



Section 6
Managing
the Department

Managing the Department

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Introduction

The Corporate Centre of the Department enables the Department to deliver its objectives and its purpose of 'Creating the conditions for business success; and helping the UK respond to the challenge of globalisation'.

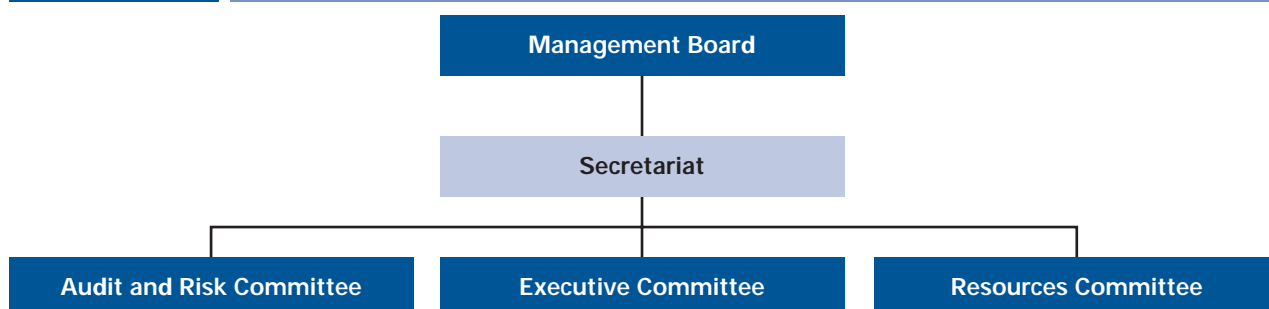
Delivering this Strategy requires a high-performance workplace with a strong focus on delivery. To help provide this the Department has put in place a governance system and high quality support services. We are committed to transforming and continuously improving our internal processes and services so that they effectively and efficiently meet the needs of their internal customers and support the delivery of the Department's strategic objectives and priorities.

Governance

6.1 The Department's governance system (i.e. how we make corporate decisions) was reorganised in March 2006 to that shown below. The new structure aims to: clarify the roles of the board/committees and the relationships between them; make more effective use of Independent Board Members to challenge, advise and increase transparency; use committees to take some decisions at that level and, in other areas, consider options and refine information before presentation to the Management Board; push decision making down the organisation; and encourage corporate behaviour.

Figure 6.1

DTI Governance Structure



The Management Board

6.2 Under the new structure it is the role of the Management Board (formerly known the Executive Board) to provide corporate strategic leadership and, specifically set the Department's strategic aims within the framework set by Ministers, agree the Business Plan, ensure resources are in place to deliver the Department's objectives, monitor performance against those objectives and enhance the Department's capacity to deliver. It is chaired by the Permanent Secretary, and includes: all Directors General, Group Chief Executive UK Trade & Investment, and four Independent Board Members. This Board is supported by the three other Departmental Committees shown in Figure 6.1 above.

6.3 The Departmental members of the Management Board (with effect from June 2006) are:

- ▼ Sir Brian Bender Permanent Secretary
- ▼ Andrew Cahn, Chief Executive, UK Trade & Investment
- ▼ Anthony Inglese, Solicitor and Director General Legal Services Group
- ▼ Hilary Douglas, Chief Operating Officer
- ▼ John Alty, Director General Fair Markets Group
- ▼ Keith O'Nions, Director General of the Research Councils
- ▼ Mark Clarke, Director General Finance and Strategy Group (in post from June 2006)
- ▼ Mark Gibson, Director General Enterprise and Business Group
- ▼ Matthew Hilton, Director of Strategy and Communications
- ▼ Vicky Pryce, Chief Economic Adviser and Director General Economics

- ▼ Willy Rickett, Director General Energy Group.

