

## FCO Management Board Minutes, 26 October 2012

**Present:** Simon Fraser (chair), Julia Bond, Rudy Markham, Nick Baird, Alison Currie, Alex Ellis, Robert Hannigan, Shan Morgan, Menna Rawlings, Matthew Rycroft and Barbara Woodward

Apologies: Mark Sedwill

Also Present: Anna Clunes and Jon Duncan. For FCO Impact and Top Risks Register – Fiona Maxton and Lisa Bandari; for Finance KPR - Iain Walker, Geoff Nixon and Ann Pedder; for Quarterly Security Update – David Cairns, Andy Pearce and Nick Latta; and for Improving the FCO – Anwar Choudhury, David Meyer, Victoria Harrison and Alison Kemp.

### Summary

The FCO Management Board met on 26 October 2012. Board members discussed a trio of papers under the heading Improving the FCO. The first set out a vision for the FCO's IT in 2015; the second presented two options for delivery of a new Knowledge Excellence Programme; and the third provided an update on the work, led by Anwar Choudhury, to reduce bureaucracy and streamline FCO processes. Board members reviewed the Finance Key Performance Report for September 12 and discussed the outcome of the Quarter Two review. They received the first quarterly progress update from Corporate Procurement Group. Also on the agenda were: the quarterly review of FCO Security Key Performance Indicators on protecting staff, buildings and information; the monthly FCO priorities Dashboard and the summary of the Top Risk Register. The Board also noted decisions taken and issues considered by the Board's Sub Committees during October 2012.

### Action Points

To include in the Board's Forward Agenda a more substantive discussion of capital disposals and asset recycling. **Action: Board Secretariat with ESD and Finance Directorate**

To draft a follow up message from the PUS to all staff on security breaches. **Action: ESD with Communications and Engagement Department**

To revise the FCO IT Vision 2015 to reflect feedback from Board members; to develop the Terms of Reference for the new IT Customer Board; and to communicate both to staff. **Action: I&TD with IFCO team**

To develop a more detailed business case for the Knowledge Excellence programme pilot for consideration by Executive Committee in November 12. **Action: IFCO team with input from I&TD and Corporate Procurement Group**

To develop a proposal for a new e-diplomacy unit for consideration by Executive Committee in November. Action: **IFCO team and I&TD.**

## **Detail**

### **Key Events, Impact Monitoring and Top Risks Register Summary**

1. Board members reviewed key events and the FCO Priorities Dashboard for October 2012. Board members highlighted: growing concerns over Syria and the spill over of the conflict into Lebanon; the difficult domestic politics around EU issues currently; and pressures on the UK / US relationship including the McKinnon case. Golden Fort, a complex crisis management exercise, had tested the new Crisis centre and the FCO crisis command structure. Nick Baird updated the Board on GDP figures and on UK exports. He mentioned Lord Green's campaign to build the capacity of local chambers of commerce in 20 key countries and the inclusion of a macro target for inward investment in the Government's Autumn Statement. Matthew Rycroft reviewed the Board's progress against the objectives Board members set themselves around improving engagement with staff; better implementation of decisions; on FCO IT; performance management and on more creative policy making. He commented on the positive feedback the FCO had received from the Foreign Secretary and from Jeremy Heywood during the Senior Leadership Forum meeting earlier this month.
2. The Board discussed the FCO's strategic and tactical impact against the 18 priority outcomes. Board members also reviewed cumulative impact scores from May 2012, which indicated that the FCO had been particularly effective in the areas of Conflict Prevention and Counter Terrorism. Media interest continued to be targeted on Europe, Afghanistan and Consular issues while Parliament had focused predominantly on security issues.
3. The Board reviewed the Top Risk Register Summary alongside the Priorities Dashboard and noted that the FCO was having little direct national impact on big issues like Syria or the Middle East Peace process but that there were a range of second order issues on which the UK could and was making a difference.
4. Alex Ellis confirmed that the cumulative data from the Priorities Dashboard would be used during the mid year business planning review and that, in the long run, this data would inform decisions by the Board to reduce or remove FCO resource from lower impact activity. Simon Fraser asked Alex to ensure that the Dashboard did not become too London – centric. Board members agreed that at the mid-year review point, they should start to consider new outcomes for next year, discussing this with Directors and then with the Foreign Secretary.

