports facilities.[4] The size of FCDO's estate has increased in recent years, from 270 posts in April 2019 to 282 as at April 2024.

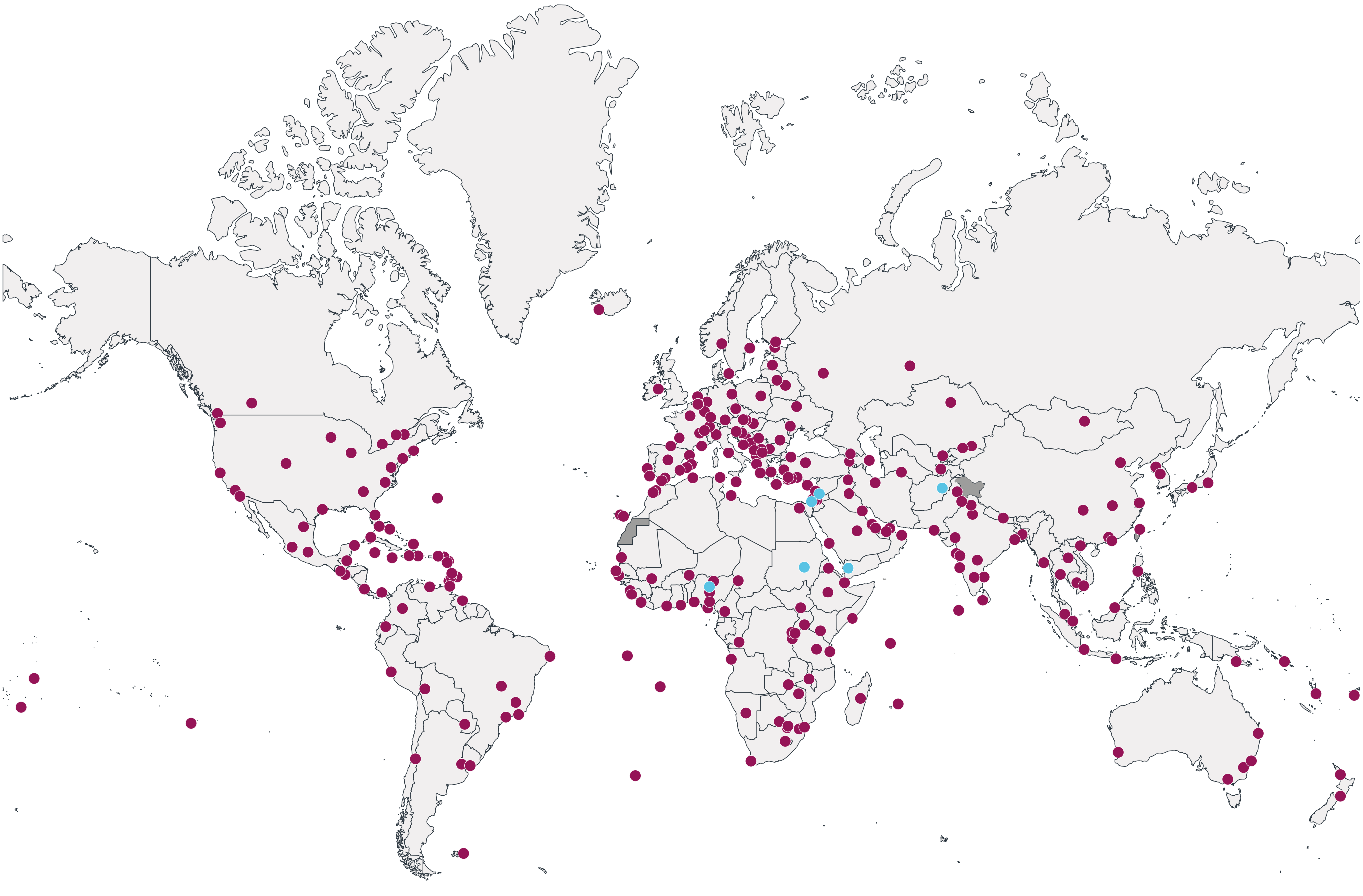
1.3 FCDO provides the One HMG Overseas platform, which provides services including HR, transport, accommodation, finance and procurement, hosting and supporting more than 35 other UK government departments, devolved administrations and other bodies requiring a presence overseas. This includes the Department for Business and Trade (DBT), which has an overseas network in support of UK trade, exports and investment, and the Home Office – including UK Visas and Immigration – which has staff overseas, for example, providing visas.

4 An Embassy is an official office in another country's capital city as part of a permanent diplomatic mission, a Consulate is a smaller official office that provides a presence in cities outside a country's capital, and a High Commission or Deputy High Commission are the terms for an Embassy or Consulate located in a Commonwealth country.

Figure 1

The Foreign, Commonwealth & Development Office's (FCDO's) global network of overseas posts, April 2024

FCDO has 282 posts in 180 countries and territories



- Posts
- Temporarily suspended posts
- Disputed territories

Notes

1 This map does not necessarily represent the views of the UK government on boundaries or political status. It has been designed for information purposes only and should not be used for determining the precise location of places or features, or be considered an authority on the delimitation of international boundaries.

2 Some posts are in the same location: for example, international organisation delegations may be located in the same place as Embassies.

3 Posts are UK Embassies, High Commissions, delegations, Missions and Consulates.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office data

1.4 As at December 2024, FCDO had more than 2,200 UK staff based overseas (27% of FCDO's 8,273 UK staff), and it employed 9,143 country-based staff.[5] FCDO's overseas estate also hosts 5,200 staff from other UK government departments and bodies. FCDO organises its estate operations into seven main regions: Africa, Americas, Asia Pacific, Eastern Europe and Central Asia, Europe, the Middle East and North Africa and South Asia and Afghanistan. This is in addition to two groupings for overseas territories and multilateral posts which cover international organisation delegations.

1.5 FCDO was created in September 2020 by merging the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID). Prior to that, the overseas estates of both former departments were consolidated in 2015, and FCDO does not consider the merger to have had a significant impact on the management of the overseas estate. However, FCDO did use the merger as an opportunity to consolidate the UK estate of the former departments.

1.6 FCDO's overseas posts are responsible for managing their own operations, led by the Heads of Mission at that post.[6] This includes responsibility for managing the estate. Within FCDO, the Estates, Security and Network Directorate (ESND) is responsible for providing a suitable estate to enable staff to implement its strategic aims. The Overseas Estates Department within ESND has around 80 staff roles, some of which are vacant, and around 75 contracted regional technical leads and technical works supervisors. They support posts to manage the estate by setting corporate standards, providing guidance and providing technical assistance, but it does not deliver maintenance directly. Maintenance is delivered either by posts or through regional facilities management contracts (see paragraph 2.9). Posts vary considerably in size and composition; for example, one post is a site of 86 acres, while another is a single building. Larger posts have Deputy Heads of Mission and corporate estates managers with estates teams, while smaller posts will have only generalist corporate teams or only a few staff present.

5 UK staff are UK employees who work in the UK or at overseas posts. Country-based staff are employed locally in different countries.

6 Head of Mission (HoM) refers to the Head of the UK's diplomatic representation in various posts across the world. A HoM represents the UK government as a whole and leads and coordinates HM Government's activity in-country. HoMs are usually referred to as 'Ambassadors', except in member countries of the Commonwealth of Nations, whereby the term 'High Commissioner' is used instead.

1.7 Many of the challenges in managing government property that we identified in our report *Maintaining public service facilities* apply to FCDO's overseas estate.[7] These include difficulties capturing estate data, its declining condition and being unable to fund preventative maintenance. However, FCDO also experiences challenges managing its overseas estate that are not present for much of the wider government's UK estate (**Figure 2** overleaf). FCDO staff work in some of the most vulnerable locations worldwide, where UK diplomatic premises are prime targets for terrorism or demonstrations. Additional infrastructure, such as blast-resistant walls and windows, may be needed to provide security, while still maintaining accessibility and functionality. FCDO's equivalent departments in the USA and Australia have faced similar challenges.[8]

1.8 FCDO requires its overseas estate to be responsive to changing policies and events. Our case studies highlighted how posts can react to changing priorities to deliver UK government objectives. In Europe, a post increased its secure space to accommodate extra staff. There is now an opportunity to streamline the estate to reflect current needs and reduce overhead costs; however, short-term cash constraints have prevented FCDO from developing these plans. Another post had to respond quickly to accommodate staff from a nearby post that had closed due to conflict. However, posts report difficulties in responding to changing requirements: 22% of respondents to our survey said the estate not being flexible or resilient enough to deal with changing circumstances was a major concern for them, and 34% said it was a minor concern.[9]

1.9 As at March 2025, FCDO owns 27% of the properties in its portfolio and leases the remainder. FCDO's total overseas estate portfolio, including both owned and long-term leased properties, was valued at £2.5 billion in March 2024. Many FCDO properties operate under constraints: for example, some have been given as a gift by host governments for diplomatic use only, and FCDO is not permitted to sell these. Other parts of the estate have title restrictions, limiting FCDO's options for their use and disposal.

7 Comptroller and Auditor General, *Maintaining public service facilities*, Session 2024-25, HC 544, National Audit Office, January 2025.

8 U.S. Government Accountability Office, *Overseas Real Property: State Has Not Aligned Natural Hazard Resilience Plans to Staffing Levels*, June 2023 (accessed 12 March 2025). Australian National Audit Office, *Management of the Overseas Owned Estate*, April 2010 (accessed 12 March 2025).

9 We received a total of 153 responses to our survey of posts' experiences in managing and maintaining their estate.

Figure 2

Challenges managing the Foreign, Commonwealth & Development Office's (FCDO's) overseas posts

FCDO must manage a range of challenges due to the varied nature, purpose and global footprint of the estate

Theme	Challenges
Land and buildings	FCDO manages a wide range of properties, including offices, official Residences and grounds, compounds and staff accommodation.
	FCDO has to maintain impressive Residences which the UK uses to support its 'soft power' and further UK diplomatic aims.
	Historic buildings can be expensive to maintain, requiring specialist expertise, and local suppliers do not always have the necessary skills. For example, plans for the £17 million refurbishment of one Embassy building included £100,000 for the protection of chandeliers and works of art.
	The estate must be able to respond to emergencies and changing government priorities.
Local customs and requirements	FCDO must balance UK and local property laws, standards and requirements. For example, in one post FCDO had to adjust its building project plans to comply with local laws restricting the removal of trees and creating quotas for car parking spaces.
	Some FCDO land and property has been given as a gift by local governments, which restricts what can be redeveloped or sold.
	FCDO must manage differences in contracting and commercial approaches in different countries.
	Language barriers can hinder effective communication and narrow the locally available workforce.
People and capacity	The availability of suppliers and contractors varies between countries.
	Some components must be imported from the UK for security reasons or because they cannot be sourced locally, which increases costs.
	Maintaining secure areas requires security-cleared staff and contractors. Security-cleared contractors may need to travel from the UK to carry out or supervise work. In one post, estate staff with appropriate clearances gave up their time to monitor contractors, to keep costs down.
	Local estates staff do not always have appropriate training (to UK requirements).
Local conditions	FCDO senior management and the central estates directorate at UK headquarters must understand the local environment and conditions at post when making decisions.
	Posts vary in size and have different capabilities in delivering maintenance, so require different levels of support from the Estates, Security and Network Directorate.
	Posts can face significant security-related challenges, especially in conflict and fragile environments. For example, one post has security equivalent to a military forward operating base and staff are routinely rotated out for 'breather' breaks.
	Environmental challenges can include seasonal rain and flooding, air pollution, earthquakes, pests and temperature extremes. Estate staff in one post, for example, prioritise maintenance for air conditioning and purification systems to reduce the impact of pollution.

Source: National Audit Office analysis of interviews and documents from the Foreign, Commonwealth & Development Office

1.10 Aside from the estate's functional use as office or residential space, FCDO and other government departments consider that the overseas estate provides broader value that is important for delivering diplomatic and wider government objectives. The estate signals the importance of the UK's relationship with the host country, and FCDO uses the overseas estate to represent the UK abroad by hosting events which build 'soft power' and influence with governments, diplomats, businesses and others. It is difficult to quantify the value of such activities. Some posts collect metrics such as the number of visitors, the number and size of businesses attending trade events and number of events held. For example:

- the Ducale Residence in Brussels received around 18,000 visitors in 2024-25, up from around 7,000 in 2019-20. Three missions use the Ducale Residence, and it is seen as a key asset supporting UK diplomacy post EU exit; and
- the UK Residence in Paris hosts more than 400 events annually, such as receptions, dinners, conferences, and trade showcases. FCDO considers this property to have been central to efforts to improve diplomatic and business relationships in France after EU exit.

This 'soft power' can translate to tangible benefits for the UK, such as increased investment in the UK, trade agreements and economic growth.

FCDO's estates strategy

1.11 FCDO's overarching strategic goal for its overseas estate is for it to be smaller and more efficient, with lower running costs and reduced carbon emissions. Additionally, ESND aims for its buildings to be flexible, safe and secure, and value for money. FCDO's core strategy document for the overseas estate is the Global Asset Management Plan (GLAMP), which identifies priority capital investment projects and their phases of delivery (see paragraph 3.2). It also provides a high-level set of guiding principles ESND considers when managing the overseas estate (**Figure 3** overleaf).

Figure 3

Estates, Security and Network Directorate's (ESND's) strategic goals and guiding principles for the overseas estate

ESND, a directorate within the Foreign, Commonwealth & Development Office (FCDO), has three high-level strategic goals and seven guiding principles for the overseas estate

Goal/principle	Description
ESND's strategic goals	
Flexible	ESND considers it essential to accommodate changing functions and staff numbers, and ensure buildings are future-proofed for unexpected needs and circumstances.
Safe and secure	ESND considers it essential that its buildings are compliant with relevant health and safety standards and as secure as possible against threats to staff, families and visitors, and information.
Value for money	ESND considers it essential that changes to the estate cost less and deliver better value for money.
ESND's guiding principles	
A Projection of Influence	ESND aims for buildings to appropriately reflect the UK, the UK's global ambition and the significance of bilateral relationships in each country.
Modern	ESND aims to retain and maintain its most prestigious and iconic buildings but make the rest of the estate modern and efficient where appropriate.
Functional	ESND aims for buildings to be fit for purpose, in the right location and more functional elsewhere.
A platform for One HMG	ESND aims for buildings to offer a suitable platform for staff and operations of all UK departments overseas.
Global	ESND aims to maintain a worldwide presence in terms of people and buildings. While not necessarily 'bricks and mortar' Embassies everywhere, the estate should enable HMG to operate worldwide.
Smaller	ESND aims to have smaller building footprints, considering co-location with other countries and additional asset sales that may also provide an economic solution.
Sustainable	ESND aims for buildings to be designed to be sustainable within available budgets and consume as little resource as possible.

Notes

1 ESND is the directorate within FCDO responsible for providing a suitable estate to help FCDO implement its strategic aims.

2 The strategic goals and guiding principles are taken from FCDO's 2022-23 Global Asset Management Plan (GLAMP).

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office documents

1.12 We last reported on the former Foreign and Commonwealth Office's (FCO's) overseas estate in 2010, and found that it lacked the clear strategy and comprehensive data necessary for managing its overseas estate effectively, although it was taking positive steps to adapt its properties to new global challenges.[10] We have now identified some key gaps in FCDO's strategic estates management.

