

FCO Management Board Minutes, 24 February 2012

Present: Simon Fraser (chair), Matthew Rycroft, Geoffrey Adams, Robert Hannigan, Barbara Woodward, Nick Baird, Alison Currie, Menna Rawlings, Julia Bond and Rudy Markham

Apologies: Shan Morgan

Board Advisers: Anna Clunes, and Iain Macleod

Also Present: Richard Lambert, Lead Non Executive Member of the Supervisory Board; for Olympics – Andrew Mitchell, Simon Martin and Ruairi O’Connell; for Finance KPR - Iain Walker; for Top Risk Register Summary – Fiona Maxton; and for Board Engagement Strategy – Catherine Morris and Rafe Courage.

Summary

The FCO Management Board met on 24 February. Board members reviewed key events during February, with reference to the top policy and operational risks appearing on the FCO’s Top Risk Register. The Board reviewed the FCO’s forecast financial outturn for FY 11/12 and discussed how to make better use of the Quarterly Data Summary. The Board received an update on the FCO’s work on the Olympic and Paralympic Games and discussed a strategy to guide the Board’s engagement with the organisation.

Action Points

- To include in the HR Key Performance Report data on LE staff and to brief Executive Committee in April on the scope of work on the FCO’s LE Staff Survey.
Action: Menna Rawlings, HR Directorate
- To draft note of what we have stopped doing. **Action: Matthew Rycroft**
- To identify a Board or Executive Committee slot to discuss staff overstretch:
Action: Board Secretariat
- To report to the Foreign Secretary on the overall financial glide path for this Financial Year. **Action: Alison Currie, Finance Directorate**
- To revise the draft Management Board Engagement Strategy to reflect Board members’ comments. **Action: Anna Clunes, Communications and Engagement Team and Board Secretariat**
- To send to Richard Lambert, Lead Non Executive Member of Supervisory Board, the FCO’s Quarterly Data Summary and the summaries from comparative departments with a covering note indicating any areas of interest relative to those OGDs. **Action: Finance Directorate**
- To circulate to Board members and then more widely to staff the outcomes of the 21st Century Lifestyles Group. **Action: HR Directorate**

Detail

Review of February Key Events and Top Risk Register Summary

1. The Board discussed the month's key policy and corporate events, referring throughout to the relevant risks on the FCO's Top Risk Register. The Board agreed it had been an extremely busy foreign policy month. Priorities had included Syria, Somalia, Iran, the Greek bail out and increasing tensions in the Falklands, all of which were reflected on the TRR. The consular response to the Reims coach crash had been well handled. Barbara Woodward highlighted the ongoing risks around the global economy. Nick Baird highlighted current risks to inward investment.
2. Looking ahead, Simon Fraser mentioned the Russian and French elections. The Board agreed to consider whether the outcome of those elections might change the FCO's assessment of any of its policy risks.
3. On the corporate side, Matthew Rycroft identified IT effectiveness and the FCO's handling of the Cabinet Office centralisation agenda as two issues that were rising up on the operational side of the Risk Register. The Board then considered staff morale. The band by band staff survey discussions had been really useful but it was clear that many members of staff felt overstretched. Rudy Markham asked what the Board was doing to show they recognised this concern and to tackle the problem. Board members agreed to return to this issue to discuss it in more detail and to put it on the agenda for their own meetings with their SMS 1 Heads of Department. One approach was to reduce unnecessary bureaucracy. More difficult perhaps was to prioritise policy activity. Some Directorates had done this successfully. Board members agreed it would be useful to identify and highlight examples of best practice. Matthew Rycroft will pull together a note on what we have stopped doing.

Management Board 12 Month Forward Agenda

4. The Board reviewed a draft forward agenda for the next 12 months. Board members agreed that the proposed agenda reflected a) the Board's desire to focus more on implementation and evaluation of the decisions it had taken over the last 12 months; and b) the priorities set out in the Board's Diplomatic Excellence Agenda for 2012. They agreed that some flexibility should be built into the forward planning process and that the agenda should be reviewed after the Leadership Conference in May.
5. Board members requested that consideration of cross government working at home and overseas be built into the forward agenda for the Management Board and / or the Supervisory Board.

