



Foreign, Commonwealth
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Infrastructure
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To: Rachel Stephenson, Senior Responsible Owner for the Tokyo Compound Redevelopment Project

From: Philip Barton, Permanent Secretary of Foreign, Commonwealth and Development Office; and
Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority

15 February 2024

Dear Rachel,

APPOINTMENT AS SENIOR RESPONSIBLE OWNER FOR THE TOKYO COMPOUND REDEVELOPMENT PROJECT

We are writing to confirm your appointment as Senior Responsible Owner (SRO) of the Tokyo Compound Redevelopment Project with effect from 2 October 2023. This letter sets out your responsibilities and the support you can expect from your department and the Infrastructure and Projects Authority.

As SRO, you are directly accountable to me, as accounting officer for Foreign, Commonwealth and Development Office (FCDO), and under the oversight of David Rutley, Parliamentary Under Secretary of State.

Your project forms part of the Estates, Security and Network Directorate (ESND) Global Asset Management Plan (GLAMP), under the oversight of the Chair of the FCDO Operations Committee and is included in the Government Major Projects Portfolio (GMPP).

You have personal responsibility for the delivery of the Tokyo Compound Redevelopment Project through the design, construction and the defect periods and will be held accountable for the delivery of its objectives, with policy intent and outcomes expected. This encompasses securing and protecting its vision, ensuring that it is governed responsibly, reported on honestly, escalated appropriately and for influencing the context, culture, and operating environment of the project. You are also responsible for ensuring the ongoing viability of the project and recommending its pause or termination if appropriate. Where issues arise which you are unable to resolve, you are responsible for escalating these to FCDO Operations Committee through the Asset Management Portfolio Board.

You remain accountable to Ministers, as set out in the Civil Service Code, and should deliver the project in accordance with the objectives and policy intent as set by Ministers.

In addition to your internal accountabilities, SROs for GMPP projects and programmes are personally accountable to Parliamentary Select Committees. This means that, from the date of this letter, you will be held personally accountable to and could be called by Select Committees to account for and explain the decisions and actions you have taken to deliver the project.

It is important to be clear that your accountability relates only to implementation, within the agreed terms in this letter; it will remain for the Minister to account for the relevant policy decisions and development.

More information on this is set out in [Giving Evidence to Select Committees - Guidance for Civil Servants](#), sometimes known as the Osmotherly Rules. Information on the roles and responsibilities of the SRO are detailed in the Infrastructure and Project Authority's guidance on [the role of the senior responsible owner](#). You should also make yourself familiar with the [Government Functional Standard for Project Delivery](#), the requirements of the Government Project Delivery Framework, and the guidance and requirements for project delivery as set by the Centre for Delivery in the FCDO.

Time commitment and tenure

This role will require at least 20% of your time to enable effective delivery of the role and execute your responsibilities in full. The project is part of a wider portfolio of overseas building projects and therefore you will receive support from the Estates Head of Project Delivery, the Estates Strategy and Planning Manager and the Estates Design Authority. You will also be supported by both a Lead Project Director and a Supporting Project Director.

You are required to undertake this role until the project is concluded at the end of the defects period, planned for 2030/31 (to be determined by the phasing of the building works). Progress towards this will be reflected in your personal objectives. Any changes to the agreed time commitment or tenure of the role, as set out above, will require both departmental and Infrastructure and Projects Authority consent.

Objectives and performance criteria

The policy intent supported by this project is to maximise value from the overseas estate by optimising building utilisation (we identified surplus assets and have disposed of these), to address end of life and failing assets through repair and replacement, and to provide fit for purpose facilities through remodelling. The project will proactively consider sustainability and Net Zero targets.

Any proposed changes to scope which impacts on this intent or the realisation of benefits must be authorised by FCDO Operations Committee through the Estates Asset Management Portfolio Board and may be subject to further levels of approval.

In April 2022, FCDO successfully completed the sale of an under-utilised 2.3 acres of the 7 acres British Embassy compound site, providing substantial capital funding for a wide programme of major investment across the global FCDO estate. In tune with the government's strategic Indo-Pacific tilt, this included plans for significant re-investment in the remaining 4.7 acres Embassy site, including repair and replacement of end-of-life infrastructure in the historic Ambassador's Residence and Chancery (the original 1870s buildings were both rebuilt after the Great Kanto earthquake in 1923) and the 'New Building' Embassy office (opened in 1987).

Japan is key to delivery of the Indo-Pacific Tilt: the UK's closest partner in Asia, a member of the G7, and the second biggest investor in the UK outside Europe. The Japan-UK Comprehensive Economic

Partnership Agreement was the UK's first bilateral free trade agreement post Brexit. We are also Japan's preferred partner (government to government) on digital, civil nuclear and have a burgeoning relationship on economic security. We are each other's closest security partner in Asia and Europe respectively.