- FCDO is required to provide the estate necessary to deliver UK government objectives overseas. While the GLAMP identifies FCDO's priority capital projects, FCDO does not set out the intended estate necessary to deliver UK government objectives, how it may need to change its current estate to meet these objectives, or a plan for achieving this.
- The United States State Department rates its estate by operational importance, identifying which buildings are essential and which can be released to reduce costs. FCDO does not currently rank posts' importance for delivering its objectives. However, ESND has included some metrics of posts' importance in its new project prioritisation methodology, and it has started to work with FCDO's strategy directorate to define and rank the importance of posts and review the future size and shape of its overseas estate.
- FCDO does not set out in a coherent and usable manner how its various estates delivery plans, policies and programmes collectively support its goals for its overseas estate. FCDO reports it is undertaking work to refresh its strategic documentation and bring it together coherently.

1.13 FCDO does have some indicators that are relevant to its estate goals. These include, for example, monitoring reductions in average occupancy rates. FCDO also works with the Office of Government Property, and provides some high-level data on the overseas estate for the government's 'State of the Estate' report.[11] FCDO routinely reports on whether its estate is safe and secure. However, FCDO does not have key performance indicators (KPIs) to measure performance against all parts of its overarching strategy.

Governance and oversight of the overseas estate

1.14 Overall governance of FCDO's overseas estate is through FCDO-wide supervisory and management boards, which are attended by many of the same senior officials (**Figure 4** overleaf). The supervisory board is chaired by the Foreign Secretary and provides strategic direction for FCDO as a whole. FCDO's management board brings together senior FCDO officials and non-executives to make decisions about how the organisation is run. This includes ratifying estates project decisions, endorsing the GLAMP and risk management. FCDO's principal risk register includes its key estate risks. In November 2024, FCDO's overall estate risk assessment was rated severe, up from a rating of major in June 2024 (**Figure 5** on page 23).

10 Comptroller and Auditor General, *Adapting the Foreign and Commonwealth Office's global estate to the modern world*, HC 295, Session 2009-10, National Audit Office, February 2010.

11 The government's *State of the Estate* report is published annually and provides management information and data associated with the management of the public estate.

Figure 4

Foreign, Commonwealth & Development Office (FCDO) approval and strategic/oversight boards

FCDO has different levels of approval for investment in its overseas estate depending on the cost of the maintenance or project

FCDO-wide

Supervisory Board
Provides advice and scrutiny to the overall strategic direction of FCDO.

Management Board
Makes key decisions about how FCDO is run, and how to strategically manage the department's resources. It endorses the Global Asset Management Plan (GLAMP) and ratifies approvals between £5 million and £15 million.

Executive Committee
Takes strategic decisions on sensitive or time-bound issues, the day-to-day running of the department, and emerging issues and risks that require an early steer or a cross-departmental view or action.

HM Treasury

Approves investment decisions over £20 million for estates purchases and over £30 million for other estates projects.

Maintenance

Facilities Management Contract Boards
To review facilities management contracts in each region with a contract.

Global Maintenance Programme (GMP) Board
Joint FCDO and FCDO Services board to provide oversight of the GMP.

Heads of Mission
The heads of the UK's diplomatic representation, i.e. Ambassadors and High Commissioners, are responsible for local spending decisions at their post.

Capital projects

Corporate Investment Committee (CIC)
Approves investment decisions over £5 million. Responsible for oversight and assurance of all corporate spend decisions and aims to ensure decisions deliver value for money.

Asset Management Portfolio Board (AMPB)
Approves investment decisions between £2 million and £5 million. Provides scrutiny of asset management planning and delivery and escalates issues as necessary to the CIC.

Head of FCDO's Overseas Estate Department
Approves investment decisions below £2 million.

Project Delivery Boards
One Project Delivery Board for every live project. Meets at various stages over project lifecycle.

Geographic Boards
One board for each geographic directorate. To cover projects in their region.

- Approvals
- Oversight/strategy

Notes

1 FCDO has delegated authority up to £30 million. Investments above £30 million must be approved by HM Treasury, or above £20 million for estates purchases.

2 Cabinet Office provides assurance on all new facilities management contracts, extensions over £500,000 and major contract variations above £10 million.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office documents

Figure 5

Foreign, Commonwealth & Development Office’s (FCDO’s) ratings of key estate risks, from April 2023 to November 2024

Key estate risks in FCDO’s principal risk register were raised from major to severe during 2024

Risk	Risk description	Apr 2023	Jul 2023	Nov 2023	Mar 2024	Jun 2024	Nov 2024
Estate risk	The risk of estate deterioration and FCDO not meeting minimum health and safety standards and its legal duty of care.	Major	Major	Major	Major	Major	Severe
Performance at post/post staff capability	The risk of inadequate estates management and specialist capability and capacity at posts to conduct maintenance, potentially leading to premature failure of building systems and an increased maintenance backlog.	Major	Major	Major	Major	Major	Severe
Estates, Security and Network Directorate (ESND) staff capability	The risk that the increasing size of the estate, growth in estate functions, headcount cuts and an inability to fill vacant posts put significant pressure on the ability of ESND to assure, maintain and coordinate activity across the estate portfolio.	Major	Major	Major	Major	Severe	Severe
Uncertainty of long-term funding and prioritisation (Nov 23 to Nov 24)	The risk that the maintenance backlog grows unsustainably and causes irreversible decline to the platform, and assets will be unavailable for use.			Major	Severe	Severe	Severe
Inadequate data for the global estate (Nov 23 to Nov 24)	Missing or inaccurate data about properties, assets and maintenance needed affects staff’s ability to measure compliance, accurately forecast demand and estimate costs for estate work.			Major	Moderate	Moderate	Moderate

- Moderate
- Major
- Severe

Note

1 FCDO’s risk ratings are minor, moderate, major and severe, and are based on a risk matrix depending on the likelihood (from unlikely to almost certain) and impact of a potential risk.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office documents

1.15 FCDO has multiple approval stages for investment in its overseas estate. Posts can spend up to £3,000 on maintenance without needing wider approval. Maintenance above this cost is included on the forward maintenance register. Anything above £250,000 is designated as a capital project and is included on the GLAMP.

1.16 Until August 2024, FCDO had separate internal estates departments for delivering estate maintenance and large estate projects, each with their own operational head. FCDO regarded this structure as ineffective, and in 2024 merged its maintenance and project delivery functions under a single operational head within ESND. As part of this restructure, FCDO is bringing estate programmes such as the worldwide inspection programme and the global maintenance programme under the GLAMP.[12] FCDO expects this restructure will reduce headcount pressures, improve handovers between maintenance and projects and improve oversight and decision-making. However, FCDO did not set out the changes and their implications, their rationale or the benefits that the restructure would achieve.

Funding for the overseas estate

1.17 FCDO divides its overseas estate funding between estates funding (which covers activities including the purchase of properties, new builds and major refurbishments) and maintenance funding. Both categories require revenue and capital funding. FCDO's 2023-24 accounts state that it spent £290 million on estate, security and capital-related costs, but this includes non-estate costs and covers the whole organisation.[13] ESND monitors its capital and resource spending but does not have visibility of estate spending at post level, because these budgets are devolved to geographical directorates. Therefore, FCDO does not have a complete picture of how much it spends as an organisation on its estate each year. Adding up the main relevant budget lines shows that in 2023-24 FCDO spent £263 million on estate projects, maintenance and support (**Figure 6**). Additionally, in 2023-24 FCDO spent £166 million on property leases.

1.18 Since the 2010 Spending Review, FCDO has been required to fund all estate requirements and some maintenance requirements though selling existing assets. Between 2010-11 and 2023-24 this has raised £1.47 billion, mainly through sales of its Bangkok site in 2018, generating £426 million, and the partial sale of its Tokyo site in 2022, generating £685 million.[14] FCDO has been able to access funds flexibly (subject to standard HM Treasury spending controls) and complete, or approve for construction, around 200 capital projects since 2018. The proceeds from the Tokyo sale, for example, enabled FCDO to avoid halting most of its ongoing capital projects at that point. FCDO has also sold other smaller assets, such as surplus staff accommodation, generating on average £15 million to £20 million annually.

1.19 FCDO considers there are no remaining assets of similar value to Tokyo and Bangkok that could be sold to generate funds. FCDO commissioned a Knight Frank review in 2020, which found that opportunities to attain significant revenue from selling properties, after allowing for replacement costs, were limited.

12 The worldwide inspection programme are mandatory inspections to ensure the safety and compliance of equipment and machinery. The global maintenance programme is the funding of maintenance-related works between £3,000 and £250,000.
13 Foreign, Commonwealth & Development Office, *Annual Report and Accounts 2023 to 2024*, HC 63, 29 July 2024.
14 The Bangkok Embassy was relocated to new premises.

Figure 6

The Foreign, Commonwealth & Development Office's (FCDO's) expenditure on its overseas estate, 2023-24

FCDO spent £263 million on overseas estate maintenance, projects and support in 2023-24. Separately, it also spent £166 million on leases

Category of spending	What this covers	Spending (period)
1. Large capital estate projects funded through the Global Asset Management Plan (GLAMP)	Capital departmental expenditure limit (CDEL) spending on large capital estate projects listed on the GLAMP	£124.2 million in 2023-24, on 83 projects
2. Estate projects funded through the Global Maintenance Programme (GMP)	Resource departmental expenditure limit (RDEL) spending on works requests (greater than £3,000) on the forward maintenance register. Requests are taken forward through the GMP	£37.2 million in 2023-24
3. Lease spending	FCDO spending on leases. Some include maintenance, depending on the lease terms	£166 million in 2023-24
4. Sustainability funding	Payments for estate projects from a three-year £30 million sustainability fund (£15 million CDEL and £15 million RDEL) drawn down from receipts from the Tokyo sale	£2.1 million in 2023-24
5. Funding for maintenance managed by posts	RDEL funding given to posts for discretionary use can be allocated for local maintenance. This includes local spending on contractors and covers reactive and planned maintenance	£55.8 million in 2023-24
6. Funding for regional facilities management contracts	Estates, Security and Network Directorate (ESND) or regional level spending on facilities maintenance contracts for estate maintenance (excludes non-estates elements)	£35.5 million in 2023-24
7. ESND spending on regional support contracts	FCDO spending on global or regional support contracts, such as the technical works supervisors	£8.4 million in 2023-24

Notes

1 Some spending lines include expenditure on FCDO's UK estate.

2 RDEL covers resource spending and CDEL covers capital spending.

3 The GLAMP identifies FCDO's priority capital investment projects and their phases of delivery, and sets out its guiding principles for managing the overseas estate.

4 The GMP covers FCDO spending on one-off projects to repair, improve or replace estate assets costing between £3,000 and £250,000.

5 Technical works supervisors carry out maintenance in secure areas.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office financial data

1.20 During phase 1 of Spending Review 2025, FCDO did not request any funding other than continued use of funds from the Tokyo sale. FCDO is currently working with HM Treasury to confirm annual funding for the overseas estate.

1.21 FCDO recognises it needs to prioritise projects more rigorously, and that further work is necessary to identify and achieve long-term efficiencies. However, FCDO has not produced a plan for how it can adjust its estate to match current and likely future funding while continuing to deliver its objectives. In April 2023, FCDO’s internal audit identified long-term sustainable funding and the potential impact of this on FCDO’s flexibility to respond to unexpected needs as a key risk for FCDO in managing its overseas estate. FCDO also maintains an estate in the UK, including two headquarters buildings: King Charles Street in London and Abercrombie House in East Kilbride.[15] Any decisions regarding spending on the UK estate will affect what FCDO can spend on its overseas estate. In March 2025, plans to open a new office in Glasgow were cancelled on the grounds that it would not be affordable.

Collection and use of estate data

1.22 The main IT systems FCDO uses to manage its estate are:

- Pyramid: a legacy system that FCDO has used for 25 years to store property and maintenance data. It is now being replaced by another commercial property management system. Some data has already been moved to the new system, but some Pyramid modules have not been transitioned and are still in use, such as those supporting FCDO’s worldwide inspection programme;[16]
- a new commercial property management system, replacing Pyramid. It currently contains data on properties, staff at posts, asset value, leases and rents;
- Phoenix: a project management system containing details on estate projects;
- Evotix: a database for recording health and safety incidents at posts; and
- Hera: an integrated finance and HR data system.

1.23 FCDO’s IT systems do not permit effective monitoring and management of its estate. Central IT systems have been developed separately and are not integrated with each other, or with systems at posts. There is also a lack of time series data to support benchmarking or tracking of progress. For example, the only way project data in Phoenix can be used to track progress on time and cost against initial estimates is by manual comparison with previous versions. Consequently, it is challenging for FCDO to collate information from across its estate. In 2023-24, our financial audit highlighted risks around FCDO’s valuation and size data for its estate. We observed that FCDO routinely needed weeks to produce basic information on its estate.

15 FCDO’s UK estate includes King Charles Street in London, Abercrombie House in East Kilbride, Hanslope Park in Milton Keynes, 1 Carlton Gardens in London, Lancaster House in London and a small touchdown workspace in Elizabeth House, Edinburgh. FCDO also leases two additional premises to fulfil an international bilateral agreement.

16 ESND commissions FCDO Services to run a worldwide inspection programme, which are mandatory inspections to ensure the safety and compliance of equipment and machinery.

1.24 There are also limitations to FCDO overseas posts' estates data. In November 2023, FCDO reported that 85% of posts did not have an asset register containing a record of building components and physical assets at that post, or one that was complete. This was the reason for the forward maintenance register 2024 (FMR24) exercise, which updated asset registers at overseas posts to help identify the true extent of the maintenance backlog. This was a one-off exercise though, and our analysis found gaps in data on properties such as utilisation, date of opening and size; for example, 9% of estate assets did not have a size estimate. FCDO told us posts are responsible for keeping systems up to date, but have not always had the resources or skills to do so. In addition, many posts use paper systems or IT systems developed locally, and these are inconsistent in use, standards and accuracy, and produce limited management information. Our survey found that 41% of respondents considered that using IT systems to collect and report data was a challenge.

1.25 FCDO has acknowledged the significant gaps in its estate data and has plans to improve this. Poor data has featured as a major risk on FCDO's principal risk register, but was downgraded to moderate following the decision in November 2023 to proceed with the FMR24 exercise to gather information on the maintenance backlog (see paragraph 2.7). Aside from the FMR24 exercise, other activity includes:

- FCDO intends that its new commercial property management system will eventually contain all its data on its estate and maintenance needs. Migration from Phoenix started in 2022 and was expected to finish in 2025, but is now not expected to complete until 2028-29;
- FCDO's portfolio management office originally focused only on major project reporting and did not provide a whole view of the estate portfolio or progress with tasks such as maintenance. FCDO has expanded it recently to five staff, to produce management information to support strategic planning; and
- FCDO has developed a plan to produce an integrated data set that would bring together data from its central IT systems. This plan was recently paused.

1.26 FCDO is not the only UK government department experiencing challenges collecting the data it needs. In our report *Maintaining public service facilities,* we found that government does not have complete data on property condition, and in places the data it does hold are out of date. The condition of many properties is not being surveyed every five years as required, and for other properties, government departments are carrying out surveys but not reporting the information.[17]

17 Comptroller and Auditor General, *Maintaining public service facilities*, Session 2024-25, HC 544, National Audit Office, January 2025.

