

Future FCO

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‘Stuff your diplomatic relations, what do you think they’re for?’

Winston Churchill

‘All cultural change is essentially technologically driven.’

William Gibson

‘When the facts change, I change my mind.’

attributed to JM Keynes

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1. Introduction

We face a century of huge global change. Disruption and automation will put many states, ideas and industries out of business and shift power away from governments. At its best, diplomacy has helped make previous transitions less violent. Where it has failed, less rapid change than we are experiencing now has led to conflict. We still need diplomats because the implications of diplomatic failure are more ominous than ever. Effective diplomacy is no luxury. It helps a nation survive and thrive.

But diplomacy itself is being disrupted at a time when it lacks resource, will and energy. What it represents—states, hierarchies, authority—is becoming weaker. And the challenges it confronts are becoming greater. Digital technology will empower rival sources of influence, make it harder to retain the trust of those we represent and create new scrutiny over what we do. It must also make government smaller, more accessible and fleet-footed.

Our predecessors adapted statecraft in response to previous waves of innovation—the wheel, language, the stirrup, the printing press, sea and air travel, the nation state, the telephone, 24/7 media. We need to innovate again, with creativity, purpose and vigour, but also hold firm to the strengths that have got us this far. The FCO has what it takes. A small, low budget, effective team of committed public servants working hard in the national interest. A global network that is the envy of most diplomatic services. A national brand high in the league table for two essential 21st century strengths: creativity and soft power. A modernised, responsive consular and crisis service. We are in the mix on the global issues that matter.

But we cannot be complacent. We must work

harder to be the go-to Whitehall department on international issues. Our structures must flex more quickly to meet Ministerial priorities. We must build more consistent expertise. Only a third of our diplomats are overseas. Our IT is often a hindrance. We should place more value on intelligent risk, execution, accountability and evaluation.

Diplomacy is harder in periods of austerity and introspection, when we no longer have enemies you can find on a map or kill in a Bond film. The FCO needs to reconnect with the magnetic sense of collective purpose that has characterised this vital organisation at its best. We help Britain succeed through a worldview formed of having viewed the world. We seek out opportunities and alliances that ensure Britain thrives in the global race and identify the threats to our security and prosperity.

So this review will focus on where we add value and cut back the obstacles that prevent us doing what we do best for the British people—diplomacy. Over two thirds of our staff, from Brussels to Bangalore, engaged. They asked for more purpose, innovation, flexibility, professionalism, calculated risk, confidence and autonomy; and fewer meetings, layers, departments, desks, paper trails and calls to IT. We heard that we should be more

influential, our workforce structures more agile and our people more expert and better valued. To do so, we must shift from a culture that prioritises competences, hierarchy and process to one based on skills, networks and real world outcomes.

We have designed the report to meet those aspirations, under a renewed mission: a stronger Britain in a world of greater security, prosperity and opportunity. We recommend ‘why’, ‘where’ and ‘what’ change is necessary. But much of the ‘how’ is left open. The FCO must reform itself.

This is the first post-internet review of the FCO. But we are not only dealing with new issues. An 1856 review moved the Cabinet from the Foreign Office to No 10. A 1914 Royal Commission set out to recruit more diverse people, expand commercial work and reform consular services. A 1943 White Paper aimed to reduce the FCO bureaucracy that so frustrated Churchill. Plowden (1964), Duncan (1969) and Future FCO Report 4 Berrill (1977) modernised in line with Britain’s changing status, and new communications. Recent campaigns have sought a ‘Better World, Better Britain’ and ‘Diplomatic Excellence’.

Our review is about making the FCO more efficient and more effective. It is consistent

with FCO history and core values and builds on previous work. FCO staff are part of something extraordinary and it is the responsibility of all of us to nurture this and pass it on. The maps and chaps on the walls of King Charles Street remind us of buccaneering predecessors who set out to promote Britain's interests and values. Many were creatures of their time, and not all would thrive amid more exacting modern management structures. We should know their stories, because they are our stories. But we should also decorate our walls with more recent pioneer diplomats—the first women and minority ambassadors; the local staff who keep embassies running when events force UK colleagues to flee; the consular staff who rescue our people in the most difficult of circumstances. And we should recruit, develop and unleash the 21st century diplomats whose portraits will inspire others in the future.

In the Digital Age we don't need less diplomacy, just better diplomacy. And if British diplomacy did not exist, we would need to invent it. But first we need to free the FCO.

—Tom Fletcher, 31 March 2016

Network



The FCO network has: **267** posts in **168** countries & territories and **9** multilateral organisations



We serve the whole of government, providing a global platform for over:

26 other government departments & **6,300** of their staff



Our global diplomatic network is the same size as **France's**



but we operate with **fewer staff**



and at **75% of their cost**

2. Executive Summary

This report was commissioned by the Permanent Under Secretary, following the outcome of the Spending Review, November 2015. Terms of Reference are at Annex A. They ask how the FCO can improve its internal working, policymaking and impact.

We have divided the report into three main sections: 'what we will do'; 'how we will do it' and 'who will do it'. We make 36 recommendations across these sections, applicable to all our staff, whether at home or in the network, UK based or locally engaged. The recommendations are summarised below and highlighted in bold in the main text.

Our five core propositions are that:

- > **Our staff and those we work with require a clearer sense of what the FCO does and why.** Our influence depends on this. We need to move more of our resource to generating change overseas which increases the UK's influence, prosperity and security. We should apply that test to all our work.
- > Both in London and overseas, **we require more flexible structures, to get the right people in the right place at the right time.** That means more project and campaign based working and more discretion for leaders to shift resources and shape their teams, within a culture that prioritises outcomes over process.
- > Delivering **greater impact means freeing up maximum resource for hard-hitting front-line diplomatic activity, of which programme spending is now a core part.** That means more empowered Heads of Mission who own the cross-government strategy for their host country and deliver for all of Whitehall. It requires professionalisation of our corporate functions and leadership of the overseas platform, under a new model which reduces inefficiencies and duplication. And it relies on robust data at the heart of our decision-making, underpinned by *much* better technology
- > We require **deeper expertise in both policy and professional skills**, which we should build through longer tours and a human resources system that incentivises individuals to focus on career strengths. We should focus on the new skills required to deliver prosperity and security by 2020 and beyond. We should import the expertise we do not have, and encourage more staff to spend time outside the FCO. We should place greater value on our experts and put them at the heart of policymaking.
- > We should **reset our rewards structure and workforce planning.** We should increase median pay and simplify benefits, based on a bold transformation plan which includes fewer layers, more variable pay within bands, a sharper focus on performance and a smaller, more diverse, higher performing and more flexible workforce.

3. Key Recommendations

What We Do

1. Reassert the FCO's role: to make Britain safer, more prosperous and more influential. We do this through our expertise and relationships.
2. Establish cross-government country or regional strategies for all sovereign Posts, covering all in-country activity, for which Heads of Mission are accountable.
3. Establish a new Data Director, with a mandate to ramp up the FCO's use of open source data and to drive a paradigm shift on knowledge management.
4. Drive the UK's soft power offer.
5. Accelerate work on digital diplomacy.
6. Make programme funding a central part of the FCO's policy approach. Bring funds under simplified structures in London and at Post.
7. Make a forthright offer to government partners on where we lead and where we advise; with London structures reshaped to deliver it.
8. Explore options to transfer day to day running of the overseas platform, while maintaining oversight and leadership.

How We Do It

Posture

9. Overhaul management information across the organisation to ensure that robust data drives resource allocation.
10. Provide additional policy resource for Heads of Mission in their vital first 100 days, and additional long-term corporate resource for overstretched Deputy Heads of Mission.
11. Continue regionalisation of finance and local staff pay, with Heads of Mission given flexibility on how to spend more of the savings.
12. Increase the proportion of the UK based workforce serving overseas.

Agility

13. Reduce from seven delegated grades to four.
14. Create Public Engagement hubs to drive higher standards and to reduce staff time spent on correspondence, parliamentary questions, briefing and freedom of information requests.
15. Roll out new IT devices and wifi connectivity across the networks, with increased investment in infrastructure.
16. Move to two security tiers, with 95% of our material unclassified and accessible from personal devices.

17. Shift to a more flexible, project based workforce, comprising at least 25% of each London directorate.

Expertise

18. Establish a skills framework alongside the competency framework, with appointments, progression and promotion built on a better balance of skills and competences.
19. Improve induction and training and increase tour lengths to deepen subject expertise.
20. Reboot the 'Desk Officer' as a 'Policy Officer', focussed on foreign policy and London networks rather than desk time.
21. Apply language requirements more strictly.
22. Professionalise the corporate functions and communications and establish a new professional programme cadre.
23. Reserve more senior roles for Research Analysts and other specialists, with different career paths and pay where necessary.
24. Broaden recruitment criteria and promote more active talent management to enhance diversity and skills.
25. Establish a new unit to deliver more targeted and better valued secondments in and out.

