

# Building an effective organisation

# 10



World Aids Day 2006, DFID, Palace Street, London. Adrian Brooks/imagewise

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# Building an effective organisation

# 10

*“The UK is currently seen by many aid practitioners and donors as one of the bilateral models for today’s evolving world of development co-operation.”*

## **Organisation for Economic Co-operation and Development’s Development Assistance Committee, May 2006**

### **Highlights**

- We are **on course to achieve our efficiency targets** on overall efficiency gains.
- We **restructured the organisation** to ensure we have the right arrangements in place to meet the challenges of the White Paper and the Comprehensive Spending Review.
- We started work on a **Corporate Plan**. This will set out our plans covering 2008/09 to 2010/11 for delivering on the commitments made in the White Paper.
- The Prime Minister’s Delivery Unit undertook a **Capability Review**, in which, our results were the strongest of the 12 government departments so far reviewed. It did identify some areas where we will need to do better to face the challenges ahead, and we have set out in an Action Plan how we will address these.
- The OECD’s Development Assistance Committee published its **Peer Review** of the UK, and we published our response to its recommendations.

**10.1** In 2006/07, the UK published a **White Paper** on International Development, the **International Development (Reporting and Transparency) Act** passed into law, and work began on DFID’s settlement in the **2007 Comprehensive Spending Review**. This work suggests considerable challenges ahead for DFID, in particular the need to find ways of spending a growing budget with flat administration resources.

**10.2** To respond to these opportunities and challenges, we are adapting our organisational structure, managing change in the way we do business, developing our people, improving our performance management and working towards sustainable operations targets. This chapter outlines the improvements DFID has made in 2006/07 and looks ahead to how we will work in 2007/08.

## Getting our structure right

- 10.3** In 2006/07, **Rt Hon Hilary Benn MP** and **Gareth Thomas MP** have continued as Secretary of State and Parliamentary under Secretary of State for International Development respectively.
- 10.4** The **Management Board** is collectively responsible to ministers for the delivery of DFID's Public Service Agreement (PSA). The Board provides strategic direction 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. The Board has four objectives:
- to communicate the vision, role, direction and priorities of DFID to staff and other stakeholders;
  - to consider the strategic challenges and risks to the organisation;
  - to ensure effective allocation and management of DFID's staff and financial resources; and
  - to monitor and improve DFID's performance.
- 10.5** Four **Standing Committees** support the Board:
- The **Development Committee** provides oversight of the development and implementation of policy, and approves all new policy papers.
  - The **Audit Committee** helps to ensure a financially sound and efficient organisation and advises the Accounting Officer (the Permanent Secretary) on the adequacy of risk, internal control and governance issues in DFID.
  - The **Human Resources Committee** reviews DFID's human resource policies and practice and revises these as necessary.
  - The **Senior Civil Service (SCS) Committee** leads and manages SCS posts, staffing and pay in support of DFID's PSA objectives.
- 10.6** DFID undertook a significant restructuring in 2006/07 and now has **12 divisions**. There are five regional divisions: (1) West and Southern Africa, (2) Pan-Africa Strategy and Programmes, (3) East and Central Africa, (4) South Asia, and (5) Europe, Middle East, the Americas and East Asia. There are four divisions in the policy and international area: (6) United Nations, Conflict and Humanitarian, (7) Europe and International Finance, (8) Global Development Effectiveness, and (9) Policy and Research. There are also three divisions providing corporate services and support: (10) Human Resources, (11) Finance and Corporate Performance and (12) Communications. See Annex 8 for DFID's organisational chart.

### **Box 10.1: Ensuring a fit-for-purpose management structure**

In 2006 the Management Board commissioned a **Senior Management Review**. This was designed to ensure we had the right organisational structure to equip us for the challenges of implementing the White Paper and meeting our commitments under the forthcoming Comprehensive Spending Review. Following the review wide-ranging changes included:

- strengthening Director-level and country office leadership on Africa;
- revising the division of responsibility between the two other regional divisions in order to enhance focus on South Asia and strengthen leadership on middle income countries;
- creating a new division focused on global development effectiveness, a new communications division and a strategy team; and
- removing layers of management so that all Heads of Department are directly accountable to a Director.

