

Chapter 4: Delivering an efficient and effective organisation

“DFID is a well-run department. It has impressive leadership that is complemented by high-quality and committed staff. It is admired internationally throughout the donor community, and is regarded as a leader.”

DFID’s Capability Review, March 2009

DFID Ministers and Board



Secretary of State for International Development
Douglas Alexander MP



Minister of State¹
Gareth Thomas MP



Parliamentary Under Secretary of State²
Mike Foster MP



Permanent Secretary
Nemat ‘Minouche’ Shafik



Director General Policy and Research
Andrew Steer



Director General Country Programmes
Mark Lowcock



Acting Director General Corporate Performance
Sam Sharpe



Director General International
Martin Dinham



Non Executive Director
Doreen Langston



Non Executive Director
David MacLeod

1 Responsibilities include Trade, Climate Change, Europe, Africa, Debt, Donor Relations and Parliament (supporting SofS).

2 Responsibilities include Research, South Asia, Human Development, Aid Effectiveness, Water and Sanitation, and Green issues.

A full organisation chart is shown in Volume II, Annex I.

- 4.1** The Management Board is collectively responsible to ministers for the delivery of the PSA. The Board provides strategic directions to the organisation within the policies set by the Secretary of State. The fundamental purpose of the Board is to maintain and enhance DFID's effectiveness. In addition to the Permanent Secretary, Directors General and Non-Executive Directors, DFID's Finance Director has been part of the Management Board since April 2008 to strengthen financial accountability.
- The Audit Committee helps ensure a financially sound and efficient organisation by monitoring and reviewing the risk, control and governance systems in DFID and providing advice and assurance to the Accounting Officer (the Permanent Secretary).
 - The Development Committee contributes to effective delivery of the PSA objectives and targets by providing oversight and direction on Ministerial policies.
 - The Investment Committee ensures DFID investments represent good value for money and that clear systems exist to take evidence based strategic decisions.
 - The Senior Leadership Committee manages and reviews Senior Civil Service staffing deployment and pay to support DFID's PSA objectives.
 - The Security Committee is responsible for monitoring the adequacy and effectiveness of all aspects of DFID security.

Delivering more for our money

- 4.2** DFID aims to allocate its resources where they will have the greatest impact and demonstrate increased efficiency in our spending.
- 4.3** DFID's programme budget for 2008/09 was £5.5 billion.
- 4.4** As part of the Government's 2007 Comprehensive Spending Review DFID agreed a Value for Money programme to deliver efficiency savings of £492 million over the period 2008/09 to 2010/11.
- 4.5** We delivered £168 million of Value for Money savings¹ in 2008/09, 6% higher than our 2008/09 efficiency savings target of £159 million. We are on track to achieve our overall CSR value for money target of £492 million by the end of 2010/11.
- 4.6** 2008/09 savings were delivered through:
- Multilateral efficiency savings: £53 million;
 - Bilateral efficiency savings: £74 million;
 - Portfolio Quality Index currently stands at 73% generating savings of £31 million;
 - Administration: £10 million of savings.

¹ • All gains are cash releasing, sustained and are reported net of costs.
• No spending review 2004 over delivery has been allowed.
• An internal audit review has been completed by the department to ensure structures are sufficiently robust to validate gains.

- 4.7** The allocative efficiency savings secured to date have released significant resources that we have been able to reinvest in our bilateral and multilateral programmes, helping to lift more people out of poverty. Examples of what the savings have contributed towards can be found in chapter 2: delivering poverty reduction.
- 4.8** We are also realising administrative savings across the organisation. Africa Division for example remains on track to achieve a 27% increase in efficiency measured by the ratio of programme to administrative costs by 2010/11. This will be done by reducing the size of some offices and closing others, e.g. the Gambia office closed in 2008 and withdrawal from the Cameroon, Niger and Angola programmes is underway.
- 4.9** In addition, DFID has identified an additional £155 million savings to be delivered in 2010/11. This means in 2010/11 our total savings will increase from £492 million to £647 million. These savings will be found from a variety of areas including:
- £6 million from more effective, focused communications work and using more efficient web and social media.
 - £10 million from strengthened partnerships on research and analytical work, and improved procurement and management of policy and research contracts.
 - £7 million from extending the timeframe of the Governance and Transparency Fund as requested by partners.
- 4.10** The Investment Committee has agreed a set of important work for 2009/10 which will deepen and widen Value for Money analysis across the organisation. Further work on bilateral and multilateral resource allocation will be taken forward. A review of the value for money of spending in the health sector is already underway and will report towards the end of 2009.