Who Does It

26. Simplify the postings process and allowance package, and review the current offer for partners.
27. Make the case for a smaller, better paid and transformed workforce.
28. Introduce a broadly defined job 'impact allowance' and more non-financial incentives for key jobs.
29. Provide careers advice for all individual officers.
30. Simplify procedures for recruitment, assessment and promotion. Allow all staff to apply for jobs at the band above in the delegated grades.
31. Abolish the home/diplomatic service divide.
32. Retain the assessment centre only for entry into senior management.
33. Stop the corporate pool in its current form, create a new system for staff between roles and adopt a more robust approach to dealing with staff that do not find new roles within a set timeframe.
34. Prioritise genuine action on under-performance, making it an explicit responsibility for Directors.
35. Promote diversity, including through more talent management, positive action pathways and greater use of flexible working.
36. Promote a better understanding of the FCO's history and inheritance. Commission a 'History of the FCO' which all staff receive on joining.

4. What We Will Do: Lead Britain's Global Effort With Impact and Influence

a) Our Purpose

1. Our consultations suggested that we need a clearer sense of the FCO's core purpose.
2. We work for a stronger and more influential Britain in a world of greater security and opportunity. We are essential to the delivery of all three National Security Objectives set out in the Strategic Defence and Security Review: protect our people; project our influence; and promote our prosperity. Within government, **our role is to make Britain safer, more prosperous and more influential. We do this through our expertise and relationships.** We make foreign policy, advise other government departments on the delivery of their priorities overseas and execute change through our network of Posts. On each of the SDSR objectives, the FCO has a unique role, which we believe should be set out as:
 - > Security: we are the arm of government that leads work overseas to keep the British people safe. Our consular service protects British people while they are abroad and informs them before they go. We lead the response to overseas crises. Our policy function in London develops the alliances and partnerships that protect the UK overseas and support our military operations; and it provides thought leadership on the most serious, cross-cutting threats to global

security. We build and defend the rules-based international system that acts as the bulwark of our national security. We own and advise on the key non-military tools which we use abroad to make the UK more secure. We build stability in fragile states through the Conflict Security and Stabilisation Fund.

- > Influence: we use our convening power to draw together the UK's soft power tools, from science, to education, to culture. We use the network to leverage those tools in support of our prosperity, security and values, including protection of human rights and individual freedoms. We deliver both long-term campaigns and short-term influencing. In London and across the network, we build the government's international relationships, with countries, with institutions, with businesses and with non-state actors.
- > Prosperity: we provide a flexible global network to deliver cross-government campaigns on the key issues of our time. Our Posts work to deliver changes to the host country's economic environment—from good governance and rule of law to structural reforms and market opening—which provide direct economic benefits to the UK. Our staff open the doors for UK business by knowing the right people and developing the best relationships. In housing the HMG Prosperity Fund, we

own Whitehall's most powerful financial and strategic toolkit for generating long-term economic change abroad.

b) World Class Heads of Mission

1. Our impact overseas and our policy leadership in Whitehall depend on strong Heads of Mission. They are the ultimate reference point for Ministers and senior contacts in London. Every Head of Mission should combine policy strength, leadership and management capacity, an understanding of the country; credibility with business; crisis leadership; programme management; and digital diplomacy. The Prime Minister is clear that Heads of Mission are responsible for all in-country activity. But they do not always have the necessary levers, and there is insufficient clarity over what their role entails.
2. Heads of Mission should be allowed to lead. To cement their influence in Whitehall and bring greater coherence and impact to our activity at Post, **there should be a single strategy for each country, developed with Whitehall colleagues, and signed off by cross-Whitehall regional boards.** In the case of small Posts, this could be done at regional level, where an economy of scale exists. All Post activity and business planning should be aligned to a country or

regional strategy and the Head of Mission should be the senior official held to account for delivering it. HoMs should set out their objectives for a tour to Ministers and Board after three months. They should then operate on the basis of ‘presumed competence’. Our assumption should be that Heads of Mission are drawn from senior management, unless there are compelling reasons otherwise.

3. **Our Heads of Mission should be resourced to deliver.** They should be given extra policy support at Post during their crucial first 100 days, typically a temporary deployment for a Band C officer. They must have a clear overview of all UK country activity and financial spend, clear line of sight of all HMG staff working at Post, and be the countersigning officer for all Whitehall leads. In a crisis situation, the working culture should make explicit that the Head of Mission assumes control over all staff. Within the resource envelope set by the regional hub or London, the Head of Mission should have maximum discretion over what positions and staff s/he needs and the flexibility to move staff between roles.
4. Britain’s ambassadors should represent the diversity of modern Britain. We have improved our diversity over the last ten years but we have more to do and we must commit to active career management for potential Heads of Mission from under-represented groups.

c) The Currency of Power in the Digital Age: Data

1. 90% of data was created in the last two years. Business has woken up to the transformational potential of Big Data. The FCO has not. The FCO is not yet in a position to ‘mine’ even its own internal data for insight, which means we miss important patterns and trends. Few senior diplomats have handovers, and—thanks to WikiLeaks and time pressures—we write down fewer of our insights in a way that our successors can use. We are a knowledge-based organisation. We need urgently to overhaul our knowledge management.
2. Diplomats must harvest and adapt the best innovations from elsewhere. Big Data will require us to reshape how we find and use information; how we deliver a service; and how we network and influence. By 2020 we should have open source intelligence tools that enable users across the network to analyse a wider range of data in smarter ways. We will also need to show that we have sufficient safeguards in place for the data that we need to collect. Our diplomats should be able to marry the privileged information that they obtain first hand with open-source analysis and the latest research on forecasting.
3. Data should make us better at discovering and delivering what our stakeholders want. Countries able to respond quickly to evolving customer expectations will give their businesses and tourist trade a distinct market advantage. Social media allows people unprecedented opportunities to share, compare and rate their experiences. An individual visiting a government website is not going to stay for long if it is clunky or standardised. We need to design public services in a way that serves the public. We will need to be more open and responsive and ensure that customer facing policies which we do not own (such as visas and passports) are fully integrated into our country strategies.
4. **We should establish a Data Director with a small team to drive innovation in all these areas and disseminate best practice to and from the network.**
5. Better management of our internal data would also help the FCO ensure that resources match our priorities, to understand staffing gaps, and to take better decisions. Internally, the FCO has relatively little data to guide the choice between competing policy priorities, and corporate decisions can be made on the basis of inaccurate or incomplete information: we lack accurate data on language speakers, on previous postings and on staff numbers. This means that we do not understand the true costs of inefficient processes and struggle

to measure productivity gains or to evaluate broader outcomes. **We should establish an urgent project to compile and reconcile accurate Management Information across the organisation. The Board should hold quarterly discussions on whether resources match strategic priorities.** A more data driven approach should also inform the financial planning process and better equip the FCO for future Spending Reviews.

6. The FCO's Prism support contracts finishes at the end of 2017/early 2018. Its replacement will be key to whether we grip management information and financial data in future. Every successful organisation needs good resource planning software. We have made an enormous investment in Prism over 15 years and, given our complex needs, we should be one of the leaders in Whitehall. But the current system is slow and clunky. A Cloud-based solution (Oracle now has its own 'Oracle Government Cloud' version) would improve speed and connectivity.

d) The Means of Influence in the Digital Age: Networks and Communication

1. Modern power depends on a smart combination of military, political, cultural and economic tools. British diplomacy

must make better use of British networks. The Prime Minister describes Britain as 'the smart-power superpower'. We need to work harder to ensure that this remains the case.

2. We should draw on the power of those who can best promote the national brand: business, science, the creative sector, Royals, sportspeople. We must do more to focus the instruments directly under HMG's control, and draw on the UK's wider soft power instruments, including the British Council, BBC, universities, Wilton Park, business and creative industries. **All embassies should have soft power strategies, built into their country plans, that harness the full spectrum of Britain's cultural and creative industries.**
3. Just 105 of our Heads of Mission and 12 Deputies use official Twitter accounts. More senior diplomatic staff at Post should build their social media profiles (not just Heads of Mission). We have the space. The UK is a creative powerhouse and our diplomats should be at the forefront of cultural activity in their host country. Effective networks require strong connections. Yet some diplomatic communication remains patchy, patronising or amateurish. Many diplomatic channels have embraced the shift to digital but are sharing too much—hourly updates on what the ambassador is doing, or retweets of every statement made by the ministry. The 24/7

news cycle destroys the ability to be strategic, exposes areas of weakness to opponents, and makes it harder to win attention. Influential communication takes more than flair with a Twitter handle or a YouTube channel. We need an army of diplomats using new digital tools in an authentic, engaging and purposeful way.

