

Public Accounts Committee

Oral evidence: Cost of maintaining the FCDO's overseas estate, HC 884

Thursday 10 July 2025

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Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Nesil Caliskan; Anna Dixon; Blake Stephenson.

Leena Mathew, NAO Director, Edward Pinney, Alternate Treasury Officer of Accounts, and Gareth Davies, Comptroller and Auditor General, National Audit Office, were in attendance.

Questions 1-75

Witnesses

[I](#): Sir Olly Robbins, Permanent Under-Secretary, FCDO; Nick Dyer, Second Permanent Under-Secretary, FCDO; Dr Ian Collard OBE, Chief Property & Security Officer, FCDO; and Eddie Hannah OBE, Head of Overseas Estate & Chief Engineer, FCDO.

Examination of witnesses

Witnesses: Sir Olly Robbins, Nick Dyer, Dr Ian Collard OBE and Eddie Hannah OBE.

Q1 **Chair:** Welcome to the Public Accounts Committee on Thursday 10 July 2025. The Foreign, Commonwealth and Development Office manages a vast overseas estate made up of approximately 6,500 properties, including embassies, high commissions and official residences, across 282 locations around the world. The FCDO sees these as soft power assets and central to supporting the achievement of a range of UK Government objectives. Many provide a location for other Government services, such as defence, foreign aid and trade. However, much of the overseas estate is in a poor and deteriorating condition. The FCDO estimates that it needs £450 million to address its overseas estate maintenance backlog.

Today, we will examine the importance of the current condition of the FCDO's overseas estate and its estates strategy, and address the FCDO's overall management of its overseas estate and the impact of recent funding changes. We will question witnesses at the head of the session on the rates of official development assistance, known as ODA, and the impact that will have on the FCDO and the UK's overseas development work more broadly. To help us with that, we are pleased to welcome the permanent secretary to the FCDO, Sir Olly Robbins. Sir Olly, what would you like me to call you—permanent secretary? Oliver? Olly? Sir?

Sir Olly Robbins: Just call me Olly.

Q2 **Chair:** Olly, please introduce yourself and your team. We always particularly want to welcome those who have not appeared before the Committee before.

Sir Olly Robbins: Strictly speaking, as an accounting officer, that includes me. I am Olly Robbins. I have been permanent under-secretary at the FCDO since January. For the five years before that, I was out of the civil service, and I spent the 23 years before that in various Government Departments, including the Treasury. I will let my colleagues introduce themselves.

Nick Dyer: I am Nick Dyer, the second permanent under-secretary at the FCDO.

Dr Collard: I am Ian Collard, the chief property and security officer at the Foreign Office.

Eddie Hannah: I am Eddie Hannah, the head of the overseas estates department and the chief engineer.

Chair: Without any further ado, Olly, as you were warned, we will ask questions at the top of the session on ODA. My excellent deputy, Clive Betts, will start us off.

Q3 Mr Betts: Good morning, Olly. Obviously, the change in budgets was a significant one. The Government are pulling resources out of ODA and moving them to other spending priorities. Have you measured what impact there will be, in terms of the reduction in the money you now have available to spend on ODA, or are you still working through that?

Sir Olly Robbins: Yes, Mr Betts, we have. If I may, I will explain what we have been doing to react to the change, and then, in relation to the impact, I will hand over to Nick. We have a smoother glide path to 0.3% of GNI in '28-29 than the change that was made from 0.7% to 0.5%. That included a small reduction—just over £400 million—to the budget in this financial year, 2025-26. Nick can explain how we have made that.

What we have done, under Nick's leadership, is then advise Ministers on a strategic approach to achieving that lower ODA commitment in two to three years' time by focusing on three strategic priorities: sustaining our commitment to multilateral spending; healthcare, as a cross-cutting priority; and climate change and its implications. That means we have had to give some stuff up. We have obviously had to look very carefully at our bilateral programmes. Perhaps I could hand over to Nick to explain how we have done that and what we think the implications and consequences are.

Nick Dyer: There are two considerations that take effect when we are thinking about the impact of the reductions. First, as Olly said, there is a foundational shift in terms of how we think about and do development. Our Ministers want and expect us to be shifting our portfolio anyway over the next three or four years. We need to think through: what would we have not done anyway because we want to make a shift and do things differently?

Secondly, there will be some things that we would have wanted to continue doing but can no longer afford. In '25-26, as Olly said, there is about a £470 million reduction in our spend, and this is, in effect, a transitional year on the path to a bigger reduction in future years. Ministers have decided, this year, to protect ongoing programmes, so we will meet all our legal commitments and live contracts, and we will continue all our humanitarian and multilateral funding. Ministers have then gone line by line through all other programmes to determine whether they meet their priorities and/or whether there are value-for-money reasons to continue the programme.

We have done an equality impact assessment of those choices, and our conclusion of that is broadly that the equalities impacts are not that great. There are some impacts in terms of health and education, but overall, the equalities impact is no more proportionately affected than any other of our spending. For future years, we are going through the allocation process now, and we are just about to commission our teams in country to tell us how they would spend the resources that we are going to allocate, and what the geopolitical and equalities impacts of those choices are going to be. We will get all that material back in the autumn. We will aggregate it and put it to Ministers, explain to Ministers where the equalities impacts



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are greatest, and give them choices about how to mitigate that if they wish to do so.

- Q4 **Mr Betts:** Are you saying to the Committee, then, that in this financial year, the only change is not doing things that you haven't yet started but that you might otherwise have done?

Nick Dyer: Not entirely, because teams know that bigger cuts are coming, so they will start thinking whether there are programmes that have a multi-year commitment that they want to start reducing and exiting responsibly over time, from now. They are starting to go through that process, and in the next couple of weeks they will have a better sense of what those numbers are.

- Q5 **Mr Betts:** Can you give us any examples, then, of things that will not be done in this financial year that would have been done without the reduction?

Nick Dyer: Well, for example, there is an education programme in DRC. We are reducing our funding to that programme earlier than we would have done before. Of course, that will have some impacts in terms of the number of children who can be educated.

- Q6 **Mr Betts:** Eventually, you will, presumably, produce a comprehensive list of the precise effects on programmes of the reduction for future years.

Nick Dyer: In the last set of reductions we did in 2023, we produced an equality impact assessment, which we published, and we will publish the equality impact assessment for this year, 2025-26, when we lay our report and accounts. I would fully expect us to do that for the future as well.

- Q7 **Mr Betts:** Isn't the wider perception of the UK in other countries just as important? Isn't there a concern about the feeling that somehow the UK is pulling back and is not as interested in helping developing countries as it was? These programmes often give us soft power. How are you going to assess the impact on that?

Sir Olly Robbins: Ministers' view is that the international development system has been changing, and changing rapidly, over the past few years, including the demand from our partner countries. It is important to say, first of all, that while Ministers have been strong in public that this was not a decision that they particularly wanted to take—they thought it was necessary, but it was not one they wanted to take—they are doing it against a backdrop in which the international development system was already changing and shifting before their eyes. One of the things we have been trying to respond to in putting the strategy work that Nick described to Ministers is: how do we work with the grain of what our partner countries want?

That does not necessarily entail doing less development work. We think that the British technical assistance capabilities are still extremely highly valued. Relatively small amounts of UK ODA can still go a very long way in terms of those partner relationships. Of course, because of our commitment, which Nick described, to the multilateral institutions, the UK

is a partner with outsized leverage in those relationships compared with some of our peers. Lastly from me, it is important to emphasise that even after all these changes, the UK will still be in the top five international donors. We think there is a strong and positive story to tell about our international development work going forwards.

Q8 Mr Betts: I have one final question. You mentioned the geopolitical consequences. You hear from other countries that, where there is a gap, the Chinese are looking to move in and fill it. There is no such thing as a free lunch, but substantial money is often offered for development infrastructure projects.

Sir Olly Robbins: We are certainly seeing a lot of commentary about this, and we are very alive to the risks that other partners will choose to step into relationships that we have traditionally held, but I think we still have a very strong pitch to those partners.

Nick Dyer: The reality is that, over the past 10 years, the number of countries that are providing aid and being donors has actually grown. There has been huge fragmentation. If you talk to countries, they do not want to choose. They are not in the business of saying, "Well, we'd rather do one country versus another country." But if you look at the areas where we traditionally have operated, China doesn't operate. China doesn't do health, China doesn't do education, and China doesn't do cash transfers, social protection or humanitarian work. In practical terms, I would be surprised if China actually enters into those sectors that have less money going into them.

There is a wider question with China in development. One of the biggest challenges in development is the debt problem and the outsized debt vulnerabilities that countries are facing. If you compare the debt problem today with the debt problem 25 years ago, it is fundamentally different—mainly, in part, because China owns much of the debt. China has a role to play, but part of its role is to sort out the debt problem.

Q9 Anna Dixon: Before I go on, I should declare an interest. I was hosted by the Coalition for Global Prosperity. I did a trip to Zimbabwe looking at some of the impact of UK aid, particularly on women and girls in that context.

I would like to pick up on some points Clive made. Olly, you used the phrase "a smoother glide path" from 0.5% to 0.3%. Clearly, there were lessons learned: the 2022 NAO Report set out some of the problems that occurred the last time there was such a significant cut to the ODA budget. You talked about a few things that are different in your approach, but can you say how you are using evidence, particularly on value for money? Maybe this is one for you, Nick—I have a sense that, inevitably, with that level of cut, you will have to lose some value-for-money programmes. How are you using evidence on value for money and engaging with delivery partners, which again was a recommendation from last time?

Nick Dyer: I have taken four lessons from previous cuts. Three lessons that I took from the NAO were: "You've done it too quickly", "You didn't



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engage your partners” and “You weren’t engaging adequately across Government.” The lesson from our own people is lack of predictability. That is what they are really concerned about—they do not have the predictability to do the programmes, and are worried those programmes will be cut in the future.

On the predictability point, one of the big shifts in this SR has been that the FCDO is no longer the spender and saver of last resort. If there is an increase in Home Office costs that is unexpected, previously we would have had to accommodate it with a cut to the aid budget. That is no longer going to be the case. We have more predictability, which gives me assurance that we can now do—for the first time in a long time—a three-year, multi-year allocation for our budgets. That really makes a big difference to our teams in country, so they can really think through what the best value-for-money options are.

In terms of the other lessons, we have basically got a year’s run-in before we have to start making significant cuts, which is different from the four months we had previously under the cut from 0.7% to 0.5%. We are saying to the teams that when we commission the allocations this summer, we want them to engage with their partners and talk to them—a criticism from the NAO was that we did not do that and we were not transparent about it.