Improving Procurement capability

- 4.11** The Office of Government Commerce (OGC) conducted a Procurement Capability Review of DFID in early 2008 which helped us to think more broadly about procurement. As a result we have designed an Improvement Plan and new Commercial Strategy containing specific time bound targets and measures.

Commercial strategy

The 5 key outcomes of the Commercial Strategy are:

- suppliers deliver improved quality and impact
- better value for money from third parties
- strengthened national procurement capacity
- better impact achieved through increased market collaboration
- better application of procurement skills and commercial awareness across DFID

Implementation of the commercial strategy will help us to deliver faster, better quality goods/services to poor people and the potential to achieve savings which will help to lift a significant number of people out of poverty.

- 4.12** Consultancy spending on central business functions defined as “the provision of advice and/or guidance on the strategy, structure, management or operations of an organisation in pursuit of

its purpose and objectives” was £21 million in 2008/09. This figure excludes consultancy expenditure on behalf of and for the benefit of developing countries.

- 4.13** DFID aims to demonstrate that it ensures best value from consultancy. We are therefore finalising our Consultancy Category Strategy and will be implementing the Consultancy Value Programme (CVP). The CVP will drive forward the implementation of the National Audit Office (NAO) recommendations for ensuring spend on consultancy delivers the best value for money.
- 4.14** In line with the commitment in the White Paper ‘Innovation Nation’, we will develop and implement our Innovation Procurement Plan (IPP). The IPP, which links to the Commercial Strategy, will set the direction for ensuring that we can identify and procure more innovative products and services in a manner consistent with the responsibility on us to manage public money effectively.

Risk and Control

Internal

- 4.15** The Permanent Secretary is responsible for a system of internal control that supports the achievement of DFID’s objectives while safeguarding public funds and departmental issues. The system includes measures to identify risks and procedures to manage these. Our systems are assessed by the department’s internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.
- 4.16** Divisional Directors provide an annual statement of assurance, covering compliance with management and control systems. Together with the Head of Internal Audit’s Annual Report, they contribute to DFID’s statement on internal control which is signed by the Accounting Officer and submitted to Parliament with the Annual Accounts.
- 4.17** Internal Audit Department (IAD) provides the Permanent Secretary and DFID managers with an independent and objective opinion on risk management, internal control and corporate governance. During 2008/09 IAD conducted 31 internal audit reports on a wide range of DFID systems and operations.

External

- 4.18** The Public Accounts Committee (PAC) is a select committee of the House of Commons responsible for overseeing government expenditure to ensure it is effective and accurate. They are a critical mechanism for ensuring transparency and accountability on government financial operations. The PAC have published the following reports on DFID’s work:
- Department for International Development: Providing budget support for developing countries – June 2008
 - Department for International Development: Operating in insecure environments – April 2009
 - Investing for Development: the Department for International Development’s oversight of CDC Group plc – April 2009

PAC reports can be accessed through http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm

- 4.19** The NAO is independent of government and audits DFID's accounts on behalf of UK Parliament. They report on the economy, effectiveness and efficiency of how public money has been used. These reports are produced for the PAC who regularly meet and make recommendations to DFID based on NAO reports.
- 4.20** The International Development Committee (IDC) is appointed by the House of Commons to examine the expenditure, administration and policy of DFID and its associated public bodies. The committee also takes an interest in the policies and procedures of the multilateral agencies and non-government organisations to which DFID contributes. More information on the IDC can be found at http://www.parliament.uk/parliamentary_committees/international_development.cfm.
- 4.21** The Independent Advisory Committee for Development Impact (IACDI) was established in December 2007 to strengthen and assure the independence of DFID's evaluation function. Its findings – for example the committee minutes and the chair's annual letter – are also shared regularly with the UK Parliament through the IDC and published on the IACDI website. In response to the Chair's first annual report, the Secretary of State acknowledged the Committee's achievements which include: raising the profile of evaluation; playing a major role in shaping DFID's new evaluation policy; and enhancing our lesson-learning and follow-up action.
- 4.22** Resources for evaluation have increased with its programme budget rising from £2 million in 2008/09 to £3 million in 2009/10. The evaluation team will also grow in staff numbers and increase its professional capability in the coming year. Our systems and processes have been strengthened to ensure evaluation recommendations inform decision making and achieve value for money.