4. We are in the leading pack on digital diplomacy, and have already had some success stories—for example, countering Russian propaganda associated with Ukraine and Syria, the anti-ISIL effort and in promoting the Syria and Somalia conferences. But **we need a permanent cadre of digital professionals who can drive digital diplomacy across the network** and promote the FCO's role in HMG's new Transformation Strategy. Our content should make people lean forward.
5. We should use a wider spectrum of social media applications to be more open with the public about what we are trying to do, and how that impacts people's lives. Transparency safeguards relevance more than it threatens it. We should see media work as contributing to our wider purpose, not as an awkward distraction. We need to be in the arguments, constantly rethinking how to reach and influence the widest possible audience. Empty rhetoric and purposeless platitudes make diplomacy less connected to those it needs to engage. **The**

Communications Directorate should target key Posts and continue to drive better communication across the network.

e) Delivering Change in the Digital Age: Programmes

1. Cross-government overseas development spending will rise to £3.1bn by 2019-2020. The Conflict, Stability and Security Fund will reach £1.3 billion per year by 2020. The new cross-government Prosperity Fund has a first year budget of £60 million, which will rise to £350 million by 2018-19. The FCO's programme spend will grow by at least the same proportion as those funds, given our central role in delivering both funds and housing their secretariats. We need to **wire programme expertise through the FCO's DNA and frame programme as a core part of FCO policymaking and delivery.**
2. Programme is seen as high risk. This has contributed to a centralised and heavily layered approach to decision-making. The structures do not generate clear accountability and have trapped Posts in a quality assurance feedback loop which can grind progress on the ground to a halt. A Head of Mission may face at least eight separate funding tools through which to deliver three strategic objectives. Initiation or continuation of projects is driven by the objectives of the various funding streams rather than that project's value. This dilutes strategic direction and undermines policy coherence. It has also led to a tendency to micro-manage small amounts of funding and over-anticipate their results. If the FCO does not address these shortcomings, it faces serious reputational risk in a context of rising public scrutiny.
3. The FCO inhabits a unique and privileged space in the programme landscape. No other department can fuse country knowledge, policy capability and programme delivery in the way that we can. The vast majority of FCO programmes must be developed and delivered at Post. **An empowered Head of Mission should chair a single Post programme board, linked to one programme team, under one Whitehall process.** This would free Posts to set out predictable and coherent programmes, with robust problem analysis and policy consideration. It would reduce the lengthy back and forth with London that characterises the current approval process. The single HMG strategy for each country would be a guiding document agreed by all the relevant Whitehall departments at National Security Council (NSC), National Security Council sub-committee or Regional Cross-Whitehall Board, depending on the risk and/or opportunity involved. In cases where DFID in-country programme spend significantly outweighs FCO in-country programme spend, we would still expect the Head of Mission to integrate that engagement within a clear country strategy.
4. To reduce the tension between centralised oversight and delivery, **the FCO should unify governance structures, processes, and standards across both cross-Whitehall and FCO funds.** This is a necessary counterpart to increased programme coherence at Post. Those who generate programme ideas (whether at Post or in Whitehall) should be presented with one allocation process, based on one set of standards, with one suite of technical support and corporate functions. This would generate efficiencies without sacrificing scrutiny.
5. The FCO should also aim for maximum rationalisation of structures. We should aim to establish a single overarching secretariat for cross-government funds and a single FCO programme department. All funds controlled directly by the FCO should be unified into a single pot, administered collectively by that department. This would deliver a one-stop shop for all the data required by PUS as Chief Accounting Officer.
6. The FCO must overcome significant challenges on culture, structure and skills. Programme is still seen as administrative work, ancillary to policy. It will need senior leadership and

resource to promote programme management within the organisation, including by publicising the FCO's success stories.

7. The FCO has a recognised skills deficit for delivering programmes. We remain short of people with programme skills and experience, as well as commercial procurement expertise. There are multiple layers of skills required for programme delivery. Every diplomat will need to understand basic programme management. Senior staff and new heads of mission should know where and how it's worked and not worked before. **The FCO also requires a cadre of programme specialists and should consider an early recruitment drive to front-load the expertise we need now.** A Project Skills Strategy should address broader weaknesses in problem definition, design and planning, impact monitoring and evaluation.

f) Adding Real Value: Clarifying our Offer to HMG in London

1. The 2000 FCO 'Foresight' report described the 'coordination conundrum', resulting from the growing international agenda of other government departments. It argued that the FCO should seek to coordinate rather than direct and that our 'added value' came through our network of contacts, knowledge of other

countries, skill in negotiation and combination of national, regional and multilateral expertise. Sixteen years later, the FCO's value in London was questioned frequently by stakeholders during our consultation. The growth in scope of the Cabinet Office European and Global Issues Secretariat and the creation of the National Security Secretariat have increased central coordination, which we should welcome. The increase in Joint Units presents opportunities for greater Whitehall cohesion on international policy areas in the defence and security field but will require strong leadership to ensure FCO objectives are hardwired into policy development and delivery. We have a strong voice on thematic issues such as climate change, migration and the global macroeconomic environment, but our remit in London on these issues could be clearer.

2. We should reset our London offer. Some degree of ambiguity is unavoidable, given the likelihood that the Whitehall context will continue to change. But present levels of duplication are confusing and demotivating. **We should re-establish where the FCO can best add value to the rest of Government: as a department at the centre with a lead voice on all bilateral and multilateral relationships, including the UK's relationship with Europe.** Our unique selling point should be our understanding of other countries and

the multilateral system; our ability to make and deliver policy which exploits that understanding to increase the UK's security and prosperity and our ability to convene and deliver through the global network. We therefore recommend a new understanding with Whitehall, which sets out FCO ownership over country strategies, and support for other government departments on major thematic issues focused specifically on the network's analysis and role in delivery.

3. The FCO must always retain a leading voice on the biggest thematic international issues of the day, even if the lead lies elsewhere in Cabinet. It is also crucial that the FCO's organisational model allows it to respond when new issues emerge. However, the way in which we resource thematic issues is not sufficiently lean, nor consistent with activity elsewhere in Whitehall. **Aside from Joint Units, the FCO should neither seek to lead nor dedicate significant standing resource in London to thematic work. Non-security related thematic work from across the FCO should be brought under a single multilateral directorate,** merging the Multilateral Policy and Economic Diplomacy directorates.
4. The new multilateral directorate would not dedicate significant standing resource to policy areas where another Whitehall department leads and would maintain a large proportion of its staff as an internal campaign resource.

When required, the directorate would appoint senior figures, supported by small campaign teams to lead for the FCO on cross-cutting issues. It would house all thematic policy and tools (such as sanctions and global economic issues) and act as an advisory and delivery function for geographical departments and Whitehall. It would be the repository and centre of negotiating expertise within the FCO.

g) Delivering for HMG Overseas: Platform

1. The FCO delivers policy for the whole of government. The network needs to be configured in a way that balances this requirement with a Head of Mission's discretion to spot and exploit the UK's comparative advantage in that country. At the moment, too much of our overseas resource is dedicated to work that does not flow directly from the FCO's strategic priorities. As part of the rebooted country plans, **the FCO should give Heads of Mission as much discretion as possible to move resource from one priority to another and a central team in London should provide regular reports to the PUS on whether network activity recording matches our strategic priorities.**



Staff at Post should expect to move quickly between priorities and larger Posts should seek to establish internal project teams.

2. The FCO should provide the platform for HMG as the lead government department overseas. We should be the first department to operate in a country and the last to leave. In Posts where other government departments are present in significant size, such as Kabul or Dubai, our ownership of the platform is a critical part of our leadership. It is a core part of what we do and who we are as an organisation.
3. Our consultations across FCO staff, ministers and Whitehall stakeholders raised fundamental questions about our service delivery. Following DfID's consolidation, the FCO now provides a platform for over 6,000 staff from 29 government departments in more than half of our 268 Posts. A single platform for all government departments overseas should deliver efficiencies and enable more joined up working. We have already seen real benefits: the regionalisation of corporate services overseas saves £5.3m per year; and the FCO Healthcare overseas contract will save £200k per year.
4. One HMG has significantly increased the corporate burden at Posts. Deputy Heads of Mission referee disagreements about what the platform should deliver and the complex

system of services and providers make it difficult for other government departments to know where to turn. Corporate services teams are often composed of non-specialist staff and the level of service provided does not always meet expectations.

5. Platform delivery should not be the primary purpose of FCO staff. Frontline staff should be focused on delivering diplomatic objectives, with corporate services provision done by professionals. **The FCO should explore options by which to pass the day to day running of the platform to an intermediary body, owned by the FCO and retaining a clear reporting line to the Chief Operating Officer, Permanent Secretary and Foreign Secretary.** The DHM's role as the embassy's Chief Operating Officer should be more explicitly set out. But DHMs should no longer spend the majority of their time dealing with corporate issues.
6. Localisation has increased the impact of One HMG on Posts. For security reasons, there are jobs that local staff cannot do and some Posts have struggled to recruit corporate services staff. The result has been a significant upward drift of corporate work to DHMs and UK based staff. A different model for delivering the platform should reduce this in the long term but will not liberate our DHMs to get back to diplomacy in the short term. **We**

should retain A and B Band staff in about 40 high security Posts and consider where additional corporate services support could build resilience elsewhere in the network.

In each case, the FCO should consider whether additional resource at Post or within the hubs would provide the most efficient solution.