Additional uses of the estate

1.27 There are examples where FCDO posts are using their estate more efficiently and to generate income. These include posts renting out facilities, staff and catering for events at Residences where they have capacity to do so alongside official use. For example, the Residence in Paris is in high demand for events due to its historic nature, and in 2024, events generated €87,500 net income, with the team hosting 13,655 official and non-official guests. Posts also generate income through hosting other allied governments and organisations. As at April 2025, FCDO hosted 11 other friendly governments and organisations at 17 posts.[18] A further nine FCDO posts are hosted on the estate of other nations' or organisations' missions. FCDO aims to use Residences as much as possible for income generation, as well as representational use, and will seek to sub-let space at particular posts. However, these opportunities are generally limited, and may require up-front investment; for example, to adapt facilities or ensure they are in sufficiently good condition for co-locating tenants. FCDO is also restricted in using the estate for commercial activities due to the Vienna Convention on Diplomatic Relations.

18 FCDO aims to increase space efficiency and economies of scale by co-locating its diplomatic missions with those of friendly nations and organisations. FCDO sub-lets space on its estate (either office or residential space) where it becomes available, and in some places FCDO is hosted on the estate of other nations' diplomatic missions.

Part Two

Estates condition and maintenance

2.1 This part of the report sets out:

- the condition of the Foreign, Commonwealth & Development Office's (FCDO) overseas estate; and
- how the overseas estate is maintained.

The condition of the overseas estate

2.2 In our report *Maintaining public service facilities* we identified maintenance backlogs across the UK public service estate of at least £49 billion.[19] We found that conducting regular preventative maintenance helps maintain the condition of properties and is usually less expensive than reactive repairs in the long run, but is not seen as an investment priority. Building failures can significantly affect service delivery and safety. The Civil Service Board, which supports the strategic leadership of the civil service, considers unsafe property a risk to the civil service's ability to deliver the government's objectives, and has assessed it as beyond the level of risk that government can accept.

2.3 Much of the FCDO's overseas estate is in poor condition. Our analysis of FCDO data on 6,327 buildings located in its 282 designated posts found that 3,616 (57%) did not have a property condition score. Of 2,711 buildings with a condition score, 1,778 (66%) met or exceeded FCDO's internal target of 70%, while 933 (34%) did not.[20] We also found that the average condition of posts varies across regions (**Figure 7** overleaf). Fifty percent of respondents to our survey reported the condition of their estate to be very good or good, varying from 68% in the Americas to just 30% in Africa.[21]

19 Comptroller and Auditor General, *Maintaining public service facilities*, Session 2024-25, HC 544, National Audit Office, January 2025.

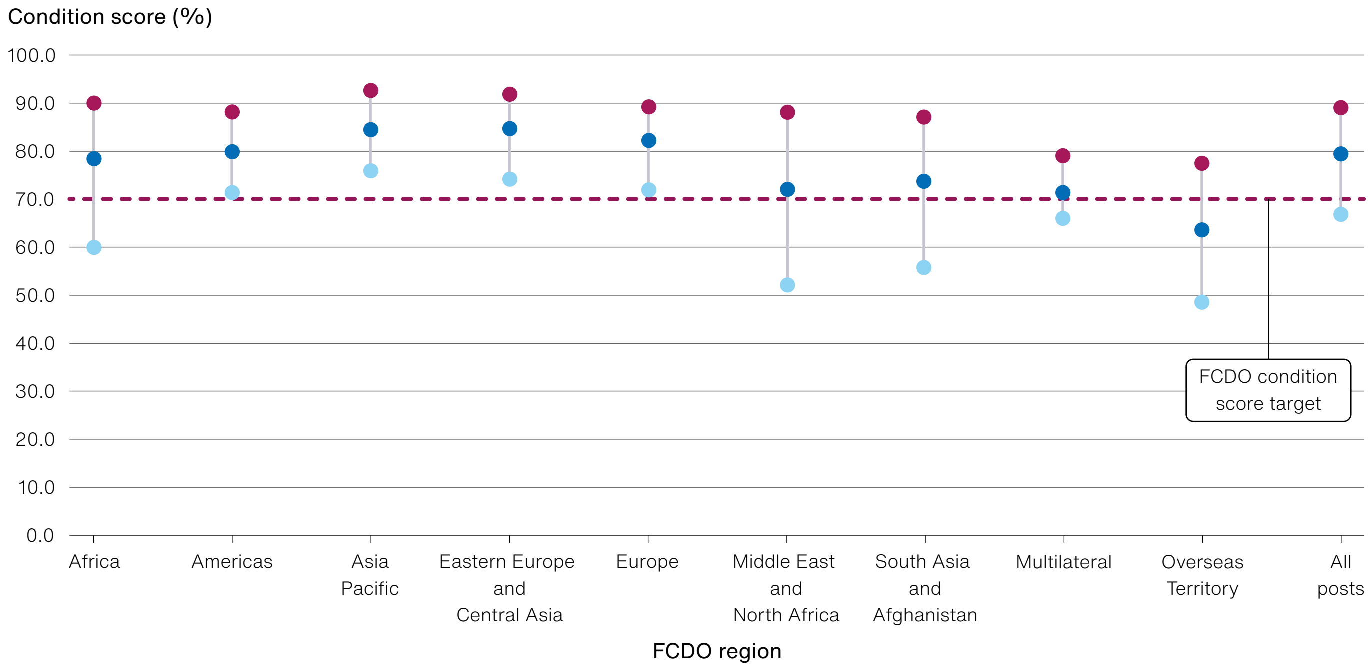
20 FCDO's target condition score of 70% or higher is an internal target that corresponds to achieving Cabinet Office Condition B standard that buildings should be sound, operationally safe and exhibit only minor deterioration. Cabinet Office uses an A to D ranking based on Government Functional Standard for Property. FCDO is working towards a target of 85% of its properties achieving Condition B.

21 17 out of 25 survey responses from FCDO's Americas region, and 8 out of 27 survey responses from FCDO's Africa region reported the condition of their estate to be very good or good.

Figure 7

Average condition of buildings at the Foreign, Commonwealth & Development Office's (FCDO's) overseas posts, by FCDO region

The average condition of FCDO land and buildings varies across regions



	Africa	Americas	Asia Pacific	Eastern Europe and Central Asia	Europe	Middle East and North Africa	South Asia and Afghanistan	Multilateral	Overseas Territory	All posts
Average of highest condition scores of posts in region	90.0	88.2	92.6	91.8	89.2	88.1	87.1	79.0	77.4	89.0
Average of lowest condition scores of posts in region	59.9	71.3	75.9	74.2	71.9	52.1	55.8	66.0	48.6	66.8
Average of average condition scores of posts in region	78.4	79.9	84.5	84.7	82.2	72.0	73.7	71.4	63.6	79.4
Posts in region	46	55	37	14	64	25	18	11	12	282

Notes

1 Scores are based on 2,711 individual assets with an assessed condition score, across 282 posts.

2 FCDO's target condition score of 70% or higher is an internal target based on achieving Cabinet Office Condition B standard for government properties: that buildings should be sound, operationally safe and exhibit only minor deterioration. This is based on an assessment of building fabric and condition.

3 FCDO regions are the geographic groupings given to posts. International organisation delegations are recorded under the Multilateral region, and UK overseas territories are under the Overseas Territory region.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office data

2.4 FCDO has historically prioritised maintenance projects spending on addressing immediate risks, rather than carrying out all required routine planned preventative maintenance (see paragraphs 2.22 to 2.23). FCDO reports that this was due mainly to the lack of available budget and also due to limited qualified resources and capabilities at posts. Our case studies identified examples where not carrying out all routine maintenance required has led to deterioration in the estate:

- a building was declared unsafe due to cracking and tilting walls. Staff were moved out and the building fenced off;
- a High Commissioner's Residence has been closed as the heating system is not reliable enough to make it through winter. The presence of asbestos and lead paint means any refurbishment would be a major project, and consequently a new temporary Residence has been leased; and
- three quarters of British Embassy staff at one post moved into temporary accommodation early, ahead of refurbishment of the main building, due to the failure of mechanical and electrical equipment.

2.5 Planned preventative maintenance is the responsibility of posts, but the majority of respondents to our survey said that difficulties delivering preventative maintenance – resulting in the need for more reactive maintenance – was a challenge at their post. FCDO acknowledges that failure to conduct routine maintenance can lead to more extensive and costly subsequent work. It can also have a negative impact on staff health and safety, productivity and business operations. Twenty-six percent of respondents to our survey of overseas posts reported major concerns with health and safety and 50% reported minor concerns. Nineteen percent reported major concerns with building condition or functionality having a negative impact on staff productivity and 36% reported minor concerns.

2.6 FCDO has been aware of the poor condition of much of its estate for several years. In July 2021, FCDO reported that property condition scores had declined every year since 2014, so that only 77% of its Residences, 66% of its offices and 68% of its staff accommodation met its minimum standard. As a result, in 2021 FCDO changed its risk rating of the possible impact of poor estate condition from moderate to severe. It instigated a five-point action plan which, although not completed, reduced the risk to major.[22] In November 2024, FCDO increased its estate risk rating to severe again, based on the risk of irreversible estate deterioration and FCDO being unable to meet minimum health and safety standards, citing factors such as capability at posts, Estates, Security and Network Directorate (ESND) capacity, matching estates funding to demand, and missing or inaccurate data.

22 The five-point action plan FCDO started in April 2021 included actions to improve its funding business cases, expand its internal management functions, restructure estates teams at posts, improve its data on its assets and expand outsourcing of estate services.

2.7 In November 2023, FCDO recognised that its £150 million estimate of its overseas estate maintenance backlog was likely an under-estimate. In response, it commissioned professional surveys to confirm the true extent of the maintenance backlog. FCDO contracted three companies to survey 97 posts identified as most at risk of having unknown maintenance liabilities, confirm the accuracy and completeness of posts' asset registers and identify extra maintenance work required.[23] This exercise, named forward maintenance register 2024 (FMR24), was a one-off exercise to provide a snapshot of the FCDO estate. It reported in November 2024 that the total maintenance backlog liability was £450 million. At the time FCDO spent around £50 million per year on reactive maintenance work, and FCDO noted that at that pace of spending it would take a decade to clear its backlog, assuming that no further maintenance needs were identified. FCDO has agreed with HM Treasury to convert a further £50 million into resource spending for 2025-26 to cover maintenance projects as well as the administration costs for sustainability and GLAMP projects. However, this would reduce FCDO's funding for capital projects.

How the overseas estate is maintained

2.8 Estate maintenance requires conducting scheduled maintenance to ensure assets remain in good condition, and responding to issues that arise, such as leaking roofs. FCDO allows maintenance projects to be delivered wholly by posts, or in tandem with FCDO Services or private contractors.[24] Projects below £3,000 are funded and carried out by posts. Projects above £3,000 are funded by FCDO centrally and are examined in paragraphs 2.22 to 2.24 and Part Three.

2.9 FCDO's estates maintenance approach varies between posts. One reason is that, while the FCDO aims to adhere to UK standards, this is not always possible. For example, UK standards require solid gas pipes, but FCDO follows local rules for flexible gas pipes to reduce the risk from earthquakes. FCDO has therefore mapped out which posts should follow UK rules for certain critical systems such as gas and electrics, and which should diverge. Local conditions also vary, including the presence of skilled labour, the breadth and depth of contractor markets, material supplies and local supply chains. Consequently, FCDO delivery models for day-to-day management of its estate vary across posts:

- Eighty-four percent of posts are responsible for understanding, operating and maintaining their assets, either through:
  - an in-house estates maintenance team; or
  - a combination of in-house estates staff and local contractors.

23 The total maintenance liability for the whole FCDO estate was calculated by extrapolating survey data from 97 posts and combining it with existing data. FCDO initially identified 104 sites to survey, comprising 48% of the overseas estate property portfolio, but surveys of seven posts could not be completed due to safety issues.

24 FCDO Services provides a range of integrated services worldwide to support diplomacy, development and defence for the UK government, and operates as a trading fund of FCDO.

- Sixteen percent of posts are maintained through two regional facilities management contracts in Europe and the Asia Pacific, covering both ‘hard’ estate maintenance services and ‘soft’ services like waste disposal. Both contracts are currently let to Jones Lang LaSalle (JLL). FCDO determines which regions and posts can be outsourced primarily by supplier availability, although the views of posts are also a factor.

Having different delivery models across posts helps FCDO maintain its estate in a wide variety of conditions. However, this also makes it challenging for FCDO to assess and benchmark performance of posts and identify best practice.

Regional facilities management contracts

2.10 FCDO has outsourced facilities management for 24 locations in Asia Pacific and 22 locations in Europe to JLL, until 2028 and 2030 respectively (see **Figure 8** on pages 34 and 35).[25] The Asia Pacific contract has a value of £104 million and the Europe contract is £110 million.

2.11 FCDO has regional contract managers in both Asia Pacific and Europe to manage JLL, and they meet regularly with JLL to discuss performance. FCDO monitors JLL’s performance against a suite of key performance indicators (KPIs) and can choose to invoke penalties in the case of under-performance, including withholding fees (**Figure 9** on page 36).

- The Asia Pacific contract started in 2021 and JLL is now meeting its KPI targets in most posts. Overall KPI scores increased from 73% in January 2023 to 96% in January 2025. While overall performance is strong, it has been poor in certain locations. For example, in one post in Asia Pacific, FCDO put JLL on an improvement plan in December 2023.

- The Europe contract started in December 2023. JLL initially found establishing the contract challenging, due to poor staff retention and the need to develop its own supply chain with sub-contractors. The Europe contract’s KPI performance continues to vary greatly, from 91% in one post to 33% in another post in January 2025. FCDO acknowledges the transition to have been more challenging than anticipated and aims for performance to improve in the second year of the contract.