## **Finance Key Performance Report (KPR) and Quarter Two Review**

5. The Board reviewed the FCO's budgetary forecast following the detailed quarter 2 review process and agreed that the FCO was currently on a sensible but tight course, profiling an underpend but making provision for a number of potentially large financial risks around LE pensions and litigation. Board members considered the point at which these risks became certainties and should be moved from the Finance risk register into the forecast. These were hard calls to make and could result in a larger underspend should the risks fail to materialise but as HM Treasury had made it clear that an overspend was unacceptable, the Board had to ensure adequate contingency.
6. Board members also reviewed progress towards the £100m savings targets and raised concerns about the low spend to date of the £40m Strategic Reprioritisation Programme. Directorates were still profiling full spend by the end of the year. Was this realistic? Board members asked whether some of this funding could be invested in the Knowledge Excellence programme or to bolster the FCO's IT more generally.
7. Board members agreed that they should discuss in more detail the FCO's capital disposals and asset recycling programme. They asked for more information on Finance Directorate's work to track differential inflation and to absorb inflationary pressures into FCO financial planning. Iain Walker agreed to circulate a recent paper on this.

## **Corporate Procurement Group (CPG) Quarterly Review**

8. Ann Pedder presented the first quarterly Board level review of Corporate Procurement, updating the Board on the work of the CPG and highlighting key procurements.
9. Board members welcomed this increased focus on procurement. Simon Fraser urged individual board members to play their part in supporting the work Ann and her team were doing and in developing senior level relationships with the FCO's major suppliers as Executive Committee had agreed in June 2012. Board members also welcomed the work CPG was doing to raise awareness at Director level of ongoing and potential procurements in their regions.
10. Rudy Markham and Julia Bond asked for separate briefing from Ann and her team and recommended that the quarterly report to the Management Board should include details of any contracts coming up for reprocurement.

## **Quarterly Security Update**

11. Andy Pearce and Nick Latta presented the quarterly security update and highlighted particular concerns including the spike in civil unrest in August and September over the US video. The Board thanked ESD for their response to this challenging security threat across the FCO network.
12. The Board then discussed the increase in security breaches across the network over the quarter and questioned whether the existing points system was a sufficient deterrent. Board members agreed that HoMs, Directors and Heads of Department should be held accountable for the performance of their teams and should take responsibility for clamping down on poor security practices. They asked ESD to consider identifying the best and worst performing Posts and Directorates. This data could be fed into the business planning mid-year review process as another performance indicator. This was not just about naming and shaming but also about offering support to the worst performing Posts and Directorates.
13. Simon Fraser agreed to send another message to staff, expressing his disappointment in the increased number of breaches; explaining the work that had already been done to simplify and reduce the number of rules in this area; and stating explicitly that managers would be held to account for the performance of their posts, departments or directorates.

## **Improving the FCO (IFCO)**

14. Matthew Rycroft introduced a trio of interlinked papers on: FCO IT Vision 2015; Delivering Knowledge Excellence; and Reducing Bureaucracy and Streamlining Processes.
  - i) FCO IT Vision 2015
15. The aim of this paper was to ask the Board to take a step back from the practicalities and realities of the FCO's existing IT and consider i) whether the vision set out in the "Day in the Life" section depicted the IT functions and capability the FCO should be aiming to deliver; ii) whether current levels of investment in IT were sufficient to deliver this vision; and iii) the role the Board and the proposed IT Customer Board should play in delivering it. The Board also considered how to achieve a balance between functionality and security within the FCO's IT capability.
16. Board members agreed that the Day in the Life device was an effective way to describe the future IT capability. The vision was welcome, but there were concerns that as currently drafted it could raise unrealistic expectations or appear a little simplistic. They agreed that the FCO's vision for its future IT should be

aspirational and credible and should be driven by the business and our needs. The vision should be amended in light of the Board's discussion and then circulated to staff.

