

Foreign & Commonwealth Office (FCO)

Strategic Asset Management Plan - Executive Summary

Key Statistics

- The FCO (including Arm's-Length Bodies but excluding the British Council) has 14 holdings totalling NIA 90,204 sqm
- FCO Staff number (headcount) 4055 Full Time Equivalents (includes IT contractors only and ALBs, excluding the British Council)
- 11 UK locations (eight in London, three elsewhere), including ALBs other than the British Council; around 270 locations overseas
- The total (gross) annual estate running cost in the UK for 2018-19 was £36.4 million, including Arms' Length Bodies (ALBs) excluding the British Council

Our Business

National Interest, Global Leadership

We lead the UK's global diplomatic network to advance British interests and act for the people of the UK around the world, supporting all UK Government activity overseas. As the UK leaves the European Union we will seize opportunities to deliver for a Global Britain as we protect our country and our people, project our influence and values, and promote our prosperity overseas.

We will do this by working in partnership with others and supporting an international system based on rules, norms, and values, to lead and deliver shared action on the world's most pressing challenges in a period of geopolitical change.

We work internationally to support delivery of all 17 Sustainable Development Goals (SDGs), cooperating closely with all other relevant UK Government Departments. The SDGs embody the principles of security, freedom, prosperity and opportunity and address some of the most important global challenges of our time.

Our objectives are to:

1. Protect our people
2. Project our influence and demonstrate diplomatic leadership
3. Promote our prosperity
4. Manage our business and provide the platform for the whole of the UK government internationally

How we will achieve Objective 4:

International Platform (FCO Corporate Policy Priority Outcome 1)

4.1 Provide an efficient, impactful and collaborative international platform for the whole of the UK government via our Embassies, High Commissions, Consulates and Offices:

- Provide leadership and support to all departments overseas to deliver government priorities.

Manage our business

4.2 Develop a more expert and agile FCO:

- Build capability for all staff in line with the Priority Skills Statement 2020.
- Roll out modern and flexible IT hardware and software across the network, including delivering the final phase of moving to Office 365 under our Tech Overhaul Programme and introducing a new finance and resource planning system.
- Increase the accessibility, relevance, uptake and impact of Diplomatic Academy training.
- Deploy our resources for maximum impact, reflecting UK priorities, while ensuring we have an inclusive offer to staff that reflects modern requirements.

Diplomacy 20:20

A crucial part of our Diplomacy 20:20 Programme is to provide an up to date, fit for purpose working environment across the FCO's estate. The Programme has three main pillars:

Expertise includes looking at policy leadership in Whitehall and elsewhere; building skills and capabilities, including through the FCO's Diplomatic Academy; and how we can give Heads of Mission more autonomy of decision-making;

Agility is about becoming more flexible and nimble, including streamlining our internal appointments processes; rebalancing our network to increase capacity on key issues such as EU Exit; and introducing policy changes to make some overseas postings more flexible for our staff;

In providing a **World-Class Platform** we will make our corporate support functions more effective and efficient; and make the most of new technology and the opportunities offered by Digital and Data. 'Modern Estate and Security' is part of this pillar. It will prioritise our resources to achieve the maximum impact through our estate – both offices and Heads of Mission Residences – to deliver soft power through our buildings. We will prioritise investment in sovereign posts (in capital cities) over subordinate posts, and usually have only one prestigious building that is used for representational activities in a sovereign post with limited exceptions, for example in G20 countries. We will also make the places where

staff live and work as fit for purpose as we can, including through better maintenance, underpinned by the right security rules and culture.

Our Estate

The FCO's UK estate is comparatively small. The FCO has one owned property used as office space - the Grade I listed Main Building in King Charles Street (KCS), London. KCS is on the Whitehall Campus and is one of 20 core buildings that the Office for Government Property (OGP) has reserved for long term retention. Following the move out of Old Admiralty Building in 2015, KCS is nearing full capacity, with continuing demands for space both from within the FCO and more widely across Government. We anticipate a further influx of new staff during 2019 to do EU Exit-related and other foreign policy work. Accommodating this increase is a considerable challenge.

The FCO leases four buildings in London: 1 Carlton Gardens, the Foreign Secretary's residence; Lancaster House, used for Government Hospitality; the Russian Embassy and Russian Ambassador's Residence in Kensington Palace Gardens, which form part of an international bilateral agreement.