The four Independent Board members are:

- ▼ Crawford Gillies Senior Adviser, Bain & Company Inc, and Former Chairman of the CBI London Region
- ▼ Mary McAnally, a member of the Board of the South East of England Development Agency and Former Member of the Cultural Consortium for the South East, Chairman of Sport England South East, Member of the Board of Sport England, Director of Media Local Solutions Ltd and a Member of the Committee for the All England Club
- ▼ Fields Wicker-Miurin, Co-Founder and Partner of Leaders' Quest, Non-Executive Director of Savills plc, the Carnegie Group, the Royal London Group, CDC Group plc and Governor, Kings College London
- ▼ Dr Brian Woods-Scawen, Chairman of West Bromwich Building Society and a Member of the Committee on Standards in Public Life, formerly Chairman of PricewaterhouseCoopers

Setting and Delivering Priorities

6.4 Work on setting and delivering priorities aims to identify the Departmental strategic priorities based on sound evidence and sets out in the Business Plan the activities and actions to deliver these priorities. Performance against these plans is measured through a rigorous performance management system, monitored by the Management Board. The overall aim is to ensure processes and systems are in place to enable the Department to plan, deliver, monitor and evaluate strategic priorities and to continue to enhance a comprehensive evidence base.

Performance in 2005-06

6.5 During the year the Department has built on the priorities and principles in the Strategy, and the actions identified in the Five Year Programme. As well as developing a strategic approach to the 2007 Comprehensive Spending Review the Department has refined its Statement of Purpose and initiated the "DTI 2020" project which aims to identify how the Department may look in 2020, including its future role, policies and spending priorities. The Department's ability to deliver its policy commitments has been enhanced by the full implementation of the Project Pool, enabling resources to be allocated more flexibly to its priority projects.

Plans for 2006-07

- ▼ Continue to ensure strategic priorities are based on a compelling evidence base and appropriate risk assessment.
- ▼ Ensure that there is a co-ordinated approach across the Department to the 2007 Comprehensive Spending Review against the backdrop of the 'DTI 2020' project.
- ▼ Work to distribute resources to areas that maximise the delivery of the Department's objectives while ensuring robust monitoring and evaluation of delivery.
- ▼ Implement the revised governance structure.

Corporate Services

6.6 The Department's central directorates work in partnership with other Groups to help achieve the Department's objectives, by providing the internal services and infrastructure required in a streamlined way to make the best use of resources. The central directorates are also responsible for providing

professional leadership for change within the Department, driving this forward through: continuous improvement and strategic investment in internal systems and processes that deliver greater professionalism and cashable efficiency savings.

(i) Leadership, People and Skills

6.7 The Department's people strategy is to build a high performing workplace that people want to join and are proud to be a part of while maximising the contribution everyone makes to the delivery of the Department's Business Objectives. Strong leadership and effective management in the Department is vital to ensuring that both individual and team performance improves, and personal and career development enhanced.

Performance in 2005-06

6.8 Leadership is a key consideration in selection for promotion. The Department has extended its investment in leadership by introducing a new development programme for people just below Senior Civil Service level, with around 800 people participating in the programme so far.

6.9 The Department has reviewed its assessment criteria for recruitment to the Senior Civil Service, focusing on evidence-based policymaking, communications skills, strategic thinking, managing people and financial and project management, ensuring better alignment with cross-Whitehall Senior Civil Service competencies and the new Professional Skills for Government framework. In addition the Department has increased its investment in learning and development, targeting the Department's key priorities, including improved business credibility, better policymaking and project management capability.

6.10 The Department has commenced the implementation of the Professional Skills for Government (PSG) programme. The implementation plan and communications strategy are designed to ensure that PSG becomes part of the Department's culture, featuring in all work and publicity about skills, learning and development. It is becoming central to how the Department deals with recruitment, selection and promotion.

6.11 The Department has improved the development of its specialists, reorganising its finance functions, and introducing a new Finance Excellence Plan that will result in, smaller and more customer focused teams, each headed by a professional accountant. The Finance Excellence Plan will enhance the performance of the Department's finance function and improve the career management of its finance specialists.

6.12 The Department's staff appraisal system has been enhanced so that in addition to half yearly and end of year reviews, best practice is now that managers complete quarterly reviews with their teams to promote more regular discussions on performance. Greater focus has also been placed on staff where improvements to performance have been identified to ensure there is an agreed plan to improve performance.