The third is the whole SR process. We have led a process across Government in agreeing what the allocations would be. The FCDO took that on, made recommendations to the Chancellor and No. 10, and they accepted those recommendations. We are adopting the lessons we have learned—we have had three rounds of cuts before, so we have learned from those.

Value for money is very much an issue for our teams in country. We cannot determine value for money from the top in London. The marginal choices—whether you do project X or Y, or whether you cut faster or slower in a particular area—really are for our teams to flag to us through this commissioning process. We want to know from them where the real value-for-money concerns are, so that we can then think about whether to try to mitigate those.

Q10 Anna Dixon: On the point of the local teams and bilateral aid, in your projections, will there be much left for bilateral aid by the end of this period?

Nick Dyer: Clearly it is going to be squeezed, and the whole budget is going to be squeezed. Our bilateral aid is cut into two parts: one is the aid we give directly to our country teams, which is country bilateral aid. The other is the aid that we badge as bilateral that is spent in country but is run from the centre, so we do have centrally managed and regionally managed programmes. We are going to cut those deeper so that we can put more money into the direct-to-country programmes. We are going to shift our bilateral aid more towards our direct-to-country interventions,

which are held, and the choices are made, by our country teams, but overall it is still going to be a reduction.

- Q11 Anna Dixon:** Have you looked at what percentage you anticipate going to bilateral aid by the time we are at 0.3%? You have talked about protecting multilateral healthcare and climate change, so you must have an idea of the sort of allocations there will be to bilateral aid.

Nick Dyer: It would be unfair to our Ministers, who are going through the process right now of making the shift in the allocations. We will be in a much better position by the autumn to know what the actual allocations are. We are just managing and working through that right now.

- Q12 Anna Dixon:** On ODA spend by other Government Departments, in your latest statistics the Home Office is still the second-highest spender, after the FCDO, with £2.384 billion going on in-donor refugee costs—effectively, on the costs of our asylum and immigration system, including housing people in hotels and the Ukraine scheme. Given the definitions of what ODA should be, and the international definition of in-donor refugees, I think most of the public would find it pretty hard to swallow the fact that 20% is not even finding its way out of the country, and some proportion of that is spent on people from Ukraine. I am not saying we should not welcome and support refugees but, given the strict definitions, why are we justifying spending such a high proportion on a diminishing overseas development aid budget on asylum and refugee costs in this country?

Sir Olly Robbins: First, it is important to emphasise that we have always used the DAC definition. You spoke about definitions; we have used the DAC one consistently for a number of years. It has always included IDRC—the in-donor refugee costs—which are high. It sounds as though you have the numbers; they are falling. The number this year is 40% lower than the number within the ODA number for the previous year, and the forecast continues to decline.

Bearing in mind the thrust of your question, the important thing is that, as Nick touched on earlier, in this spending review settlement the link between the core ODA programme managed by the Foreign Office and asylum costs was broken in the budgeting system. The Home Office has agreed with the Treasury what their forecasts for those costs are, and they continue to be on a declining path. If they are wrong, that does not affect the ODA programme. The departmental expenditure limit numbers for ODA, which were published by the Treasury in the spending review three weeks ago, are now independent of and take into account an aggressively falling IDRC cost in the Home Office programme.

- Q13 Anna Dixon:** I know that the Government and the Home Office are very focused on getting those costs down. What you are saying is that by changing the rules about the spender and saver of last resort, whatever the fluctuations over in the next few years in the Home Office costs, they are not going to impact the allocation. Presumably, that also means that your allocations are not going to increase as those numbers come down.

Sir Olly Robbins: Those statements are both true. All I would say is that we have made sure, with Treasury colleagues, that the forecast is on a sharply declining trajectory. The percentage proportion of ODA that you described, which is spent through the Foreign Office programme and other departmental programmes, will be rising as a proportion of ODA over the period.

Q14 **Anna Dixon:** I have a couple more quick questions. Humanitarian assistance is also a large proportion, and I am sure people will be highly supportive of that, given the many instances of humanitarian disasters around the world at the moment as a result of conflict, climate change and other impacts. How will you ensure that enough funding is available for new humanitarian needs that might arise? I understand that countries like Afghanistan and Yemen are not even on the list for humanitarian assistance at the moment. How are we going to ensure that we fulfil our obligations without having to raid the very important long-term development assistance that is so vital?

Nick Dyer: The reality is that the world cannot afford the humanitarian case load, regardless of what we are doing. The humanitarian case load is about £300 million per year, and the UN can fund only about a third of that, so there is a major challenge in all our humanitarian operations. The reality is that we need to prioritise better and we need to do more prevention, because with conflict and climate you can do quite a lot of prevention, and we need to focus on protecting those people, particularly women, who experience violence in humanitarian settings.

In 2024, we spent 24% of our FCDO budget, after you exclude operating costs, scholarships and support to arm's length bodies, on humanitarian funding. Our starting baseline is: how can we protect that percentage? That will still mean that we will be a significant humanitarian donor. The Prime Minister and the Foreign Secretary are very clear that we should absolutely protect our funding to Sudan, to the OPTs, as in Gaza—

Q15 **Anna Dixon:** Sorry, but can you explain the acronym, for my benefit as well as the benefit of listeners?

Nick Dyer: Gaza—the Occupied Palestinian Territories. They absolutely want us to protect our funding to Ukraine, Sudan and the Occupied Palestinian Territories, which have huge humanitarian case loads. Then, within the budget that we have left, we prioritise it according to need and severity. We do a formal process of modelling where the marginal pound would make the most impact, by looking at the severity of the case load. That is how we allocate the resource.

Q16 **Anna Dixon:** The basic point you started with is that the humanitarian need is overwhelming the global humanitarian response.

Nick Dyer: It is absolutely overwhelming.

Q17 **Anna Dixon:** I guess that is why we also need to invest in defence, to bring some security to the world—but we won't go there.

You have committed that you will publish the equality impact assessment,



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showing the impacts of the cuts on different protected groups. Will that include age and, in particular, children? I have received evidence from an organisation that suggests that previous cuts to aid did bite hard, particularly on children, but that age was not included in the equality impact assessment in 2021. I think that now just 6% of our UK bilateral aid is focused on children.

Nick Dyer: I will check that, because I reread the equality impact assessment for 2023 a couple of days ago and I recall that it did cover age, but I will take that away.

Q18 **Anna Dixon:** Older people and children are often overlooked in a lot of the development programmes.

Nick Dyer: Yes, we accept that. I will take that away, and when we come to publish our equality impact assessment after the allocation later in the year, I will give particular attention to age and children.

Q19 **Anna Dixon:** On mainstreaming women and girls, which has been a policy moving away from dedicated programmes, all the evidence is that it offers huge value for money to invest in development support specifically targeted at women and girls, and gender equality. How are you ensuring that, both now and through the cuts, you are going to maintain sufficient focus on women and girls?

Nick Dyer: No one can work in development without realising the importance of investing in women and girls. We all know that if you educate a girl, she will have higher income and she will have improved maternal health outcomes, as will her daughters. So it is a really good investment.

We are looking at doing two things, one of which is, where we can, to protect direct investments in women and girls, especially on maternal health, because that is particularly important. We will continue to invest, where we can, in understanding what works in terms of investments on violence against women and girls. There is some really good evidence, from randomised controlled trials, that demonstrate what interventions you need to reduce intimate partner violence by 50%. We have good examples of that in Uganda. We want to continue that kind of work.

The Foreign Secretary has appointed Baroness Harriet Harman as the UK gender envoy, so we will continue to be present in international meetings, to continue to push back on the rollback of the rights of women and girls that we are seeing globally. That is a key part of her role. We are very conscious of the importance of focusing on women and girls, and are looking at all of that as we do our allocations.

Q20 **Anna Dixon:** So you will be monitoring specifically and evaluating whether there is a change in terms of the outcomes and impacts?

Nick Dyer: We have a way of monitoring how much we spend directly and indirectly on women and girls, and we will be monitoring that anyway, so we have got that—

Q21 Anna Dixon: And publishing?

Nick Dyer: I am sure our Ministers will consider that.

Anna Dixon: It would be very good in your next publication to make transparent the different impact of allocations on protected characteristics, if you are monitoring that data.

Q22 Chair: I have four very quick questions, because time is moving on. I may have a jaundiced view on multilateral aid. We have all been around the world and seen some of these gold-plated operations by some of the multilateral agencies. Can you assure the Committee that your shift from unilateral aid to multilateral aid will continue to provide value for money?

Nick Dyer: As we make our choices going forward, we will most likely withdraw even further from some of our multilateral partnerships.

Q23 Chair: From your multilateral partnerships?

Nick Dyer: Some of them. At the moment, there are over 200—that is, organisations that can receive ODA to spend for development purposes. We fund about 40 of them, so we have already made a huge number of choices about those we are not going to be investing in—we aren't going to touch 160 of them. We have always been making quite hard-headed choices about which multilaterals we think meet our objectives and are effective at delivery, and about where we have a voice and an opportunity to try to shape their operations.

Our Ministers are clear that as we go forward with our multilateral funding in the next few years, we need to look again at how we can reform them. The UN is going through a reform agenda; that goes for the multilateral development banks. The humanitarian system, as we were discussing just now, fundamentally needs a reset, so reform is going to be one of our watchwords going forward.

Q24 Chair: Okay. We want to get through these top-of-the-session questions. This multi-year settlement is very welcome, but in an increasingly uncertain world, one does not know where the next emergency is going to come. Do you have enough flexibility to deal with what would be necessary for the United Kingdom to do in any likely or projected scenario?

Nick Dyer: We have re-established our crisis reserve, which is the money we set aside to fund any unexpected humanitarian emergencies. Our historic experience is that that has cost about £30 million to £50 million a year—unexpected sudden onset crises and our response to them. The crisis reserve that we are setting going forward will be around £60 million, so we think there is enough headroom to accommodate that.

Q25 Chair: Okay. You talked about the allocations being available in the next two to three weeks, I think you said—or the next few weeks, maybe.

Nick Dyer: Internally, we are going to allocate some draft allocations to our teams. We are going to ask them to give us all the material about what impact that is going to have. We will put that back to Ministers in the



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autumn for them to make final decisions, and then we would expect to publish that alongside the annual report and accounts in the usual way.

- Q26 **Chair:** That is very helpful. Olly, you haven't had notice of this question, so I am very happy if you write to me on it. There is continual pressure on the BBC World Service, and it seems to me that, in an increasingly in uncertain world, it is a very useful bit of soft power. It seems to me, too, that where the World Service withdraws, it is immediately replaced by the Chinese services, so I am not sure whether we are not cutting off our nose to spite our face. If you do not want to reply today, I would be very grateful if you dropped me a note on the World Service.

Sir Olly Robbins: I will very happily write to you, Chair. If I may, I would like to give you a 30-second answer, because I have been looking at this closely for other reasons over the last few weeks.