5. How We Will Do It: Posture, Agility and Expertise

a) Restructure the FCO: More Tooth, Less Tail; More Foreign, Less Office

1. Our response to the previous Spending Review included the successful delivery of £100m per year cuts to corporate functions, including by the establishment of eight regional hubs for human resources, finance and procurement, under the One HMG agenda. The regionalisation agenda should now be taken further.
2. Under increased central control from London, through the creation of a hub ‘owner’, the **regional hubs should take responsibility for all non-discretionary budgets and local staff paybill**. This would free up the front-line, while imposing more rigorous financial control from the centre. Posts would manage the budgets over which they have genuine discretion (representation, entertainment and training). Heads of Mission would have some discretion to tailor local staff pay strategy to local conditions, but the hubs would take on the detail.
3. We are a Ministry of *Foreign* Affairs. Our core purpose is to work overseas to increase the UK’s influence, prosperity and security. But only one third of our UK based staff are overseas and two thirds of our local staff

overseas are working on corporate issues. We should accelerate the drive for efficiencies across our corporate functions and put more resource into diplomatic work, both in London and overseas. **We should aim to use the resource released to deploy additional UK based staff overseas**, targeted to where the data tells us that extra resource would make the biggest difference or to bolster resilience at very small Posts.

4. The FCO needs to renew a war on ‘process’. We should urgently review the bureaucratic burden on Posts and seek to reconcile or simplify as many of the reporting requirements as possible.

b) Unchain the FCO: Cutting the Layers

1. Our influence and impact depend on the agility of our workforce. A better grasp of data should improve decisions. More discretion over resources for Directors and Heads of Mission should deliver more focused policy and more flexible missions. But we need to liberate our wider staff from process and hierarchy, in order to provide the bold and creative foreign policy advice that FCO Ministers and No.10 crave.

2. Our current grade structure prevents policy ownership and hampers productivity. There are 11 layers in the FCO from A1 to the PUS. There are 15% more C5 positions in 2015 than in 2010, and 30% more D7 positions. The average FCO manager manages two people, compared to the corporate average of six. There are unnecessary layers of clearance on policy, despite frequent edicts to reduce them. Our people work more creatively and efficiently when given more space in the hierarchy and greater ownership over their policy areas. Delaying will not provide a silver bullet—and it will carry risks for quality control—but if we are serious about changing a hierarchical culture it is the place to start.
3. **We recommend a simplified system of four simple tiers—A, B, C and D—across the policy functions.**
4. Under the new system, officers now at C5 and D7 would retain their current rate of pay, but no new positions would be created. As officers moved on, the Director, working with HR, would determine whether there was a case to retain de facto D7 / C5 level pay in that slot, through the means of an impact allowance. Each Director would be presented with an ‘impact pot’ and would have the choice of using that pot to incentivise other roles. The size of the pot for each directorate would be worked out in consultation with HR / finance,

What would each delegated grade do? (Illustrative only)

Band A: Administrative Assistants, Junior Personal Assistants

Band B: Senior Personal Assistants, Junior Desk Officers, Consular Case Officers, Ministerial Diary Secretaries

Band C: Desk Officers, Press Officers, Heads of Consular Teams, Deputy Heads of Section, Assistant Private Secretaries, Second Secretaries

Band D: Heads of Section, Senior Press Officers, Deputy Heads of Department, Private Secretaries, First Secretaries, and (with Additional Responsibility Allowance in smaller Posts) HoMs, Deputy Heads of Mission and Counsellors.

on the basis of a guiding framework. The allowance would be fixed to the job, not the individual. More detailed recommendations on variable pay are provided in the final chapter.

5. A1 and A2 grades should be merged into a single administrative cadre. Those who excelled at this grade would aim to move up to senior administrative jobs at Band B and, potentially, to policy or consular work in the future. But the office should be honest

with new recruits at these grades that they have been hired specifically into a support cadre, not a policy role. Band C would mostly become a policy training grade, with little if any management responsibility (eg consular would remain an exception). Band Ds would manage larger, flatter teams.

c) Free the FCO: Reducing Bulk Work

1. Policy desks cover correspondence, Parliamentary Questions, Freedom of Information requests, Data Protection Act requests and briefing. Sixteen administrative staff in Parliamentary Relations Department help with correspondence and PQs (mainly logging and chasing). Correspondence sucks up an extraordinary amount of FCO resource. There were 12000 items of Ministerial correspondence in 2014 and 8000 in 2015, plus many thousands more public letters and emails. There were 3257 Written PQs in the last complete Parliamentary session, and 235 FOI requests in Q4 of 2014.
2. This 'bulk work' takes up a vast amount of time in the delegated grades and was one of the most consistently cited causes of low morale in our consultations. In 2014, over 544 staff in London spent a portion of their

time processing, drafting and quality checking correspondence: the equivalent of 64 fulltime staff at a cost to the taxpayer of £1.8m. This is disproportionate for an organisation that aspires to real world outcomes. Over half (60%) of this correspondence was standard and need not have been handled at desk level. The correspondence could have been tackled efficiently by a full time team of 12.

3. **In 2015 the Board agreed to centralise the correspondence function of the two DGs which share the bulk of MP and public letters to the FCO. We recommend adding other 'bulk' items such as Parliamentary Questions, Freedom of Information requests, Data Protection Act requests and standard briefing; and creating a 'hub' in each DG.** These 'public engagement hubs' provide the necessary economies of scale to bring efficiencies while maintaining oversight from the policy desk to ensure quality, accuracy and accountability. Consular casework correspondence would be the exception and would continue to go to the desk officer concerned. A fully centralised unit would be too far removed from the policy desk, resulting in risks to quality or efficiency.
4. Hubs should be led by a Band D officer, supported by additional staff according to volume of work. One or two administrative staff in the current Parliamentary Relations

Department would be allocated to each hub to help with process management. Further data analysis would be needed to establish the resource each would need, based on levels of bulk work, but there should be fluidity between hubs at times of crisis or major mail campaigns.

5. New IT designed to track correspondence should be in place by Spring/Summer 2017. It would be preferable for the hubs to begin operation with this in place. Tech Overhaul should also allow greater sharing of documents, enabling nominated individuals in the hubs to produce a Wiki rolling country brief which private offices would draw on for background. For any visit or meeting, Private Office would only commission desks for 'points to make'.
6. The reformed structures should create greater fluidity within Directorates, which would aid recruitment into the hubs. Attracting talent to this work remains a risk. To mitigate this, staff would be able to extend their posting within a Directorate by time in the 'hub'; and some new entrants, Private Office staff and other staff prior to a posting in the region should spend a short period in the 'hub'. We would need to take the time and resource to train the hub members well. Training would include time with Private Offices, speechwriters, Communications Directorate. A relationship would be built between hub

leads and Private Offices to improve quality and accountability. Positions in the hub would be seen as important training roles.

d) Unleash the FCO: 21st Century Technology

1. Feedback has demonstrated immense frustration with our existing IT and impatience to see some tangible results from Tech Overhaul. Our current IT impedes our ability to deliver top class diplomacy for the UK. The FCO should be able to say that no diplomatic initiative will ever fail because of poor technology. We want our staff away from their desks, using state of the art devices and a range of off the shelf applications to help them engage and influence.
2. This Technology Overhaul must deliver that change. It cannot come soon enough. From Summer 2016, we expect to see wifi across the UK estate and network, new android smart-phones and lightweight laptops, faster and more reliable infrastructure via 'the cloud' and an array of new software.
3. Wherever they are, our people need quick access to all these services as fast as possible. But the FCO needs to do more now to address resilience and bandwidth. Working with faster hardware, Windows 10, Office 365 and the

Cloud should improve speed. However, our existing IT infrastructure is unlikely to have sufficient capacity or bandwidth to support the demands that the new technology will place on it. **We should target our IT infrastructure for further investment across London and the network.** We should also build resilience by finding workarounds and solutions for Posts in countries where the leased line, satellite link or local broadband internet connections are suboptimal.

4. The FCO needs to position itself to innovate as new technology becomes available. A small team of IT professional horizon scanners should be in place well before the contracts of our BAE contractors expire in 2018. Completion of Tech Overhaul should be the beginning of a process to liberate our staff through the use of technology rather than the end of it.
5. **95% of the work we do should be unclassified** (including work currently saved under both 'Official' and the Official Sensitive' caveat), and that must be recognised explicitly under the new system. The public can access any of that information under the Freedom of Information Act. We will need to get better at saving information to the higher tier where this is justified. We also need IT which makes working to the higher tier easier across the network, including countries where the security environment is challenging. Finally,