Days lost through sickness absence

Target by 2004-05 – 7.2 days lost per person
 Performance in 2004-05 – 5.9 days lost per person

Figure 6.2

Diversity in the Senior Civil Service

	Target by 2008	Performance (October 2005)
SCS who are women	37%	37%
Top SCS posts occupied by women	35%	30%
SCS from ethnic minority backgrounds	8%	4%
SCS with disabilities	4.7%	3.2%

Plans for 2006-07

- ▼ Continue to develop leadership and management capability while making performance management a higher priority.
- ▼ Adopt a new talent management programme for high performers and people with potential.
- ▼ Review the Department's capacity in the context of a Capability Review, as part of the programme announced last autumn by the Cabinet Secretary.
- ▼ Managing capacity. Completing the work of the Moves Pool, which was established to help people displaced by downsizing and restructuring, helping any remaining surplus staff to find posts; developing workforce metrics to inform the development of a people strategy for the Comprehensive Spending Review.
- ▼ Review the Department's learning and development strategy to ensure that our investment is delivering value for money, and complete the roll-out of the Professional Skills for Government Programme.
- ▼ Promote the benefits of diversity and meet the commitments in the Diversity Plan agreed by DTI's Management Board in January 2006.

(ii) Working in Partnership

6.13 In line with other Government Departments, the DTI carries out regular surveys of staff opinion. The latest results (November 2005) show significant improvements in staff motivation and overall satisfaction. People have a very clear understanding of how their work contributes to the Department's business objectives and what is expected of them

in terms of conduct, performance and attendance. More people than previously believe the Department is a good place to work for compared to other organisations. Among the other strengths are internal communications, consultation arrangements for change and support given to develop management skills.

6.14 However, there is still more to do to manage change effectively, improve performance management for individuals and teams, tackle poor performance and increase the visibility of senior management. And we need to work harder to increase people's pride in working for the Department. To help with this the Department has identified a number of key people priorities for 2006-07. We aim to create a Department that:

- ▼ Demonstrates strong leadership and effective management by getting better at managing change
- ▼ Is high performing and manages poor performance by giving regular, honest and constructive feedback
- ▼ Works in partnership with its employees by creating a culture where it's safe to speak up and challenge
- ▼ Provides personal and career development by working to ensure that the new cross-Whitehall Professional Skills for Government framework is relevant to all staff
- ▼ Provides a good working environment by working smarter and more flexibly to improve performance and achieve better work life balance.

In addition, the Permanent Secretary and his Management Board have adopted their own priority of significantly improving the visibility of the Departments top team in 2006/07.

(iii) Organisation and Systems

6.15 The Department has continued to invest in improvements to its core systems to improve its delivery and provide value for money. The Department's efficiency programme is a key component of this approach and further detail on this can be found in the section on 'Delivering Efficiency Targets'.

Performance in 2005-06:

6.16 Staff have been provided with new desktop PCs which have improved access to and performance of the Department's ICT services and a new email management facility has meant that almost one terabyte of storage space has been saved, again helping improve performance. The Department combined its translation function with the Foreign and Commonwealth Office to deliver a shared Translation Service.

6.17 The Department has set up the Response Centre, a centralised correspondence handling unit, to improve the efficiency and effectiveness with which the Department handles correspondence and other external communications. There has been a dip in performance in the last year as the Response Centre has worked to establish itself and train new staff. Development plans have been put in place to build performance and these are helping the Response Centre to improve its performance, particularly on the timeliness of responses. Data on performance is set out in figure 6.3 below.

Figure 6.3	Correspondence			
	2002	2003	2004	2006 (to March)
Letters answered or receiving a holding reply within 15 working days	97%	97.5%	84%	75%
MP's letters answered within 15 working days	58%	72%	50%	59%
MP's letters to Agency Chief Executives answered within 10 Days	85%	100%	97% ¹⁰⁹	N/A

¹⁰⁹ Average

Plans for 2006-07

- ▼ The Department will explore the options for a greater sharing of Corporate Services with other parts of the Department's family and wider Government.
- ▼ The Department will continue to work to improve its performance in responding to correspondence.

Corporate Communications

6.18 Building and maintaining effective corporate communications and stakeholder relations along with a cost effective and strategic approach to marketing and communications continues to be a priority for the Department.

Performance in 2005-06

6.19 As well as revising its statement of purpose to give greater clarity on its role, the Department has developed a Corporate Communications strategy, strengthening and emphasising the effective management of both corporate and Government stakeholders. By integrating the corporate communications teams in the business planning process, the Department has ensured a much clearer understanding of marketing and communications activities across the Department.