The British Embassy compound is located in one of the most prestigious areas of Tokyo. The official Imperial Household Residence is very close by. The Embassy site is viewed as an iconic landmark in Tokyo and widely regarded as a key asset supporting diplomatic business at the highest levels of Japanese government. It plays a crucial role for strategically and politically important official representation and functions (in the last calendar year pre-COVID-19, the Residence alone hosted over 320 events, with a footfall of 12,000 visitors, producing nearly £250k in income generation).

It is of strategic and political importance to the UK's foreign policy objectives that these Embassy buildings in Tokyo function in the most efficient and cost-effective manner. The need for essential repairs has become urgent. If pushed back, the eventual cost of infrastructure repairs and replacement would be expected to rise significantly in the future.

The Tokyo project will deliver significant benefits, including modern, fit for purpose buildings in a diplomatically very important Post. In particular, it will prevent further deterioration and increasing danger of structural damage to the historic building fabric of both the Residence and Chancery buildings.

The upgraded and enhanced event, exhibition and multi-functional conference, entertainment and meeting space, will also provide a functional, safe and secure platform for FCDO, DBT and other key UK partners in Tokyo. Sustainability and accessibility will be improved wherever possible in buildings which are 80 and 30 years old. Admin savings are expected by reducing spend on utilities and maintenance. Savings will also accrue from a more modern and efficient building infrastructure and increased sustainability. Assuming proper maintenance, the core investment should last between 30 to 50 years.

The project objectives are to:

- Consolidate the Embassy office into the "New Building" - repairing and replacing the end-of-life infrastructure and re-modelling the space to provide a modern, fit for purpose and first-class flexible working environment;
- Repair and replace the end-of-life infrastructure in the historic and iconic Ambassador's Residence to preserve its historical and political significance and bring it back to life as a hosting venue;
- Repair and replace the end-of-life infrastructure in the historic and iconic Chancery building and to re-purpose and expand the space to provide significantly enhanced event space, conference and meeting rooms to host a wide range of events and to generate income;
- Deliver new amenities that will enhance staff welfare;
- Enhance the ancillary buildings and the external areas of the compound;
- Deliver buildings that are efficient and cost-effective to run;
- Deliver an estate that is more sustainable; and
- Deliver an estate that is more accessible.

Your personal objectives and performance criteria which relate to the project are:

- To ensure that the project team develops a detailed understanding of Japanese standards and regulations in order to ensure that we have a compliant design and secure the necessary approvals in Japan;
- To ensure that the project team undertakes extensive market testing to understand the Japanese construction market so that we can contract effectively to drive value for money;
- To follow the principles of sustainable design and actively seek to improve sustainability by assessing the impact of the project using a rating system that evaluates the environmental performance of buildings; and

- To ensure that lessons learnt from previous FCDO-delivered projects are applied to the delivery of the Tokyo project.

You are expected to run your project in accordance with the [Government Functional Standard for Project Delivery](#), the other [Functional Standards](#) as applicable to this project and the requirements of the Government Project Delivery Framework.

Extent and limit of accountability

Finance and Controls

HM Treasury spending controls will apply on the basis set out within the department's delegated authority letter. Where the project exceeds the delegated authority set by HM Treasury, the Treasury Approval Point process will apply, and the details of each approval process must be agreed with your HM Treasury spending team. You should consult departmental finance colleagues on how to go about this.

You should note that where expenditure is considered novel, contentious, repercussive, or likely to result in costs to other parts of the public sector, HM Treasury approval will be required, regardless of whether the project expenditure exceeds the delegated authority set by HM Treasury. If in doubt about whether approval is required you should, in the first instance, consult departmental finance colleagues before raising with the relevant HM Treasury spending team.

The overall estimated budget, resourcing requirements and tolerances for your project will be agreed as part of the approval process. You will be expected to deliver within these tolerances and report quarterly on these as part of GMPP reporting.

You should operate at all times within the rules set out in [Managing Public Money](#). In addition, you must be mindful of, and act in accordance with, the specific HM Treasury delegated limits and Cabinet Office controls relevant to the project. Information on these controls can be found here: [Cabinet Office controls](#).

Delegated authority

In relation to this project, you are authorised to:

- Approve expenditure up to £3.5m in design and advisory fees to develop the project, which is currently estimated at £100m and subject to HMT approval of a Full Business Case to approve expenditure of up to £100m to deliver the project;
- Agree the project delivery milestones, and once HMT approval of a Full Business Case is secured, agree project rescheduling within 6 months of agreed milestones. Rescheduling beyond that must be agreed with FCDO Operations Committee through the Estates Asset Management Portfolio Board; and
- Recommend to me, as the Accounting Officer, and to the FCDO Operations Committee through the Estates Asset Management Portfolio Board, the need to either pause or terminate the project where necessary and in a timely manner.

These authority limits are subject to change and other conditions or tolerances may be set as part of the business case approval and ongoing monitoring processes which you should then operate within.