**10.7 Heads of Profession** provide vision and intellectual leadership on issues relating to their professional disciplines. They help strengthen the knowledge and skills of DFID's ten professional groups (Economics, Education, Enterprise Development, Environment, Governance and Conflict, Health, Infrastructure, Livelihoods, Social Development and Statistics) to ensure the availability of the right technical skills to deliver the PSA targets.

### **Box 10.2: The International Development Select Committee**

The House of Commons International Development Select Committee (IDC) scrutinises the expenditure, administration and policy of the Department for International Development.

In 2006/07 IDC enquiries included:

- Private sector development
- HIV/AIDS: Marginalised groups and emerging epidemics
- Water and sanitation
- Development assistance and the Occupied Palestinian Territories
- Conflict and development: peacebuilding and post-conflict reconstruction
- Humanitarian response to natural disasters

The IDC also reviewed DFID's 2006 Departmental Report.

For more information on the work of the IDC see [www.parliament.uk/indcom](http://www.parliament.uk/indcom).

## Managing business change

- 10.8** In July 2005, the government launched a second **Comprehensive Spending Review** (CSR), reporting in 2007, to identify what further investments and reforms are needed to equip the UK for the global challenges of the decade ahead. A decade on from the first CSR, the 2007 CSR will represent a long-term and fundamental review of government expenditure. It will cover departmental allocations for 2008/09, 2009/10 and 2010/11.
- 10.9** As part of our preparation for the CSR, we conducted ‘zero based reviews’ (which consider how we would best go about achieving our aims if there were no constraints on our resources) covering the following areas: scaling up our resources in PSA countries; making choices between multilateral agencies; our work in non-PSA countries; our work in fragile states; corporate services; policy and operational work; and country office models. The CSR bid was submitted to Her Majesty’s Treasury (HMT) on 2nd March 2007 and comprises the following sections: (1) our long-term strategy over the CSR period; (2) our Public Service Agreement (PSA) and Departmental Strategic Objective (DSO) set (see paragraph 10.18); (3) our value for money delivery plans; (4) an account of the resources needed to deliver our programmes given the constraints announced by the Chancellor of the Exchequer; (5) how we manage DFID’s assets; and (6) our pay and workforce plan. We expect a settlement from HMT in autumn 2007.
- 10.10** We also started work on a **Corporate Plan**, to help ensure that we make the best possible use of financial and staff resources to deliver on our White Paper objectives and commitments. The Plan will contain a vision for changes in our organisation, ways of working and deployment of resources by 2013, as well as more specific delivery plans for 2008/09 to 2010/11.
- 10.11** The Corporate Plan will benefit from lessons learned from the **Capability Review** that was undertaken by an external team in the second half of the year as part of a government-wide programme to improve the civil service (see box 10.3).

### Box 10.3: DFID's Capability Review

In October 2005, the Cabinet Secretary, Sir Gus O'Donnell, announced to the Public Administration Select Committee that one of his key priorities as head of the Home Civil Service was to improve the capability of the civil service to meet today's delivery objectives and to be ready for the challenges of tomorrow.

He announced that he would work with Permanent Secretaries to develop departmental Capability Reviews that would both assess how well equipped departments are to meet these delivery challenges and provide targeted support to make any improvements required.

The report on DFID was published on 27th March 2007. It recognised DFID as a "world leader" and praised our "passionate and committed" staff. It commented on our clear mission, the high quality of our research, analysis and policy development and our sound business model. It recognised that there are changes ahead for DFID, in particular as we operate increasingly in difficult environments. The review identified, for example, that we will need to make tough choices about our priorities and to step up our response on managing people and working with other parts of government.

DFID has responded with an Action Plan showing what we will do to step up our response over the next two years. We will:

1. Have a **clear vision** for DFID, showing how we will prioritise and deliver effectively in a more complex world with limited administration resources
2. Strengthen DFID's culture of **decision-making, accountability and challenge**, led by the Management Board
3. Increase the **flexibility** of DFID's **business processes** to cope with risk and uncertainty
4. Continue to develop **effective relationships** across Whitehall and with other international development organisations
5. **Communicate** powerful arguments for international development
6. Further develop **leadership, people management and financial management** capabilities

**10.12 Catalyst** is our programme of business transformation, which aims to streamline DFID's business operations through the introduction of new corporate systems. Catalyst is the biggest investment in overhauling systems, processes, skills and behaviours in DFID's history and will have a lasting impact throughout the Department for years to come. The benefits realised will play a crucial part in meeting the challenges of the CSR and in enabling delivery of DFID's White Paper commitments.