Expenditure on marketing communications

Programme budget holders are responsible for expenditure on advertising and other marketing communications, alongside other items of spending in support of their objectives. In exercising this responsibility, they are advised on the most effective publicity and presentation options by central publicity and media specialists or by local teams of advisers with the necessary skills and experience. Major areas of marketing activity in 2005-06 included renewable energy with a communication budget of £997,500 and employment relations, with a £0.55million budget for campaigns to publicise changes in the national minimum wage and new regulations on informing and consulting employees. Publicity for the Consumer Direct helpline project cost £3.24million.

In addition there was a centrally held budget of £996,000 for publicity spending in 2005-06. The budget was used to fund the publicity requirements of the Queen's Awards Office (£453,000), the Department's presence at key stakeholder events and corporate communications resources.

Private Sector sponsorship of Departmental activities

The Department continues to follow strictly the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines in handling any sponsorship arrangements with the private sector. Central advice is available to policy directorates and Agencies where required.

In 2005-06, the Department had no significant (i.e. more than £5,000) commercial sponsorship in cash or in-kind that was received for projects managed centrally.

Plans for 2006-07

- ▼ Continue to provide excellent corporate communications through the provision of high quality and timely service, information and advice while maintaining positive relationships with the Department's corporate stakeholders.
- ▼ Develop new corporate messages and launch a new Departmental website, improving access to information and enhancing the reputation of the Department.
- ▼ Develop the Media Features unit into an in-house PR centre of expertise.

Legal Services

6.20 The Legal Services Group is responsible for providing Ministers, officials and the Department's agencies with high quality legal services across the full range of the Department's activities, including the preparation of legislation, advice on aspects of policy, investigating and where appropriate prosecuting criminal offences, contributing to EU negotiations and to the development of international commercial and private law-making.

6.21 The Legislative Board, which leads on the prioritisation of the Department's legislative programme, is chaired by the Solicitor and Director General Legal Services. It monitored the progress of Bills in the preparatory stages and promoted training in the Department about Bills and Statutory Instruments.

Performance in 2005-06

6.22 All four of the Department's Bills, The Consumer Credit Bill, The Work and Families Bill, The Equality Bill and the

Company Law Reform Bill, were successfully introduced into the current session of Parliament. In addition, the Group chaired the Whitehall Prosecutors Group and has continued to play a leading role in co-ordinating the efforts of Government prosecuting authorities.

6.23 As part of its commitment to delivering excellent legal services, the Group takes regular soundings from clients and stakeholders on its performance, including an annual survey. The most recent survey (January 2006) showed that 99% of clients were either satisfied or very satisfied.

Plans for 2006-07

- ▼ Clients will receive high quality, timely and fit for purpose legal advisory services on major legal projects and baseload work on policy delivery.
- ▼ The UK corporate and insolvency regime will be enforced, through investigations and prosecutions of criminal offences and where necessary supporting other Departmental policies on criminal offences under other Acts in an effective and appropriate way.
- ▼ The Legislative Board will ensure that the Department's bids for legislation are prioritised, credible and efficiently progressed

Delivering Efficiency Targets

DTI's SR04 Efficiency target as in the Gershon Report: To achieve annual efficiencies of at least 2.5% a year, equivalent to at least £380m by 2007-08. At least half of these efficiencies will be cash releasing, allowing resources to be recycled to priority programmes.

- 6.24 The Department's five-year strategy and Business Plan set out how it will strengthen its focus on delivery and provide value for money. The Department's vision is of a smaller, simpler and more responsive core Department, focused on its national policymaking and influencing role. The Department's services to customers will be delivered by contractors, partners or agencies from regional locations.
- 6.25 The Department published a refreshed version of its Efficiency Technical Note in December 2005, including descriptions of each major work stream, and greater detail on measurement metrics and methodologies, data sources and quality assurance measures. This was accompanied by measurement methodologies for the main programme work streams: Business Support, RDAs and Research Councils. The technical note and supporting documentation is available from the Department's website¹¹⁰.
- 6.26 Quality measures for the main work streams are also defined within the Department's SR04 Efficiency Technical Note. Each Objective within the Business Plan includes at least one efficiency target, demonstrating that efficiency is delivered by every part of our business. The Department's performance management framework demonstrates through quarterly scorecard reporting the impact of efficiency on delivery of the Department's progress towards the achievement of its PSA targets and other Business Planning Objectives, requiring a balanced examination of specific budget lines against performance management targets. To date, scorecard reports have shown maintained or improved

performance against the lines being tracked as efficiency gains. We apply a tolerance approach to measurement and would not count unquantifiable savings as efficiency.