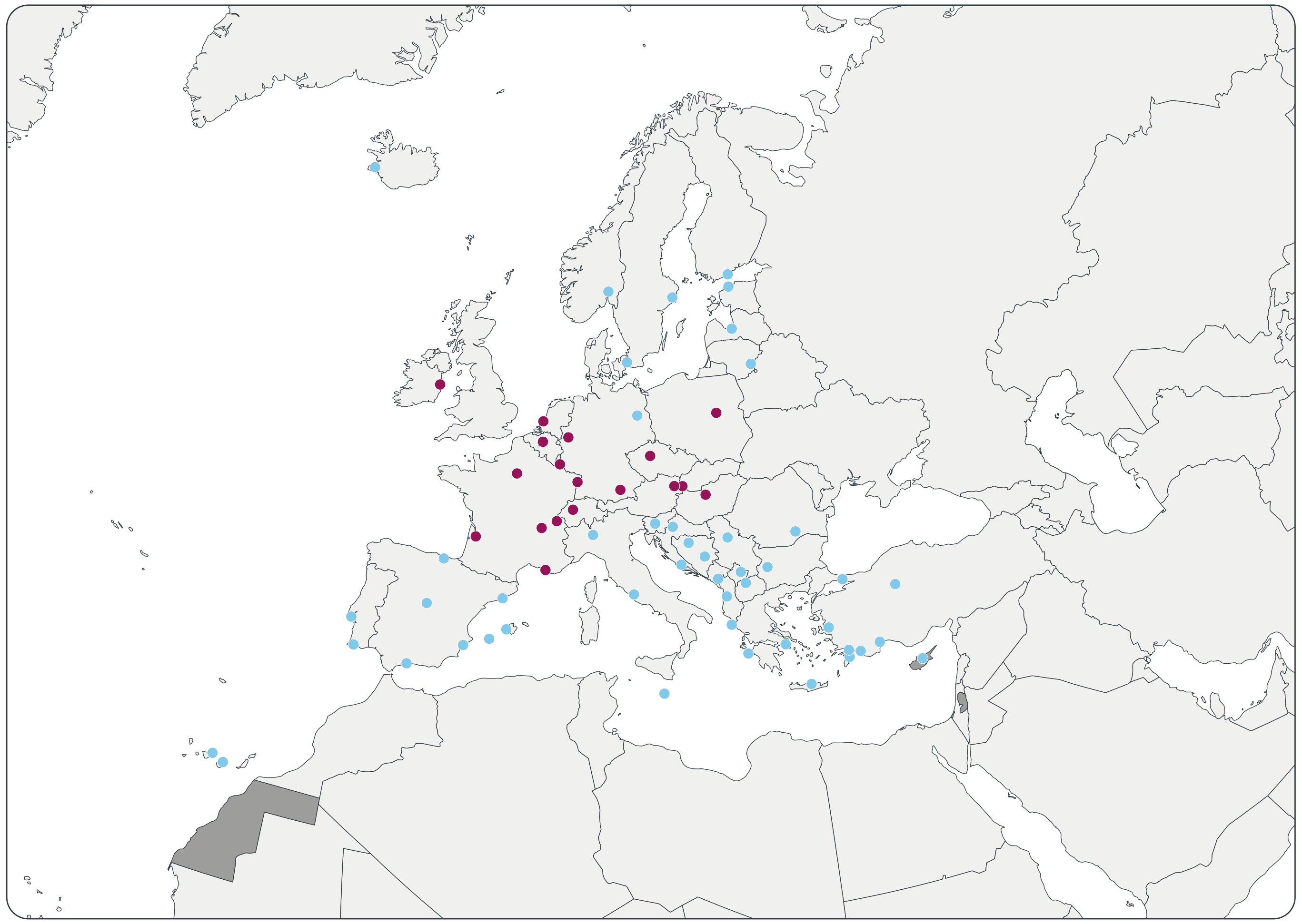
2.12 FCDO’s March 2024 risk register rated the risks of mobilising and resourcing the JLL contract in Europe as severe. We found that a common challenge faced by both FCDO and JLL is attracting and retaining skilled maintenance professionals, due to factors including relatively low wages and the need for security clearances. In one post in Europe, for example, JLL has been unable to fill posts, and as a result many jobs have not been completed, with one lift out of action for ten months. This was compounded by the lift being 30 years old and installed to UK standards, which local suppliers found challenging to maintain.

25 The contracts do not cover all posts in a region; for example, Madrid is not included in the Europe facilities management contract.

Figure 8

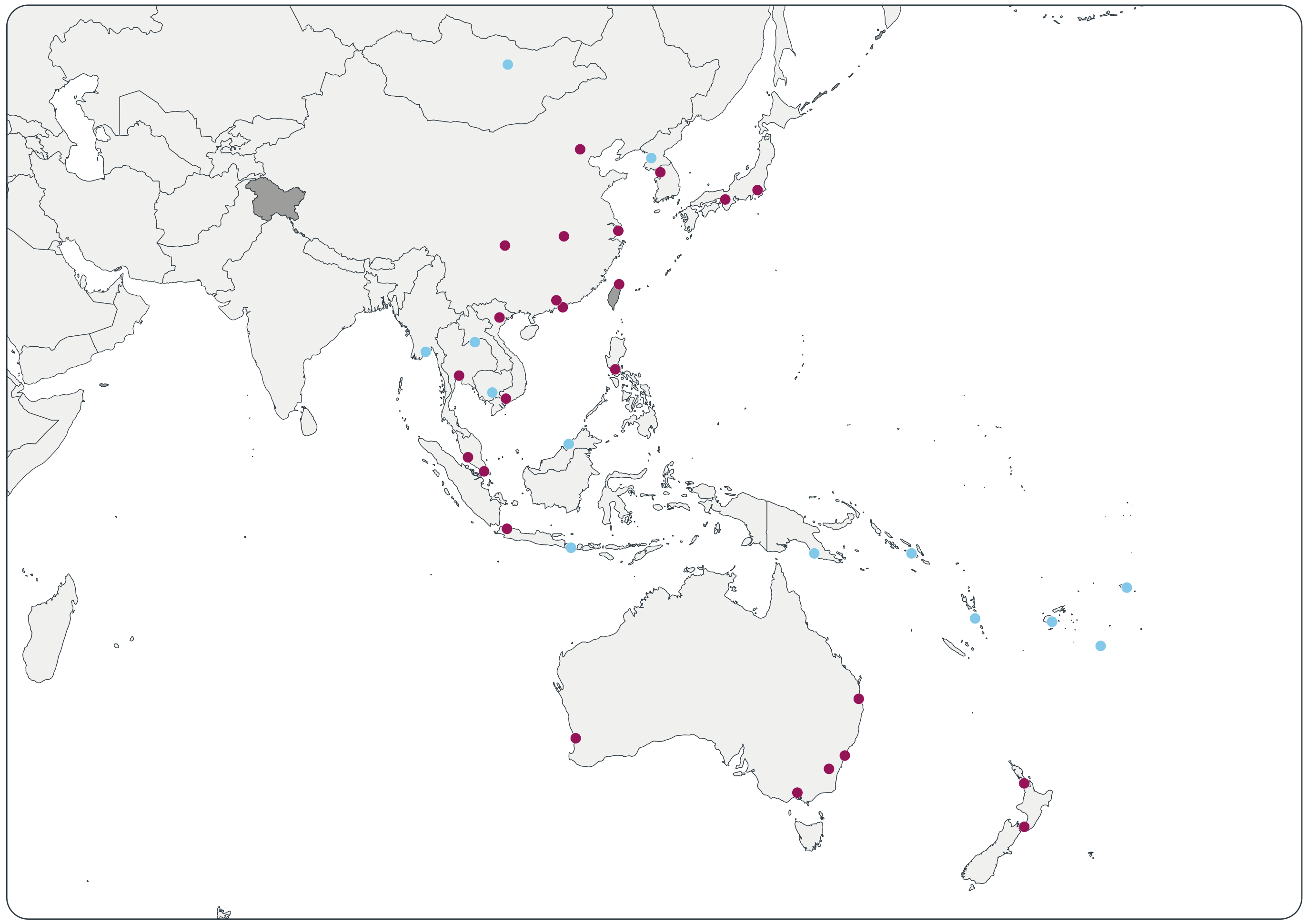
Foreign, Commonwealth & Development Office's (FCDO's) overseas posts covered by regional facilities management (FM) contracts, December 2024

There are two regions covered by regional FM contracts, Europe and Asia Pacific, but not all posts in these regions are covered



Posts in Europe covered by a facilities management contract

- Posts in Europe covered by a regional FM contract
- Posts in Europe not covered by a regional FM contract
- Disputed territories



Posts in Asia Pacific covered by a facilities management contract

- Posts in Asia Pacific covered by a regional FM contract
- Posts in Asia Pacific not covered by a regional FM contract
- Disputed territories

Notes

1 This map does not necessarily represent the views of the UK government on boundaries or political status. It has been designed for information purposes only and should not be used for determining the precise location of places or features, or considered an authority on the delimitation of international boundaries or on the spelling of place and feature names.

2 Some posts occupy the same location, such as Embassies and international delegations.

3 There are two regions that are covered by a regional FM contract, Europe and Asia Pacific. These are FCDO's regional groupings, and its Europe grouping does not cover Eastern Europe or Russia, which is separate.

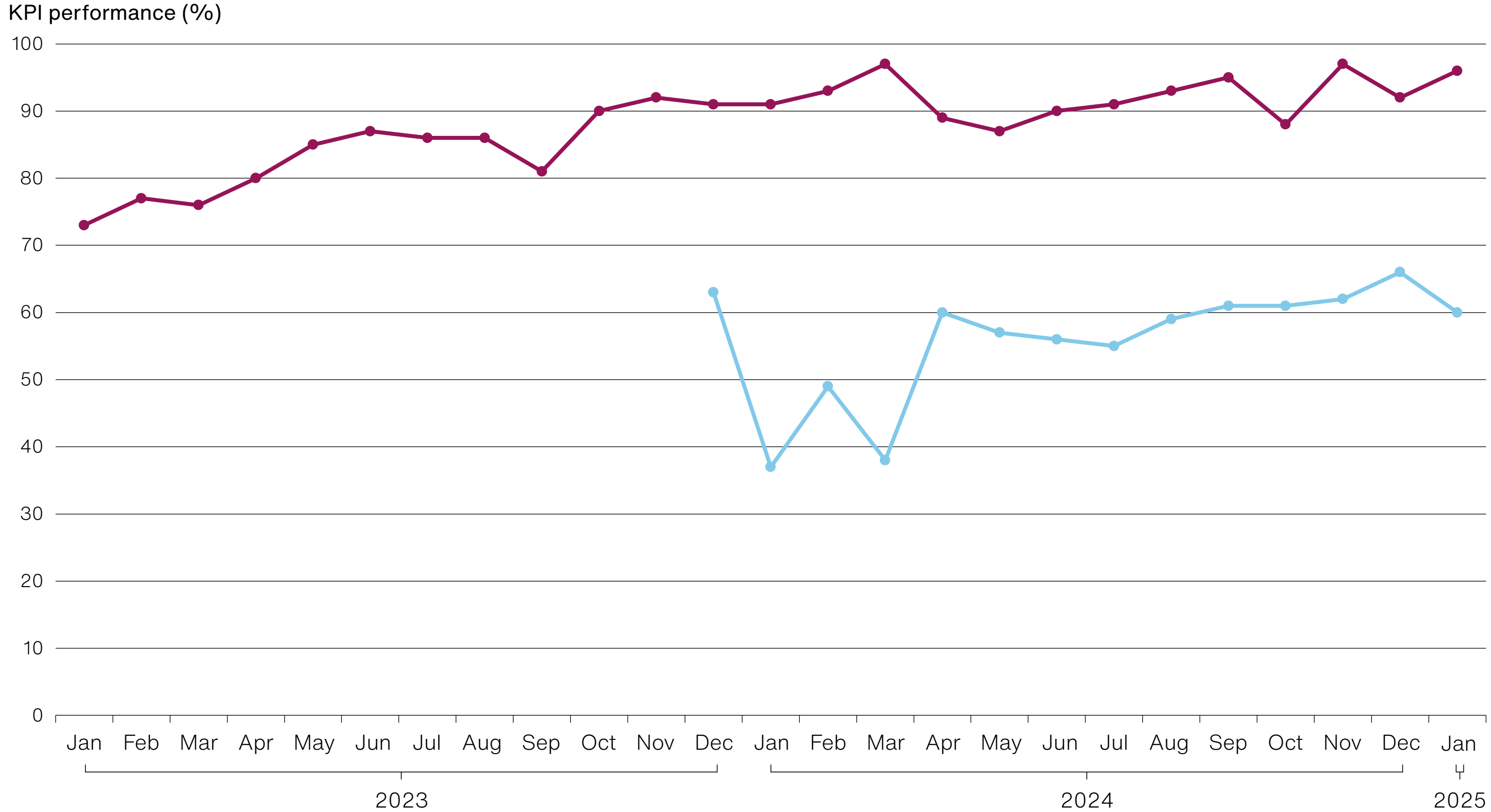
4 Twenty-two locations in Europe are covered by the Jones Lang LaSalle (JLL) FM contract, however four of these are not official posts and so are not shown above. Twenty-four locations in Asia Pacific are covered by the JLL FM contract.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office data

Figure 9

Jones Lang LaSalle (JLL) overall facilities management key performance indicator (KPI) scores in Europe and Asia Pacific, January 2023 to January 2025

JLL's overall performance against its KPIs in the Asia Pacific region has exceeded those for Europe since contract start



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Asia Pacific	73	77	76	80	85	87	86	86	81	90	92	91	91	93	97	89	87	90	91	93	95	88	97	92	96
Europe												63	37	49	38	60	57	56	55	59	61	61	62	66	60

Notes

1 JLL is the regional facilities management contract provider for 24 locations in Asia Pacific and 22 locations in Europe.

2 Each post has individual KPIs covering operational performance, user experience, sustainability and management. A weighted summary score is created for each post each month. Regional KPI scores are calculated as a weighted average of each post's overall KPI score per month.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office performance data

2.13 FCDO regards outsourcing as having the potential to consolidate the contracts it manages, increase professionalism and reduce overheads. However, many regions do not have the developed supply markets necessary to contract out facilities management. FCDO has considered expanding the Europe contract to cover other posts in the region, but has so far decided against proceeding while the current supplier is experiencing issues.

Support provided by FCDO to posts

2.14 Overseas posts vary greatly in their size and type of estate. Some posts have hundreds of buildings and staff, while others can be a few staff in a single building. Some posts do not have dedicated estates professionals present. FCDO’s ESND helps posts maintain their estate, including:

- ESND commissions FCDO Services to run a worldwide inspection programme. This consists of mandatory inspections to ensure that FCDO complies with all necessary statutory obligations in relation to mandatory testing and to check on the safety and compliance of equipment and machinery. Aside from legal compliance, these inspections also act as a check to identify any deterioration in equipment that could pose health and safety risks (predominantly those leased by posts between inspections), ensuring that it can be operated, adjusted and maintained safely;
- ESND commissions FCDO Services to provide a network of 22 regional technical leads (RTLs) who help and advise posts on compliance and maintenance needs. RTLs make physical visits to posts to inspect equipment and documentation and create compliance plans for posts; and
- ESND contracts a private recruitment agency to provide 42 technical works supervisors to carry out maintenance in secure areas.

2.15 We found that many posts value the expertise and assistance RTLs provide. However, FCDO Services has found it difficult to recruit RTLs, because of the lack of competitiveness of civil service pay and rewards with the external market, and the time and process for obtaining security clearances. An individual RTL will have to support multiple posts, and gaps in the network reduce the number of times they can visit posts.

2.16 In June 2022, ESND estimated it needed extra staff to provide it with the necessary delivery capability. In April 2023, FCDO’s internal audit identified recruiting and retaining staff with the appropriate technical skills to fulfil key roles as a major challenge across ESND. This included surveyors, planners and other project delivery roles, data specialists and engineers. This risk remains, as ESND’s November 2024 risk register highlighted a severe risk around inadequate ESND capability and capacity.

Maintenance carried out by posts

2.17 Around 84% of posts are responsible for carrying out planned preventative maintenance and reactive repairs (paragraph 2.9). This is funded by budgets allocated to FCDO's geographic directorates. Posts may also oversee and deliver small maintenance projects funded centrally by ESND, where the post team are able to do so (paragraph 2.22). ESND supports posts undertaking maintenance work, including through the RTL network and an estates helpdesk. The overall maintenance delivery model is complex and varies by post. Reflecting this, the FMR24 exercise reported that there can be confusion over who is responsible for maintenance, projects or reactive works, where budget liability lies and who is responsible for specific elements of the estate.