**10.13** During 2006/07, Catalyst's focus was on the completion of the implementation of **Quest** (our new electronic document and records management system and collaborative working desktop) and preparations for the introduction of **Aries** (which will introduce a new financial, procurement and programme management system).

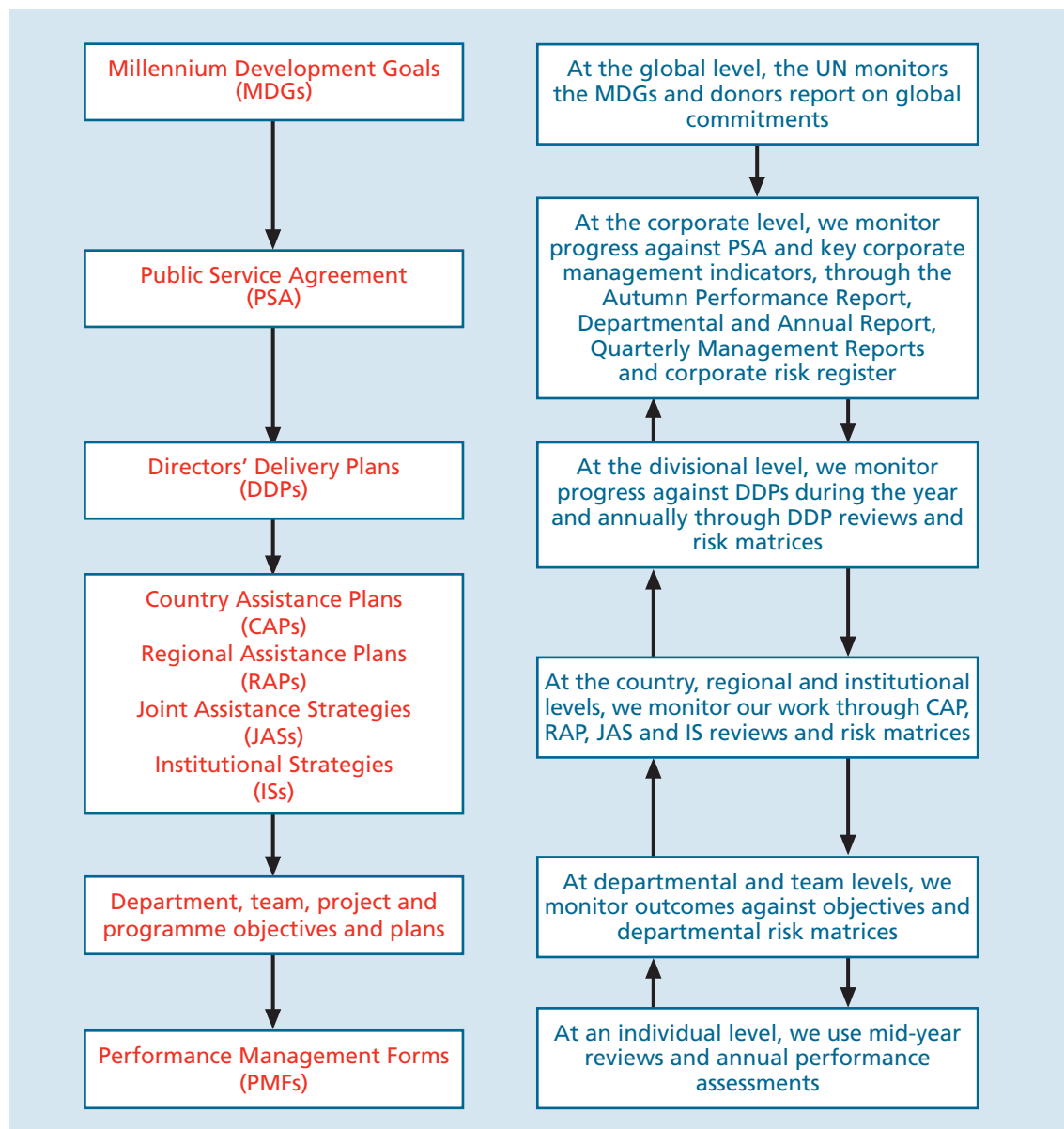
- 10.14** The implementation of **Quest** was completed in May 2006. The transfer to Quest was a major undertaking, both in terms of the logistical challenge – 3,300 staff in 53 overseas offices – and for individual staff behaviours. Further activities to realise the benefits of Quest have continued throughout 2006/07 and an upgraded version of the software went live in November 2006.
- 10.15** Good progress was made with the **Aries** project. Following extensive consultation on the proposed design, work on building and testing the new system began in the summer of 2006. Aries will be implemented across the Department over an 18-month period from October 2007.
- 10.16** As part of the **HR Transformation** programme, we are taking a fresh look at the systems and processes that we use in DFID for recruitment, postings, promotions, secondments, exits from the organisation and workforce planning.