- 6.27 The OGC Efficiency Team moderate the progress of our Efficiency Delivery Programme twice a year. The Department received positive feedback at its most recent assessment in December 2005. The Department's Internal Audit Unit has also commissioned periodic reviews of our financial and quality efficiency measures and monitoring systems, involving independent assessment by PWC. Our major efficiency delivery work streams (Science, RDAs and Business Support) include within their delivery plans and measurement methodologies details of data sources for both financial and qualitative data, which are auditable.
- 6.28 An initial audit report by PWC has demonstrated robust efficiency reporting, measurement and data sources by the RDAs and included recommendations for improvement by the Research Councils, which were largely addressed through the publication and implementation of the Research Councils' efficiency measurement methodology by RCUK (available at the RCUK website¹¹¹). A further audit report by PWC is due to be finalised in May 2006.

Performance in 2005-06

- 6.29 Overall the programme is ahead of trajectory in all its main target areas. Figure 6.4 below summarises the Department's detailed efficiency delivery position.

110 http://www.dti.gov.uk/efficiency_technicalnote.html

111 <http://www.rcuk.ac.uk/efficiencydelivery/>

Figure 6.4

Efficiency – Targets and Delivery

SR04 Efficiency Work stream ¹¹²	Q3 actual delivery (year one)		Q4 actual delivery (year one)		2005-06 year end target		2006-07 year end target		SR04 Overall target	
Workforce targets										
Staff reductions ¹¹³	868		1,062		830		1,010		1,010	
Agency reductions	90		167		46		168		270	
Relocations	194		251		85		85		685	
Financial efficiency gains	N/C	C	N/C	C	N/C	C	N/C	C	N/C	C
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Staff reductions	0.00	14.50	0.00	33.71	0.00	19.00	0.00	28.24	0.00	39.25
Internal Operations	0.00	13.53	4.25	11.85	4.72	11.23	11.62	13.59	20.29	13.96
Value for money in programme spend	0.00	1.90	0.00	1.92	0.00	1.98	6.21	18.11	12.40	20.10
Business Support (inc SFIE)	0.00	16.15	0.00	27.50	0.00	18.55	0.00	34.20	0.00	41.35
Science (Research Councils)	27.63	28.61	26.31	50.58	21.00	40.50	48.64	77.50	79.79	115.38
Nuclear Decommissioning Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.68	0.00	13.72
RDAs (total)¹¹⁴	18.31	15.76	23.07	24.15	15.65	17.30	41.93	41.94	73.59	73.59
RDAs (DTI)	2.32	2.00	2.92	3.06	1.98	2.19	5.30	9.16	8.80	14.08
Trading Funds (Companies House and Patent Office)	1.80	0.00	2.40	0.00	2.40	0.00	6.85	0.00	10.55	0.00
Other Agencies and NDPBs	0.29	1.35	4.54	2.22	0.39	2.38	6.19	5.51	7.22	9.76
Exceptional items ¹¹⁵	0.24	12.91	0.24	12.91	N/a	N/a	N/a	N/a	N/a	N/a
Total (DTI)¹¹⁶	32.28	90.95	40.66	143.75	30.49	95.83	84.81	192.99	139.05	267.61

6.30 By April 2006 the Department had delivered around £180million¹⁰⁹ worth of efficiency gains, of which £144million is cashable, releasing funds for investment in priority programmes. The Department has reduced the number of posts in its HQ and Government Offices by 1,062, exceeding the overall target of 1010 by March 2008. The Department has also reduced staff numbers in its Agencies and NDPBs by 167, against an overall target of 270 to be achieved by March 2008.