Delivering a highly skilled and diverse workforce

- 4.23** DFID is committed to creating a stronger and more resilient organisation with a talented, well-trained, highly-skilled and effectively managed workforce that is able to adapt to the changing landscape and deliver on our mission. For example:
- Human Resources Division has been reorganised: the introduction of Business Partners and a 'one stop shop' (HR Direct).
 - A new 360° line management assessment tool, a new market-driven flexible promotions and posting systems has been put in place.
 - We are driving improvement in performance management across the organisation with good examples in United Nations, Conflict and Humanitarian Division and Middle East, Caribbean, Asia (Central, North and East), BRICS and Overseas Territories.
- 4.24** DFID exceeded its original Lyons Review target for the relocation of 85 posts from London to East Kilbride by March 2006, as 88 posts were transferred. The 2009 budget announced plans to increase the target for relocating public sector posts out of London and the South-east to 24,000 posts by 2010/11. No further specific targets for DFID relocation have yet been

agreed, but independent of this, DFID is separately considering the relocation of further posts to the East Kilbride office.

DFID Staff numbers by full time equivalent (FTE)¹

	Actuals				
	Mar 05	Mar 06	Mar 07	Mar 08	Mar 09
HCS	1883	1801	1719	1612	1600
SAIC	989	932	865	834	759
Total	2872	2733	2584	2446	2359

1 An individual who works less than full time hours is counted as a fraction.

Number of Staff by Location (excluding temporary/agency staff, consultants and non-paid staff) March 09

	East Kilbride	London	UK-Based Overseas	Staff appointed in country	TOTAL
All Staff ¹	512	901	410	763	2586
Home Civil Service (HCS) Staff	494	750	403	-----	1647

1 All HCS pay and pensionable (P&P) or fixed-term staff and secondees on DFID's payroll.

Diversity of DFID's workforce

	March 2008	March 2009	DFID targets for 2011
Women in the SCS	37.5%	32%	41%
Women at Director level and above	35%	28.6%	38%
BME in the SCS (where ethnicity is known)	11.7%	11.5%	12%
Disabled in the SCS	2.1%	3.1%	3%

4.25 Our commitment to Diversity has resulted in DFID entering the Stonewall Top 100 Employers for lesbian, gay, bisexual and transgender (LGBT) staff.

4.26 DFID has been awarded the gold standard in the 'Opportunity Now' gender benchmarking exercise.

DFID HCS staff salaries in the UK and overseas (as at 31st March 2009)

GRADE	Salary Range	Female	Male	Total
	£107,300±	1	4	5
Senior Civil Service	£57,300 – £107,299	30	63	93
Band A1	£53,155 – £66,873	101	167	268
Band A2	£41,900 – £55,188	216	198	414
Band A2(L)	£35,000 – £42,342	66	68	134
Band B1 (D)	£30,403 – £36,017	33	31	64
Band B1	£25,663 – £33,725	129	136	265
Band B2	£19,474 – £26,676	143	92	235
Band C1	£15,555 – £22,030	97	53	150
Band C2	£13,750 – £18,550	6	13	19
TOTAL		822	825	1647

Delivering a better way of working

- 4.27** The Cabinet Secretary led a programme of Capability Reviews in 2007 which examined the workings of all government departments and recommended ways in which each might improve.
- 4.28** In early 2009 DFID was re-reviewed. The conclusion of this review was DFID remained among the best performing departments in Whitehall, and that we had made progress in many of the key areas identified for improvement in 2007. In particular it noted that ‘Governance, performance management across the organisation and financial capability have all improved.’
- 4.29** However, the review also highlighted the increasing challenge for the Department as the impact of the global economic downturn affecting poverty in developing countries, donor aid levels, and support for development amongst the UK public. We are responding to these challenges through our Making it Happen change programme. Making it Happen has 5 key workstreams (results, money, people, communications and systems).