17. Board members agreed that the Board should take responsibility for setting out this vision but, in doing so, should be informed, educated and supported by the new IT Customer Board proposed in the paper. This new Board could help with the security vs. functionality debate and assist the Management Board in its prioritisation of resources and assessment of value for money. Board members asked ITD to review the terms of reference for the Customer Board and agree its membership.
18. The Senior Leadership Forum met on 16 October and had discussed the IT Vision paper. They had asked David Meyer, the FCO's Chief Information Officer, to consider how he would invest additional funding, were it to be available. David set out to the Board his priorities within three price ranges: £5m; £10m to £15m; and up to £25m. He stated that his focus would be on improving reliability and, at the top end of the scale, on tackling electricity supply issues across the network.
19. Board members agreed that they did not yet have sufficient data to take decisions on the right balance of investment between maintaining and improving existing systems and developing future capabilities. They recognised that a number of projects already under way, were designed to do both. They asked for further information on the costs around the delivery of the vision; the interdependencies with ongoing IT projects and any trade-offs that would be required. They were supportive of finding more resources for I&TD to deliver the right level of investment in our IT. In addition, they were interested in the proposal to create a delivery unit, separate to ITD, with the remit to focus not on operational issues and delivering existing programmes, but on meeting future customer demands. The Board agreed that Executive Committee should look in more detail at the role and responsibilities of this new unit.
20. Board members discussed the challenge of balancing the desire for the vision set out in the paper with the FCO's security requirements. Out in the network, some staff, particularly those with an outward customer function, already operated two separate IT systems. When out on the road they used their own personal, and therefore unclassified, IT devices for mobility and easy access to social media. They then returned to the office to use Restricted Firecrest. Should the Board accept this or should it consider standardising this approach by creating a universal, unclassified tier? The impact of the central Government led changes to existing protective markings also had to be taken into account. Board members agreed to consider in more detail, the balance between security and functionality at their Away Day in November.

ii) Delivering Knowledge Excellence

21. Board members then discussed the FCO's Knowledge Excellence programme, set up in response to the 2011 Capability Review, which had identified weaknesses in the FCO's knowledge and information management capabilities. The programme was designed to: meet the FCO's knowledge management capability requirements; respond to staff demand for better tools; replace iRecords with a more effective and user friendly records management system; and address the urgent need to replace FCO Net.
22. Board members were enthusiastic about the work the IFCO team had done to capture business requirements, on the design and on development of proof of concept. The vision for the programme, as presented in the demonstration video, was very compelling and reflected what staff wanted. They agreed that the Knowledge Excellence programme had to be positioned within the IT vision they had just discussed. They commented that they did not yet understand the links between this programme and other programmes of work including the new Enterprise Resource Planning System. They asked if OGDs on the FCO's platform overseas would be able to access and make use of the facilities the new programme offered.
23. Board members then discussed delivery of the programme. They agreed that by May/June 2013 the following should be delivered: an improved web browser; a new platform on which to host FCO Net and the Extranet; a replacement for the FCO Directory; and a new intranet/extranet and people search facility. They then noted the divergence of views between I&TD and the IFCO team on the next phase of the programme. I&TD advised pausing before moving the second stage of the roll out - full Sharepoint 2013 functionality – to accommodate the reprocurement of Firecrest desktop and the new SMI function. Full roll out would be achieved by March 2015. The IFCO team proposed moving ahead with a pilot of the Knowledge Excellence solution through the FCO Services Government Cloud by March 2013, in parallel with delivery of the intranet, extranet and search facilities, with full rollout completed by December 2013.
24. Board members were not able, at this stage, to decide definitively between option 1 and option 2. They raised concerns about the timescale for option 1 and asked whether it could be speeded up. They recognised the challenges involved in co-ordinating this work with the complex Firecrest re-procurement process already under way. They liked the pace and ambition of option 2 but noted David Meyer's concerns about possible impact on the FCO's existing IT infrastructure. They agreed in principle to go ahead with the proposed pilot and asked the IFCO team to develop a more detailed business case for consideration at the next Executive Committee meeting.

iii) Reducing Bureaucracy and Streamlining Processes – Progress Update

25. In May 2012, in response to staff concerns about overstretch, the Board commissioned Anwar Choudhury to identify inefficient bureaucratic processes and to look for ways to eliminate, reduce or streamline them. Anwar updated the Board on progress and on the findings from consultations with staff.
26. The Board endorsed the findings of the review and agreed that the IFCO team should continue to focus on the ten areas that offered the most scope for reducing bureaucracy: HR – appraisals, recruitment and guidance; IT processes and capability; briefings for ministers and officials; PRISM process and capability; Expenses; Travel Package; Business Planning; Activity Recording; Financial processes; and Security.
27. The Board noted that work to improve processes in many of these areas was already underway and agreed that the IFCO team should continue to offer support and challenge to the process owners. The IFCO team would present a full set of recommendations to the Board in January 2013. The Board agreed that the Strategic Policy Group should discuss in November the outcome of the policy DGs' reviews of overstretch in policy work.
28. Although Board members did not support the proposal to create a Charter as a tool for staff to challenge bureaucratic processes, they agreed with the philosophy behind it. There should be more of a relationship between the process owners and the customers and staff should feel able to challenge processes.

**Sub-Committee and Executive Committee Meetings and Board Action Points Log.**

29. The Board noted the minutes from meetings of the HR and Operations Committees during October.

Nicola Murray  
Board Secretary  
29/10/12