- we should consider further how security classifications can depreciate over time for papers of short-lived sensitivity (i.e. at the end of negotiations or an international conference).
6. We need a stronger 'Official' level video conferencing system that will give us greater flexibility to communicate with staff in the field and individuals outside the organisation. Tech Overhaul is offering 'Vidyo' but this is not widely used outside the FCO. We recommend that the FCO adopts 'Skype for Business'.
 7. Our ability to properly manage our contacts, events and stakeholders will be key to our success as a 21st century organisation. The lack of a Customer Relationship Management (CRM) system in the FCO is a glaring deficiency. We have explored working with other Whitehall departments, but our requirements are not always compatible. The FCO needs to take an early decision to develop its own CRM. Microsoft Dynamics may provide the best solution as this can be more readily integrated.
 8. Public expectations of service delivery have been transformed by technological change. Our offer must be faster, simpler and more intuitive. The FCO should develop an FCO app, initially to provide consular information and subsequently for staff to access the Intranet, Prism self-service and Learning Management.
 9. During major international conferences and negotiations, our staff increasingly communicate with each other using messaging apps such as WhatsApp. We should authorise appropriate messaging apps on our official smart phones, with appropriate guidance.
 10. The FCO needs to work more closely with One HMG partners in the development of future IT. We should explore the feasibility of a single One HMG overseas IT system, instead of each government department using incompatible IT systems. The use of Office 365 will be a start but we should consider the joint procurement of hardware and software and a Whitehall joint support unit.
 11. The Board has approved development of a new Records Management System, which will replace iRecords. Its roll-out will be a huge step forward for the FCO. Confronted with the complexity of saving records to iRecords or trying to retrieve records from the morass of information on the system, staff tend to do neither. Our inability to get easy access to our records reduces our effectiveness. We were better at handling our information in previous centuries. The new system will automate FCO recordkeeping but technology alone will not deliver the desired outcome. Everyone will have a responsibility to make sure all documents are clearly named by users to aid in their retrieval. An 'enterprise' search facility (a similar concept to Google search) will also enable users to search the Intranet and all documents in the Records centre.
 12. The FCO needs a first class Records Management system and a culture (supported by senior management) which promotes the importance of knowledge management. It will be vital that the new FCO system gives staff access not only to newly created data but also to an archive of data from the past. The FCO should engage with the Cabinet Office's Cross Government Records Management Project.
 13. By 2020 we will have recruited an increasing number of 'digital natives' (those who have never known a world without digital technology). Their skills will be vital in shaping our future and in training and equipping the rest of us. But all staff should be digitally fluent. We need to end the cult of the amateur ('I'm no good with technology'). IT training should be integrated into inductions and data, digital and IT skills should be acknowledged as core 2020 diplomatic skills (see below).
 14. We need to break our cultural dependency on email. We should reduce the number of emails substantially through the introduction of collaborative tools with the Microsoft Windows 365 suite and by categorising emails into 'action' and 'information'.

e) Focus the FCO: The Project Model

1. We do not shift through the gears quickly enough when new policy priorities emerge in London. This is due in part to the ‘stickiness’ of resource and the nature of fixed job descriptions. Consular and Crisis departments have already changed their structures and the creation of the Projects Task Force (PTF) in 2012 has delivered an effective and flexible resource at the centre. As a minimum, we should abolish slot codes for individual jobs. Flexibility should be the individual expectation and organisational norm. Flexibility should be the individual expectation and organisational norm.
2. **The FCO should move to a projectised system of ‘campaign teams’ to resource all significant foreign policy priorities, with a ‘campaign pool’ housed in each Directorate, comprising a minimum of 25% of that Directorate.** The teams would be staffed by a mix of experts, specialists and professionals (as defined in the following chapter) and could include team members from Post as well as London. All Directorates should develop organograms that merged London with Post in order to assist cross-team working where possible. Individuals would bid to join a Directorate campaign pool, on the

basis of their knowledge and/or professional skills (such as policy, communications, programme management and analysis).

3. Directors should provide **updates to the Board on what they are delivering through a Campaign Team on a quarterly basis, emulating the process by which the PTF recommends cross-office resource allocation to the PUS.** This would provide a mechanism to establish and check priorities. While resource would be fixed within directorates, campaign resource could be moved across Directorates and DGs based on discussion at the Board. Campaign teams would be run from London but Posts would expect to be virtual parts of the teams and would share their objectives. Directors would bring in seconded experts (such as Research Analysts or Legal Advisors) where necessary. The teams would normally report in to a senior ‘Head of Campaign’—who would be responsible and accountable to Ministers for progress. Campaigns would have specific, time limited and measurable objectives. Further detail on how campaign teams might be staffed and structured is at Annex B.

f) Enable the FCO: Core 2020 Diplomatic Skills

1. We live in an era of competitive expertise. When fewer people practiced diplomacy, there was a greater margin for amateurs. But the proliferation of diplomatic actors—state and non-state—and competing sources of information drive an urgent need to refine our skills base. The FCO is a knowledge based organisation but our present culture does not reflect that.
2. The skills mix required to deliver successful diplomacy is changing. In 2020 and beyond, we will need to retain and bolster our traditional strengths:
 - > geographical and multilateral expertise;
 - > languages;
 - > policy-making;
 - > networking, influencing and negotiating.
3. By 2020, the FCO will also need to build or strengthen the following skills:
 - > Programme;
 - > open source data;
 - > digital diplomacy;
 - > stabilisation and mediation, particularly in volatile and/or ungoverned space;

- > smarter use of cross-Whitehall resource, including financial, economic, diplomatic, intelligence and legal measures (as pioneered by the 'full spectrum' approach on security issues);
 - > working with business and non-state actors.
4. Not every diplomat will need to master each of these skills. But all non-specialists should understand the basics and develop expertise in a few. **The Diplomatic Academy should develop a 'skills framework' setting out the wider skills required by the organisation to 2020**, including more generic skills also required by the wider Civil Service. The framework should:
- > categorise skills according to Foundation/Practitioner/Expert level knowledge, rather than by grade;
 - > cover the full range of geographical, thematic and professional skills which the FCO requires and link to cross-Whitehall frameworks for non FCO specific skills;
 - > enable attainment in Diplomatic Academy modules, outside experience and on-the-job learning to be captured appropriately;
 - > enable officers' skills to be kept updated on management information systems.
- > specify what should be expected of officers at each level and how to evidence achievement and continuing professional development.
5. We continue to put a premium on the notion of 'widely deployable' staff but we crave deeper knowledge of countries, institutions and ideas. In the past, we resolved these tensions by recruiting and developing a mixture of generalists and specialists. We will continue to need both but the current balance favours the generalist while not sufficiently recognising the advantages that specialisation can bring.
 6. We should incentivise our generalist staff to develop career strengths. We should recognise 'professional' strengths in line with the Civil Service Professions; and 'geographic and thematic' strengths, which the Diplomatic Academy should set out. **Our staff should develop one 'professional' and at least one 'geographic/thematic' strength over the course of their careers.** Officers should aim to work in roles which build on those strengths. The FCO Board should prioritise an annual learning and development plan designed to focus our investment in our people to best serve the organisation's needs.
 7. Development of expertise is only loosely linked to appraisal outcomes. Professional development suffers as a result. At the

beginning of each tour, all non-specialist UK-based officers should identify which professional, geographic or thematic strengths they will build in that role. Non-specialist UK-based officers should be appointed a professional development manager removed from their day-to-day work and accredited by the Diplomatic Academy as an expert.

g) Enrich the FCO: Deeper Expertise

1. The need for expertise is not embedded in our system of rotating tours. There is no formal training margin at the beginning of a new role. Many roles rely on a short handover, at best, and on-the-job learning. The fast churn of staff in London is a barrier to being more expert and carrying greater weight in policy discussions in Whitehall.
2. **All staff entering new roles should be given an initial two-week training margin**, ideally overlapping with their predecessor, with additional learning elements in the first six to nine months set out at the beginning of their tour. These first two weeks would focus solely on improving expertise by providing time to consult key contacts and external specialists, read up on the subject matter and take courses, guided by their new line manager and HR.

3. This margin would need to be led from the top, by ambassadors and DGs visibly stepping out from the day-to-day before taking on new roles. It would have minor resource implications as other staff would cover some work for the initial phase of an officer's posting. But it would prove more effective than a system of officers slowly acquiring the basic building blocks of knowledge over a much longer time period.
4. There is a shopping list of initial training courses run regularly but uptake varies wildly. The range of training available at the start of roles should be reassessed, restructured and relaunched as a regular rolling programme. It should include practical training (Prism, expenses, security, etc.) and diplomatic basics (FCO structure and history, diplomatic social skills, economics, multilateralism, policy-making, etc.). At the start of each role both UK-based and local staff should be guided more directly to complete relevant modules. As much as possible the programme should be deliverable at Post.
 - > a 'break clause' at two years should the Director or HR judge that the officer would be better suited to a different home job. In most cases this would entail starting a 3 + 1 tour again;
 - > the choice of applying for an overseas post or other home job at 3 and 4 years;
 - > an optional step-up during the fourth year into more expert and/or responsible duties with clear recognition in subsequent appointment processes, if such duties are available within the Directorate;
 - > further annual extensions beyond four years should the Director agree;
 - > the option to apply for an overseas post in the region or thematic area overseen by their London Directorate during a home tour (thus short-touring), should the Director identify a business need.
5. In line with changing London Directorate structures, now split between campaigns teams and fixed roles, **all non-specialist home tours should be 3 + 1 years long.** At each decision point in an officer's tour a conversation should take place between the officer, their line management chain and their HR case manager. The options available to officers in delegated grades should include:
 6. **Officers should be allowed to apply for an advertised role at a higher grade in their current Directorate, even if this requires them to short-tour.** HR should consider if such a proposal could be extended to hard language Posts, in order to retain and develop expertise.
 7. While serving in London, officers should expect either to be a policy lead on a particular portfolio or to be part of the Directorate's Campaigns Team. They may move from one to the other in the course of a home tour at the Director's discretion. If an officer starts in a Directorate where they do not have relevant career strengths, they should expect to spend an initial period covering the Directorate's policy areas in the DG Public Engagement Hub. This would familiarise officers with the Directorate's policy areas before requiring them to deliver in policy roles, and incentivise officers to build career strengths and return to them regularly. Further detail on how longer tours would work in tandem with the campaigns teams model is at Annex C.
 8. Within the parameters of this system, the Policy Officer (formerly 'desk officer') should develop into a far less deskbound policy role. Each individual should function as a 'London diplomat'. Policy officers should prioritise forming **relationships with the key academics, think-tankers, commentators and diplomats in the UK who work on their areas.**
 9. The FCO compares well with similar Diplomatic Services on language investment. There are almost 700 speaker slots in the overseas network, of which 431 are in Priority 1 languages. However, the proportion of language speakers attaining their target level is too low (38%-39%). Staff should maintain and re-use their languages over the course of their career. **The FCO should be more**

exacting in requiring language exams to be passed and linguistic attainment levels maintained. For Speaker Slots, the skills/impact allowance should be contingent on passing the relevant exam, and language training time should be prioritised over short-term operational need. Despite the potential cost savings, the FCO should never lower its level of ambition on linguistic expertise. The extra cost of training staff to C1, rather than B1, in a language is insignificant compared to the advantage we gain.