London 2012: The FCO and the Games

6. Andrew Mitchell updated the Board on the FCO's work on the Olympic and Paralympic Games and sought endorsement from the Board for the preparations in hand.
7. The Board discussion centred around four themes: risk, both internal and external; skills; internal communications; and external reputation.

Risk

8. The Board discussed a number of risks around delivery of the Games. They recalled the Executive Committee discussion in early February during which they had considered the scale and complexity of the FCO Olympics programme. They concluded that the major risks – on staffing, the management of Heads of State and Government, access and transport restrictions and on IT – were being adequately managed by Andrew Mitchell and his team. These issues would return to Executive Committee in May and the Audit and Risk Committee would review the risks at its next meeting in March.
9. The Board acknowledged the importance of ensuring that, during the run up and the Games themselves, the FCO had the capability to respond to multiple crises, to additional Games related work and to maintain business as usual activity too. They agreed that early discussions with Directors had helped to ensure that there would be adequate levels of staffing during this period.
10. In advance of the Board meeting, Directors asked for more information on planning for the British Business Embassy in Lancaster House. Nick Baird provided an update on planning for the series of events that would showcase a different sector of the UK economy each day, bringing together senior British figures and CEOs from overseas. There was a £1 billion target in terms of business done and a multiplier effect too with events around the country and the world mirroring the events at Lancaster House. There were some specific ongoing concerns around access to Lancaster House as a consequence of Olympics events around the Mall which FCO, LOCOG, DfT, No10 and UKTI were working to resolve.
11. Board members echoed the concerns raised by Directors about the potential reputational issues in the event of congestion and delays at immigration on arrival in the UK, particularly for VIPs, and visa refusals for potential visitors seeking to travel to London at Games time. Andrew Mitchell confirmed that this was a priority for the Prime Minister's Olympics Committee.

Internal Communications

12. The Board noted that, to date, communications to staff on the Olympics had been focused on staffing issues, including transport and access difficulties and the need for flexible and / or remote working during games time. Informal feedback from Board observers during the meeting indicated that London based staff continued to be predominantly focused on travel and access issues. Board members agreed that it was now time to balance that with more positive messaging aimed at generating energy and excitement about the Games. Suggestions as to how to do this included promoting the Olympians on the FCO staff; holding screenings for FCO staff of the FCO films promoting the games; putting up exhibitions around the building; or showcasing internally the excellent work underway in the UK and around the network on the GREAT campaign and the Games.

Skills

13. FCO staff from across the grades had volunteered to work on Olympics related issues, whether as temporary visits officers or as official “Games Makers”. Board members agreed that it was important to capture for the benefit of the Organisation the skills and expertise developed by our staff during the Games.

External Reputation

14. The Board agreed that the FCO and UKTI should be more opportunistic about getting positive stories into the UK domestic media and asked Andrew Mitchell to work with UKTI and the Press and Digital Department to do so systematically over the next five months.

HR Key Performance Report

15. Menna Rawlings introduced the HR KPR for January. The Board used the data in the KPR to review UK based headcount, staff retention rates and performance management.
16. Board members commented on the low annual exit rate for FCO staff. This, coupled with the recruitment freeze resulted in a very low level of churn in FCO UK based staff, relative to some other government departments.
17. Board members asked whether more could be done to fill gaps at C and D Band in London. Promotion targets had already been increased, in line with workforce needs. It was also important to ensure that a) staff moving up to C and D have the broad competences required to perform at the next level; and b) that there were sufficient staff at Bands A and B.

18. Julia Bond asked why LE staff data did not appear in the KPR. Board members agreed that even though the LE workforce was not managed centrally, some data was available centrally and integrating that into the KPR would help to build a more complete picture of the FCO workforce. The Board would discuss the LE Staff Strategy in September. Board members agreed that the Executive Committee should review the scope of HR Directorate's work on the Strategy in April.
19. Board members reviewed data on appraisals and commented that overall, the box markings awarded to staff were on the high side. This raised concerns about the quality performance management across the office. Menna Rawlings confirmed that work on talent and performance management was already under way and would come to the Board in September 2012.

