UPDATE ON FCO MANAGEMENT ISSUES: OCTOBER – DECEMBER 2016

Following my separate letter of 2 December updating you on Diplomacy 20:20, all three strands of the programme – Expertise, Agility and Platform - have moved into delivery phase. In order to ensure transparency and oversight of the programme we have relaunched our Staff Engagement Committee, now known as the Sounding Board. It held its first meeting in December and draws representatives from all Bands, Local Staff, Specialists and Staff Associations.

Also in the last quarter the MOU on the use of the One HMG Overseas platform was signed by 30 partners – including the FCO – and is now in force. This codifies the role of Heads of Mission and their authorities and provides the framework for the delivery of a platform for the rest of the Spending Round. It introduces a fairer and more transparent charging mechanism, with clearer service levels and governance. It is the result of 18 months of extensive cross-Whitehall collaboration.

People

The FCO Management board agreed a new Workforce Strategy in December 2016. It provides the strategic framework for the FCO workforce between now and 2020, setting out how we will recruit, manage and develop all our staff, both UK-based and local. Implementation of the Strategy will align with work under the three pillars of Diplomacy 20:20.

As part of Diplomacy 20:20, we have been working on changes to our internal appointments system with a view to reducing churn and better matching skills to roles. We will engage with staff further on these proposals in the coming quarter. We are also looking at the structure, size and shape of the FCO, in the UK and
overseas, particularly in light of the vote to leave the EU. Following the machinery of government changes the FCO loaned positions and funding for 37 policy and research roles to the Department for Exiting the EU (DExEU). The FCO has also loaned two Ministerial Private Secretaries and five Legal Advisers to DExEU. The UK's Representative to the EU (UKRep) now reports jointly to the FCO and the DExEU, and UKRep remains on the FCO's platform with FCO staff at UKRep remaining on FCO Terms and Conditions. DExEU, UKRep and our Europe Directorate are developing a Memorandum of Understanding setting out how joint reporting will work in practice. The FCO is working with DIT and DExEU on the implications for the terms and conditions of FCO staff working in those departments.

Following the Referendum we reviewed the size and shape of our Europe network. This led to some upgrading of jobs in Europe, and some reinforcement of our bilateral posts. Seven of our Ambassadorial posts had been at D7 level, so beneath the senior management structure; all seven have now been upgraded to SMS1 (Slovakia, Slovenia, Latvia, Lithuania, Estonia, Malta, Luxembourg). This ensures that all of our Ambassadors in EU Member States are at the senior management level reflecting the importance of these relationships. This is about enhancing bilateral relationships rather than preparing for Brexit negotiations. We are also reinforcing posts, a number of which had become very small indeed. We have posted 16 extra people, mostly on migration issues, and identified a further 34 slots, which we will post in the next period, focused on political and lobbying priorities, and also on some corporate support, in order to release the time of the ambassador and the DHM to focus on political work and senior lobbying.

More widely, we are focussed on reviewing our structure, size and shape to ensure we have the right capacity and capability in place to meet our Diplomacy 20:20 goals.

Following agreement with the Treasury, this year’s pay settlement for UK staff delivered an average 1.4% increase in base pay. We are now discussing proposals for wider pay reform. The independent Civil Service Employee Policy report found that FCO median salaries at middle management grades were 10 - 22% behind key Whitehall comparators operating internationally. SMS salaries are also around 10% behind Whitehall medians according to Cabinet Office data to the Senior Salaries Review Body (SSRB). In the second half of 2016 we conducted a global review of our Local Staff pay offer against local market pay, the review highlighted a number of countries where Local Staff pay is significantly below the middle of the market, which is our One HMG Overseas common aspiration to be a mid market employer. In response, we are working with One HMG Partners to agree a Local Staff Pay Framework to help address this gap, especially where we are also seeing significant recruitment and retention issues. The aim of the framework is to deliver increased flexibility to compensate for specialist roles where needed, meet different operational requirements whilst maintaining consistency with the overall Civil Service approach to pay.

On language capability improvement, as at December 2016 target level attainment (TLA – which reflects passing the relevant exam at the right level) across FCO Posts had increased to 49% (from 39% in December 2015). We continue to encourage officers in speaker slots, including through the performance management process, to take action if they have not reached their TLA. I wrote to those Heads of Mission who are not yet at their target level at the beginning of December to encourage them
to continue developing their language skills, including by sitting the appropriate exam.

