

FCO Management Board Minutes, 27 April 2012

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

Apologies: Nick Baird

Board Advisers: Anna Clunes

Also Present: for Top Risks Register Summary – Fiona Maxton; for Corporate Services – David Cairns, Meg Williams and Tim Gardner; for March KPR – Iain Walker; for Peacekeeping Budget and Conflict Pools – Vijay Rangarajan and Gareth Bayley; for Consular Services – Charles Hay and Martin Hill; and for Quarterly Security Update – Andy Pearce, Nick Latta and Carl Hawkins

Summary

The FCO Management Board met on 27 April. The main item on the agenda was discussion of the Corporate Services Programme and the future scope of corporate services provision in the FCO. The Board also endorsed the proposed direction for a new Consular Strategy for 2013 to 2016. The Board reviewed the Top Risk Register Summary while reviewing the key events of the month and agreed a process to shift the focus of their discussion from events to an assessment of the FCO's impact. Board members received a briefing on the tridepartmental Peacekeeping and Conflict Pools budgets. Also on the agenda were the Quarterly Security Update and the Finance Key Performance Report for March.

Action Points

- To shift the focus of the Board's opening discussion from events to the impact the FCO has had by introducing a more formal system of measuring progress against objectives. To pilot this approach at the April Board meeting and then to consider how to incorporate use of FCO resource into the system. **Action: Policy Unit with Board Secretariat support**
- To develop a detailed proposal for the next phase of corporate services provision for consideration by the Management Board in September / October 2012. **Action: Meg Williams, Corporate Services Programme and Tim Gardner, Corporate Services Centre**
- To include on the agenda for the Strategic Policy Group a discussion on how to improve the FCO's use of conflict resources and coherence with other FCO programme funds. **Action: Policy Unit and Conflict Department**
- To include conflict resources on the forward agenda for the Management Board and Executive Committee. **Action: Board Secretariat**
- To present the Consular Strategy 2013 to 2016 to the Management Board before the end of the 2012. **Action: Charles Hay, Consular Services Director**

- To draft an All Staff Message from the PUS drawing attention to the seriousness of the espionage threat and calling for a tightening of security culture. **Action: Andy Pearce and Nick Latta, ESD**

Detail

Review of April Key Events

1. The Board reviewed the month's key issues under the Diplomatic Excellence headings of policy, people and network and referred to the Top Risks Register summary throughout the discussion. Board members highlighted events in Sudan and Syria, security problems and attacks in Afghanistan, diplomacy with Iran and the European Court of Human Rights reform process, the Heywood case in China and Abu Qatada.
2. Board members agreed that the list of risks "bubbling under" was useful. They requested an Executive Committee discussion on the new single Government Digital Service domain. They questioned whether the next Spending Round should appear as a risk on the bubbling under list.
3. In March, Board members agreed to shift the focus of their opening discussion from a review of events to an assessment of FCO impact. This month, the Board agreed to pilot a simple process to: a) assess the importance of specific events against the FCO's overarching purpose and priorities under the security, prosperity and consular themes; and b) assign a rating to the value of the FCO contribution to that event. Every 6 months the Board should look at a cumulative assessment. This would help provide a clearer picture of the performance of individual departments and posts and would also highlight instances of FCO resource being targeted at issues outside of FCO's priorities. If successful, the process should help the Board review how the organisation is using its resources and could drive better allocation in support of our highest priorities.

A Regional Approach to the FCO's Corporate Services Provision

4. Meg Williams, Head of the Corporate Services Programme (CSP) and Tim Gardner, Director of the Corporate Services Centre (CSC) asked the Board to set the vision for a medium to long term strategy for regionalising the FCO's corporate services. Board members noted the successes of the CSP to date: it was the FCO's most successful savings programme and was on track to exceed its savings target for SR10. They also noted the non financial benefits of improving professionalism and expertise. This was part of Diplomatic Excellence and enabled the FCO to shift more of its resources to where it had the greatest impact – the policy front line.