In Buckinghamshire, the FCO leases four floors in Northgate House (NGH), Milton Keynes, and has one freehold holding at Hanslope Park (HP), which is primarily a logistics site. We have Lease Moratorium Exemption Request (LMER) approval from the Government Property Agency (GPA) for a two years' lease extension on NGH. The FCO is not currently involved in regional Government Hubs and has no UK properties for disposal. The FCO remains open to the possibility of relocation of core functions outside London.

Since 2016 we have shared the KCS building with Ministers and some staff from the Department for International Trade. The Stabilisation Unit and several other cross-Whitehall Joint Units also operate out of KCS. Security is a factor in our ability to release space. KCS operates on an embedded 8:10 desk to staff ratio, with many staff working flexibly and remotely. The refurbished KCS offices reflect our operational needs and respond to the Civil Service Reform agenda. We are now below 8 sqm/FTE within the KCS building and we continue to look for opportunities to reduce our footprint across the rest of the UK estate. We plan to re-locate all staff from NGH to HP when the NGH leases expire.

The FCO is responsible for six Arms' Length Bodies (ALBs), of which four are Non Departmental Public bodies (NDPBs). The ALBs are: British Council, FCO Services (an executive agency/trading fund), Great Britain China Centre (GBCC), Marshall Aid Commemoration Commission (MACC), Westminster Foundation for Democracy (WFD) and Wilton Park (an executive agency). MACC is a scholarship fund without estate holdings. The British Council is a registered charity managing its own estate. Our other ALB holdings are leasehold. FCO Services, GBCC, WFD and WP are subject to GPA National Property Controls and the "Growth for Places" policy requiring LMER approvals for all lease breaks and expiries. Where practical, we will help them to find suitable premises within the HMG estate, particularly in designated central London Hubs.

The FCO is responsible for the UK's overseas diplomatic estate. This Estate is a platform for One HMG: around 30 different government departments work out of unique and highly

diverse public buildings that include Embassies, High Commissions and Ambassadors' Residences, as well as staff accommodation, in around 270 overseas locations.

The FCO manages the estate to be flexible (to accommodate changing functions and staff numbers and to be future-proofed); safe and secure; and value for money. We have a proud historical legacy, and will retain and maintain our most iconic buildings. But where appropriate the rest of our estate will be modern and efficient. We aim for buildings which are functional, with smaller footprints and less floor space worldwide, sustainable and accessible. In 2019 we will continue to develop the Estates Strategy, including our capital project prioritisation process, which sets our direction until 2030, to better reflect the necessarily long-term nature of our overseas Estate planning and ensure that the overseas platform fully supports the FCO's long-term change programmes. We continue to work towards a programme of enhanced maintenance and upkeep for our most historic and iconic buildings. And we will continue to improve the Estate, striving for enhanced accessibility and better global sustainability. Our Global Asset Management Plan (GLAMP), which is refreshed annually, sets out how we prioritise and implement estates investment. The FCO Management Board approves the GLAMP.

The then Foreign Secretary agreed that the KCS building and any FCO leasehold offices will fall in scope of transferring into the Government Property Agency (GPA). This also applies to our ALBs, except for the British Council, who have charitable status governed by the Charity Commission, and Wilton Park, which operates from Wiston House in Sussex as a conference centre. FCO expects to transfer in scope assets to the GPA in 2021, subject to completing necessary due diligence and agreeing the mechanism for assessing the market rental value of those assets and the reimbursement mechanism for any future charges which the GPA levies. We are in regular contact with the GPA and OGP on estate-related issues and will continue to work with them up to and during the transition.

Our Capability

In FCO Estates, the Asset Management and Programme Delivery teams comprise property professionals (e.g. Chartered Surveyors), career diplomats and home civil servants. Property professionals are recruited from both the public and private sectors to ensure a range of skills and experience. Staff continually develop their expertise through a mix of individual learning and development plans, the FCO estates learning curriculum (targeted at those working in property), mentoring and continuing professional development opportunities (both internal and external). Around one third of asset management and programme delivery staff hold recognised professional property qualifications. Staff have participated in Government Property Profession (GPP) sponsored leadership certificates and regularly attend GPP careers fairs to promote the profession. In addition, all property professionals are appraised against both Civil Service and GPP competences.

The FCO's UK Asset Management Team consists of FCO and HCS staff and an in-house Chartered Surveyor. It handles business as usual (BAU) as well as UK estate project work. It supports ALBs on their estate matters, including lease renewals, and is the interface with

OGP/GPA on business returns. The asset management team is the Intelligent Client for UK estate strategic asset management, working with framework partners as appropriate.