Results

The results workstream has delivered a number of successes:

- An improved format for recording project information (logframe) is helping DFID improve the quality of project design, management and monitoring of results.
- New DFID-wide evaluation policy will be published in 2009 focussing on increasing decentralised evaluations, and more joint evaluations in line with Paris and Accra commitments.
- DFID support for the World Bank Statistics for Results Facility will help accelerate the strengthening of statistical systems in 6 pilot countries so that there is more reliable data to better manage and measure development results.
- A set of Standard Indicators at output and outcome level will enable DFID to aggregate the impact of its aid across countries.
- New Multilateral performance plans in place with clear objectives and targets which can be tracked over time.

- 4.30** The laptop refresh programme has increased the number of laptop users and strengthened the ability of DFID’s employees to work flexibly and securely in the office, while travelling and at home.
- 4.31** Activities Reporting Information E-System (ARIES) is DFID’s new finance, procurement and programme management system. This single fully integrated system replaces 14 existing IT systems and provides staff with a single source of real time information on DFID’s projects and expenditure.
- 4.32** Following a successful pilot exercise, DFID commenced the roll out of ARIES and approximately two-thirds of DFID’s departments/offices in the UK and overseas are now connected to ARIES. In the last year over 1,500 DFID staff based in the UK and Africa switched to this new single unified system that is now being used to transact much of DFID’s core business. The roll-out will be completed by the third quarter of 2009 with all of DFID’s offices in Asia and the rest of the world switching to ARIES.

Information assurance

- 4.33 DFID does not manage large volumes of personal or sensitive data, but we take our responsibility for those we do manage very seriously. We have an established governance structure for information security under which we assess and monitor our information risks, and ensure compliance with relevant guidance and instructions from elsewhere in Government. DFID is accredited to ISO/IEC 27001:2005, the internationally recognised standard for information security management. We have had a secure remote working system based on encrypted laptop computers for home workers and travelling staff since 2003. During 2008/09 there were no incidents reportable to the Information Commissioner where personal or sensitive data have been lost, and the Information Commissioner has not found against DFID for breach of Data Protection principles.

Performance in responding to correspondence from the public

- 4.34 DFID's enquiry and correspondence units received around 11,500 letters and e-mails from members of the public and organisations during 2008. Approximately 80% of these were answered within the target turnaround time. DFID also dealt with around 108,000 pieces of correspondence resulting from civil society campaigning during 2008.

Dealing with Complaints

- 4.35 The Parliamentary Ombudsman's most recently published Annual Report 2007/08 shows that the Ombudsman received no complaints relating to DFID during that year. DFID has in place clear published procedures for complaint handling, but following publication of the Ombudsman's report on Principles of Good Complaint Handling in November 2008, a central point for complaint handling will be established during 2009 to ensure that all complaints are handled effectively in line with the new guidance.

Scholarships and Fellowships

- 4.36 The Commonwealth Scholarship Commission (CSC) manages Britain's contribution to the Commonwealth Scholarship and Fellowship Plan (CSFP) which offers scholarships and fellowships to commonwealth citizens. In 2008/09 seven hundred and twenty-one scholarships and fellowships were funded by DFID through the CSC.

Public Appointments

- 4.37 DFID is responsible for 18 public appointments to the Commonwealth Scholarship Commission and CDC.

A Greener Department

- 4.38 DFID is committed to working towards the Government targets for "*Sustainable Operations on the Government Estate*".
- We have Environment Management Systems in both UK Offices and a number of our main overseas offices.

- DFID was one of the first organisations in the country to achieve the Carbon Trust Standard certification for our UK operations, in recognition of our reduced carbon footprint.
- DFID has implemented various initiatives to improve our environmental performance. These include new equipment to optimise energy use, better building management systems and awareness campaigns. We have also reduced the number of printers by 37% and replaced them with more energy efficient models. As a result of these measures we have reduced our energy consumption in the UK by 10% compared to 2007/08.
- Implementation of waterless urinals and dual flush cisterns has dramatically reduced our water consumption, which is now 55% lower than in 2007/08.
- DFID is also committed to reducing carbon emissions from energy usage and travel, and reduced the total miles flown from our UK offices by 3% compared to 2007/08.