We have made mixed progress towards our 2019 SMS targets of 39% women, 7% Black and Minority Ethnic (BAME), 7% Disabled and 6% LGBT. Our progress on gender and LGBT stalled in the latter half of 2016, as of 31 December 2016 the SMS was 30.7% female and 4.3% LGBT (a drop in the past year). However, for the first time ever we reached 5% of the SMS being from BAME backgrounds. Some 8.2% of SMS have a disability, the demographic where we are performing best. In October, we launched our newest staff association, Foreground, on social mobility, and we are now waiting for the final metrics from the Cabinet Office to measure the socio-economic background of all staff. We achieved Level Two on the new Civil Service ‘disability confident’ scheme and received silver accreditation with the Business Disability Forum, making us the top-ranked government department. In November, Staff Survey results showed an increase in our BHD scores and a shift upwards in our highest scores for posts/depts. Christian Turner, Board Champion for tackling BHD, will write to each Ambassador with tailored advice. We also held our first new training session for First Response Officers in London to positive feedback, paving the way for the future rollout overseas.

Network

Estates

Our UK Estates Reform project is finished, with the final phase being the removal of the temporary accommodation units from the courtyard. We responded quickly to request for space from the Department for International Trade, accommodating 120 of them – including the Ministerial and Senior Official teams – as of September. This means that the FCO estate in London is now consolidated in one building, saving £5m per year, and with DIT’s arrival we have increased our occupancy of the King Charles Street office by 30% in the last five years.

Our other major project, the construction of our new High Commission in Abuja, continues to make good progress. The main contractor has completed the building and FCOS is preparing to carry out the technical fit-out. The completion date may be affected by the closure of the airport in Abuja for six weeks; we’re putting in place mitigations around that and the occupation date remains May/early June this year.

We continue to make sales and use the proceeds to fund our activity, including the fit out of our new Embassy in Budapest and the refurbishment of our offices in The Hague after a major fire – both of which are now almost complete. We are still considering our options for the future of the Bangkok compound, which is a large and valuable piece of land. We and DExEU are assessing any potential changes required to the platform in Europe in light of the staffing changes I refer to above. We are exploring around 25 new co-location possibilities with like-minded governments where it promotes co-operation and makes financial sense. Across 22 locations we are co-located with eight different countries and the EEAS. The Australian mission in Wellington is kindly hosting our High Commission following earthquake damage to our own building in November.
Security

Terrorist attacks during the last quarter of 2016 included a grenade attack near the French Embassy in Athens, Greece; a massive VBIED attack against the German Consulate in Mazar-e-Sharif in Afghanistan; and a BBIED attack against Bagram airfield in November, the latter two of which have led us to review further our own security arrangements in Afghanistan. Threats towards Europe increased towards the end of the year in the run-up to Christmas and the New Year culminating in the lorry attack in Berlin against the Christmas market. States of Emergency have also continued in France, Tunisia and Turkey. In parallel with changes to Travel Advice, advising against travel to DRC ahead of the 19 December end of President Kabila’s term of office, we temporarily drew down to a small core of staff in Kinshasa, although this passed off largely without incident and the Embassy is now back to full strength.

Turkey continued to suffer serious attacks from both Daesh and the PKK, including a rocket attack on the outskirts of Antalya in October, a bomb near the Governor’s office in Adana in November, and the car bomb near the football stadium in Istanbul and assassination of the Russian Ambassador in Ankara in December. Throughout we continued to review our security posture in country and the protection we provide to staff; a number of actions to harden our physical security have been taken and are ongoing. As always, we keep our security posture and mitigations against all forms of threat - in particular terrorism, but also law and order - under constant review across the FCO platform.

IT

Delivery of our Tech Overhaul Programme has stepped up another gear and is a key element in the Platform strand of Diplomacy 20:20. 4,000 smartphones have been deployed in the UK and overseas, replacing our aging blackberries and bringing improved mobile functionality to FCO staff and One HMG colleagues working on the FCO platform. WiFi installation is complete in the UK and in 30 posts; already we’re seeing a positive impact in the way we and our cross-Whitehall partners can work in FCO buildings.

In addition to Tech Overhaul, we are taking forward a number of projects to upgrade and improve the integrity and security of our systems and our information. In the last quarter the Operations Committee agreed funding for a cyber forensic monitoring centre which will manage a broad range of IT and further enhance our ability to track leaks.

Your sincerely,

Simon McDonald