h) Professionalise the FCO: Specialists

1. The FCO has two groups of specialists: those who aid policy formation and delivery and those who deliver corporate functions. Both add unique value that is not properly appreciated. **We should increase the proportion of specialists in our corporate functions** (HR, IT, Estates, Security, Knowledge and Technology, Knowledge Management, Finance, Internal Audit, procurement) **and also in communications on a roughly 80-20 model.** Rotational generalist slots should be replaced by specialists on non-rotational contracts as the positions become vacant.

Where the FCO can share its corporate functions with FCO Services or DFID without compromising on quality, we should do so.

2. A more expert FCO needs to be better attuned to the views of its specialists. Specialists must be more systematically involved in policy-making at all levels and Directors and Heads of Mission should consult specialists much more regularly. The FCO needs to recognise more explicitly that delivering high-impact policy requires time and resource from specialists as well as policy officers. When a policy area grows, the specialist resource supporting that area should grow too. The FCO should also enable greater pay flexibility and external recruitment processes to run concurrently with internal processes for those specialisms which require them.
3. The FCO has a history of mapping out career paths for UK-based generalists, but has avoided doing so for specialists, including locally-engaged specialists. We should be honest about the opportunities for progression and set clear expectations from the outset. However, where there is evidence that too much churn damages business needs, the FCO should either offer a better career path for that specialism, increase allowances for specialist expertise, or restructure the way that it uses that specialism.

4. **More senior roles should be reserved for specialists, particularly Research Analysts. They should include Research Counsellors in key Posts or SMS 2 Research Directors.** The FCO should recruit and/or train more economists as policy officers in order to raise the general economic literacy rate of the FCO and provide a wider network of distributed expertise that Directorates could draw on when pulling together campaign teams. In line with the rest of the FCO, Economics Unit should avoid replicating work done elsewhere and become more project-focused so that it can deploy the majority of its resources flexibly both within the Unit and into campaign teams in other Directorates. The remaining resource should focus on longer-term economic issues and on maintaining stronger links with economists in policy roles throughout the FCO, including overseeing their continuing professional development.

i) Replenish the FCO: Skills and Recruitment

1. Internal recruitment is based on the competence framework. This does not allow sufficient consideration of skills and expertise. **Job specifications should identify competences and**

skills against which candidates will be assessed, with the individual weighting decided by the Hiring Manager.

2. It is vital that the FCO makes the most of the external recruitment options available, including by challenging the recruitment freeze when operationally necessary. We interview the top 75 interested Fast Stream candidates a year, ignoring the other 150-200 interested candidates who have passed the main Civil Service Fast Stream exams, some of whom have skills which we lack and need. **We should consider competency and skills based criteria when deciding who to interview for Fast Stream places**, whilst maintaining a focus on increasing diversity. The precise criteria might vary year on year depending on business needs.
3. The Fast Stream programme should be geared to ensure that each officer gains a sufficiently wide range of experience during the initial two years. A 6-month rotation model is unlikely to succeed, but the specialisation of corporate functions offers an opportunity to reconfigure the programme. It should include a rotation of projects within a policy Directorate for a year, then either a Temporary Deployment overseas (eg three months providing policy support to a new HoM), a year in Private Office or a professional role

other than policy. It should also ideally include a short-term consular, visit, programme delivery or crisis management deployment.

j) Reinvigorate the FCO: Interchange and Secondment

1. The FCO is bad at valuing expertise acquired outside the organisation and worse at using it. At the moment there are only 90 UK-based FCO staff believed to be working outside Whitehall and the European External Action Service—around 2% of our UK-based staff. We need to be more strategic about how we promote and manage these opportunities, particularly by improving our management of the relevant data. We should be able to find out who is working where or has past experience in an external organisation through a new and easily accessible database. There are only three people seconded into the FCO in London from organisations outside Whitehall. There is a Cabinet Office-run secondments scheme targeted mainly at the Home Civil Service, but FCO staff tend to find that receiving organisations are unsure how best to use them.
2. Career paths should be more fluid, for both our local and UK-based staff. As far as possible we should encourage movement in and out of the organisation to keep both our skills and

perspectives fresh, to tap into a wider talent pool and to increase our agility and resilience. Secondments, interchange and inward transfer are vital means of injecting the FCO with new ways of thinking, wider networks and important skills. **A strengthened FCO Secondment Unit should build strategic relationships with a range of organisations, assist FCO officers seeking secondments and and create a pipeline of inward secondments.**

3. The experience of returning secondees should be better valued and contribute to an officer's progression, including below SMS. Inward transfer should be re-opened as soon as headcount restrictions allow. The Unit should deliver a step change to secondments. By 2020, at any one time, at least 5% of our UKB staff should be on secondment to organisations outside government; a further 5% should be on interchange to other government departments; and time spent outside the organisation should be considered an important part of an FCO career path.
4. The Unit should also:
 - > consult previous secondees on the working practices and terms of reference of the Unit;
 - > keep in touch with secondees and help them re-enter the FCO;

- > consider personnel swaps with outside organisations to create more inward secondments within existing headcount restrictions;
- > target officers at particular stages in their careers, for instance those returning from a first posting, or prior to SMS appointment, in order to maximise the benefit to the FCO;
- > target overpopulated grade bands so those who choose not to return to the FCO are easing workforce pressures rather than exacerbating them;
- > target tech companies, international organisations, devolved administrations, academia, SMEs, start ups and NGOs;
- > target international jobs in Whitehall departments. The corollary of withdrawing from some areas of shadowing international work should be that we redouble efforts to get FCO officers into key roles in Cabinet Office, Home Office and DECC in particular;
- > help competent FCO officers who wish to leave the organisation in transitioning to new careers in other government departments;
- > assist regional HR hubs and larger Posts in identifying suitable secondment opportunities for local staff.

6: Who Will Do It: A More Valued Foreign Office, Ready To Serve

a) 21st Century Careers

1. The FCO offer cannot be what it once was. We can mourn that. But we have to be more honest with ourselves about what a career in the FCO now means. For our UK based staff, there is no longer the promise of a 'job for life' and there will be new skills requirements, as outlined above. We should expect nearly all our staff to go out on secondment, either to Whitehall or the wider world, in the course of a long-term FCO career. For Local Staff, the offer is a particular job in a particular place at a particular time. The FCO provides a training offer for local staff that beats the market. But we should be clear that, in most cases, the FCO will represent a milestone on a longer career path.
2. **The postings process and allowances package should also be modernised based on a recognition of how working lives and career paths have changed.** In order to generate a diverse pipeline of next generation ambassadors and senior diplomats, the FCO should ensure that 21st Century lifestyle/ family considerations are catered for by:

- > reviewing Spouse Compensation Allowance: the allowance, set at just under £3K, no longer adequately recognises the impact of mobility on a partner's career prospects or pension. We should look at other options, for example, access to professional pre-posting recruitment consultancy advice;
- > allowing partners to apply to be part of a project pool, subject to the right qualifications/skills and to bid for a wider range of jobs at Post;
- > letters from the PUS asking employers of partners to support a remote working application and more lobbying against work restrictions;
- > recasting the Mobility Requirement, following the advice of the Women's Association, to set out mobile and less mobile cadres and/ or offering people with mobility issues greater flexibility at critical times in their lives.

b) Rewarding Our People Properly

1. In 2013, an independent survey showed that the FCO was paying 9-10% less in basic salary terms in some grades than relevant Whitehall comparators. When bonuses and other payments were taken into account, there was a difference of 11%-12% at C4, D6 and D7. **The FCO should make the case for raising FCO pay to the Whitehall median as part of a bold offer on headcount reduction and wider efficiencies.**

2. **The FCO should design a flexible system which explicitly measures how important a job is and allows for certain jobs to be rewarded more than others, for a fixed duration, by an 'impact allowance'.** This would be paid from a discretionary 'Directors' reward pot' allocated as part of the financial planning process.
3. Over time, the FCO should consider expanding this system to enable more skills-based pay, as several other government departments have done. Jobs within a band would be rewarded according to expertise level (as per Diplomatic Academy categories). The FCO should also offer an enhanced set of non-financial incentives, particularly for roles in hardship countries, or those considered 'difficult to fill' in London, to ensure that staff remain incentivised. These might include higher priority for subsequent jobs, additional leave and/or recuperation periods and preferential access to development schemes.
4. **The going overseas process should be simplified.** Unnecessary bureaucracy could be cut out by establishing a global relocations team (in a newly professionalised HR department) to support staff going on postings. This would follow the example of other global organisations like Shell. The relocations team would cover all aspects of the move and related administration (which could be pared back hugely). 'Outpost'

advisers in country should be responsible for orientation/local information on arrival and march in/outs. Staff should only be required to fill out a single set of linked online forms.