## Delivering results

### Setting objectives

- 10.17** DFID's **Public Service Agreement** (PSA) 2005–08 sets out the objectives and targets that the department is working to achieve. The PSA identifies the contribution that the UK government will make to the achievement of the Millennium Development Goals. The PSA provides the basis for the monitoring and reporting of performance in DFID. DFID also monitors and reports on performance at all levels of the organisation as shown in figure 10.1.
- 10.18** DFID, along with the rest of the UK government, is preparing a new set of objectives and targets for the period 2008–11 in line with the conclusions of the CSR. The new PSA will continue to capture the UK's ambition to address international poverty reduction and ensure that contributions from other government departments are also included in delivery of the PSA. DFID will also have a high level set of Departmental Strategic Objectives which will serve as the monitoring and reporting framework for the organisation.

Figure 10.1: DFID strategy and performance management – how it fits together



### Box 10.4: DFID awards, successes and recognition

In 2006/07 DFID received a number of awards and achieved some notable successes:

- DFID Vietnam received medals from the Ministries of Finance and of Planning and Investment, and Bella Bird, the Head of Office, was awarded the Order of Friendship, the highest order that can be granted to a foreigner in Vietnam.
- In June 2006, President Musharraf of Pakistan gave the Sitara-i-Essar (Star of Sacrifice) to a wide range of organisations, including DFID, in recognition of our contribution to the relief effort following the October 2005 earthquake.
- DFID India won a Civil Service Diversity and Equality Award for improving their ability to recruit a more diverse workforce. DFID also won an Opportunity Now diversity award in May 2006 for our work on promoting gender equality.
- Four DFID-supported TV programmes picked up awards at the One World Media Awards in June 2006, which recognise excellence in coverage reflecting social, political and cultural life in the developing world.
- A project on Drought Tolerant Maize which DFID helped to fund won the King Baudouin Prize from the Consultative Group for International Agricultural Research. The award is made biennially for outstanding contributions to increasing agricultural productivity and alleviating hunger.
- The DFID-led OECD/DAC Environment Task Team on Strategic Environmental Assessment won the 2006 Institutional Award from the International Association for Impact Assessment.
- Crown Agents won a British Expertise Award for their contribution to the record debt relief that was provided to reduce poverty in Nigeria.
- DFID maintained its reputation as one of the top performing government departments in managing risk.
- In an initiative led by the Secretary of State for International Development, DFID galvanised other donors to support the Central Emergency Response Fund (CERF) which will ensure a more predictable and timely response to humanitarian crisis. In the first year since its launch, in March 2006, 73 donors provided over \$399 million (£217 million).
- The UK is currently seen by many aid practitioners and donors as one of the bilateral models for today's evolving world of development co-operation (Development Assistance Committee (DAC) Peer Review 2006).

## Allocating resources to objectives

**10.19** Resources for PSAs for the years 2005/06 to 2007/08 were allocated in the 2004 Spending Review (SR04). During this period, **DFID's budget has grown by an average of 9.2%** in real terms, from £4.5 billion in 2005/06 to £5.3 billion in 2007/08. **Since 1997 the budget has grown by about 140%** in real terms. Budgets for 2008/09 to 2010/11 will be announced at the end of the current Comprehensive Spending Review.

**10.20** DFID allocates resources within the organisation for the spending review period, confirmed through an annual **resource allocation round** which links resources to delivery plans and PSA objectives. Firm budgets are set at the beginning of the financial year and planning totals are agreed for the remainder of the current Spending Review period. Planning totals are reviewed annually, and budgets are amended to respond to changes in the external environment and performance by our partners.