The FCO outsources Facilities Management (FM) of its UK buildings, and some overseas properties, to specialist FM companies. The Facilities Management Client Unit (FMCU) manages the outsourced contracts and acts as the interface between FM companies and the FCO. The FMCU consists of professionally qualified FM specialists as well as FCO generalists. FMCU resources based on known contractual obligations, stakeholder engagement levels, re-procurement exercises and when considering additional work streams. All FMCU staff have personal and professional development plans.

The Facilities Management Client Unit (FMCU) is the Intelligent Client Function (ICF) within the FCO to contract-manage its FM contracts professionally, ensuring policy compliance through contractual arrangements with our FM provider and also setting expectations and providing clarity through our stakeholder engagement. Our policies are developed and updated in line with the FCO protocol, as agreed between the FCO Asset Management Intelligent Client Team and the FCO and FCO Services Health & Safety teams.

The new Project Management Office (PMO) is intended to improve coordination of the ICF across the Estates, FMCU and Security Departments within the Estates and Security Directorate (ESD). The FCO is represented at all the relevant OGP/GPA/Cabinet Office property and FM groups.

Annex A: British Council

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Our Business

The British Council is the UK's international organisation for cultural relations and educational opportunities. We create friendly knowledge and understanding between the people of the UK and other countries. We do this by making a positive contribution to the UK and the countries we work with – changing lives by creating opportunities, building connections and engendering trust.

We work with over 100 countries across the world in the fields of arts and culture, English language, education and civil society. Last year we reached over 75 million people directly and 758 million people overall including online, broadcasts and publications. Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body.

Key Principles

- Business needs drive the location, size and quality of our estate
- Our estate must be compliant
- Our estate must be affordable, both now and in the future
- Our estates operating model will be based on sound data, clear accountabilities and transparent funding and governance
- Our people supporting the estate should have appropriate professional skills.

Our Estate

The British Council has a complex and diverse global property portfolio of over 670 properties in 112 different countries around the world. As at 31 March 2019, the majority of properties were leasehold (340 residential leases and 330 commercial leases, comprising over 200,000m² of mixed commercial office and educational space, with an annual rent roll value of c. £31 million. The remainder were freeholds (48 titles, value £127 million). The British Council co-locates with the Foreign and Commonwealth Office (FCO) or other One HMG Partners at c. 25 locations overseas. Together these properties comprise the British Council's "global estate".

The UK estate comprises six buildings covering 14,578 m². Five buildings are offices including our global HQ in London and one is a storage facility that houses the British Council's Art Collection.

The cost of running the UK estate in 2018-19 was £8.3 million excluding sublets/ £9.5 million including sublets.

Managing the Asset Base

During the next three years, we will have relocated from our current HQ building in central London to a new building in Stratford. We will have an agreed plan for the future location of

our Art Collection Centre. The rest of our UK estate will be approaching lease ends and option appraisals will be undertaken to consider all options available.

Supporting Delivery of Department and Government Objectives

The British Council is supportive of the FCO's and government's objectives to reduce estate costs and create efficient and high-quality workspaces through the Government Hubs Programme and the move towards Smarter Working across the government estate. The British Council has already moved its estate to a Smarter Working model, and we expect to extend this when we move our global HQ to Stratford. The new HQ offers potential, through collaboration with existing and potential partners, to play a part in the Government Hubs Programme and discussions are ongoing with the Government Property Agency. Opportunities to engage with the Hubs programme across the rest of the UK will be explored when lease events occur over the next few years.

Supporting our People

Our existing Smart Working policy, the relocation of our global HQ and the refresh of the British Council Estates 'Global Standards' provide opportunities for further benefits to staff through better designed workplaces that put wellbeing and sustainability at the heart of our estate. We are looking at proposals to further improve work-life balance for staff with more flexibility over where staff work. Our estate has a key role to play in attraction and retention of staff (across the globe as well as the UK) and we are committed to developing it in line with our corporate values.

Our Capability

The Global Estates team is undertaking a programme of reform to ensure that we have the right skills and capacity for the future. We want to strengthen our professional team and ensure that we can provide an excellent intelligent client service for the British Council. The reform programme is focusing on the central Global Estates team with the intention that over time the team will provide professional and functional leadership for the estates team located across the network.