The starting position is that the Government have increased their grant in aid to the World Service this year, so it has gone up by over 30%, or an extra £30-odd million, to £137 million p/a.¹ As you may well be aware from the sound of it, the grant in aid is itself a third of the World Service's funding, with the rest coming from the BBC's central resources, including of course the licence fee. We are now considering what the best balance of investment is in the World Service, the British Council and other ways of sustaining Britain's brand and softer influence around the world for the rest of the spending review years. That will follow a timetable very similar to the one that Nick has just outlined for our ODA allocations, which is helpful, given that these things are to some extent different wings of British projection and interest in the world. While I am very happy to write to you about that process, it probably will come to a conclusion on the same timescale.

- Q27 **Chair:** That is very helpful—thank you very much. We will now move to the main session. Before I ask the first question, I should declare my entry in the Register of Members' Financial Interests as a fellow of the Royal Institute of Chartered Surveyors. Can I start with you, Ian, on the money? We have had a very useful piece of paper in the last few days, which has told us that as part of the spending review 2025 negotiations, FCDO agreed with HMT that major asset sales are no longer viable and that the FCDO required a more sustainable funding model for the overseas portfolio. You have agreed the '25-26 figures—£50 million for RDEL and £100 million for CDEL—but given that paragraph 2.7 of the NAO Report says that you have a backlog of £400 million, it does not seem to me that that sort of money actually touches the surface.

Sir Olly Robbins: May I take that first? Ian may want to add to it. This is a very important point, and it is highlighted, as you say, in the NAO's work. We have been operating now for over 10 years a system in which funding for the overseas estate major capital works and refurbishments has been funded out of asset sales, as the Report brings out. I think my predecessor, in discussing with the Comptroller this piece of value-for-

¹ The FCDO corrected this figure in correspondence from £160m as originally stated.



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money work, was uncomfortable with that system, and that was one reason why we really value the NAO's work.

What we have agreed as part of the spending review is that that system for funding major capital works in our estate is ended. Going forward, we will have what to members of the Committee will look like a much more standard capital budget for the FCDO, a very large proportion of which will be in order to sustainably fund and refurbish our estate.

The thrust of your question is right, though: with one bound we are not free. And £100 million a year capital uplift is, I think, an increase of a third on what we had before. It is incredibly valuable. As the new permanent secretary, I would say it gives us a good chance now of sorting ourselves out, but is probably only going to work in concert with two other things, both of which are touched on in the NAO's work.

The first is a serious strategic look at where we can consolidate our estate. Just because we have now got what ought to be a credible capital baseline, it does not mean the pressure should be off to see whether 6,500 properties around the world is the right number. Secondly, there is, again as the NAO's work has brought out, and your question did, an important balance here between resource DEL funding and capital DEL funding. Capital DEL is only part of the answer. Most of the maintenance backlog you alluded to, Chair, will only be solved by us using resource DEL to do small things that reduce the ongoing costs.

Ian might want to explain how we put together our resource and capital budgets for estates in this year, which will give you a sense of how we are addressing that going forward.

Chair: That is really helpful. Thank you.

Dr Collard: The only addition I would make to Olly's comments is that within this constrained resource environment, despite the uplift that we will achieve from '26-27 onwards, we are having to prioritise that resource in a very targeted way. Historically, when we identified a problem in the estate, we sought to tackle it as quickly as we could. Of course, as we now know from our extensive work in 2024 to assess the backlog of maintenance—the £450 million that you referred to—we realised that the challenge was far greater than we had previously realised.

As a consequence, we have developed two different prioritisation mechanisms. One ensures that we invest our RDEL in the places that will have the greatest impact, tackling the most urgent issues in our estate, and one is for our capital investment, to make sure that we score in a balanced way. We have a series of 10 criteria on which we can score all our capital projects overseas to ensure that we then prioritise our funding according to those projects that have the highest scores and the greatest need. Obviously that scoring methodology can be adapted according to the priorities of the day and how we see them.

Q28 **Chair:** I think the permanent secretary alluded in his answer to matching



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headcount to space. I think you are planning a headcount reduction, so presumably you will be looking very carefully at where you could reduce space and therefore maintenance budgets.

Sir Olly Robbins: That is absolutely right, Chair, although, as again you will appreciate—the NAO's work covers it—it is complicated for us. Something we want to bring out all the time is that this is an estate for the whole of Government, not an estate just for the FCDO. Some 5,000 of the people we house overseas—I am not using "house" literally, but provide a platform to—work for other Government Departments, and, of course, 9,000 of the FCDO employees overseas are country-based staff rather than UK-based.

In planning our answer to your question, we have to understand what other Departments' requirements are going to be over the rest of the spending review period. I think the two largest by volume are—correct me if I am wrong, Ian—the Department for Business and Trade and the Home Office. They, of course, are considering the spending review settlements they got three weeks ago, and working out the consequences for what are expensive overseas posts for them over the next few years. But you are absolutely right: I am determined that the size of the estate and its complexity over the next three to four years has to come down. That, in turn, should then be done in ways, as we have tried to do with our new capital projects over the last few years, that reduce the ongoing maintenance requirement.

Q29 **Chair:** I have one last question for the moment. It is slightly technical, but it is something this Committee has dealt with over a number of hearings. New IT software systems tend to be subscription models, which tend to need to be purchased by RDEL rather than CDEL. I am sure we are going to hear a lot about digital programmes that you need to do to manage this estate, but those will cost money and they will come out of RDEL. Will this not put the RDEL budget under even more stress?

Sir Olly Robbins: The short answer to your question, Chair, is yes, it will. Across our digital programmes, which I am sure we will talk to today and in future sessions, we are going to have think very carefully about the balance between big, traditional IT capital investments and more agile arrangements. That could be either contractual subscription models or, I think increasingly, buying in the skills we need into the Foreign, Commonwealth and Development Office's own team, because 21st-century technology requires very intelligent clients, rather than necessarily big contractual arrangements, but you are right—it is another RDEL pressure.

Q30 **Blake Stephenson:** I think you have answered my first question in part by describing the funding model for upgrading or maintaining the estate. Could you expand a little on why the FCDO's overseas estate is in such a poor condition?

Sir Olly Robbins: If I may, I will spend 20 seconds on why this matters to me personally. As you know, I am relatively new to the job. As you may know, although there is no reason you should, I have never served in the



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Foreign Office and never served overseas, so I approach these issues with profound humility. I am not experienced in using this estate in the way it must be used for the Government—I have seen it very often. Why this impacts on me personally, and why I take it so seriously, is because my most important duty as permanent under-secretary is to look after the welfare of our staff. That goes for the other people we host in our platforms, and visitors to our platforms.

I knew that intellectually when I accepted the job; emotionally, it is a bit of a shock. I would say that once a fortnight—I could probably evidence that if we had more time—I have been dealing with an issue of staff welfare and safety somewhere in our estate. Almost all of those mean that Ian and I are in constant touch, because whether it is the possibility of riots overrunning our embassy in Kinshasa, or the very serious worries we had about our presence in Tehran a few weeks ago, Ian is my primary adviser on all the different types of staff safety and security issues globally.

I wanted to start there because getting this right for Nick and me personally is one of our top two or three risks for the Department as a whole. As you will have seen from the NAO's work, doing this badly has real consequences for our staff. I think we have a culture, as a Department with some incredibly attractive characteristics, of people getting on with it. There is not a real culture of complaining about the fact that there is a leak, or worrying about the fact that parts of a blast wall are degrading thanks to water damage, but we have to take those things incredibly seriously and we need to build the systems—back to the Chair's question—that make sure that where those are material to people's safety, they are surfaced quickly and we are able to deal with them properly.

You add one more filter on top, coming back to the Chair's questions, which is, what is the right estate for us to have for Britain's presence and objectives in the world for the next few years? That is an easy question to ask; it is an incredibly difficult one to answer, not least because if you track back to 2010, our estate looked quite different. We have 10% more posts than we had back then. We have opened in new countries. We have opened in different ways in new countries. We have 40 posts around the world that we now share with other diplomatic services. Getting a strategic answer to what the right British estate presence is around the world is the prior question we are going to be working through over the next few months. We are making sure that we have a global asset management programme, which Ian can speak more to, and which we as a board have revised recently, that prioritises staff safety and security but does not take the eye off the ball of other things we have to care about: the value of the estate and sustaining it, as well as its global impact and whether it is serving Ministers and, ultimately, the British people's policy priorities.

We have to apply a series of different filters. We are not satisfied with the state of the estate—I hope that that comes through clearly from the fact that we wanted this NAO review, which we have already benefited



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enormously from—but we now have plans and ambitions to try to rectify it, with the lodestar being the safety and security of our people abroad.

Q31 Blake Stephenson: That was very helpful, in that you have answered some of the questions about impact that I was going to ask, but my question was why the estate is in the state that it is in.

Sir Olly Robbins: Sorry if I was going on too long.

Blake Stephenson: No, it was still helpful.

Sir Olly Robbins: The short answer comes back to a combination of the funding model, the rapid expansion in the estate over the 15 years since 2010, which was when the graph of numbers of overseas posts was last at a low ebb—crudely, I suppose our appetite for expansion has increased rather faster than our resources to sustain that estate—and, honestly, the complexity of the global environment. That sounds like a rather hand-wavey thing to say, but if you consult any of my colleagues around Government who worry about our international security posture, they will tell you that it has become a more difficult world in which to keep our people safe, especially over the last five to 10 years. Ian, is there a more detailed answer?

Dr Collard: I agree with all of that. By way of numbers, Olly has said that we have had about 10% more posts in the last 15 years. We have about 15% more office buildings and 30% more residential accommodation units, so the estate has definitely grown.

There are two additions that come through very clearly in the NAO Report, which we fully accept. The first is our ability to collect the data we need to manage the estate. That is extremely challenging. We have a centralised estate function sitting in our headquarters buildings in the UK, but we are a sort of federated organisation, with 282 posts around the world. We have estates teams in each of them that are trying to help to manage the estate locally.

The second point is also related to that federated system. I am very fortunate that in my team in headquarters, I have chartered surveyors, architects and engineers; I have people with professional qualifications—RICS members, like the Chair. But that is a model that is very difficult for us to replicate in all the locations around the world, where we are relying on very capable and talented country-based staff members who do not have that same degree of professional training experience.

Those are two key things that we want to focus on in the next iteration of our estate: first, how we ensure that we have all the right data to make the decisions we need—I am sure we will come on to that—and, secondly, how we ensure that we have all the right people, with the right capability, in the places.