**10.21** In allocating resources, DFID models the impact on poverty of the way resources are allocated. To do this we use countries' per capita incomes and the likely effectiveness of aid in reducing poverty based on the World Bank Country Policy and Institutional Assessment (CPIA), with allowance for vulnerability to economic shocks. Country allocations suggested by the model are only a starting point for decisions; these also take account of the availability of finance from non-aid sources and the UK potential contribution to overall aid effectiveness in specific countries. During 2006/07, the elements and data used in the model were reviewed by the Management Board.

**10.22** Annex 2 provides full details of DFID's actual and planned expenditure from 1999/2000 to 2007/08, and a breakdown of estimated spending by area for the coming year. We expect to spend about:

- 54% on bilateral programmes
- 46% through multilateral agencies (the EC, World Bank and UN agencies)

These figures include DFID's contribution to the EC development budget.

**10.23** The Management Board reviews progress against objectives and resource use on a quarterly basis, with more detailed monitoring undertaken by our Finance and Corporate Performance Division and reported to the Board on an exception basis. The introduction of new financial systems will allow the Board to have summary management accounts each month. Annual resource accounts show outturn by objectives.

**10.24** DFID's capital spending up to 31 March 2007 is determined by our Departmental Investment Strategy, which was updated in the 2004 Spending Review. The main components of our asset base comprise:

- shareholdings in international financial institutions, valued at £1.754 billion (as at 30 January 2007);
- 100% ownership of CDC Group plc – DFID's investment was valued at £765 million (as at 30 January 2007);
- a minority interest in Actis – shareholding was valued at £2 million (as at 30 January 2007); and
- tangible and intangible fixed assets, mostly office buildings and IT systems, with a net worth of £75.71 million (as at 30 January 2007).

**10.25** In 2006/07 our gross capital expenditure is expected to have been approximately £29.6 million. In 2004 Spending Review years DFID has made significant capital investment in information systems (corporate networks, finance and HR) and also in accommodation in Scotland and overseas. This investment has been to support business needs and to secure long-term efficiencies, for example by facilitating video conferencing and providing scope for relocation of posts from London to Scotland.

**10.26** Current capital investment plans for the CSR period include: further investment in overseas offices including essential security improvements and co-locating with FCO; investment in communications and core information systems equipment and operating systems; and investment in information systems applications to improve corporate performance and deliver further efficiency savings. These plans will be revisited after the CSR settlement and final provision will be provided to departments according to identified business needs.