Where issues arise which take you outside of these authority limits which you are unable to resolve, you are responsible for escalating these issues to me, as the Accounting Officer, and to the FCDO Operations Committee through the Estates Asset Management Portfolio Board.

Appointments

You should appoint a project director to support you in the management of this project and make other appointments as required for the control and delivery of your project within your delegated authority.

Governance and assurance

You should pay attention to ensuring effective governance for your project, including the establishment of a project board with appropriate membership and clear terms of reference.

As primary owner, you must ensure that the project secures business case approval from FCDO Operations Committee, FCDO Management Board, CO and HMT. You should also ensure that the project remains aligned to the strategic outcomes, costs, timescales, and benefits in line with the approved business case as well as monitoring the context within which the project is being delivered to ensure it remains valid.

Where a change impacts the scope, costs, benefits, or planned delivery milestones agreed as part of an agreed business case, you are responsible for following the agreed change request approval process and setting a new, approved, business case baseline.

You should ensure that an accounting officer assessment is completed alongside the approval of the Outline Business Case and that this is published on GOV.UK as part of the government's transparency requirements on major projects. You are responsible for bringing to the attention of the accounting officer any material changes in the project which could require a new accounting officer assessment to be completed and published. [Guidance on completing accounting officer assessments](#) for major projects is available from HM Treasury.

Although you are directly accountable for this project, you are also expected to support delivery of the department's overall strategic objectives. This means that you are expected to work collaboratively with other SROs and project directors in adjacent projects and programmes, with the ESND portfolio management office, and with the ESND Head of Estates who is responsible for delivery of the GLAMP, to manage dependencies, resources, schedules and funding to support delivery of the overall change the department needs to achieve its strategic objectives.

You should ensure that appropriate and proportionate assurance is in place and agree on the level and frequency of assurance reviews through the maintenance of an integrated assurance and approvals plan. You should develop this plan and its maintenance in collaboration with the Departmental Assurance Coordinator and the Infrastructure and Projects Authority.

Project status, reporting and transparency requirements

The project status at the date of your appointment is reflected in the most recent quarterly return on the project to the Infrastructure and Projects Authority and is the agreed position as you assume formal ownership of the project.

You are responsible for ensuring the honest and timely reporting on the position of the project to the Infrastructure and Projects Authority while it remains on the GMPP and for providing reports and information to the ESND portfolio management office as required. Reporting should include carbon measurement and other sustainable development goals demonstrating evidence that the project contributes to an overarching environmental strategy and is aligned with defined Net Zero pathways. Information on the project will be published annually by the Infrastructure and Projects Authority.

As part of the government's commitment to transparency on major infrastructure projects, you are responsible for publishing on GOV.UK:

- A summary of the accounting officer assessment completed in line with the approval of the Outline Business Case and summaries of any subsequent assessments should they be required;
- A summary of the HM Treasury approved Full Business Case; and
- A close out report after the project has completed.

Development and support

As SRO of a GMPP project, you are required to complete the Major Projects Leadership Academy, and you have agreed to enrol on a cohort in the near future. The Head of Profession in FCDO can provide further information on the application process.

To widen experience and understanding of the role, SROs are also expected to become accredited assurance reviewers and to lead or participate in such reviews for other government departments, the wider public sector, and other areas of the FCDO as appropriate. Becoming an assurance reviewer and completing a review will form part of your time at the Major Projects Leadership Academy. To maintain your accreditation, you will be required to participate in a review at least once every 12 months.

The department will assist you in securing the necessary resources to support the project, and will set clear guidance, requirements and standards, which align to the [Government Functional Standard on Project Delivery](#), to enable good governance and effective delivery. You will be part of the department's cohort of major project leaders who will be expected to support each other, share good practice and lessons learned and to collectively develop solutions. You should liaise with the department's Head of Profession for project delivery to discuss the maintenance and development of your delivery and leadership skills.

The Infrastructure and Projects Authority will be available to you for support, advice, and assurance throughout the project's time on the GMPP.

Following approval of the business case and entry onto the GLAMP, the ESND Portfolio Management Board will provide ongoing oversight and support and will take steps to help resolve and escalate risks, issues or constraints that are acting as a blocker to successful delivery.

We would like to take this opportunity to wish you every success in your role as SRO.

Yours sincerely,



PHILIP BARTON

Permanent Under-Secretary of Foreign,
Commonwealth and Development Office

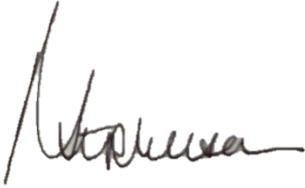


NICK SMALLWOOD

Chief Executive Officer, Infrastructure and
Projects Authority

CONFIRMATION OF ACCEPTANCE OF APPOINTMENT

I confirm that I accept the appointment of Senior Responsible Owner for the **project**, including my personal accountability for implementation, as set out in the letter above.

A handwritten signature in black ink, appearing to read 'Rachel Stephenson', written in a cursive style.

Rachel Stephenson

15 February 2024