Q32 Blake Stephenson: Thank you. It sounds like you are trying to fix these things and that it is a passion of yours, Sir Oliver, but how has the Department operated for so long without a coherent strategy and without



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the data, with such a large estate? The answer might be that it has not, and that is why it is in the state that it is in. How does a Department that is so large operate without a coherent strategy?

Sir Olly Robbins: In a way, making the answer to your question worse—

Blake Stephenson: That is why we are here.

Sir Olly Robbins: The NAO looked at these issues for us back in 2010 and recommended that we—or the predecessor, the FCO—should come up with an estate strategy. Without sounding defensive, I should say on behalf of my predecessors that we have tried very hard. Some of the things that Ian and Eddie are building now build on the back of efforts since 2010 to address that finding and recommendation 15 years ago.

I hate saying that it is very complicated, but it is very complicated. Some of that is about the different types of property we are managing. I am talking in airy terms about 6,500 properties. The reason I have been briefed to use “properties” rather than “buildings” is that 11 of them are cemeteries, five of them are churches, one of them is a hospital and some of them are schools. There is extraordinary variety out there in the estate. Some of them are amenities for our staff.

As Ian just touched on, there is an extraordinary variety in the type of estate and the type of location we are talking about, from the extraordinary compound in Delhi that I visited the other day to UK-based staff sharing effectively a WeWork space in a small capital city in a small island developing country. Getting the model right to be able to come up with a centrally owned but locally flexible strategy to all those different sorts of posts to make the best use of the asset is a genuinely complicated thing.

I don’t think we start from nothing. We have, I hope, a far better information base now than would have been the case three years ago in building the strategy that Ian has been talking about. We have had an expansion of the estate, which has meant that we have to think all the time about how we bolt these new posts on to the strategy that we already had. As I said to the Chair, we now have a chance to properly use the resources and capital that we have been given in the spending review to turbocharge the development of that strategy and get the estate into better order.

Q33 **Blake Stephenson:** I have one final question. I was going to quote from the 2010 and 2025 reports and ask why there has been so little progress, but I will change the question slightly. What assurance can you provide the Committee that we will not have exactly the same conversation in 15 years?

Sir Olly Robbins: On one level, you have to slightly take my word for it, which is about the least satisfactory answer that I can give you, given that you don’t know me. We are due to respond to the NAO’s Report within six months, and we are keen to do that as early as we can because this is

absolutely central to delivering the vision of the Foreign Office that we have developed with the Foreign Secretary for the next five years.

We accept and welcome the findings of the NAO Report. We are not sitting there in King Charles Street or Abercrombie House thinking, “Oh, I don’t know about that one”; we think they are right. In the last year or so, we have reformed the way in which we manage our estate’s function in headquarters. Under Eddie, we now have a single overseas estate department that integrates our maintenance and capital works programmes around the world. We have new facilities management contracts—we will probably come on to them—which are an interesting model for trying to manage those costs better in more developed, more mature markets for facilities management. That allows us to free up management time and specialist resource to tackle those less mature markets, where, as Ian touched on, we have to have a more specific type of intervention.

Chair: Before I come to Nesil, you have said that it is a very complicated system. It is, but surely the more complicated the problem, the more sophisticated the answer has to be. In the rest of the hearing, we want to try to give you the ammunition to do that.

Q34 Nesil Caliskan: I thank the panel members for your time. I want to build on the conversation that other Committee members have opened up about maintenance and lessons learned. It is not really acceptable that the FCDO has not had a coherent strategy. For the purposes of reflection—the point of this Committee is to understand how things can be done better, in terms of value for money—not having a coherent strategy in place means that a lack of maintenance has cost the FCDO more in the long run.

Sir Olly Robbins: The FCDO has had coherent strategies, but if I am honest, the estate has too often been treated as a subsequent consequential of our strategies. We had a strategy for improving and developing our representation in Africa a few years ago, which led to the opening of five new posts in Africa. After the departure from the European Union, we had a new Global Britain strategy, which led to the creation of 10 new posts overseas.

The temptation has been to say that the estate creation and management consequences of these strategies will be somehow sorted out later. In our response to the NAO’s work, but also, frankly, because we have a really serious resource challenge over the next few years, although I am optimistic about it, we are determined to integrate much better a coherent global strategy for our estate, alongside, as the Chair touched on, our workforce strategy—where we need people and what type of people we need—and how we work more closely with other Government Departments and partners around the world. So in a sense you are right, but the FCDO has had strategies. Too often, the estate has been a consequential, and we have to change that.

Q35 Nesil Caliskan: The FCDO’s overseas posts have long been responsible for managing their own operations, in terms of maintenance and looking



after the estates, but the NAO Report outlines that the majority of respondents to the survey found it difficult to deliver preventive maintenance, which meant that they had to do more reactive maintenance. That is really what I am getting at: that reactive maintenance ultimately costs more, which is why it has not been a value-for-money approach.

Dr Collard: I fully accept the feedback that we have seen through the NAO survey. We are currently moving and hope to publish in October of this year a revised overseas maintenance strategy for our posts around the world. Within the overarching strategy for our estate, which we call our global asset management plan, we are refining our overseas maintenance strategy to draw on the best practice that we have learned from our outsourced maintenance. In two regions of the world, Europe and Asia-Pacific, we have outsourced our work to professional expertise. We have a partner, JLL, that delivers our services for us. We are learning lessons from its experience in those two regions that we can translate into very clear guidance for all the other posts around the world—the around 85% of posts that do not have an outsourced contract, which are the posts that you are speaking to—so that they can start to build on that good work, and have a very clear structure for how they will deliver their proactive maintenance into the future. That is the plan that we are rolling through at the moment.

Q36 **Nesil Caliskan:** I just want to understand what was happening, and what the intention is, going forward, a bit more. That is in the context in which I want to ask: how have you been working with overseas posts to ensure that they are managing their estates to a required standard? As you have set out already, there are different challenges in different places, but a minimum standard is presumably required for all our posts and locations, from an FCDO perspective. How are you working with overseas posts to ensure that they are managing their estates to a standard that you deem fit?

Eddie Hannah: First, over the last few years we have been consolidating and developing our asset management plans and maintenance policy. Excuse the jargon, but the maintenance policy that we have developed is called a non-intrusive dynamic policy. That is very jargonistic, so what does it actually mean? We encourage posts to gather data, hence part of the collection of data that we have already undertaken—12 million data points is a lot to absorb. We encourage posts, and train them on how to capture the data. We also provide guidance from our intranet, which includes 50 property guides and 30 checklists, so there is an awful lot of support on the intranet that we actually guide posts to look at.

We also have a technical network out at posts: a combination of 22 individuals called regional technical leads, who are technical advisers scattered about the globe, and 52 technical work supervisors, who are technical people placed at posts, or who have a regional remit. We are trying, from the centre, to provide as much guidance as we can, and provide as much checking as we can. We actually have technical bodies on the ground that visit posts. We also link in with what posts have to do



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every year as part of their management review: comply with our standards associated with the high-risk stuff. We give as much information and support as we can, while recognising that the big risk is having the data, and that is why we are driving through and making sure that the data is there.

Q37 Nesil Caliskan: Isn't the big risk that you have the data, you set out the guidance, but those who are responsible for maintaining the estate locally are just not doing it? What action do you take, or can you take, if posts and those responsible for those parts of the estate are not able to manage them effectively?

Eddie Hannah: There are two aspects to that. One is that we have a thing called the worldwide inspection programme, which has identified what we classify as the high-risk maintenance activities. We do that independently, and by independently I mean that we contract with an arm's length body to deliver fire inspections, electrical testing inspections, gas inspections, and all the high-risk activities. You made the point that reactive is far more expensive than planned; it absolutely is and we all know that. We work with posts to make sure that if there is any follow-on, that information is captured, it is put in their processes, it is prioritised and it is worked through. We have a system in which we are going forward with age defects, because some of our problem is that historically we have identified a problem, we have asked posts to deal with it, and it has been forgotten about. That is one of the things that we are trying to close as we go into what we call an age defect process, where we regularly check. When the regional technical leads or the technical supervisors visit, part of their remit is to check and ask, "Have you done this? And if you haven't done it, how are you mitigating it?"

Q38 Nesil Caliskan: So the FCDO, since before the last Report—I think the NAO Report was in 2010—and over the past 15 years, has had a problem with data. You didn't know the quality of the estate and you didn't have some quite basic information. There was a question about not being able to monitor, once you got that information, whether there was follow-up on improving the estates. Then, presumably, a process is needed to check whether completed works have been done to a certain standard. Those are three quite significant areas when it comes to estate management, aren't they?

Sir Olly Robbins: If I may speak on matters under Eddie's control, I don't think it is quite as bad as that. First, yes, there are areas of our data that are not up to scratch, but there are huge areas of our data that I am extremely impressed by given the complexity of the estate that we manage. For instance, the work that we have done on understanding our leasehold arrangements around the world is as good as anything I have seen anywhere in government and beyond.

Secondly, over the past couple of years the FCDO—this is not my doing—has recognised some of those data problems and gone looking. The work



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that Eddie was describing, and that Ian touched on earlier, was instigated by us, deciding that we needed to go out and do a much more detailed piece of survey work to properly understand the nature of our maintenance backlog. Yes, we created a bit of a rod for our own backs, but it is an important rod and it is one that we need to understand properly.

Thirdly, in the work that Eddie described of making sure we have a set of global standards so that the serious risks are managed and dealt with, we have to get the balance right, as Ian said earlier in response to Mr Stephenson's question, between local flexibility and central guidance and control. We think that that is in a much better place than it was five years ago.

Q39 Nesil Caliskan: That is helpful, thank you. My follow-up question was going to be on governance and oversight, because there is a governance and oversight element to this, as well. There are operational decisions that have to be taken on the ground, but there is also a role for FCDO centrally. Can anything in particular be done to improve the governance and oversight of the overseas estates portfolio as a whole?

Sir Olly Robbins: There certainly is. I will give you a very short answer and then hand over to Ian, because he has some specific plans in this area. He would say it is partly a function of the way we are slightly refreshing the governance of the FCDO as a whole. As has already come out in this session, we have a lot to do over the next few years, spanning the very interconnected areas of workforce reform and workforce skills upgrade and development, our digital infrastructure and how we protect it, and our estate. We are looking at that at the moment. We are making some senior appointments and then we refresh the governance structure. Within that, Ian has specific plans for how we manage the estate portfolio.

Dr Collard: Briefly, we have very strong controls over making financial decisions on specific projects, project by project. We have a very strong process, either through the directorate that I oversee or, for projects of greater magnitude, escalating to a Foreign Office-wide corporate investment committee, and even to the Treasury.