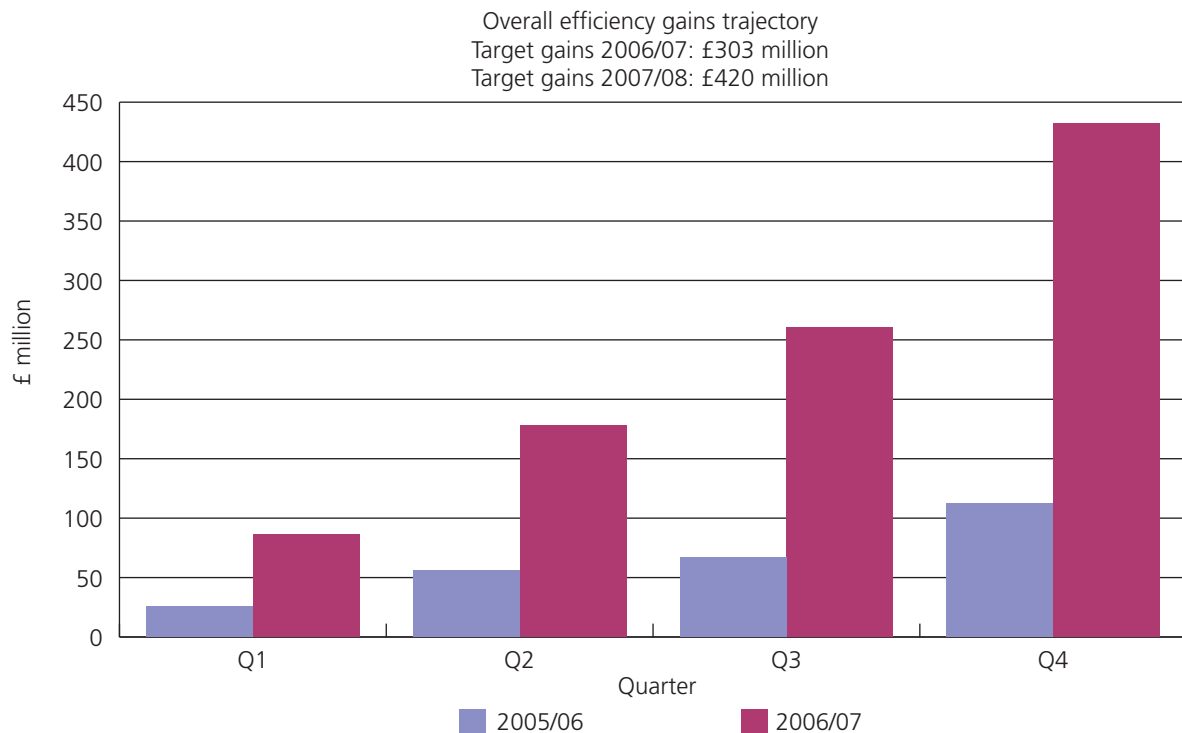
### Increasing efficiency

**10.27** DFID is committed to delivering £420 million of annual sustainable efficiencies by 2007/08. These will be achieved through:

- more effective spending;
- improvements in the performance of projects and programmes;
- more streamlined processes and systems;
- reducing our headcount; and
- relocating posts from London to East Kilbride.

**10.28** Delivery began in 2005/06. Provisional figures show that we achieved £119.8 million of savings in 2005/06 and £434 million in 2006/07 (see figure 10.2). We judge that we are on course to exceed our target of £420 million in 2007/08.

**Figure 10.2: Progress on efficiency gains 2005/06 and 2006/07**



**10.29** DFID has reduced the full-time equivalent (FTE) of its UK-based staff numbers by 188 from a revised baseline of 1907 at March 2004 (see table 10.1). We continue to work towards the target of a total

home civil service (HCS) FTE of 1610 by March 2008. The target is challenging because of a temporary increase in staff needed to introduce a new financial system (ARIES) while continuing to support our existing systems. In the long term, the proposed changes will contribute to a reduction in staff numbers.

**Table 10.1: DFID staff numbers – targets over the 2005-08 PSA period**

	(Actuals)				Targets
	March 2004	March 2005	March 2006	March 2007	March 2008
Home civil service (HCS)	1907*	1883	1801	1719	1610
Staff appointed in country (SAIC)	1162	989	932	865	950

Note: This table shows the number of full-time equivalent civil service staff employed by DFID in both the UK and overseas, with part-time staff counted according to the percentage of full-time hours worked.

\* To ensure consistency across government, DFID's baseline staffing figure has been revised from 1780, as previously published, to 1907. This is to bring in a number of previously excluded categories of staff, and does not affect our target for 2008, or our trajectory towards that figure.

**10.30** See Annex 7 for full details of progress on our efficiency programme.

## Risk and control

**10.31** The Permanent Secretary is responsible for ensuring the implementation of a **system of internal control** that supports the achievement of DFID's objectives while safeguarding public funds and departmental assets. The system includes measures to identify risks and to put in place rules and procedures to manage these. The mandatory procedures needed to ensure compliance with the system are set out in the **Blue Book**. This provides the requirements for each business area, the reasons why the rules exist, the risks inherent in non-compliance, and where further guidance can be found. Our systems are reviewed and assessed by the department's internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.

**10.32** Divisional Directors provide an annual **statement of assurance**, which covers compliance with management and control systems. Directors' statements are informed by regular monitoring of departmental systems on management of performance. Together with the Head of Internal Audit's Annual Report, they contribute to DFID's **statement of internal control** which is signed by the Accounting Officer and submitted to Parliament with the Annual Accounts.

**10.33** The **Internal Audit Department** (IAD) provides the Permanent Secretary, in his role as Accounting Officer, and DFID managers with an independent and objective opinion of risk management, internal control and governance. To meet this objective, in 2006/07 IAD carried out a total of 24 audits both at the DFID headquarters and overseas. Building on the work of previous years and in response to DFID's increasing focus on fragile states, audits were carried out in Afghanistan, Sudan, the Democratic Republic of Congo, Indonesia, Nigeria and Yemen. The focus of overseas audits has increasingly shifted from the auditing of country office administration systems to reviewing and auditing the appropriateness and application of the systems and controls for managing programmes in-country. To meet this objective, programme audits were carried out in Malawi, Vietnam, Bangladesh, Ghana and Ethiopia.