Finance Key Performance Report

20. Alison Currie and Iain Walker updated the Board on the FCO's profiled financial outturn for FY 11/12. The organisation was profiling an underspend of £23.3m, £7.7 m of which was from the tri-departmental Conflict Prevention Pool and which would be rolled over into next Financial Year.
21. Alison Currie and Matthew Rycroft were now confident that the final outturn would be within the FCO's tolerance level, provided across the organisation we maintained robust financial management. Simon Fraser asked Finance Directorate to report to the Foreign Secretary on the overall financial glide path for this Financial Year.

Quarterly Data Summary

22. Alison Currie updated the Board on the Quarterly Data Summary (QDS) that Government Departments were required to submit to Cabinet Office as part of the Government's Transparency Agenda. Its primary purpose is to help the public judge the performance of government departments.
23. The Board agreed that it should review the QDS once a quarter, after publication. They also agreed that Operations Committee should consider how the QDS might best be used to help the Board assess performance of the organisation. Where possible, the data contained in the QDS should be integrated into the financial reporting the Board already received. Richard Lambert, the Lead Non Executive Member on the Supervisory Board should also review the QDS, along with the summaries of some other government departments.

Management Board Engagement Strategy

24. The Board discussed a draft strategy designed to improve the Board's engagement with the organisation. The strategy set out four priorities for the

Board in 2012 which the Board endorsed: i) understanding and acting on the issues underpinning the staff survey results; ii) increasing Board transparency and visibility; iii) ensuring that Board members had a better understanding of staff views on key issues coming to the Board; iv) more face to face contact.

25. Board members welcomed the more systematic, issue based approach to engagement set out in the Strategy and the accompanying Engagement Plan. They then considered the specific proposals included in the Strategy.
26. On the Board response to the Staff Survey results, Board members agreed that when looking ahead to the 2012 Survey, it would be useful to identify what they expected the results to be, to identify key areas of focus and to devote attention to those. The Board was clear that although the Staff Survey would provide a useful mechanism to measure progress, the purpose of the Engagement Strategy was not to improve Survey scores.
27. Board members agreed that to increase transparency and visibility of the Board process, the forward agenda for the Management Board for the next 12 months should be made available to staff. The current Board Observers Scheme should be expanded to increase the number of participants and to include staff based overseas. There were mixed views about the proposed “open” Board meeting. Board members asked whether the Post Board Webex could be opened up to all staff and questioned whether it was worth re-instating the Board video message.
28. They agreed the need to sensitise staff to the issues coming to the Board. One way to do so might be to make better use of their “multipliers” – Directors and Heads of Department – to seek staff views in the run up to and after Board discussions.
29. Board members recognised the benefits of seeking the views of staff on issues coming to the Board. The new policy on residential accommodation overseas was one example of the views and suggestions of staff helping to improve the final product. The Board also recognised the risk of raising expectations of consultation. This would not always be possible. Instead, the Strategy should encourage Directorates to build staff engagement into the planning and development of new policies or proposals destined for the Board.
30. Board members asked Anna Clunes to lead on revising the Strategy to take account of their comments, clarifying the outputs and outcomes. Board members should then sign up to the Strategy but be given the latitude to select activities to support the Strategy’s priorities which suited their own personal preferences for engagement. They should however be open to trialling new ideas to see what worked best.

Sub-Committee and Executive Committee Meetings

31. The Board noted the minutes from the 23 January, 6 and 20 February meetings of the Operations Committee. Barbara Woodward summarised the issues discussed by the HR Committee on 16 February. Board members asked to see the findings from the 21st Century Lifestyles Group, commissioned by the Board to examine current FCO allowances and other practices and consider how they stood up to changing the family and other personal circumstances of FCO staff. The Board agreed the outcomes from this project should be circulated to staff.
32. The Board noted February's Executive Committee discussions on Consular finance, overseas passport processing, Diptels and talent and performance management.

Nicola Murray
Board Secretary
26/02/12