5. **Finally, overseas allowances should be rolled into a single and simplified transparent allowance package per Post** (adjusted for family circumstances) which staff could spend as they like.

c) HR That Prioritises Our Human Resource

1. The administration of HR processes (job applications, recruitment, appraisals etc) costs the FCO approximately £20m per annum. Staff are frustrated that they cannot hire the best people, nor apply for the jobs to which they are best suited. The system for filling Heads of Mission is opaque and unpredictable. Appraisals are cumbersome and the ADC system—whilst the least bad process for restricting the promotion of poor managers—is a source of great frustration at all levels in the organisation.
2. **The FCO should redeploy its HR resource from policing rules towards more active career management of individuals. All individuals should have access to professional careers advice from an HR case manager.** Directors should have discretion to introduce more managed moves. The new structures of campaigns teams proposed above will require Directors to have explicit authority to move resource quickly according to business need.
3. **In order to increase the pool of potential candidates we should open up all jobs to applications from the band below within the delegated grades.** To manage expectations, job descriptions could have minimum 'skill' requirements for eligibility, with a preliminary sift undertaken by HR. The FCO's monthly jobs board system brings greater choice to staff but does not support future workforce planning. **The number of job boards should be reduced and replaced by megaboards,** with the ultimate goal of transitioning down to one or two boards a year. This would open up a wider field of candidates to hiring managers and allow better planning by staff.
4. FCO staff are divided into two categories: Home civil servants (HCS) and Diplomatic Service (DS), the main difference being that DS staff have a 'global mobility' clause within their contracts. HCS staff are unable to bid as freely for overseas jobs. In 2012, when the FCO announced it would be greatly reducing the numbers of Band A & B jobs overseas it decided to retain the HCS/DS split. **The FCO should revisit the logic of having its workforce split into two cadres.**
5. **The FCO uses assessment centres (ADCs) as resource-efficient workforce planning tools, rather than purely for talent management.** This causes stagnation and is a major source of staff dissatisfaction. There is no compelling reason why we should be different from the majority of Whitehall in requiring promotion centres for the delegated grades. Entrance into the FCO's senior ranks carries with it the increased possibility of an ambassadorship and therefore still demands an appropriate test. **The ADC should be restricted to D-SMS** in the context of a new strategic workforce plan.
6. As of March 2016, the FCO had 146 staff in its corporate pool. This is approximately 3% of the total UK-based workforce. 53 of these staff have been in the pool for 6 months or more. Currently, the Corporate Pool provides flexible resource - on average 90% of Corporate Pool staff are temporarily assigned – but it does not provide an efficient means of putting the right people in the right roles. In future, greater flexible resource will be available through Project Teams within Directorates. **The FCO should therefore stop the Corporate Pool in its current form, create a new system for staff between roles using the Directorate Project Teams and adopt a more robust approach for dealing with staff who do not find new roles within a set timeframe.**

d) A Leaner and Higher Performing Workforce

1. The FCO in 2020 will look fundamentally different as a result of delayering at Band C and D and the professionalisation of corporate roles. By that point, the FCO should have reshaped its workforce on the basis of the skills requirements set out in the preceding chapters.
2. Performance management has improved but it should be much leaner and more output focused. **The FCO should strip the system down to a mid-tour (short) appraisal complemented by a longer appraisal towards the end of an individual's tour**—to be used in job applications. In order to monitor the delivery of organisational objectives, the FCO should use a 'team appraisal' system which appraises team objectives collectively on a quarterly basis. The new data team should encourage and disseminate examples of innovation and good practice.
3. Performance management processes in the FCO focus on strong performers. Poor performance cases are rare. In 2014-15 and again this year, only one UK member of staff was dismissed for poor performance. Monitoring of under-performance (measured by a partially met/Tranche 3 (T3) performance rating) was until recently non-existent. In the last reporting year,

the FCO scored 4% of people in T3, against the Whitehall guide of 5%-10%. Exceeded ratings were 29% across all delegated grades, against a guided distribution of 25%. There are no centrally held poor performance or under-performance figures for local staff (where handling is based on local employment law).

4. **The FCO must also make a more concerted and robust attempt to address serial under-performance.** Rapid staff turnover means that under-performance can often be dismissed as someone else's future problem. There are few incentives for line managers to devote the time and energy to consider entering a 'Managing Poor Performance' (MPP) process, even in its now shortened 6-month form. Under the current structures this means that a cohort of 'drifting' staff will continue to transit between jobs, remaining at the bottom of the performance matrix. Discussions about under-performance should be an intrinsic part of every directorates' performance management efforts and written into Directors' job descriptions. HR should exercise a strong guiding hand, providing additional support and coaching where necessary.
5. HR should also interrogate data over the last five years to get a comprehensive picture of under-performance. This should include staff currently excluded from the figures, for example those in the corporate pool. HR

should analyse local staff data and adopt an interventionist approach to under-performance overseas, via HR Hubs, where local law allows.

e) A More Diverse Organisation

1. The FCO has made some progress on diversity issues and new targets have been agreed by the FCO Board. To go beyond these targets **the FCO should do more upstream to help people from different socio-economic backgrounds to enter the FCO and to help existing FCO staff from under-represented groups to thrive.** There is no shortage of successful applicants from under-represented groups interested in working for the FCO. Of the 2015/16 FCO interns, 27% identified themselves as BME; 60% came from outside Greater London and 56% were female.
2. The FCO should introduce a system whereby individuals from under-represented groups are identified early on in their career as having SMS/Ambassador potential, and directed to jobs which will prepare them for leadership roles.
3. Throughout the report we have recommended changes to the FCO's organisational processes which should facilitate diversification of its workforce (eg freer movement

of staff through levels; enhanced use of specialists and experts; changes to recruitment). In addition, we recommend:

- > more flexible working: All jobs should be assumed suitable for flexible working unless the hiring manager makes a business case setting out an 'opt-out'. The reasons acceptable for 'opting out' should be extremely limited (eg need for frequent access to high classification material);
- > new and stronger supported positive action paths for under-represented groups, particularly BME. For example, access to enhanced training and mentoring;
- > a bespoke talent management and managed move scheme for under-represented staff;
- > a two-ticks system for job applicants returning from a career break (progressing straight to interview without the sift);
- > an SMS Reverse Mentoring Scheme, with a target of 50% of SMS staff and 100% of Board members;
- > making unconscious bias training mandatory for all line managers;
- > increased roadshow activity outside London/South East, using FCO staff from under-represented groups to attract a broader range of able candidates.



Acknowledgements

I am grateful to the brilliant team who did the real work on this review, led by Jon Garvie. It was an insider's report, but we hope that makes it more authentic, realistic and deliverable. So thanks to Alice Walakira, Angus Clarkson, Camilla Fenning, Catherine Morris, Clare Douglas, Chris Pavitt, Helen Gates, James Hooley, Kalada Bruce-Jaja, Laura Mingers, Malcolm Kirk, Millie McDevitt, Rob Campbell-Davis, Rosie Grieves, Sheila Lyall-Grant and Tom Codrington. The best ideas are all theirs.

Future reviewers will question our emphasis and wonder how we missed ideas that will seem obvious—artificial intelligence? Robotics? But we hope that they will also see a genuine, staff-led attempt to help the FCO find its footing in the Digital Century, rooted in an optimistic vision of Britain's place in the world.

We received unprecedented engagement from staff throughout the organisation. 88 Posts and 48 departments sent in collective contributions, representing the views of over 8500 staff. The Future FCO intranet community attracted over 10,000 hits. The team conducted over 130 interviews, workshops and forums with staff and stakeholders. We were fortunate to have exceptional cooperation from across Whitehall and beyond, including from Permanent Secretaries, leading scientists, historians, business leaders, academics and think tankers.

A report that included all those contributions

would run to hundreds of pages. While we did not attempt consensus, we hope that they see their views and best ideas reflected in this work. And that they will continue to innovate and challenge. Whether the organisation continues to thrive and survive depends on that.