What we have not had—we will launch it this autumn—is a portfolio-level oversight of not just all the financial spend we are doing, project by project, but how those different projects align with each other, how we use our new prioritisation methodology, which the management board has agreed, and how we integrate our spend and our decisions on investment in the estate with the policies we have alongside them. I am creating a new estates governance board, which will sit under my chairmanship. Across the Foreign Office, it will take all these issues of spend, policy and our programmes and professional interventions around the world, and bring them together in one place, marrying and joining the dots between the data points that we have. We need the system of control to make sure we are managing that data properly.

Q40 Nesil Caliskan: Finally, please can you say something about the restructure of the estates management department specifically? I am



trying to get a sense of whether that happening prompted the governance focus, or vice versa. Often these things are interlinked. What has the impact been of the restructure of the estates management department?

Dr Collard: We formerly had two different estates departments with the Foreign Office. One was very much around operations and running the estate day-to-day; the other was around policy and big strategic questions and so on. While the two departments worked very closely together, inevitably, we did not always join the dots as well as we should have done. About nine months ago, we took the decision to merge the two departments. Eddie is now the head of the merged department, so we have one overseas estates department, and already we are finding that we are now looking at the estate as an end-to-end system. Everything is linked, from the big strategic questions about where should we be in the world, how we invest in our properties overseas, and strategic prioritisation of where to put our money to get the best bang for our buck, all the way down to questions about how we manage day-to-day operations and facilities.

If we do not get the day-to-day right, as you have rightly identified we end up building a problem for ourselves that then takes substantial capital intervention at some later date to resolve. A good example is our mission in The Hague, in the Netherlands. We had a series of small, independent projects planned by different specialist teams; now that we have brought everyone together, we see that there is actually a far more cost-effective way to deliver the same effect and change by having one capital project to do everything, rather than a whole series of minor interventions. I hope we will see more of that happening. Particularly when I put the new governance board in place, we will have even greater opportunities to join the dots.

Q41 **Nesil Caliskan:** An opportunity to deliver better value for money?

Dr Collard: I surely hope so, yes—with that Hague example hopefully being replicated elsewhere.

Q42 **Chair:** I am going to take a break in a second. This session has taken a little longer with the absolutely vital ODA questions. Before I do, I want two points of clarification from witnesses at either end. Eddie, you talked about the worldwide inspection programme and went on to talk about gas and electrical inspections. It sounds as though that worldwide inspection programme is rightly focusing very heavily on health and safety. How much, if at all, is it focusing on the condition of the buildings?

Eddie Hannah: The worldwide inspection programme is specifically focused on high-risk maintenance activities. We have a separate programme looking at the condition of the estate, where we use professional surveyors to go around every couple of years following the RICS and RIBA guides on how to element the buildings and get the condition of the estate. We specifically separate the worldwide inspection programme, primarily because—this is going to sound awful—we have to make sure that the facilities that could cause serious injury or death are looked at frequently. We also include, where we can, an alignment with



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the most appropriate regulation. That might not be a UK regulation. For asbestos, for example, globally we follow the Control of Asbestos Regulations 2012—excuse the jargon—because it is a management regulation. When it comes to gas, we inspect every year. When it comes to lifts, we do the thorough inspections every year. We deliberately separate them out so we know what is going on and can track them and intervene so that the high risk is reduced as much as we can.

Q43 Chair: You said something which worried me slightly about how age defects can get forgotten. Now, if you had proper management systems, it would flag up on those and they would never be forgotten.

Eddie Hannah: Yes, absolutely. That is why we are introducing a new system right across our network, where we will have age defects automatically flagged to us. It comes back to the earlier question about the appropriate use of RDEL when it comes to software versus RDEL maintenance. We have considered that, and it is work in progress.

Q44 Chair: Okay. Very helpful. I am absolutely certain that we will come back to that. Ian, you probably rightly put a lot of credence in your new estates governance board. Can you tell us roughly the timetable to set that up?

Dr Collard: We have been talking about it, helpfully prompted by the discussions we have had with the NAO in the build-up to its Report, and we hope to go live in the autumn. The board should be live this autumn.

Chair: Very good. I am now going to take a break. The clock is just about 11.10 am. If we could be back here by 11:15 am promptly.

Sitting suspended.

On resuming—

Q45 Chair: Welcome back. This is a question for Ian to start, then perhaps moving on to Eddie. How can you manage £2.5 billion of assets effectively without good data, and what are you doing about it?

Dr Collard: We absolutely recognise that there is always more data we can collect. We hold a vast amount of data centrally about our estate. We have significant data on the size of our estate, and we review annually where we have pressures in our offices around the world, to ensure that we are managing those pressures. That includes where the Foreign Office or other parts of Government are looking to expand or contract their presence on the overseas platform.

We also have data on the sustainability of our estate. We have started to collect better data about the utilities we are using and about how much carbon we are emitting, so we can start looking for ways to improve our sustainability.

As Eddie described earlier in the session, through our technical works supervisors and our regional technical leads, we have people on the ground who are constantly collecting bits of data. In 2024, we recognised and were concerned that we did not have a full picture of the maintenance

backlog in our overseas estate. We ran a specific programme from April to October 2024 to collect data at 100 of our posts, to complement the data we already had at 44 posts where we have a facilities management partner. Together, that covers more than half of our global estate, allowing us to have absolutely detailed analysis of what is required.

To your question about how we can manage such an expansive and expensive estate around the world without all the data, we are accumulating it; we already hold a good deal of data and are accumulating more. It is something we intend to keep focusing on throughout this spending review period.

- Q46 Chair:** Of course, collecting the data is only the first step. You then need the best systems to process that data, and the third step is to act on it. As a property man, I know that those systems are improving in sophistication almost by the day. The people who do a lot of this are the Government property function and the Office of Government Property. Do you liaise with them to get the latest intelligence or advice on how they manage these really vast estates? The defence infrastructure estate, for example, is huge. Do you liaise with them on the latest systems they are using?

Dr Collard: We speak regularly to the Office of Government Property and, of course, to the Government Property Agency, who are our landlords in a UK headquarters context. We are currently developing our integrated workplace management system—our big software package to collect all the data. We launched a new system in 2022, so it is about three years old now.

We have focused a great deal over the past few years on ensuring that we are collecting and compiling our lease data, because around 60% of our properties around the world are leased. We are making sure we have full data on those leased properties, so that we can report accurately on the cost of the leases and understand their value into the future.

We are now moving through the next three-year period to keep adding to our integrated workplace management system to capture full asset registries of all our assets around the world. That will help us to understand the maintenance requirements even further and enable us to explain to posts which bits of the assets on their various platforms they must look after proactively, which goes to the question earlier around proactive maintenance. This is a very big focus for us and we have a team dedicated to producing that system, so that it works in a bespoke way for the Foreign Office, recognising that we have this global network.

- Q47 Chair:** There is always a tendency to continue doing what you have always done. We have evidence about some of the things that one might think about: develop a dynamic estate, intelligence, productive maintenance, lifecycle investment planning, and so on. You said that you are liaising with the Office of Government Property, but how are you planning into the future that you have got the best systems and that you are doing it in the most efficient way?



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Dr Collard: We use a combination of the conversations we have with others in government, but I also have a professional team who are qualified property professionals, surveyors who are developing the systems, alongside technical experts who know how to produce the software and the various modules that will work well for the Foreign Office. It is a combination of our in-house technical capability along with the things that we pick up from talking to other parts of the British Government, and through those conversations we are developing the systems that work best for us.

Sir Olly Robbins: If I may add very briefly to what Ian said, we should not forget that another point of connection with the wider Government property community is that most of those property professionals that Ian was describing as working for us are also members of that wider Government professional community. So, there is movement between the FCDO and other parts of Government, and also professional training, development and exchange.

The other point is that as I am going around meeting my most obvious opposite numbers—in France and in some of the Five Eyes countries particularly—I find that these issues are very common among us. So the other area of peer reviewing and learning that I am keen we emphasise is to learn from what the best foreign services are doing, and making sure that we take the best of those ideas and apply them to us.

Q48 **Chair:** The aim, surely, should be the best in the world.

Sir Olly Robbins: Absolutely. I should also say that most of them look at us with some envy, so it is as much telling them about what we do. However, there are some specific things that the Australians and the Canadians in particular are doing that I am interested in learning a bit more from.

Q49 **Chair:** Right. I am going to come to you, Eddie. We have had quite a good gloss this morning. That is what you are all here for—to put a good gloss on things—but let's go into the some of the specifics.

Paragraph 14 of the NAO Report says, "In November 2024, FCDO increased the risk rating of its overseas estate from major to severe". It cites the fact that "FCDO has assessed 933 buildings as not meeting its internal target condition score...while a further 3,616 have not had their condition assessed recently." I work out that that is around 4,500 buildings that are either in poor condition or that have not been assessed out of 6,500, which is about 69%. Eddie, that is not a very satisfactory position, is it?

Eddie Hannah: I could not agree with you more, which is why we are very concerned to do something about it. For some of the things that we are doing are, I will just roll back a wee bit on the previous question on data. One of the things that we have found is that we need to gather the right data for the right function. As part and parcel of that data gathering, where we had historically been gathering data on the estate, it was not

granular enough. When I say “granular enough”, I mean that we did not really know the constituent parts of our estate.

The first question on data is that it is used for different functions. That is why we are gathering a lot more data. We are gathering roughly 12 million data points on the estate. That sounds a lot, and it allows us to build the picture of the actual condition of the estate. We are not happy about the condition of the estate at the moment and we are not happy about the data. We are also not happy about how quickly we have been gathering that data. So we launched the programme, which Ian and Olly have touched on.

If I am being really transparent with the Committee, Chair, what we found was quite shocking; we have to acknowledge that. That is one reason why we have rolled back a wee bit and we have strategic pillars, if I can call them that. Our first strategic pillar is to make sure that we provide a safe, compliant and agile platform, because we provide that platform for the whole of Government. Therefore, we must make sure it is safe and compliant, and it has to be agile because it is an international estate.

The second aspect that we look at very carefully is what we call the life support and business-critical systems, because there is no point in our having a facility that does not protect people and that cannot allow us to deliver our business. So we have overarching strategies that we build into every thought process that we have. If we are looking at information that does not allow us to tackle these high-level priorities, we are clearly not doing something right. That is why we course adjust. We are not happy. We are behind the curve with our inspections.

I know it was a few years ago now, but we did suffer from what we used to call the “fly in, fly out” model, where we would rely on international travel to get people to the right place to do the right thing. A few years ago, covid destroyed that model, so we are rejigging the model on how we do that. That is why we have redeployed, for argument’s sake, the regional technical leads. We have redeployed them over the last few years to what we identify as the areas of greatest need and the areas of greatest risk.

