



An Roinn Gnóthaí Eachtracha
Department of Foreign Affairs

Spending Review 2021 – Review of the Management of the Department of Foreign Affairs' Overseas Leased Property Portfolio

Evaluation & Audit Unit
Department of Foreign Affairs
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Overview



CONTEXT



c. 1,300 overseas DFA staff
c. 126 other Department
Co-located with State
Agencies



95 missions
169 properties (134 leased)

METHODOLOGY



Document review



Semi-structured
interviews



Survey



Financial analysis

Spending Review 2021 – Overview, Aims & Objectives



Overview

In the context of Ireland's diplomatic relations with 192 countries and 95 missions, the Department of Foreign Affairs (DFA) has a central role by providing a physical platform for the State overseas through its global network consisting of 169 overseas properties.

Aims and Objectives

The rationale for conducting this Spending Review is that the majority of DFA properties abroad are leased, which account for 76% of total overseas property expenditure. Within this context, the Evaluation and Audit Unit of the Department reviewed the management of the leased portfolio.

The focus of this review is on:

- Costs associated with renting official properties for the Irish Diplomatic Network
- Governance arrangements in place to manage the portfolio;
- A review period from 2016 to 2020

Expenditure



€172 million

Overall overseas
property
expenditure
between 2016 and
2020

76% of total
overseas property
expenditure is
associated with
leased properties

Rent for chancery
buildings has
increased on average
by **3.81%** in the
review period

€131.5 million

Leased overseas
property expenditure
between 2016 and 2020

68% of leased
property expenditure
is spent on rent &
13% is spent on
major maintenance

Rent for official
accommodation has
increased on
average by **1.72%**
in the review period

Key Findings



Operational Requirements

Sample of eight missions:

- Seven chanceries either **fully meet or substantially meet** operational requirements.
- Seven official accommodations were **found to meet the necessary requirements**.
- In the case of the chancery not meeting all DFA operational requirements, the Mission is in the **planning stages to do so**.

Security, health and safety, and location were among the most important criteria when identifying properties for operational requirements.

Management Arrangements

A **centralised approach** to managing leases under the responsibility of Property Management Unit.

Scope for a better **(digital) property management system**.

Value for Money

Value for Money **is being achieved** through;

- (i) the incorporation of the DPER Circular 17/2016 and the Public Spending Code into PMU guidelines
- (ii) The sample missions are paying average market value

PMU **cannot only look at the lowest cost option** as properties need to meet a wide range of operational needs

Compliance & Key Lessons

Compliance with the 'DPER Circular 17/2016' and the mission network is in compliance with the 'Disability Act 2005'.

Higher of Irish or local Health & Safety standards are applied.

Regular **condition reports** should be completed in the existing portfolio.

Missions vary in terms of needs and operational conditions.

The **security and welfare** of Government officials is the starting point when identifying the most suitable property.

Recommendations



1 Develop an appropriate **IT real estate management system** for data collection and management information

2 Establish rolling three/five year expenditure plans and encourage early engagement on lease renewals

3 **Building files** should be established at lease renewal stage.

4 Identify strategic partners and locations where **purchasing** may provide better value for money

6 Design and specification guidelines should be developed that can apply to all Irish missions.

7 Develop a project to obtain condition reports on all mission properties

8 The Department should consider further investment in the resources assigned to PMU.