Annex A: Terms of Reference

1. Identify opportunities for better, flatter and more flexible organisation of policy capabilities, including through delayering and greater clarity on roles and responsibilities;
2. Maximise the opportunities presented by our investment in Technology Overhaul including better use of our network in policy making and better balance between demands of security and speed of delivery;
3. Identify a more efficient approach to bulk work including correspondence, FOIs and standard briefing;
4. Identify where we can strip out the lowest value and lowest priority work, in particular areas where the FCO added value is minimal (eg reporting without HMG specific analysis or action or where we duplicate work done elsewhere);
5. To ensure continued FCO policy leadership across Whitehall including in the context of joint units and to ensure we are delivering efficiently and effectively overseas on behalf of the whole of government including further implementation of One HMG overseas;
6. To ensure the FCO is correctly structured, staffed and trained to maximise the opportunities provided by cross Whitehall programme funds;
7. To explore better ways of recognising, incentivising and harnessing the expertise and knowledge of all of our staff across the network (in particular our specialists) and improving access to, and use of, knowledge held outside the FCO;
8. To propose better and more agile deployment and capability building of our human resources to ensure we maximise our impact and investment in our overseas Posts (including considering whether and where shifts in resources would raise our game and how we can devolve more programme and policy tasks to Posts and a refresh of our strategy for LE staff);
9. Identify a framework to implement the structural and cultural changes needed to deliver 21st Century Diplomacy (the next iteration of Diplomatic Excellence).

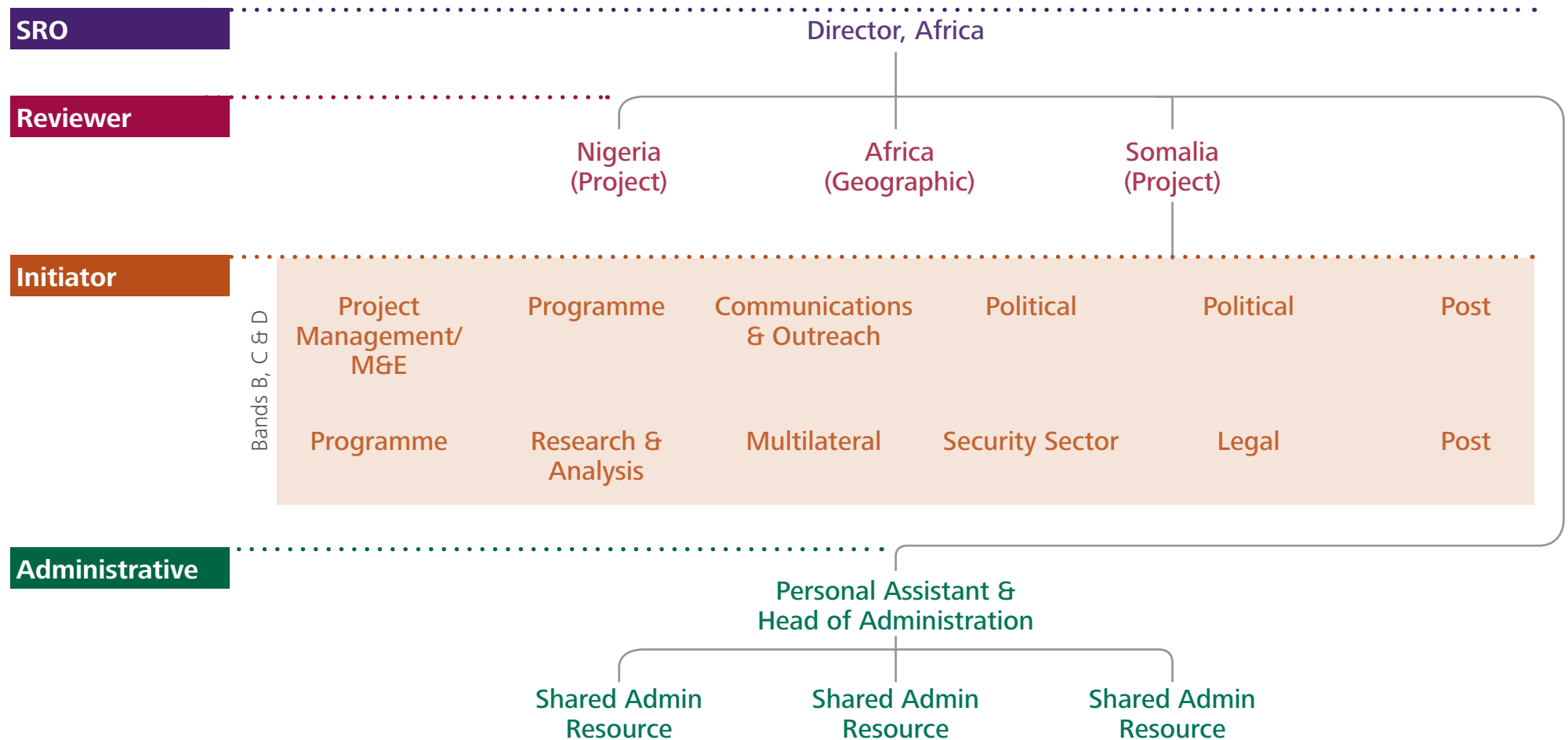
Annex B: Campaigns Teams

Fig 1. below shows how a directorate’s campaign pool would be staffed—using MENAD as an illustrative example.

	Gulf	MEPP	North Africa	ISIL
Policy	Name (D6)	Name (C4)	Name (D6)	Name (C4)
	Name (B3)	Name (C4)	Name (D6) Name (C4)	Name (C4)
Communications	Name (C4)	Name (D6)	Name (C4)	
Programme Management	Name (D6)	Name (C4)	Name (B3)	Name (D6)
Multilateral/Negotiation	Name (C4)	Name (C4)	Name (D6)	Name (C4)

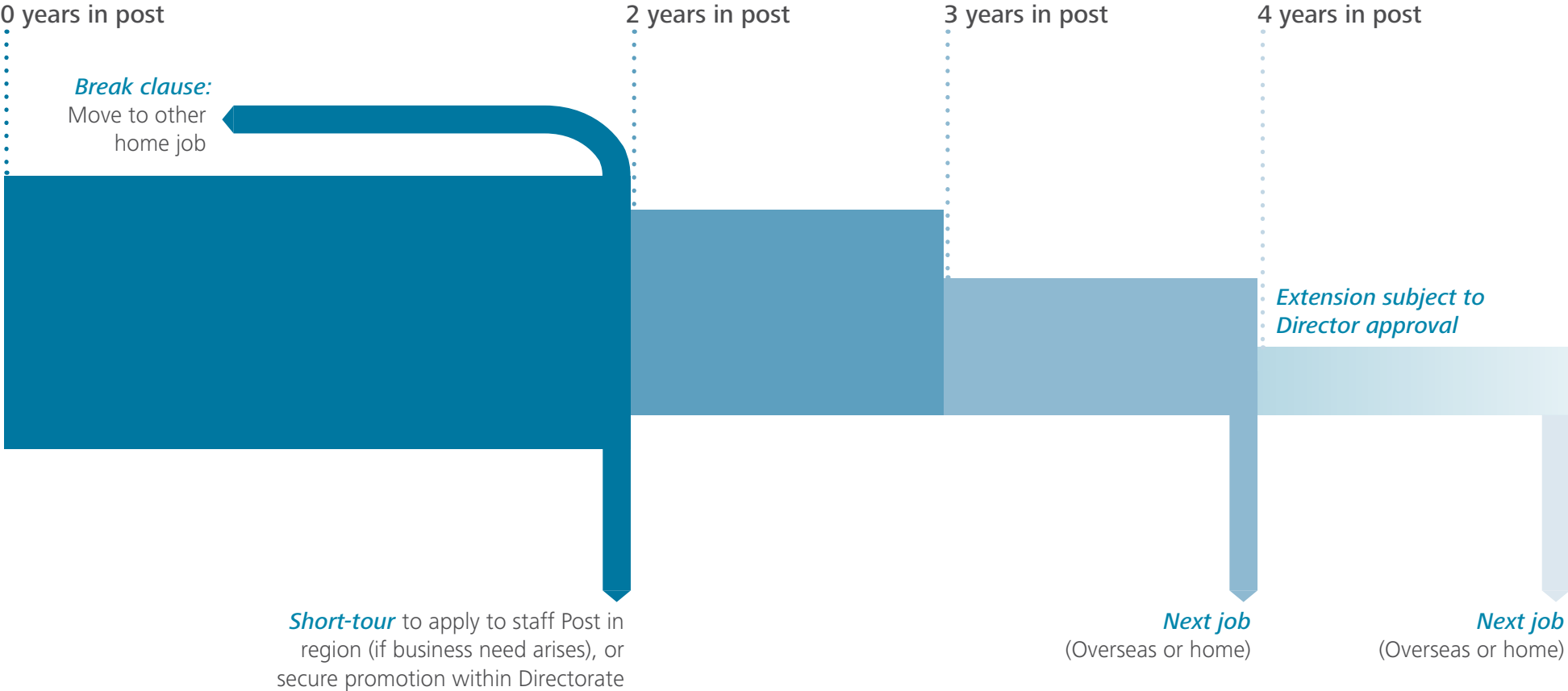
Fig. 2 below provides an example of a wider directorate structure, if certain countries were run on a campaigns basis. It takes Africa Directorate as an example.

FCO London: Proposed Directorate Structure



Annex C: Structure and Indicative Pathways of a Home Tour

Structure of Home Tour (3+1+...)



Indicative path through a Home tour (delegated grades)