5. They noted that, so far, the FCO had taken a pragmatic approach to corporate services regionalisation and as a result, services were provided to staff and Posts in a variety of ways across the global network. This approach had delivered savings but could move to a more standardised model improve overall effectiveness and efficiency of corporate services?
6. The Board confirmed its commitment to move forward with the CSP. Their preferred option was to continue to develop a regional approach in partnership with Regional Directors and Heads of Posts. Board members were keen to maintain momentum but, at the same time, not to rush implementation. Flexibility was important as operating conditions around the world differed greatly. One standardised model would not fit all.
7. Further work was required to define coverage, to identify which processes to include and standardise and which to leave outside the Corporate Services remit. Board members all recognised the benefits of continuing to consolidate and centralise as much of the transactional process as possible to the Corporate Services Centres in Milton Keynes and a limited number of new regional centres. They were less sure about the benefits of including some HR services such as performance management for LE staff.
8. Board members agreed with comments received from one Head of Mission that the regionalisation process should be a whole of government exercise but did not want this to slow down the process. Instead they agreed that by developing a compelling vision of the benefits this model could deliver they would be more likely to encourage other government departments on our platform overseas to sign up.
9. The Board asked Meg Williams and Tim Gardner to take three to four months to consult further within the organisation, to learn from the wealth of experience that existed in the private sector and to fine tune the broad principles that would shape the development of future corporate services models. Rudy Markham and Julia Bond agreed to assist this process. Meg and Tim should return to the Board after the summer with a detailed and costed proposal for the next phase of corporate services provision, setting out the financial and non financial benefits and the risks associated with a) building regional centres of excellence and b) moving transaction processing into corporate services centres. This should be aligned with the Consular Directorate Contact Centre model, with the development of a replacement for PRISM and with the LE Staff Strategy. It should also take account of any lessons learned from the creation of the Manila centre.

Finance Key Performance Report (KPR) for March and Update on Peacekeeping Budget and Conflict Pools.

10. The Board reviewed the KPR and noted the estimated financial outturn for Financial Year (FY) 2011/12. The expected total admin / programme underspend was £13.8m, £6.8m of which came from the Conflict Prevention Budget which could be rolled forward into the next FY. The estimated capital underspend was £4.9m. Simon Fraser thanked Finance Directorate and the DG Cones for their collective efforts to deliver this outcome.
11. Rudy Markham commented that forecasting had improved. There were still some lessons to be learned, particularly around the reasons for relatively high spend during the final two months of the FY. But overall, the FCO was in good shape and he did not expect any surprises from the NAO audit of the Account in May.
12. Iain Walker confirmed that the KPR in May would update the board on any emerging issues and provide some analysis of spend patterns during the year.
13. The Board then had an introductory discussion on the FCO's management and use of conflict resources i.e. the Conflict Pool and Peacekeeping Budget. Board members agreed to review these complex tridepartmental budgets more regularly to satisfy themselves as to the governance arrangements; the interaction between the two budgets; and management of risk, in particular around foreign exchange. The first step would be to have a more detailed discussion of these budgets at Executive Committee before the summer. Consideration should be given as to whether, and in what way, conflict resources should be included in the Top Risk Register.
14. The Board recognised the excellent work being done by Multilateral Policy Directorate, working with DFID and the MoD to strengthen governance arrangements and on measuring impact. They agreed that the FCO could make better use of conflict resources, that more profile should be given to them and that coherence between the Pool, the Peacekeeping Budget and other FCO programmes should be improved. The Board asked for this issue to be included on the Strategic Policy Group's agenda.

Consular Services – a vision for 2016

15. Board members confirmed their support for the direction Charles Hay proposed for Consular Services during the period 2013 to 2016. The proposals matched the Board's ambition of less resource devoted to transactional work and more to where the FCO really added value. The Board welcomed the innovative approach Consular Directorate had taken; the introduction of contact centres to deal with high volume routine enquiries enabling front line consular staff to deal with the most vulnerable cases.; its use of Digital media and agreed that the rest of the

FCO should learn from Consular's success in these areas. They also recognised the challenge the Directorate faced in managing expectations as to the level of service consular staff should provide.

16. The Board asked Charles and his team to continue to develop the Consular Strategy for 2013 to 2016 for consideration by the Board in late 2012. The Strategy should include:

- A clear statement of the level and scope of provision of consular services. Simon Fraser asked Charles Hay to provide a proposal for him to discuss with Ministers;
- An assessment of any risks. Shan Morgan raised concerns from Heads of Mission about retaining sufficient numbers of consular staff at Posts to respond to crises. She also highlighted the reputational risk to FCO of the transfer of responsibility for issuing passports overseas to the Home Office;
- Details of the successor to LOCATE;
- A longer term forward plan for the Directorate's use of technology including the implications of and opportunities provided by developments in social media.

17. Board members noted that the Executive Committee would consider the issue of Consular Finance again in May and agreed that the problems with the existing finance model should be resolved quickly.

Quarterly Security Update – Assessment of the Espionage Threat

18. This quarter's review discussion focused on the espionage threat. Board members noted the intensity and complexity of the threat and voiced serious concern about the high number of security breaches by staff in the UK. They agreed the following actions:

- That Simon Fraser should issue a message to all staff drawing attention to the seriousness of the threat and calling for a tightening of security culture across the organisation. The message should include some recent statistics on numbers of breaches;
- That a smaller group of Board members should meet for a more in-depth discussion on security;
- That the Board review progress in September 2012.

Sub-Committee and Executive Committee Meetings

19. The chairs of the Management Board Sub Committees highlighted to Board members the main issues discussed during their March meetings. Board members noted the records of the April meetings of the Executive Committee.

Nicola Murray
Board Secretary
2/4/12

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