We used to have teams sitting in quite mature markets and quite well-funded markets in the UK, Europe or various other places. We have now deployed those teams primarily to Africa and the middle east because our biggest risks are there. I acknowledge what you are saying. We are redeploying staff to try to tackle that quicker and collect the right data that we can use to arrest the condition of the estate and stop it getting worse.

Sir Olly Robbins: May I add a couple of quick glosses on the numbers that you quoted from the report, Chair? First, as I hope you would expect, we target our conditions surveys on those we are most worried about, so there is a bit of a bias in those numbers. Secondly, we do not as a matter of policy do condition surveys on bits of the estate that we think we are going to be circling through very fast. Given that, as Ian said, almost two



thirds of the estate is rental, we do cycle through quite a few of those more than 3,000 properties quite regularly, so that 4,500 number you gave is not quite representative of the depth of our understanding.

Q50 Chair: Okay—I take that caution. At a lower level, paragraph 11 says “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”. When I worked in the profession, they would send somebody like me—a junior—around with a camera and a computer and we were told to make a list of all these things.

When we went to Washington—I am going to be careful what I say because I do not want to be too specific—we saw some very valuable assets within that embassy. Similar assets that you do not know about could well be lurking in embassies. If you do not have a proper asset register, you do not know whether these things, for example, disappear. Isn't that quite serious?

Eddie Hannah: Yes, very much so. From the day-to-day maintenance of the estate to the day-to-day management of the estate, you need to know what you have and what to look after. That is why there has been a drive to make sure every post has access on how to develop an asset register and what it should contain.

As we have launched the asset data collection exercise we have been referring to, one aspect of that is that, at the same time as we had the survey teams out there, we have been trying to train posts. During that programme, we have had roughly 1,500 participants in training. As the asset teams have been out there collecting the data, we have been employing external professionals to their teams to do this, because we do not have the capacity on the ground to do it ourselves.

We have employed professionals to do this, but we have had our own internal data collection teams who are managing these assets also training and giving more detail behind how you should look after your estate. The training requirement to look after the estate did fall off a few years ago, and we acknowledge that. We are trying to change that attitude and actually say to people, “You need an asset register because...”

We have a slight advantage that 15% of posts are outsourced to a professional organisation. By the very definition of outsourcing, we had to go to the market and say, “This is what we have got. Please go away and price that against what we have got and what we want to do.” As such, we have a quite well-funded model on how to make sure we capture the data and look after it. Rolling back to a previous question about learning from across Government, we are also learning from industry, so we are very closely engaged with the international market on FM and JLL, which is a quite well-known organisation. We are heavily engaged with them and trying to pick out the best practice from them, which we are taking away and our operational teams are turning into guidance that we will deploy across Europe.

Chair: That was quite a long answer.

Eddie Hannah: It was, sorry.

Q51 **Chair:** Before I come to the next question—we will come on to questions on JLL—although I did declare my property interests as a fellow of the Royal Institution of Chartered Surveyors, I should perhaps also say that I used to work for JLL, so I know exactly how it works.

This is quite an urgent issue that you need to get a handle on. Whether these properties are rented, leased or owned—whatever they are—you at least need an asset register of what is in them. Apart from anything else, if one catches fire, you need to know what was in it and what you have lost. When do you think you will come up with a comprehensive strategy for an asset register for all your properties?

Eddie Hannah: I think we already have a strategy; the thing that is slowing us up is the deployment of that strategy and having the resources to deploy it. We have what we used to call an FMR24 team—because it launched in '24—to develop the foreign maintenance register. That has turned into a new strategy called the overseas maintenance strategy. We have a strategy, and now our second phase is that we are going to deploy that team further to make sure we capture the data.

Again, it is about time, resources and getting to places. Because of the international dimension, we have a few posts that are genuinely quite difficult to get to. We all know about that side. We have identified those difficult places as high risk. If we could unpick certain world conditions, we would go to them tomorrow, but we cannot. We have an overseas maintenance strategy that is quite mature now, it has been stress-tested, and we are deploying it as soon as we possibly can.

Dr Collard: Chair, may I add a couple of comments? I think that 85% statistic from the Report, which you rightly cite, is a direct reference to the fact that, as Eddie said, for 15% of our posts around the world we have a centrally managed facilities management contract. We are confident that we have strong asset registries for those ones, because we are paying centrally for JLL, our partner overseas, to develop those asset registries for us.

For the 85% that do not have a JLL or equivalent—they are running their own facilities management at the embassy, high commission or consulate overseas—it is fair to say that they will have a reasonable understanding of the assets they have, but we do not necessarily hold those data centrally. That is the critical thing, and that is what we are seeking to develop. We talked about our integrated workplace management system; that will give us a module for those asset registries to be properly registered with the centre, so that we will have access to them here and be able to see those data here.



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On your question about timelines, we will have to come back to the Committee at a future date. We are working through the overseas maintenance strategy now, and we are developing the integrated workplace management system. It is difficult for us to tell you today a specific date by which we are confident we will have all those asset registries in place, but it is absolutely one of our top priorities.

- Q52 **Chair:** If you do get a fire, or worse, you will need to know what was in that building. Hopefully you will know who is in it, and that can be dealt with very straightforwardly, but you need to know what is in the building and what you have lost.

Dr Collard: I am confident that in the majority of cases posts will have a good understanding of what they have, but whether we have compiled all the data in a central registry is the question at hand.

Chair: In that sort of emergency situation, you might want to know something quite quickly. There might be a vital piece of equipment and you need to know quickly what was lost. That is why I am stressing this issue so much.

- Q53 **Mr Betts:** We have talked a lot about strategies. Obviously, you have the buildings, but you need people to work in them and people to advise you about them. Do you have a workforce strategy for the whole estate yet?

Sir Olly Robbins: Ian, would you mind addressing that?

Dr Collard: Of course. In our 282 posts around the world, we have a workforce that includes a corporate services workforce and an estate workforce. We know that we do not have all the skills and capabilities we would like around the world, and that is one of the things that we are working towards as part of this overseas maintenance strategy: ensuring that we figure out how to upskill specific individuals or posts in particular parts of the world to ensure that they have the skills, knowledge and information that they require to develop the strategy. We note that is one of the NAO recommendations, and we will focus on it in the months ahead.

- Q54 **Mr Betts:** Will you therefore have to develop a plan for the skills you need in each of your posts?

Dr Collard: For either the skills we will need in the posts or where we can deploy them regionally. As Eddie has explained, at the moment, we have a pair of cadres of technical specialists, who are deployed regionally. We have one cadre of 22 and one cadre of 52, who are out in some of our posts around the world. Each of them has a regional portfolio, so they can drop in and out. The workforce strategy that we will develop will focus on what is necessary at a post—what a colleague at a post needs to know. It will also focus on what we can have as expertise in the region through one of our cadres, and what expertise we can hold centrally at our headquarters to be able to give the advice that our posts need.

- Q55 **Mr Betts:** Where you have gaps, will this mainly be recruiting and training people locally, or asking people to go out from the UK to serve at various posts?

Dr Collard: We deploy those from the UK, and I am lucky to work with them in the Foreign Office in London, in Abercrombie House and at our technical site in Hanslope Park. Many of them are skilled, qualified, trained professionals in property. We do not have that same property professionalisation among our country-based workforce overseas. A big area of our focus is, how do we upskill our country-based workforce overseas?

Q56 **Mr Betts:** Is that recruiting new people or training existing people, generally, or is it a mixture depending on the post?

Dr Collard: I am sure it will end up being a mixture. I would love to think that we have a number of talented, capable colleagues in our country-based network overseas, who we will be able to give the skills and resources by training and developing them, but it may be that we have to recruit some additionally as well.

Sir Olly Robbins: It will be a function of local labour markets, to some extent, and that is why the regional model that Ian described is important to us, to be able to deploy across a region.

Q57 **Nesil Caliskan:** I would like to ask a few questions on the FCDO's understanding of the overall costs of the overseas estate. As the Report sets out, the FCDO divides its overseas estate funding between estates funding—things like the purchasing of properties—and maintenance funding. Both categories require revenue and capital funding. The ESND monitors its capital and resource spending, but it does not have visibility of estate spending at local post level, because those budgets are devolved to geographical areas, so to speak. It is therefore true, is it not, that the FCDO does not have a complete picture of how much it spends as an organisation on its estates annually? If it is the case, which I believe it is, that you do not have an overall complete understanding, how can you be sure that the FCDO is actually achieving value for money through overall estates without knowing how much you are spending?

Sir Olly Robbins: I will take that first, and Ian may want to add to it or correct me if I get something wrong. The position has improved. We are confident that we do understand at least a very close estimate of what we spend on our estate overall. You are absolutely right, Ms Caliskan, that it is spread between the centrally held estates budget and geographical commands, which then allocate budget out to posts to spend. Roughly speaking, the proportion is that about £530 million of both resource and capital is held centrally, and another £127 million is, we think, allocated out through geographies to embassies. It is skewed very much to the central headquarters budget, but a material chunk goes out via geographical commands.

As you would probably expect, but just to be clear, that portion spent through geographical commands and embassies tends to be on—to put it very crudely, in layman's terms—the littler stuff. It is about some of the facilities questions we have already spoken about, such as local guard forces and security, which are quite important components of that budget,



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and things such as local rents, taxes and utilities, which tend to go through post budgets and up through geographies to me. The big stuff and the more global programmes of maintenance and capital investment come through Ian's centrally held £500 million budget.

Q58 Nesil Caliskan: So you know how much money is going out to posts, but you do not know what they are spending—or is it that you do not know what they are spending it on?

Sir Olly Robbins: You will definitely have to add to this, Ian, but I will take it first. To reassure the Committee, we know what they are spending that money on. A more difficult question to answer is whether, specifically, that should always be classified as estates spending. At the margins, with some of these things, you can put on one pair of spectacles and it is a bit of estates and facilities management spending, and you can put on a different set of spectacles and it is an urgent requirement to put on an extra shift in order to protect an embassy because there is a demonstration outside. That decision is taken very locally, and although it is recorded on the system, it takes us a while to realise that was really a piece of estates spending.

Dr Collard: That is exactly right. Retrospectively, we can of course interrogate the accounts and see where the money was spent, by which embassy and under which budget code—what it was spent on, with a brief narrative about how it was spent. Proactively, you are absolutely right, Ms Caliskan, that once the money is devolved to the embassy overseas, it is at the discretion of the head of mission—the ambassador or high commissioner—to decide, within the broad budget areas allocated, how they will use it locally. That is not something we control centrally from within my directorate—for that portion of the budget, obviously. For the budget I have, I am responsible for that.