2.18 In November 2024, FCDO's principal risk register rated the risk of inadequate capacity and capability at posts as severe, and stated this could affect progress clearing maintenance backlogs. The FMR24 exercise reported that, as a result of local expertise being limited, posts routinely fail to monitor and maintain their property. It also found there was an inconsistent approach to maintenance delivery across posts, and that there were:

- missing building records and maintenance certifications;
- inadequate project handover documents to establish maintenance regimes for new buildings, and a general lack of technical systems for planning and organising maintenance;
- deficiencies in staff training and competency; and
- high volumes of mechanical, electrical and building assets beyond economic repair, posing an operational risk from sudden failure.

2.19 A lack of capacity and staffing resources at post was reported as a challenge by 65% of respondents to our survey, and 44% reported that staff at post not having the necessary training, skills and experience was a challenge. Our case studies highlighted that:

- local resourcing is not always flexible in response to changing circumstances. For example, in one post there was no increase in local maintenance staff to support the relocation of staff from another post following a conflict there;
- training local staff to implement UK standards can be expensive. The alternative, getting professionals from the UK to perform work, can also be expensive; and
- the need for security clearances to perform some work can limit the potential hiring pool and the scope for contractors to perform work.

2.20 FCDO has acknowledged that limited capacity means posts are often unable to adequately monitor the condition of their estates and maintain them, and gaps in key roles in ESND also present a risk. However, it has not yet produced a workforce plan to clarify and address capacity and capability issues within ESND and at posts.

2.21 Other nations are affected by challenges ensuring posts have sufficient estates expertise. The U.S. Government Accountability Office, for example, found that the U.S. Department of State experiences workforce problems and these have affected its ability to maintain its overseas estates.[26] It has faced hiring delays and difficulty in hiring qualified facilities staff to maintain US Embassies.

Maintenance projects

2.22 FCDO also spends money on projects for one-off works to repair, improve or replace estate assets. Lower-cost projects costing between £3,000 and £250,000 are treated as resource expenditure and funded through the Global Maintenance Plan (GMP). Projects above this cost are treated as capital expenditure and funded through the Global Asset Management Plan, as explained in paragraph 1.15, and these are covered in Part Three.[27]

2.23 FCDO's spending on maintenance projects through the GMP has historically prioritised addressing immediate risks over longer-term prevention work. FCDO initially identified the need to change its prioritisation system in 2020. In 2023, it stated the system did not reflect FCDO's changing priorities, account for the whole life costs of different approaches to maintaining the estate or align with other strategic FCDO agendas, such as sustainability. FCDO also acknowledges that its prioritisation system had discouraged the registering of lower-priority works, due to the perception that they will not receive funding. We also heard that the system encourages assigning higher priority to works, to increase the chance they get funded.

2.24 FCDO launched a new prioritisation system in 2023. This separates categories for planned and reactive maintenance, to help ensure both types of works go ahead. It also includes a category focused on the long-term maintenance liability of a building component or system, which FCDO intends will reduce the risk of sudden failure. The new prioritisation system has been implemented for all FMR24 surveys. However, FCDO acknowledges this policy is still focused on managing health and safety risks, and it is not clear the change will enable FCDO to complete more preventative work, given funding constraints.

26 U.S. Government Accountability Office, *Overseas Real Property: State Should Improve Strategic Workforce Planning for Facilities Maintenance Staff,* April 2023 (accessed 12 March 2025).

27 The government budget allocated to and spent by government departments is known as the Departmental Expenditure Limit (DEL). This is split into resource spending (RDEL) for day-to-day resources and administration costs, and capital spending (CDEL) for investment.

Part Three

Estates capital projects

3.1 This part of the report sets out the Foreign, Commonwealth & Development Office’s (FCDO’s):

- high-value capital investment projects; and
- sustainability and energy reduction.

High-value capital investment projects

Approach to selecting, funding and prioritising projects

3.2 As set out earlier, FCDO takes forward its estate capital projects (those estimated as costing more than £250,000) through its Global Asset Management Plan (GLAMP). As of June 2022, the highest-value project on the GLAMP was the Washington D.C. Embassy and Residence refurbishment, which had a budget of £128 million. The GLAMP projects include major refurbishments and repairs, office reconfigurations, upgrades to important infrastructure like electrics and heating systems, or completely new buildings. For example, in Ottawa FCDO decided to spend over £30 million constructing a new High Commission building with a much-improved sustainability profile.

Project prioritisation and portfolio planning

3.3 To date, FCDO has not taken a strategic approach to selecting and progressing GLAMP projects. Between 2018-19 and 2022-23, FCDO selected projects for the GLAMP through a process that involved partners across government, directorates and posts, with the list of projects refreshed annually. In April 2023, FCDO’s internal audit team highlighted that the GLAMP selection process focused on ‘traditional’ estates concerns, such as health and safety and security risks, and did not have a clear mechanism for factoring in FCDO’s global strategic priorities. It concluded there was a lack of clarity about how FCDO should be prioritising and allocating estate investment to meet future UK government objectives. FCDO has been operating in a context of global volatility and changing political priorities, which it considers has had an impact on its strategic direction.

3.4 Once on the GLAMP, FCDO has progressed projects towards full business case as they become ready, rather than planning delivery across the portfolio based on the priority allocated to each project. FCDO identified that this 'first past the post' approach allowed it to spend funds but that it could reduce its flexibility to meet urgent and unexpected estates needs. It also creates a risk that high-priority projects further back in the pipeline will not be able to access future funding because it is allocated to other projects that are 'ready' sooner. FCDO acknowledges it is difficult to understand the impact of approving an individual project on the overall portfolio within this system.

3.5 FCDO is taking steps to manage its overseas estate projects more effectively as a portfolio. It intends to change both how it prioritises projects and how it plans its portfolio. FCDO's new approach will rank GLAMP projects using a combination of factors, with most importance placed on health and safety and security factors as part of its duty of care to people working and living on its estate. FCDO plans to use this ranking to create a multi-year delivery plan that accounts for annual funding and other delivery constraints. As at April 2025, FCDO's estimate of the cost of its capital investment pipeline of projects is £2.1 billion, covering more substantial refurbishments, replacements of assets at end of life, acquisitions and new constructions.[28]

3.6 FCDO is changing its approach because its capital projects funds from asset sales are now fully committed. As a result, it will need to work within annual funding limits set by HM Treasury (HMT) from 2025-26, compared to previously flexible funding across years. It also expects to receive a smaller budget than requested from HMT, and as such the prioritisation system will be of even greater importance.

Over-programming

3.7 FCDO has historically chosen to approve more projects in the GLAMP to work on than it has funding for. Since 2018 it has 'over-programmed' by around 30% to 50%, to allow for projects that cannot complete as planned and ensure the capital funds were fully committed. However, this approach meant money was spent developing projects that had not been funded or completed. As of October 2024, there were 526 GLAMP projects, of which 63 (12%) were on hold and 190 (36%) stopped, compared to 143 (27%) completed and closed. Of the 190 stopped projects, one was stopped after construction had started, on account of an issue with the contractor, but the others were stopped earlier in the project development and contracting process. Reasons given for projects being put on hold included funding issues and re-prioritisation, changes in Heads of Mission (who might have different views on a project) and cost escalation.

28 FCDO's capital programme requirement is a point in time estimate that it updates regularly.

Delivering capital projects

Delivery track record

3.8 By November 2024, around 200 capital projects had been completed or approved for construction since April 2018, totalling circa £850 million and funded by the Tokyo and Bangkok sales. We found that FCDO does not hold the management information necessary to evidence its track record or facilitate decision-making across the portfolio of projects.

3.9 As of June 2022, seven projects had breached their full business case budgets, with a few high-profile projects significantly over time and budget:

- The Washington Embassy programme completed 12 months behind schedule. FCDO's estimate of final outturn project costs increased from £112 million in 2019 to £128 million in 2021, and then to £160 million in 2023 (inclusive of contingency costs). As at April 2025, FCDO is yet to finalise total programme outturn costs. FCDO identified a range of contributing factors to the cost increase, including the COVID-19 pandemic, scope and design changes, foreign exchange loss and the worse-than-expected condition of the 90-year-old Residence.
- In January 2024, FCDO moved into its new High Commission in Ottawa, which was completed to high sustainability standards. This replaced its existing over-sized High Commission building. The project completed 18 months behind schedule and around £10 million over its £30 million budget, although FCDO is yet to finalise total programme outturn costs. FCDO identified COVID-19, strikes and design changes as key contributing factors to the overruns.

FCDO identified key cost pressures for the remainder of its portfolio as global inflation, supply chain constraints and labour shortages.

Status of current projects

3.10 As of October 2024, there were 130 'live' overseas projects in the GLAMP database. FCDO assesses its projects on time, cost and quality. Time is the biggest risk area for live projects. In October 2024, FCDO assessed that delivery to time was a significant risk for 12% of its live projects, and a further 19% of its live projects had some risk of running over schedule. This compared to 7% and 13% respectively with regards to budget, and 1% and 5% with regards to quality. Our survey, which was open between October and December 2024, identified a similar trend. Respondents to our survey with capital projects underway were least confident in the projects being delivered on time (51% said the project was on time), compared to budget (68%) and quality (85%).[29]

29 As projects were at different stages, there were 51 responses to whether the project was on time, 47 responses to whether the project was on budget, and 46 to whether the project was expected to meet quality standards.

3.11 Recent uncertainty over the Spending Review and funding has slowed down delivery. Between September 2024 and January 2025, FCDO only put one project out to tender. As of February 2025, FCDO had paused further progress on 118 projects pending decisions on future funding and the prioritisation system. Project delays have knock-on impacts on staff working conditions and overall costs. GLAMP projects awaiting re-prioritisation and funding decisions include examples of people working in buildings that do not meet health and safety requirements or are in increasing disrepair, in anticipation of projects for which funding is no longer secure (**Figure 10**).

Figure 10

Examples of capital projects awaiting re-prioritisation and funding decisions, as of February 2025

Previously approved projects across the global network now paused include projects to address key health and safety risks

Post A is around 20 years old and requires significant work to keep it safe, operational, and health and safety compliant. Part of a project at the post will remove temporary blast barriers made from metal link cages filled with sand. Salt within the sand has eroded the metal structure, and in April 2023, one of the walls partially collapsed in a health and safety 'near miss'.

Post B comprises a mix of office, residential and amenity buildings and grounds. Many of the buildings are close to or at the end of their built-for life. The Foreign, Commonwealth & Development Office (FCDO) has reduced maintenance works at the post in anticipation of a project, leading to a deterioration in estate condition.

Post C has an office which is a three-storey converted residential property with electrical system issues, no disabled access and poor ventilation. The Residence also has electrical, mechanical and structural issues. Much activity takes place outside of the FCDO estate as a result, with an impact on staff morale and collaboration. A project at the post was planned to ensure the post has safe and fit for purpose buildings.

Note

1 As of February 2025, FCDO had paused progress on 118 projects that had not yet reached procurement, pending decisions on future funding and a new capital investment prioritisation system.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office documentation and National Audit Office fieldwork interviews

Lessons learned

3.12 FCDO identifies lessons learned on projects through a range of methods, including workshops on the completion of some projects, reflections in project delivery team meetings, and a 'live' exercise to collate lessons identified through project design reviews. FCDO has generated useful lessons through these processes (**Figure 11**) and taken action to address some deficiencies identified. For example:

- FCDO found that its initial project delivery team for one project had insufficient skills and resources, and accordingly it expanded the team. This improved communications, issue resolution and timeliness of decisions;
- FCDO is undertaking work to improve its template contract documents and upskilling its staff on contracting;
- in response to lessons identified for one project, the project team at another post involved the facilities management team at an earlier stage, involving them in design work and planning for the building's transition into operation; and
- a High Commission project encountered design problems during construction and identified that a second peer review of the project design would have helped avoid these. This additional review has been implemented in a project at another post.

3.13 However, in early 2024, the portfolio management office stopped supporting a process to centrally log lessons, identify recommendations and actions and track their implementation, due to resourcing constraints. Consequently, FCDO was unable to demonstrate the extent to which it systematically learns, shares and implements lessons.

Sustainability and energy reduction

3.14 FCDO has committed to a 20% reduction in energy use in its global estate by 2025, compared to 2019-20 levels. It has some carbon reduction measures in place, including a sustainable procurement policy that requires bidders for contracts valued at £5 million or above to provide a carbon reduction plan. However, its delivery plans and capabilities are limited, and it does not have a reliable measure to track its progress.

Figure 11

Summary of issues and lessons identified by the Foreign, Commonwealth & Development Office (FCDO) on selected overseas estates capital projects, 2022 and 2023

FCDO has identified lessons across all stages of project delivery

Theme	Lessons and issues identified by FCDO
Resourcing	Project teams were not always adequately resourced in terms of capacity, skills, structure and experience. FCDO's resourcing model meant it could not easily deploy additional people or specific expertise in an agile way in response to project delays and challenges.
Scope and design	In certain projects, unclear project scope and poor design has led to significant levels of design changes after FCDO has already agreed contracts. Facilities management teams have not always been involved in project design, and as a result some elements of designs have been impractical for day-to-day operations. In one example, a type of lighting was installed for which spares could not be sourced locally.
Contracting	Contracts and accompanying documentation have not always sufficiently covered requirements, or addressed responsibilities for managing different risks. Contracts have at times also failed to fully appreciate differences in contracting norms and standards between the UK and the delivery country. Consultants and contractors have at times performed poorly. This has included under-estimating construction costs, inadequate quality monitoring and failure to meet specialist requirements and FCDO standards.
Relationships, roles and responsibilities	Language barriers have contributed to construction challenges. FCDO has identified the importance of having clear, written communication of requirements, in both English and the local language, and professional translation services. Responsibilities and accountabilities of different roles and organisations involved have not always been clearly defined.
Risk management	Certain projects have been affected by insufficient analysis or understanding of the consequences of design and delivery risks. Additionally, in certain cases insufficient contingency arrangements have been set for levels of uncertainty and risk on projects.
Transition to operation	FCDO has at times given inadequate consideration to how buildings transition into operation after construction, and how posts can maintain and operate them.

Note

1 This table summarises key lessons identified and logged by FCDO for selected projects in 2022 and 2023.

Source: National Audit Office analysis of Foreign, Commonwealth & Development Office documentation

3.15 FCDO has a £30 million fund for supporting energy efficiency and carbon reduction projects across the estate between 2022-23 and 2024-25. In addition to reducing costs and carbon emissions, low carbon measures can play an important role in boosting post resilience where local energy supplies are unreliable. Prior to establishing the fund, FCDO piloted two solar power projects. FCDO has primarily used the fund to make enhancements to existing Global Maintenance Plan and GLAMP projects. However, FCDO expects to spend only £11.1 million from the fund by the end of 2024-25. In November 2023, FCDO identified lack of staff capacity as the most significant risk for its sustainability objectives.

