



Foreign and Commonwealth Office

Mr Crispin Blunt MP
Chair of the Foreign Affairs Committee
House of Commons
London
SW1A 0AA

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Sir Simon McDonald KCMG KCVO
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Dear Crispin,

UPDATE ON FCO MANAGEMENT ISSUES JULY-SEPTEMBER 2016

In my last update I said that we were re-orienting work on our Diplomacy 20:20 to support our Brexit work. Since then, we have appointed James Kariuki to be the Programme's Director. He has been working closely with the SROs for the 11 workstreams that support the three pillars of Diplomacy 20:20 (Expertise, Agile Organisation and World Class Platform) to develop plans and gather evidence in response to the 36 Future FCO report recommendations and to identify and implement early changes.

November is a key month for the FCO Board to take decisions on the programme. We took stock of Diplomacy 20:20 plans at our meeting at the start of the month and challenged the programme to show greater ambition in some areas and to take account of cross-cutting issues such as impact on our local staff. The Board will look again at the programme and what it plans to deliver on 29 November. We will communicate the detail of Diplomacy 20:20 to staff in early December. We will also engage our Whitehall partners, drawing on their input where they can add value and where they have particular interest.

People

Our new Workforce Strategy (to be finalised this month) will provide the strategic framework and direction of travel for the FCO workforce between now and 2020. Implementation will reflect changes to FCO staffing needs following the EU referendum result.

Following agreement with the Treasury, this year's pay settlement delivered an average 1.4% increase in base pay. We are now discussing proposals for wider pay reform as part of our work on Diplomacy 20:20.

Following the machinery of government changes the FCO transferred 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; we are developing a Memorandum of Understanding setting out how that will work in practice. UKREP remains on the FCO's platform and FCO staff at UKREP will remain on FCO terms and conditions.

The FCO has also provided accommodation for 50 colleagues from the Department of International Trade (DIT) including their Ministerial teams, PUS, Directors General and their private offices. The FCO is working with DIT and DExEU on the implications for the terms and conditions of FCO staff working in those Departments.

On language capability improvement, at September 2016 target level attainment (TLA – which reflects passing the relevant exam at the right level) across FCO Posts had increased to 48% (from 39% in December 2015). We are encouraging officers in speaker slots, including through the performance management process, to take action if they have not reached their TLA.

In the Diplomatic Academy the phased launch of Practitioner Level saw Consular and Crisis Management Faculty launch their curriculum in July, with three more of the twelve Academy Faculties (Economics & Prosperity, Understanding the UK, and Security, Defence and Intelligence) planned for November 2016. Four more Faculties plan to launch their Practitioner Level curricula by the end of this financial year and we continue to work closely with the newly created Trade Faculty to develop relevant, high quality learning resources for all those working internationally. At Foundation Level nearly 300 staff have registered to take the Foundation Level modular exams (August 2016) and a survey of posts and departments in June 2016 showed that 54% had had moderate to very high levels of engagement with Foundation Level in the previous year. In support of Diplomacy 20:20, a new Skills Statement is being developed, which will define the capability priorities for the FCO for the next 3-4 years. This will be underpinned by a new Skills Framework which will be used to assess levels of skill, knowledge and expertise.

Our Diversity & Inclusion work continues to focus on removing barriers for under-represented staff, particularly Black and Minority Ethnic staff. We have made good progress on our 12-point plan, notably working with the FCO's BAME Network on its re-launch; refreshing our University Road Show, targeted at BAME students and those from a low socio-economic background; and launching the second year of our internal BAME talent development programme. During this quarter our BME SMS percentage has nudged up by 0.1%, to 4.6% (the target for 2019 is 7%); progress is incremental but this is our highest percentage ever. In October, we launched our newest staff association, 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.

Network

One HMG overseas

Implementation of the new MOU has been delayed because of Machinery of Government changes. We plan to formally launch the MOU after the Autumn Statement.

A new cost sharing mechanism forms the basis of the new charging model. Costs are split between frontline staff from FCO and Partners, with charges calculated on a per capita, per post, basis. All Partners are charged the same rate for the same level of services. The mechanism will be fully implemented once baseline budget transfers between Departments are completed in the 2016-17 Supplementary Estimates (expected early 2017).

To strengthen the governance of the One HMG Network Board it is now underpinned by five sub-boards (International Estates & Security, International People, International Procurement, Finance and IT).

A separate bilateral agreement covering ad hoc in-country corporate services support for the new Public Health Rapid Support Team (RST) will be signed in November.

Estates

Our UK Estates Reform project is nearly finished. The temporary accommodation units in the courtyard are due to be removed in January.

The construction of our new High Commission in Abuja is making good progress. The contractor is due to complete the main building at the end of November and the fitout of the secure zones to commence in December. The building will be occupied in May 2017. We have made a number of sales including a section of the garden of the Residence in Singapore, which has provided us with the funding for some important projects, including the fitout of our new Embassy in Budapest and the refurbishment of our offices in The Hague after a major fire. We are considering options for the future of the Bangkok compound, which is a large and valuable piece of land.

We continue progress co-location with like-minded governments where it promotes co-operation and makes financial sense. We have 26 co-location arrangements in 23 locations.

Security

Security incidents related to terrorism have continued across the global network with Daesh claiming three attacks in July. The most notable, the attack in a Shia area of Baghdad, was the single most deadly attack in Baghdad since 2003 and killed over 300 people. The Daesh inspired lorry attack in Nice on Bastille Day killed 84 people and the first recorded Daesh attack in Kabul city killed 85.

The attempted coup in Turkey resulted in a state of emergency being announced by President Erdogan. Also in July our Embassy in South Sudan saw a drawdown to

essential staff only due to the deteriorating security situation when fighting broke out across Juba, and prior to a ceasefire coming into place. In August we saw multiple attacks in a number of tourist locations in Thailand including Bangkok, where the casualties included one British national. In September violence erupted following political protests in Kinshasa in the Democratic Republic of the Congo, which look likely to continue for several months. The attacks in the US (New York, New Jersey and Minnesota) and the closure of our Embassy in Ankara for one day for security reasons, reinforced the global nature of the challenges we face. A State of emergency continues in both France and Tunisia. As always, we continue to keep our security posture and mitigations against all forms of threat in particular terrorism under constant review, particularly in response to threat reporting.

Our security team has also been working with Knowledge and Technology colleagues to rollout, in advance of and alongside new smartphones and other devices, a campaign to help FCO staff work appropriately at the 'Official' classification.

Information Technology

Our focus remains on delivering a world-class global platform, now one of the core elements of Diplomacy 20:20, and the steady progress on the Tech Overhaul programme continues. In King Charles Street, the change improves the effectiveness of our staff, with upgraded audio-visual equipment in meeting rooms, a new room booking system live, Digital Communication screens and Wi-Fi installed throughout the building. A new learning management system has gone live (FCO-GLO) and we have just started issuing 4,000 smartphones to replace BlackBerrys. Our programme to roll out monitored Wi-Fi to overseas posts is progressing well with installations for 30 (of 50) Posts due to complete by December and the remainder by the end of this financial year. Specialised hardware to improve performance is also being deployed to Post servers. 2017 will be the main deployment year for the new laptops and desktops in the UK and overseas. Early pilots are underway, with the new devices and the functionality that comes with them being well received by staff. Following the successful UK launch of our record-keeping initiative Easyfile, it has now been launched overseas as well.

Your sincerely,


Simon McDonald