Q59 Nesil Caliskan: I understand that is a relatively small amount of money when we compare it to bigger budgets, but we are still talking about hundreds of millions of pounds. Very important budgets across Government that are to be cut, or have been cut, are far smaller amounts. For MPs, our constituents will be saying, "Actually, a relatively small amount of money means a big deal for a certain project." You will appreciate, I know, that there should be value for money at every single level. Do you have a sense of the main areas of spending where more efficiencies could be found? Have you identified areas of efficiencies going forward?

Sir Olly Robbins: I will pass to Ian, if I may, but one area, obviously—I am sure you will want to come on to this—is how we learn from the best of what we have done on centralising facilities management. We have learned lessons along the way, but certainly where that is more mature, in the Asia-Pacific region, we now feel that we have lessons out of that experience, which unfortunately are not globally applicable, because of the different levels of maturity and market around the world—but there definitely must be lessons out of that process for, for example, the

Americas and some of the other geographies we have not yet looked at. Ian, are there wider opportunities?

Dr Collard: Yes—

Q60 **Nesil Caliskan:** Are you referring to property consolidation?

Sir Olly Robbins: No—sorry. I am referring to the outsourcing of our facilities management contracts in Asia-Pacific and Europe. As the NAO correctly reports, so far we are more satisfied with performance in Asia-Pacific, less so in Europe, although it is on an upward trajectory. We hope there are good efficiency lessons to draw for some of our other facilities management contracts—

Q61 **Nesil Caliskan:** Procurement?

Sir Olly Robbins: Yes.

Dr Collard: As well as facilities management, I would mention three other things. The NAO Report of 2010 has been referenced, and there was a very big focus on space—consolidating space and making sure that we were efficient in our use of space. Over the years since 2010 we have done a number of things that, continuing down the path, we want to see more of. One of those is around co-location. We now have about 40 co-locations with international or foreign—like-minded, friendly—Governments where we are co-located. In approximately half of those we are the landlord, and in approximately half of them we are the tenant, but we see genuine efficiencies by sharing space with others.

Also in the area of space, we modified our accommodation policy. We used to have a policy that was based on rank and grade, and the more senior you were, the larger the property you might enjoy when you were overseas. We shifted that policy over a decade ago, and we now have a policy that is very clearly around the size of one's family—it is not about grade and rank; it is about the need—so we have been able to consolidate down. We think we have made an efficiency of about 15% by moving to that policy.

With space efficiency, if we ever have property that we are not using, we seek to divest. That has contributed to the asset sales we have made over the past 15 years. Obviously, not all the £1.5 billion was about space reduction, but a portion of it was about divesting properties that we do not need any more and consolidating down to fewer Government buildings overseas.

A third category is sustainability. We are investing in sustainability around the world. We have two fantastic examples—in fact, a third has come online recently. We have introduced a lot of photovoltaic solar panels in Harare, Zimbabwe, in Amman, Jordan, and most recently in Tunis, Tunisia. We have used the tops of car parks—where cars are parked under umbrella shades, we have topped them with solar panels—and we are finding that the return on investment can be that we will probably get our money back in about three to five years. Not only are we getting huge

value for money in the return on the investment, but we are introducing energy security in parts of the world where energy supplies can be much more unpredictable.

A fourth area is standards, which we talked about in the first part of this morning's session. We absolutely require a minimum standard for our properties around the world to ensure the health and safety of our people and that we fulfil our duty of care. We are trying to become more sophisticated about understanding local standards in lots of parts of the world, so that we can then start to use local supply chains and providers. That is more sustainable—we have to put fewer technical experts on aeroplanes and fly them around the world—and it is also more cost-effective for the British taxpayer, as we are able to save money while maintaining a standard that we are comfortable with.

- Q62 **Nesil Caliskan:** That is really helpful. I have a final question specifically on property leases. The FCDO spends around £160 million—I think that is annually, or at least it did in 2023-24—on property leases. I want to understand and get some assurances that the capital spend that might be associated with purchasing is weighed against what can be an annual automatic approach to renewing leases, and that there is some oversight ensuring that there is value for money there. To put it bluntly, sometimes it is far easier to renew a lease than it is to put together a business plan to purchase something. Is there some thought being given to that?

Sir Olly Robbins: Absolutely. I will give a very brief answer that Ian may need to supplement. I am sure the Committee knows this, but the way in which Government accounting standards have changed has, in a sense, removed the incentive. The fact that we have to capitalise leases over a year in duration means that effectively there is an equivalence now in terms of the way we plan our capital.

To your question, I think that is a healthy discipline. It has caused us some other issues, as we go around and look at our leases, but in terms of making the right strategic decisions about property, it has helped. To balance the thrust of your question with some of the other questions we have had, the other thing is about being able to be nimble. Even where a lease may not obviously over 10 years be the better option than taking a freehold, against what has over the last 15 years been the rapidly changing shape of our international estate, Nick and I are mindful that there is another value-for-money issue here, which is to ensure that we do not get too locked in to places where the requirements of British Ministers may change over time.

- Q63 **Chair:** I will come back on Nesil's question. The Report says clearly in paragraph 1.17 that the "FCDO does not have a complete picture of how much it spends as an organisation on its estate each year." Earlier in the paragraph it says: "ESND monitors its capital and resource spending but does not have visibility of estate spending at post level," but you went on to say that you could pull the information out of the accounts. That sounds to me like you wait until the National Audit Office comes in and does your annual report and accounts. If I was a property manager, I would want to



keep abreast of this information at a real-time level, because little amounts actually add up to quite a lot at the end of the day.

Sir Olly Robbins: In this hearing, I completely agree with you, Chair. The thing that we are balancing is empowering our heads of mission to take sensible local decisions. The sums of money that we are talking about with medium-sized and small premises can be quite small. It is genuinely a better system for the British taxpayer that sometimes the trade-offs are decided locally. I am afraid that it does then become retrospective whether that was a bit of estates spending.

Q64 **Chair:** I would not discourage you at all from devolving small amounts of expenditure—that is not what I was getting at—but, as an organisation, I think you would want to know centrally where these amounts are being spent, even if they are small, because little amounts add up. You also do not know, unless you keep a constant eye on it, whether the taxpayer is being defrauded.

Sir Olly Robbins: We are very alive to that risk.

Q65 **Anna Dixon:** We discussed earlier the spending review settlement for the FCDO, including the reduced amount of ODA. In the context of the spending review settlement that you received—we have talked about efficiency savings so you may feel that you have already addressed this—are you confident that you are going to be able to deliver the efficiency savings needed? This is particularly in view of previous reliance on property sales and some of the cost engineering that the Office for Value for Money has identified as things that you could be doing better.

Sir Olly Robbins: Honestly, it would be wrong to say that the four of us here today are completely confident. As you have heard and read, we have some serious challenges ahead of us to make this work over the next few years. The capital uplift I described to the Chair at the outset is an important opportunity for us to start getting some of that into a better position, but it does not get us out of the danger zone.

We will need to do all the strategic, data-driven work that we have described to the Committee today to be able to consolidate in the right places, take advantage of the opportunities for efficiencies that Ian described, and get to an estate that I can say to Ministers and to you is in a far better position in 2030 than it is today. We have the right ideas and the right programmes in place to achieve that. If we were applying a rigorous set of confidence intervals—well, I do not have to guess. We said in the material that we gave to the NAO that we think this is a severe risk to the organisation. Getting it right is therefore a very high priority.

Q66 **Anna Dixon:** Could you give me and the public a sense of what happens if you do not get it right? You have some confidence intervals and a fixed allocation. If you do not make the necessary efficiency savings, the sales at the values you need and all the other things, will you trade off and have to raid other budgets outside estates? Do you have a ringfence around that budget or will there be trade-offs with other budgets?



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Sir Olly Robbins: It is hard to say today. Well, no, it's not—the important, plain answer to your question is that there are some ringfences in our departmental expenditure limit. For instance, there is one around the whole of our ODA programme, and within that programme there are still one or two, mainly quite technical, ringfences. Within our operating expenses, which tend to be the week-to-week budget that Nick and I have to focus on, there are no ringfences, so we have the discretion, subject to Ministers' views, to shift money to where it is most urgently needed if something is off track.

I was trying to describe earlier how estates fits with our wider priorities for reform of the Department over the next few years. There will be pressures on all of them. We have a very strong incentive on this side of the table to keep the estates programme where we want it to be, rather than allowing it to drift and then losing, for instance, valuable digital investment in order to cross-subsidise.

Q67 **Anna Dixon:** Do you have a view at this point about what proportion of your total expenditure would be operational? Given that it is a shrinking budget, are you aiming to maintain the operational spend as a proportion of that—i.e. for it not to grow?

Sir Olly Robbins: Our plan, agreed with the Treasury, is for the operating expenses of the Department—that is both resource and capital—to be at almost exactly the same precise cash level in '28-29 as they are today. We are going to try to use all the tools I have touched on this morning, including well beyond the estate, to continue to deliver extraordinary effect for British Ministers and taxpayers, but with roughly the same cash budget as we have today.

Q68 **Chair:** I must say, Olly, that is a deeply worrying reply. Going back to my question at the beginning, it does not sound as though you have enough resources now. If they will be at the same level in the next two to three years, with inflation and everything else, it sounds as though the situation will get worse, rather than better.

Sir Olly Robbins: There are two provisos that I should add. First, that does not take account of the capital uplift that I have spoken about. That is in addition. Secondly, the Chancellor agreed to the Foreign Secretary's proposal for a £290 million transformation fund for the FCDO, which is over and above those cash limits. So we have some investment capital and resource to try to hit the demanding—you are right—ongoing running costs by '28-29. But we would not have signed up to that settlement unless we thought we had serious plans for delivering it.

Q69 **Chair:** I am slightly worried that your current IT systems do not give you a strategic overview so that you can select which large estates projects to proceed with—in other words, which are urgent. You would obviously have to think about whether you were going to keep that particular property, downsize or upsize—all the things we have been talking about. I am worried about how you select the order in which your big projects proceed.

Sir Olly Robbins: Ian, might I turn to you on that one? It is around the global asset management programme that you have put in place.

Dr Collard: Yes. In parallel with our conversations with the National Audit Office, we have been developing a new prioritisation framework. We have about 120 capital projects that we are seeking to deliver in the years ahead. All those projects have now been assessed against the scorecard rationalisation that I talked about earlier so that we are now able to rank those projects in terms of their urgency and importance relative to each other.

Of course, it is not quite as straightforward as that. It would be lovely to be able to start at the top of the list and work our way down in sequence, but with an annual budget, and knowing that we have to come in on a particular capital spend annually, we will have to manage that list carefully to ensure that we have the right shapes of projects hitting the delivery phase at the right times so that we can deliver a series of projects in parallel. We have now brought on about another 50 projects out of that 100. We have a pipeline over the course of this SR and we have them sequenced in the order that we think we can deliver them that will meet our annual budgets and will prioritise the urgency of those projects.