3.16 In 2021, FCDO determined that all new build projects should be designed to a BREEAM (Building Research Establishment Environmental Assessment Method) 'Outstanding' rating, and all major refurbishments should achieve a minimum 'Excellent' rating, or equivalent standards.[30] New capital projects should therefore have sustainability and energy reduction considerations factored into design from project inception. The new High Commission in Ottawa, completed to BREEAM 'Excellent' equivalent, is the most environmentally sustainable building FCDO has built.[31] However, in other parts of the world, it has not been feasible to design to these standards within the funding available. For example, FCDO agreed that one post's refurbishment could instead build to a target of Good or Very Good.

30 BREEAM is a certification system for building sustainability performance. The BREEAM ratings are Pass, Good, Very Good, Excellent, Outstanding.

31 The new High Commission was certified as LEED (Leadership in Energy and Environmental Design) 'Gold'. LEED certification is a US-based green building rating system, based on a range of quality criteria including carbon, energy, water and materials. The LEED ratings are: Certified, Silver, Gold, Platinum. LEED 'Gold' is equivalent to BREEAM 'Excellent'.

Appendix One

Our audit approach

Our scope

1 This report examines whether the Foreign, Commonwealth & Development Office (FCDO) has a robust approach to managing its overseas estate. The overseas estate includes Embassies, High Commissions, Consulates, offices, official Residences and accommodation and amenities for UK staff overseas. We consider whether FCDO:

- has a clear overarching strategy for meeting its current and future overseas estate requirements;
- is set up to manage its estate effectively; and
- manages its maintenance programme and capital projects effectively.

2 We do not examine the maintenance of security systems in secure areas or the effectiveness of individual overseas facilities maintenance contracts. We do not typically identify individual overseas posts, to mitigate any potential security risks. We also do not examine arrangements for managing the FCDO's UK estate (primarily the King Charles Street and Abercrombie House headquarters), other than where decisions relating to the UK estate may affect the overseas estate.

3 We reached our conclusions based on our analysis of evidence collected during fieldwork between August 2024 and April 2025.

Our evidence base

Interviews

4 We conducted around 20 interviews with FCDO officials selected because of their job role and experience in managing the overseas estate, which meant interviewees were primarily from FCDO's Estates, Security and Network Directorate (ESND). Interviews were mostly conducted online, and we tailored interviews to the role of the person being interviewed.

5 We interviewed colleagues in other departments and bodies:

- FCDO Services, which provides a range of secure services worldwide and operates as a trading fund of FCDO;
- Ministry of Defence;
- British Council;
- HM Treasury; and
- Infrastructure & Projects Authority.

Document review

6 We carried out detailed analysis of around 250 relevant FCDO documents in response to our evidence request. These were reviewed against our study questions on how the estate is set up and its programmes for maintenance and capital projects. Documents included proposal and planning documentation, guidance documentation, board papers, business cases and risk registers.

Data analysis

7 We analysed data provided to us by FCDO on its overseas estate, such as on the number of posts across the world, financial data, data on estate assets such as condition score and size, and facilities management contract performance.

Survey

8 We surveyed corporate estates managers/estates managers at FCDO posts across the world to capture feedback on the experience in managing the overseas estate, to identify potential pain points and areas for improvement (see Appendix Two).

9 FCDO sent an online survey link on our behalf to all posts and a subsequent reminder email. We received responses between 25 October and 9 December 2024. We received 153 responses, excluding duplicates (which were removed) and including some responses we received via email. These responses covered 168 posts, as some were for multiple posts or networks.

International comparisons

10 To identify common themes and challenges, we circulated eight high-level questions to the Supreme Audit Institutions (SAIs) of Australia, Canada, New Zealand and the USA. We received three full responses, previous audits from one SAI, and we met with officials from the U.S. Government Accountability Office and the Office of the Auditor General of Canada.

Case studies

11 To illustrate findings from our document review and our interviews, we conducted case studies with eight posts across FCDO to understand specific capital and maintenance challenges, and their impact 'on the ground' within local posts. We physically visited two sites and conducted the remaining case studies online. We interviewed staff at posts such as corporate service managers, heads of local maintenance teams and people responsible for overseeing major project delivery. We also conducted document review, data analysis and observational analysis to understand the state of individual posts, how they were being managed, objectives, performance of maintenance staff, management of risks and status of ongoing projects. These case studies were conducted between October 2024 and February 2025.

12 These case studies were selected after considering several variables, such as the value of the site, type of maintenance arrangements, the presence of major estate projects, FCDO geographic region, and climate or security risks. This meant that the eight case studies were conducted across different regions, and the posts we looked at faced different challenges in maintaining their estates. We considered evidence against a consistent framework, to enable systematic assessment for each case study against a set of questions.

Appendix Two

Survey of Foreign, Commonwealth & Development Office (FCDO) overseas posts

Survey methodology

1 Between October and December 2024, we surveyed corporate service managers/estates managers at FCDO overseas posts to gain insights into their experiences of managing and maintaining their estates. Some responses were from other staff at the overseas post with a key role in managing the estate, such as Deputy Heads of Missions.[32]

2 The survey consisted of 20 questions, covering the following areas:

- current condition of the post;
- clarity of FCDO objectives for the estate;
- concerns and challenges that posts face; and
- delivery of maintenance and capital projects.

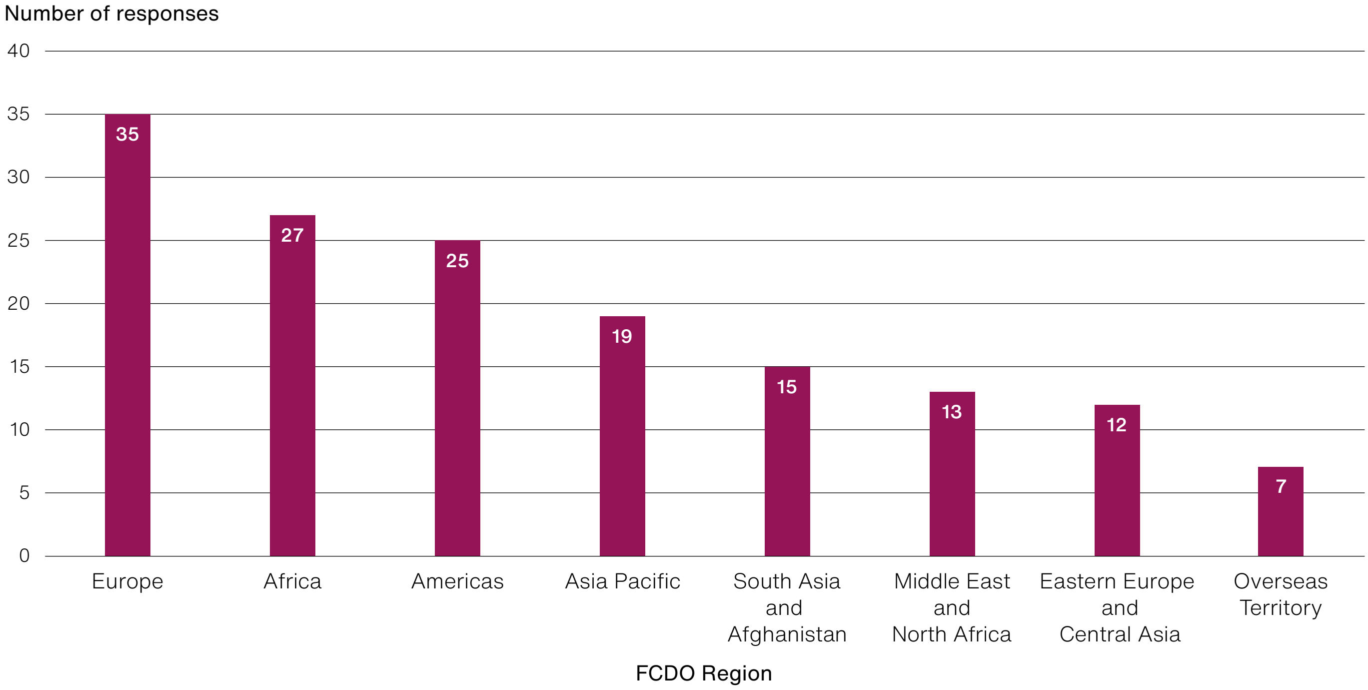
3 Most survey questions were mandatory. The survey included a mix of closed and open questions. Respondents provided some detailed comments as free text. We consulted with internal NAO survey experts to quality assure our survey approach and our presentation of survey analysis and results.

4 FCDO sent an online survey link on our behalf to all posts on 6 November and a subsequent reminder email. We received responses until 9 December 2024. We received a total of 153 responses across FCDO's regions (**Figure 12**). This excludes duplicate responses (which were removed) and includes some responses we received via email. These 153 responses covered 168 posts, as some were completed on behalf of multiple posts or networks, since respondents could have responsibility for more than one post.

32 The Deputy Head of Mission is responsible for the daily management of an overseas Embassy or High Commission.

Figure 12
Regional breakdown of Foreign, Commonwealth & Development Office (FCDO) responses to our survey

There was a range of responses from FCDO regions to our survey, with Europe having the most responses



Notes

1 Region was extrapolated from the survey question asking 'Which FCDO post do you work for?'

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

3 FCDO regions are the geographic groupings given to posts. UK overseas territories are under the Overseas Territory region. An additional grouping not shown is Multilateral posts, which cover international organisation delegations.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

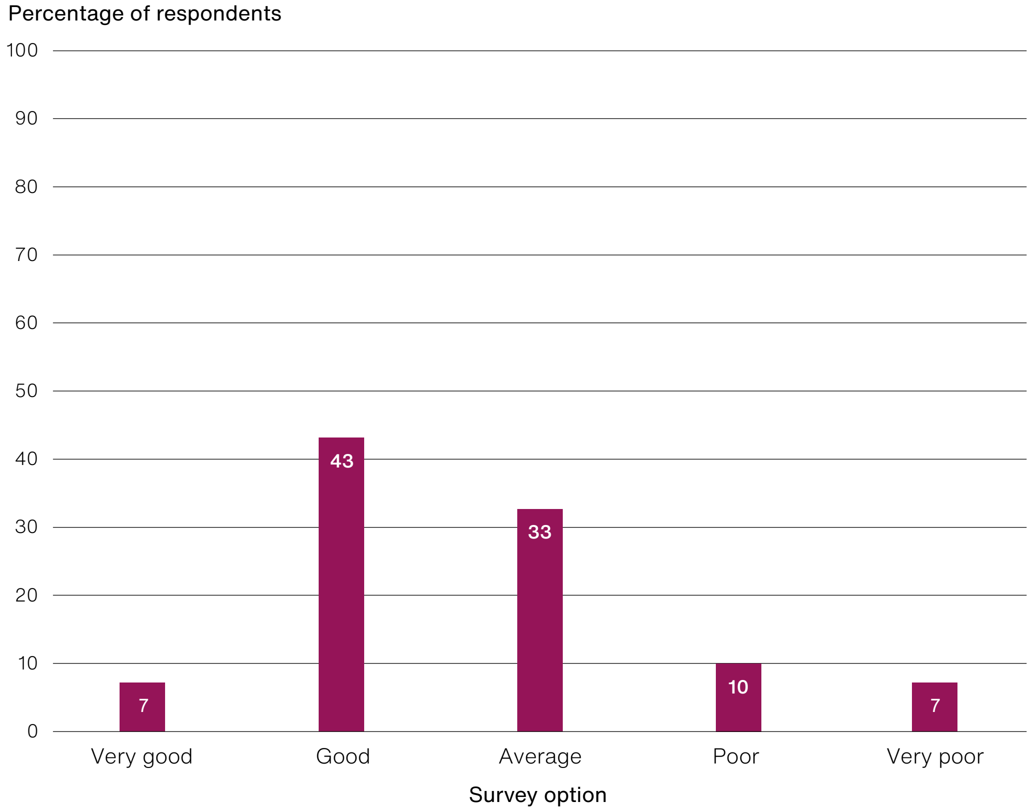
5 The following sections set out some of our analysis of survey responses, covering views from respondents on maintaining the estate, managing the estate and delivering projects.

Maintaining the estate

6 Half of respondents stated that the condition of their estate was either very good or good, while 17% said it was either very poor or poor (**Figure 13**). Thirty-eight percent of respondents said their estate had been getting worse over the last five years, and 36% of respondents said they expect their estate to get worse in the future.

Figure 13
Survey results on the condition of overseas estate posts

50% of survey respondents considered the condition of their estate to be either very good or good



Notes

1 Survey question was: 'How would you describe the current overall condition of your post's estate? If you have a mixture of buildings, please answer this based on the overall condition of buildings.'

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

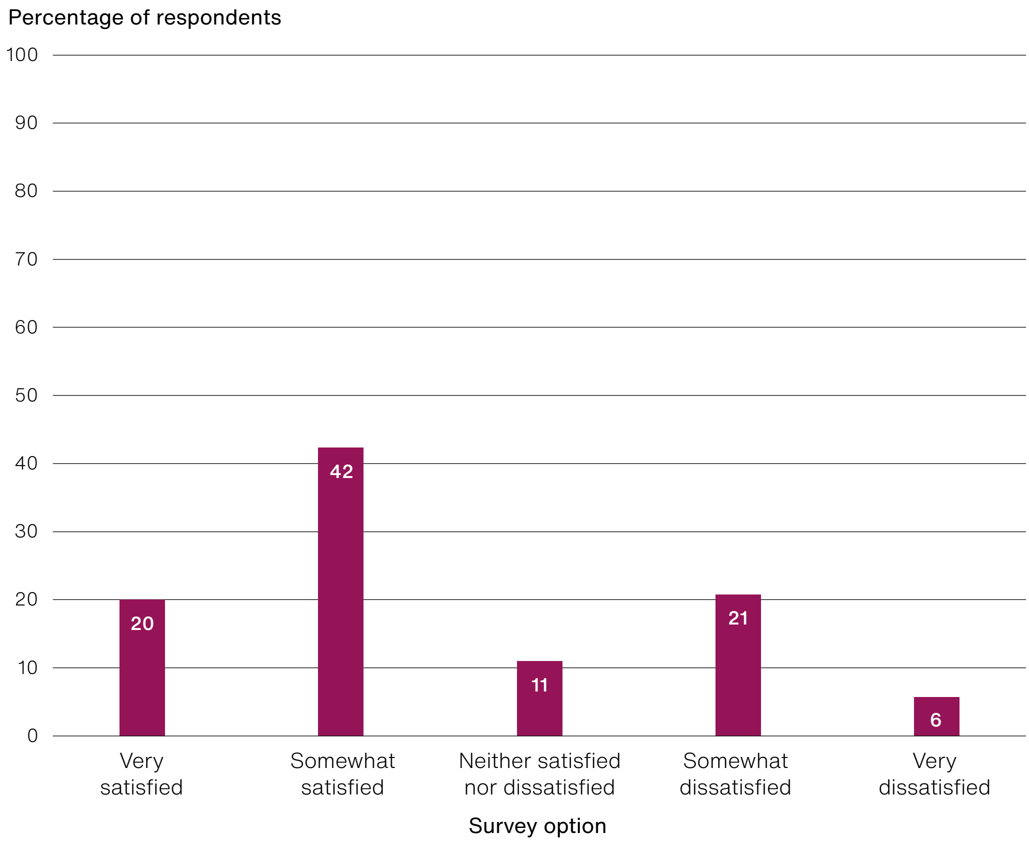
Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

7 Posts have different arrangements for delivering maintenance. Overall, 62% of respondents were either very or somewhat satisfied with their arrangements for delivering maintenance, while 27% were either very or somewhat dissatisfied (**Figure 14**).