6.31 The Department has relocated 251 posts outside London and the South East, to Billingham, Cardiff, Cumbria, Sheffield, Belfast, Manchester and Newport against a target of 685 to be achieved by March 2010 (and exceeding the target of 85 set for the 2004 Spending Review period). Plans are in place to move additional posts to those locations detailed above as part of the second tranche of work as well as relocation of posts to Glasgow and Swindon.

112 In line with existing reporting mechanisms, RDAs report delivery a Quarter behind actual delivery and Quarter 2 actual delivery is therefore reported here for the RDAs work stream in the Quarter 3 delivery column; and Quarter 3 targets and actual delivery are reported in the Quarter 4 delivery and end-year target columns. All other work streams are reported as correct for the corresponding Quarter.

113 Staff reductions reported here include 80 in Government Offices and 788 in Q3 and then 982 in Q4 in DTI HQ.

114 DTI is the lead sponsor Department for the RDAs and as such has overall responsibility for the achievement of its efficiency delivery gains.

All Departments that contribute to the RDA Single Pot claim from the total savings achieved on a pro rata basis. The Department has therefore presented above both the total savings and DTI's share of those total savings.

115 Exceptional items include efficiency gains that have been achieved, which were not part of the original targets but score against Gershon efficiency criteria and provide contingency for the Programme. The figure here relates to procurement savings reported to OGC in 2004/05 as part of our central procurement return, which have been maintained and not reported elsewhere.

116 The total represents DTI savings only, including DTI's share of RDA savings. The full RDA savings also presented in the table are for information only, and are excluded from the total.

- 6.32 The Department has continued to implement its new business model to enable it to operate more effective and efficient ways of working. Flexible use of office space has been extended, enabled by the Department's London property strategy and staff reductions. Overall the Department's estate has been reduced by 30% and cost effective exits on all surplus space were secured.
- 6.33 The Department has built on its core efficiency projects – the Project Pool and Response Centre. The Project Pool now runs as a Departmental management unit with annual Gateways to assess project bids and allocate resource to the Department's priority areas helping reduce the need to employ external consultants. The Response Centre is established as the first point of contact for handling external queries and correspondence, reducing the burden on policy officials.
- 6.34 By working more flexibly, prioritising projects and focusing on customer benefits, the Department has maintained or improved delivery of its main business objectives while operating at constant or reduced budget levels.
- 6.35 By focusing resource on better business support products, reducing spend on older legacy schemes and applying new productivity criteria to give a better deal to customers the Department has delivered some £27.5million in efficiency gains.
- 6.36 The Department has prioritised funding of Science and Engineering more effectively and reduced back office Research Council spend to generate efficiency gains of over £76million for regeneration within scientific research.
- 6.37 The Launch of the NDA, has introduced annual efficiency gains targets of 4% during 2005-06 in advance of the introduction of the PSA target of 2% efficiency gains from 2006-07. The NDA identifies efficiencies by comparing actual progress on site against the planned programme of budgeted work for that site (known

as the Near Term Work Plan). Actual gains achieved will be confirmed at the end of the financial year and reported in the Autumn Performance Report.

- 6.38 The Implementation of more cost-effective back office functions within the RDAs has released efficiency gains for recycling to key regional programmes, streamlined programme delivery within regions and achieved better delivery of key outputs while operating programmes at constant budget levels to achieve efficiency gains of some £6million against the Department's budgets (some £47million across all Government Department budgets).
- 6.39 The Department has reduced running costs within its agencies and NDPBs, which has delivered efficiency gains of around £3million. Companies House is on track to complete roll out of its electronic filing system over 2006-07 and The Insolvency Service has reduced the cost of enforcement activity.

Plans for 2006-07

During 2006-07 the Department and its delivery partners will continue to implement the main work streams within its Efficiency Delivery Programme as set out in its technical note. In particular it will:

- ▼ Aim to maintain reduced staff levels within the core Department and deliver further staff reductions within its agencies and NDPBs.
- ▼ Further improve the effectiveness of the Department's Response Centre through staff skills development supported by better business processes and technology.
- ▼ Begin to deliver efficiency gains of at least 2% through effective contract management by the NDA.
- ▼ Seek to further embed efficiency delivery across all areas of its business to ensure that efficiency gains continue to be made against the overall £380million target.