Of course, the \$64,000 question for us all the time is: what is the thing we do not know about yet that will come along and surprise us? Unfortunately, it does happen in the estates business. We have built the model such that when that surprising estates event comes along, it can jump very quickly to the top of the list. It gives us the flexibility to try to bring in the unexpected or the urgent as we deliver through our programme.

Q70 **Chair:** That is a perfectly acceptable answer, but have you reworked that priority system since your spending settlement and the sums we have just been talking about so that, over the next two to three years, you have fairly good visibility of the projects and the order in which you are going to do them?

Dr Collard: Yes is the short answer. With the funding that we are now aware of from the spending review settlement, we have been able to rerun our prioritisation methodology and relook at how much money we have in each of the future years of this SR period, and therefore we now have a prioritised list of how we are taking those projects forward.

Q71 **Anna Dixon:** I am interested in a couple of your high-profile projects that have been both behind schedule and—I was also going to say—somewhat over budget. Ottawa is £10 million over its £30 million original budget—that is a pretty significant percentage, with an overrun of a third on costs—and 18 months behind. The Washington embassy is 12 months behind and has similar escalating costs. What reassurance can you give the Committee that you have learned from that and you now have robust project management to ensure that future major projects like this come in on time and on budget?



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Sir Olly Robbins: Perhaps I can take that first, Ian. These are both unhappy stories, so I do not want, to use the Chair's word earlier, to try to gloss them, but obviously with the benefit of 2025 hindsight, it was a mistake to begin both those projects just as covid hit the world. Specifically in the case of the Ottawa project, that brought very long, unfortunate delays to the permitting of the estates work we did in Ottawa, which added considerably to the costs. Plus, we endured a prolonged period of industrial relations problems in the Canadian construction industry.

In Washington, the issues were different, but they are also unhappy. A 90-year-old residence was assumed to be in poor condition, but when we really went into the project all sorts of problems emerged with the underlying condition of the house that needed really very strong rectification.

The thrust of your question—thank you for that—was forward-looking. We have absolutely thought about the lessons of both projects. The project management office, which Ian and Eddie have touched on in their evidence, is an important part of our answer. We are trying to collate the important lessons, both—taking the Chair's point earlier—from other Government property projects, not just FCDO ones, and from the experience we have had in operating in a huge variety of jurisdictions. We are making sure that we are planning into the contingency levels that we set and, both in terms of the contingency budgets and the contingency schedules, making sure that these sorts of problems are factored in from the start.

Dr Collard: There are technical lessons that we have learned from those two projects in particular. They were, as you say, substantial flagship projects that we have delivered in recent years. We have conducted lessons learned, as Olly says; we conduct lessons learned on all our project delivery. On those particular projects, as a consequence of the lessons we have learned, we have now introduced a new design authority into our team, so we now have a specific design authority, who must scrutinise all designs of all projects, and authorise and sign them off as part of the development process.

We have introduced a series of what we are calling "gateway reviews" for milestone points in the project-development process, where we invite external scrutiny. That can be from the likes of—I was going to say the Infrastructure and Projects Authority, but it is now, of course, the National Infrastructure and Service Transformation Authority—NISTA. We invite them in to scrutinise and give us independent oversight of our project development, as well as bringing all the right expertise around the table to workshop these projects ourselves. So there are a number of new checks and balances that we have put in place as we develop our projects, with a view that we don't end up where we were with both of those projects, when we launched into projects prematurely. We didn't know covid was coming, obviously, but once covid had hit us, it caused us enormous amounts of problems.



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One of the key things that I am really keen on is that all our projects are well evidenced before we launch them. Sometimes, the imperative can be getting on and delivering for the taxpayer, and spending the money without having done all our preparatory homework. I am keen that we don't find ourselves in that position again in the future.

Anna Dixon: I think that is a common theme from a number of the projects that this Committee has looked into, such as HS2 and Sellafield, but we did have the benefit of going to Buckingham Palace and seeing its restoration and renewal project, which we were impressed with. Obviously, with heritage properties such as the one you described in Washington, there is a need to understand what you are getting into—that preparatory work, as you say. I suppose there is just a little concern, though, that there is a temptation for vanity projects. Obviously, we are going to be making a decision on this Palace at some point in the coming year.

Mr Betts: Or two.

Q72 **Anna Dixon:** Or two—sooner rather than later! I went to Zimbabwe and there are some wonderful colonial heritage properties that have obviously been in the ownership of the British state for a very long time. How are you balancing the needs and deciding, in these big projects, between selling up some of what might appear to be heritage assets but are not fit for purpose or would generate a lot of cost, and having modern, functioning residences, which would presumably suit people perfectly well? I suppose I may be going slightly beyond things, but in learning lessons from those projects, how are you ensuring that you are not getting drawn into vanity projects, and putting a lot of money into very large-cost projects, even if you brought them in on budget?

Sir Olly Robbins: Absolutely. I hope it reassures you that this has been a question that Nick and I have been asking constantly over the past six months, as we have been thinking about the spending review and our plans for change in the Department over the next few years. Just because something is a heritage property, it doesn't mean it necessarily should be the future of the FCDO, or even that it necessarily projects the image of Britain that people want to be projecting in 2025 or 2030. We are very conscious of some of those strategic tensions in how our estate is used, and how it is perceived by our hosts.

For example, I think that one of the decisions—and obviously, it was taken far before my time—that was heavily scrutinised was our decision to shift our location in Bangkok from the large and beautiful but dilapidated residence on the outskirts of Bangkok to a floor of a modern apartment block in the centre of the city. Speaking to our ambassador in Bangkok the other day, he said he thinks the British presence in Thailand has been completely revitalised by that decision. The willingness of senior Government figures, investors and businesspeople to come to the 60th floor of a downtown tower block, have dinner with him, look out over the city and talk about the future of the British-Thai relationship has been transformed. We are certainly not complacent about the idea that, just



because something is a heritage property, it is necessarily the right place for us to be.

Having said that—sorry; I know time is precious—400 receptions a year at the Hôtel de Charost in Paris make it an extraordinarily hard-working asset for the British people. We also earn money through these activities to help defray some of the costs. There were 700 events at our residence in Washington last year. These are two of our most important alliances in the world, and these extremely hard-working heritage properties are part of the pull and the attraction of Britain in those places. We are conscious that we have to balance that up.

Chair: I pray in aid for you that paragraph 1.10 of the NAO Report says: “The estate signals the importance of the UK’s relationship with the host country.” I think, having visited Washington, it was a superb renovation. As a property person, I know that some things you can predict before you start the contract, and others you can’t—once you start lifting floorboards, moving ceilings or heating systems, whatever it may be. While it did run over budget, it produced a very good result in the end.

Q73 Mr Betts: Finally, on lessons learned—obviously things do go wrong, and the important thing is to make sure they do not go wrong again on another project. It was therefore surprising that you stopped recording lessons learned. You have them for projects, but you do not keep them centrally any more, so there is no place people can go to look at what has gone wrong in the past and what should not go wrong in future. Why?

Dr Collard: We revitalised our portfolio management office a couple of years ago. It is a central team that sits within the directorate and has reach across the whole directorate, so it can track all of our delivery across security and estates. We do both functions within one directorate.

When we decided during the autumn—and in speaking to the National Audit Office—that we needed to redo our prioritisation methodology to ensure that we get the programme of projects into the right place, with the ranking I have just described, it was that same portfolio management office we asked to undertake that work. They have been very focused on that for the last six months or so. As a consequence, we are not recording all the lessons learned in one log, as we were trying to do previously. We haven’t stopped doing lessons learned; we are still doing lessons learned from each project, and we still have them. As soon as we have the new methodology up and running, we will revert to the portfolio management office logging all those things centrally, so that will come back.

Q74 Mr Betts: Right—so that is both problems you have learned from and examples of how to do things well that you have learned, and both will, from now on, or very shortly, be back in the central register?

Dr Collard: Indeed.

Chair: I have three things I want to mop up at the end. I want to go back to the IT systems, because they are really at the heart of the management. I want to take you, Ian, to paragraphs 1.23 and 1.24 on



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pages 26 and 27. Paragraph 1.23 says: "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." Perhaps more damningly, paragraph 1.24 goes on to say: "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." This strikes me as an organisation whose digital management of this big property portfolio is not really up to scratch and needs a thorough overhaul.

Dr Collard: On the first part, around the estates databases, I absolutely agree. We have been an organisation that has held data in individual spreadsheets, databases and, as you say, paper files. The ambition is of course to have all these data sets integrated, and that is what our new integrated workplace management system aims to do. It will be a work in progress out to 2028, and we hope to get to the vision you are describing. I am sure Olly will want to say a bit more about digital transformation in the organisation, which I think the estates piece is firmly embedded within.

Sir Olly Robbins: Very briefly, Chair, given that this is not your main focus today, this is an area where across the organisation we need to do better. A transformation is required both in the way in which we apply, if I can put it simply, late-20th-century techniques to the FCDO, where we still have a little way to go, and in how we take advantage of some of the developments that you highlighted earlier that we are seeing all around us. That is a big focus of both our workforce strategy and capital investments.

Q75 **Chair:** Thank you very much. Very quickly, because we are about to lose our quorum, I think you have been warned about this question: it is on the issue of the FCDO moving its headquarters in Scotland and relocating to Glasgow, and HMRC becoming the new tenants of Abercrombie House. The FCDO will now not be relocating from East Kilbride, with the Government stating that they would need to ensure "that every penny of taxpayer's money goes to where it is most needed. It is in this context, that this decision has been taken." Apparently, the Minister was not able to tell the IDC Chair what the expected financial losses of all those property movements would be, cancelling the relocation. I am happy if you write to us, but if Olly or Ian wants to answer, I am very happy for that too.

Sir Olly Robbins: I will answer, Chair, and if it is not an adequate answer I can write to you in more detail. There are two things to say very briefly. First, no capital outlay was made. It is not that we took a lease or an option on a lease—let alone a freehold—that we have had to wastefully cancel. Not a penny. We have of course, within Ian's ongoing running budgets, devoted time, including through professional services advisers, to scoping options. For full transparency, I should say that we have probably spent less than half a million pounds over the course of the whole programme in thinking about that option and making sure it was real. The



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decision not to take it, therefore, was a real disappointment, but not one that has left the taxpayer with big liabilities.

Chair: Okay. We must finish there. Thank you very much. This has been an important session. We have been quite critical. Hopefully, that will help you in perhaps persuading the Treasury to give you a little more money next year, if nothing else—certainly to improve your systems.

We will publish an uncorrected version of the transcript in the next few days. Following that, we will produce a report, with recommendations that you will no doubt study carefully.