Figure 14

Survey results on satisfaction with maintenance arrangements

62% of respondents were either very satisfied or somewhat satisfied with the arrangements for delivering maintenance at their post



Notes

1 Survey question was: 'How satisfied are you with the arrangements for delivering maintenance at your post?'

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

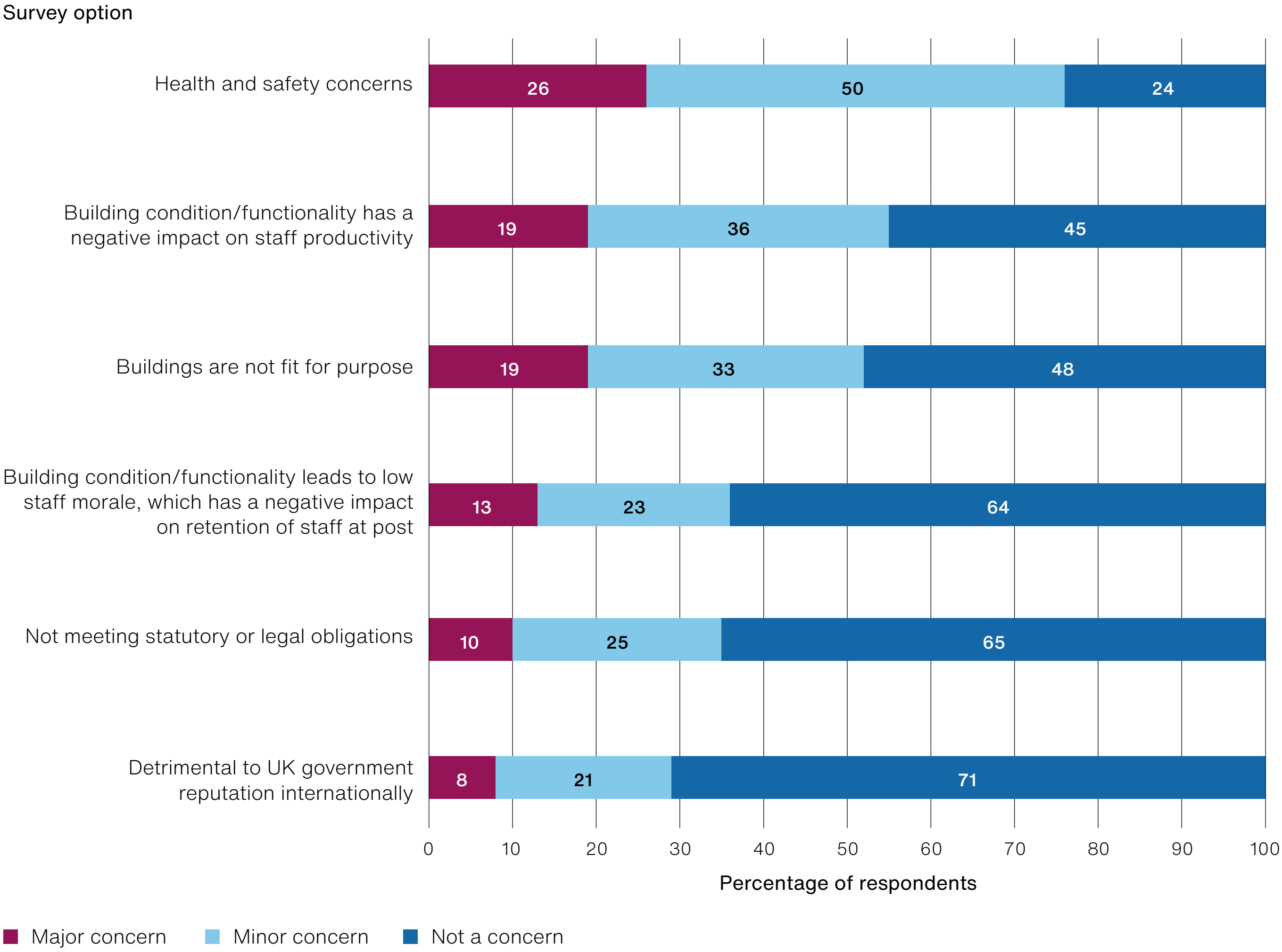
Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

8 Health and safety was rated either a major or minor concern by 76% of respondents. Building condition/functionality was a concern for 55% of respondents, and buildings not being fit for purpose was a concern for 52% (**Figure 15**).

Figure 15

Survey results on condition and functionality concerns for maintaining the estate

Health and safety was a major concern or minor concern for 76% of respondents



Notes

1 Survey question was: 'Which of the following concerns, if any, do you have about the current condition and functionality of your post's estate?' These are the options for the question that are relevant to maintaining the estate.

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

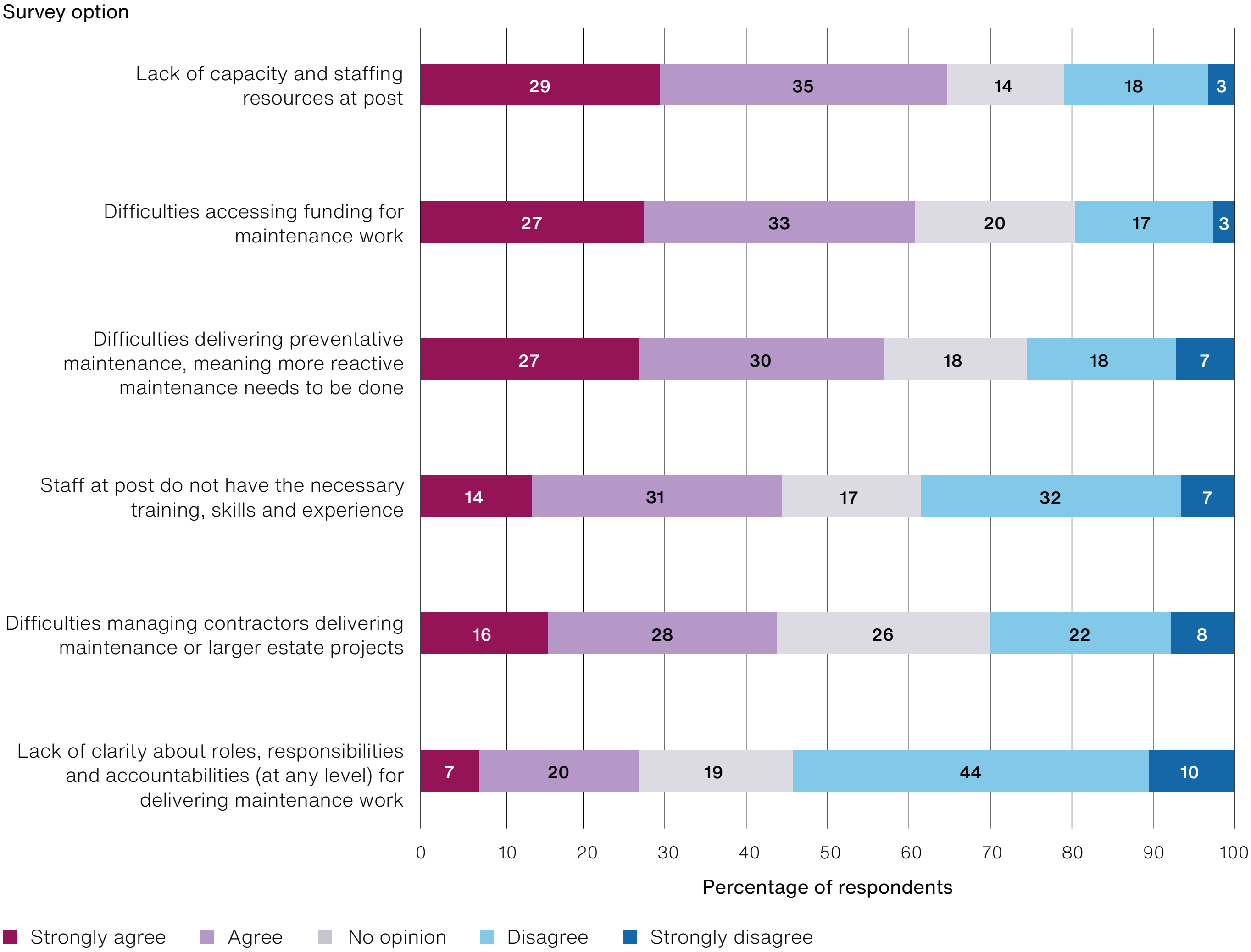
Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

9 Sixty-five percent of respondents said that lack of capacity and staffing resources at post was a challenge, and 61% said that difficulties accessing funding for maintenance work was a challenge. Difficulties delivering preventative maintenance, meaning more reactive maintenance needs to be done, was reported as a challenge by 57% of respondents (**Figure 16**).

Figure 16

Survey results on challenges in maintaining the estate

A majority of respondents noted challenges with capacity and staffing, accessing funding for maintenance and delivering preventative maintenance



Notes

1 Survey question was: 'To what extent do you agree or disagree that the following statements are challenges that your post experiences in maintaining and improving the condition of your estate?' These are the options for the question that are relevant to maintaining the estate.

2 No opinion is all respondents who said, "Neither agree or disagree" or "No opinion".

3 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

4 Percentages may not sum, due to rounding.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

Managing the estate

10 Thirty-five percent of respondents didn't have a delivery plan for managing their estate, and 22% of respondents were unclear how FCDO and UK government property objectives apply to the management of the post's estate. Of respondents with a delivery plan, 93% were clear how property objectives applied to the management of their estate, while for respondents without a delivery plan, it was half.

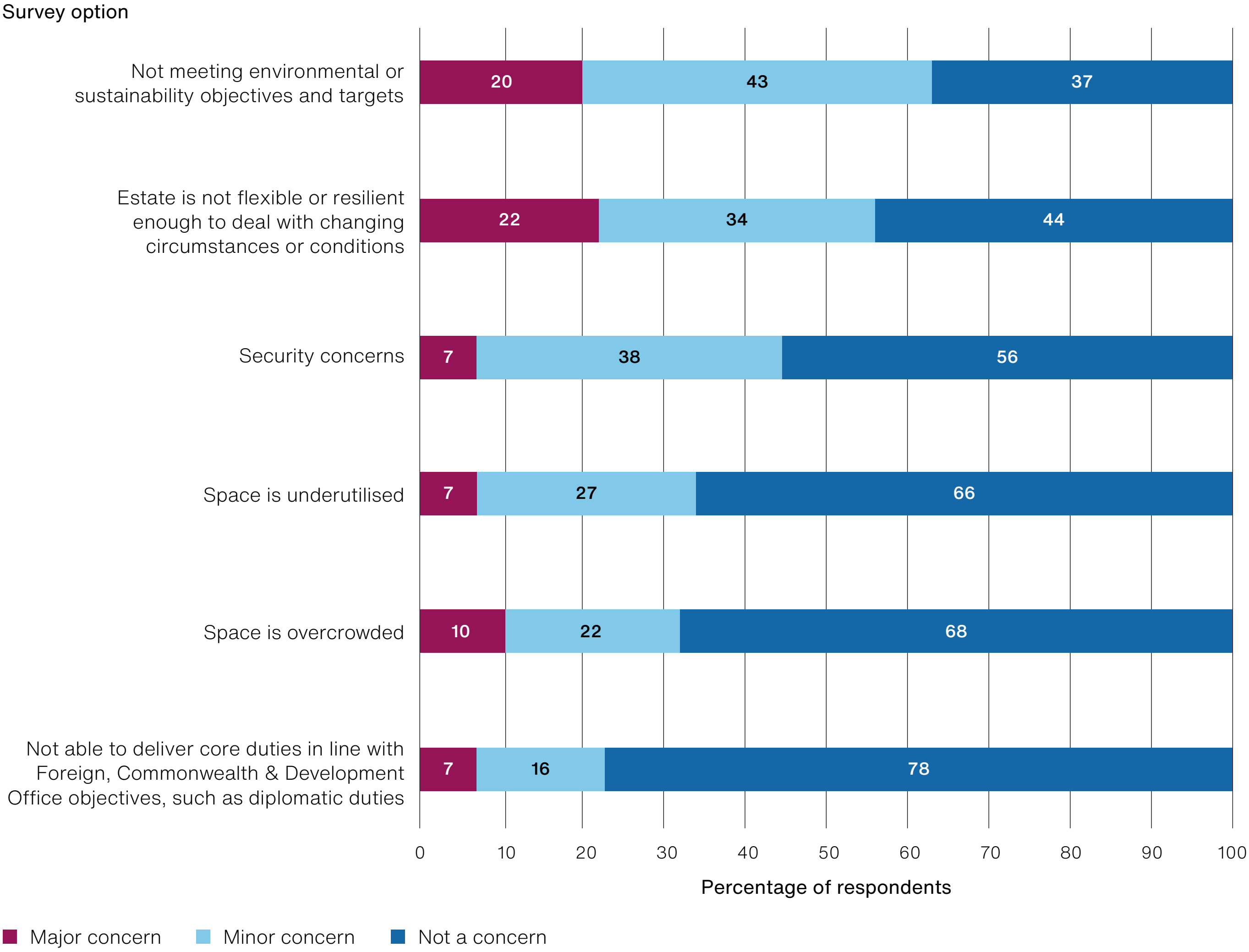
11 Twenty percent of respondents said that not meeting environmental or sustainability objectives and targets was a major concern, and 43% said it was a minor concern. Twenty-two percent said that the estate not being flexible or resilient to deal with changing circumstances or conditions was a major concern, and 34% said it was a minor concern (**Figure 17**).

12 Forty-two percent of respondents said that not having the autonomy to make changes or improvements to the estate at their post was a challenge, 41% said they faced challenges with using IT systems and 37% said they faced challenges with assessing asset condition (**Figure 18** on page 58).

13 Seventy-eight percent of respondents said that their post and FCDO's central estates team engaged well or adequately on best practice and guidance on estates management and maintenance procedures, and 69% said they engaged well or adequately on estate strategy and policies. Only between 5% and 16% of respondents said they and the FCDO central estates team engaged well on all the topics, with skills and training opportunities being the lowest at 5% (**Figure 19** on page 59).

Figure 17
Survey results on condition and functionality concerns for managing the estate

A majority of respondents had concerns around not meeting environmental or sustainability targets and a lack of flexibility or resilience in the estate



Notes

1 Survey question was: 'Which of the following concerns, if any, do you have about the current condition and functionality of your post's estate?' These are the options for the question that are relevant to managing the estate.

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

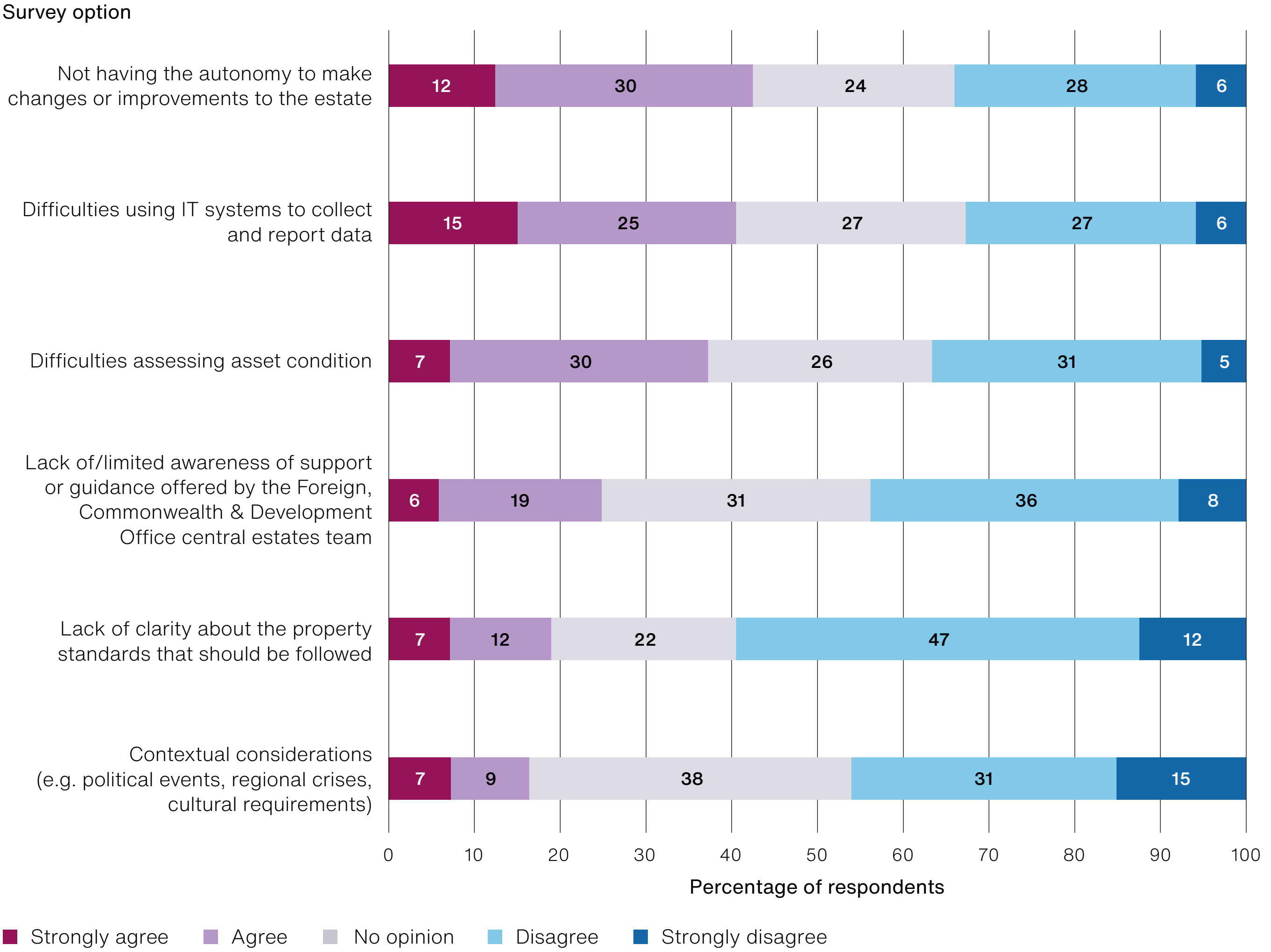
3 Percentages may not sum, due to rounding.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

Figure 18

Survey results on challenges in managing the estate

42% of respondents said that not having the autonomy to make changes or improvements to the estate was a challenge



Notes

1 Survey question was: 'To what extent do you agree or disagree that the following statements are challenges that your post experiences in maintaining and improving the condition of your estate?' These are the options for the question that are relevant to managing the estate.

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate. There were 152 responses for "Contextual considerations (e.g. political events, regional crises, cultural requirements)".

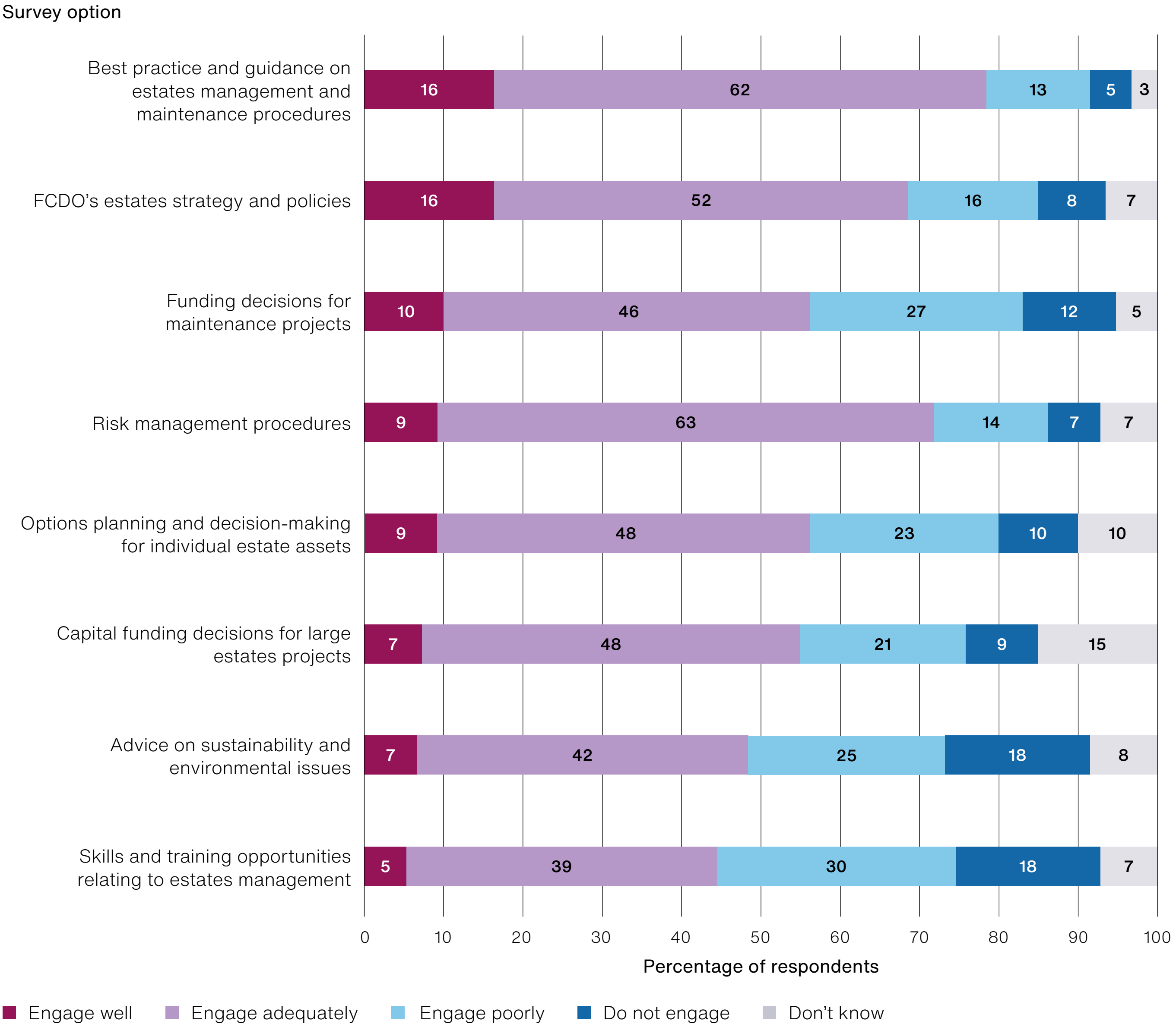
3 No opinion is all respondents who said, "Neither agree or disagree" or "No opinion".

4 Percentages may not sum, due to rounding.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

Figure 19
Survey results on engagement between posts and the Foreign, Commonwealth & Development Office's (FCDO's) central estates team

Between 44% and 78% of respondents said that their post and FCDO's central estates team engaged well or adequately on different topics



Notes

1 Survey question was: 'How well do your post and the FCDO central estates team engage on the following topics? We are interested in both the quality and the quantity of engagement.'

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

3 Percentages may not sum, due to rounding.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

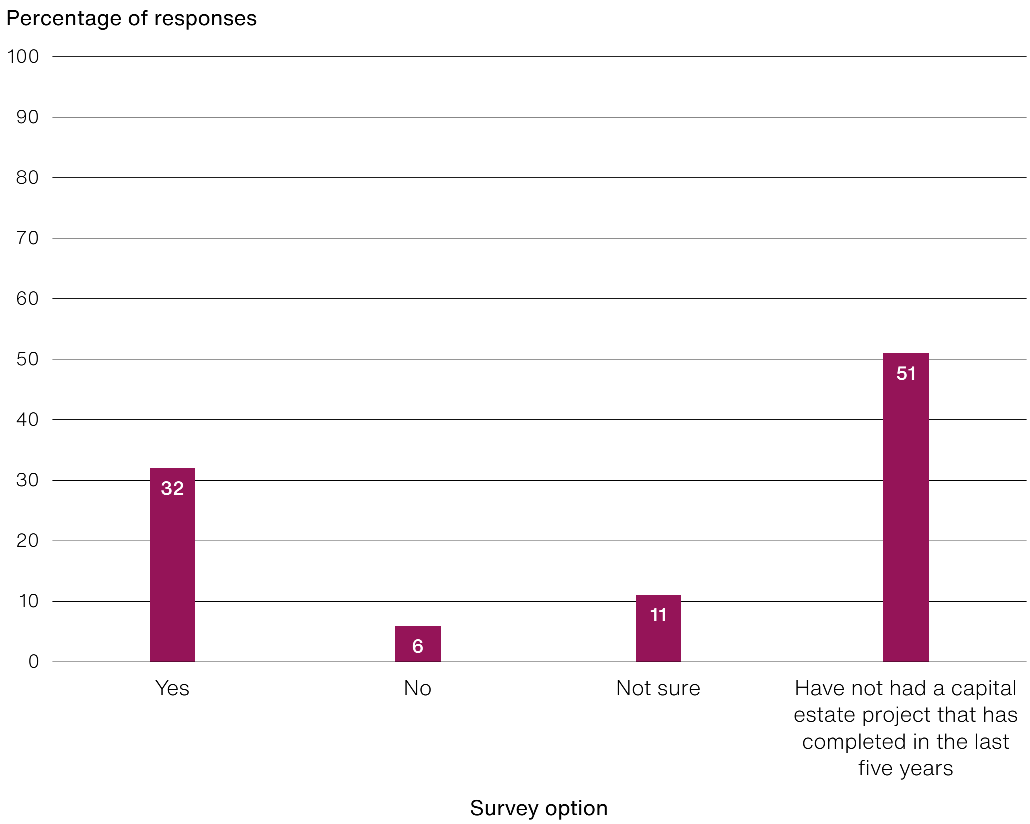
Capital project delivery

14 Fifty-one percent of respondents said they have not had a capital project completed in the last five years. Thirty-two percent had a capital project completed and measured whether it achieved the outcomes and benefits intended (**Figure 20**). For those respondents who did measure the outcomes and benefits intended, 65% said the project achieved them to a great extent.

Figure 20

Survey results on measuring whether a project has achieved the outcomes and benefits intended

32% of respondents said they had a capital project completed in the last five years and measured whether it achieved the outcomes and benefits intended



Notes

1 Survey question was: 'If a large capital estate project has been completed at your post in the last five years, have you measured whether the project has achieved the outcomes and benefits intended?'

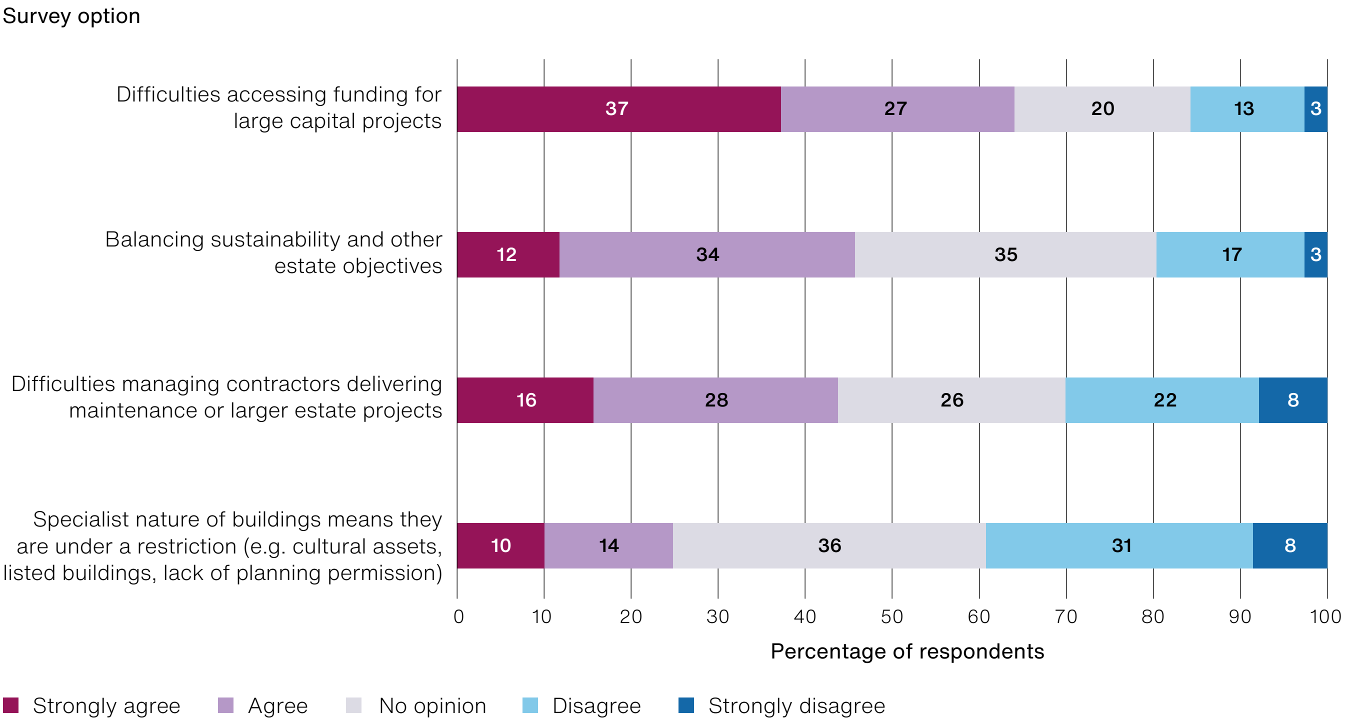
2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

15 Sixty-four percent of respondents said that difficulties accessing funding for large capital projects was a challenge, and 46% said that balancing sustainability and other estate objectives was a challenge (**Figure 21**).

Figure 21
Survey results on challenges in delivering capital estate projects

64% of respondents said accessing funding for large capital projects was a challenge



Notes

1 Survey question was: 'To what extent do you agree or disagree that the following statements are challenges that your post experiences in maintaining and improving the condition of your estate?' These are the options for the question that are relevant to project delivery.

2 Results are based on all 153 responses to our survey of posts' experiences managing and maintaining their estate.

3 No opinion is all respondents who said, "Neither agree or disagree" or "No opinion".

4 Percentages may not sum, due to rounding.

Source: National Audit Office survey of Foreign, Commonwealth & Development Office overseas posts between October and December 2024

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