**10.34** DFID launched an **anti-fraud and corruption initiative** in 2004 and set up the Fraud Response Unit (FRU). This has increased awareness of fraud risks affecting DFID funds. All cases of suspected fraud against DFID funds are reported to the Head of Internal Audit and investigations are directed by the FRU. The number of referrals to the FRU remains steady; however, cases of fraud involving DFID staff have declined over 2006/07.

**10.35** DFID also works closely with the **National Audit Office** (NAO), who audit our accounts and produce reports for the Public Accounts Committee on the economy, effectiveness and efficiency with which public money is spent. The NAO completed a value for money study entitled *Working with non-government and other civil society organisations to promote development* which was published in July 2006 and submitted to the Public Accounts Committee in November 2006. A further study, *Tackling rural poverty*, was published in March 2007, and the NAO began a study of DFID's management of budget support, the report of which is due in mid 2007/08. DFID takes care to avoid duplication of auditing and evaluation of overseas programmes and, for example, IAD worked closely with the NAO in Ethiopia on their value for money study of budget support. For more details on the work of the NAO see [www.nao.org.uk](http://www.nao.org.uk).

**10.36** **Security risks** continue to be a concern in many countries and staff security systems are operating throughout DFID. Security measures are continually reviewed and improvements implemented to our operations both in the UK and overseas. We have comprehensive business continuity plans in place for our UK offices in London and East Kilbride, as well as for all offices in high-risk countries and for most other overseas offices.

## Developing our staff

**10.37** The effective deployment, management and development of DFID's staff are crucial to the achievement of our goals. Over the course of 2006/07 DFID has been delivering on the goals in its **People Strategy** (see box 10.5).

### Box 10.5: Progress on DFID's People Strategy goals in 2006/07

*Goal 1: Demonstrating excellence in the leadership and management of people*

- We filled twenty Senior Civil Service posts to enhance our leadership capacity.
- We developed learning and development initiatives to support improved line management and leadership capability.
- We had a sickness rate of approximately 5.7 working days lost per staff year. The Whitehall average was 9.8. There were no ill health retirements in DFID in 2006/07.

*Goal 2: Supporting all DFID staff in their continual professional development and performance improvement*

- We launched a new and improved individual performance management system.
- We delivered a range of learning programmes.
- We started development of a new leadership and management programme.
- We launched a second phase of Crossing Thresholds, a mentoring programme for senior women.

*Goal 3: Providing all DFID staff with a healthy, safe workplace, in which diversity is recognised*

- We began services for DFID staff working in and returning from countries where living and working conditions are difficult.
- We implemented a health and safety training programme.
- We started a Stress Strategy campaign.
- We researched the resourcing of difficult-to-fill posts to ensure DFID's workforce is fit for the future.

*Goal 4: Use efficient and effective people processes to support DFID business delivery*

- We started to improve and e-enable DFID's HR processes.
- We established an HR Strategy and Change Team to incorporate people issues into DFID's wider strategy.
- We delivered a targeted Early Departure Scheme.
- We provided employment law and customer service training for HR staff.

*In 2006/07 we made progress towards achieving the Investors in People (IIP) targets set out in our People Strategy.*

- We trained a 31-person team to be certified IIP Internal Reviewers.
- We completed 30 IIP mini reviews of business units in the UK and overseas.
- We were formally reviewed against the new IIP Standard, achieving 7 out of 10 indicators.
- We identified corporate strengths and development opportunities.
- We planned action to improve good practice in management and development in order to achieve the Standard by the end of June 2007.

In 2006/07, we also conducted a Management Survey where we asked staff what they think about their managers and about how DFID is run including issues such as training and opportunity for development; communication; leadership; workload; and how valued staff feel for the work they contribute. Eighty per cent of DFID staff responded. The survey included 12 mandatory questions from the Cabinet Office used for benchmarking across Whitehall departments. DFID scored higher than the ORC<sup>1</sup> central government benchmark on 11 of these 12 questions. The results are now being used across DFID to encourage and build on good management practices and behaviour, and identify areas for improvement.

1 ORC International is a leading provider of employee research and benchmarking data from 59 public and private sector organisations.

**10.38** As at 31st March 2007, 62 members of DFID staff were on **secondment** to other organisations including other government departments, international agencies and non-governmental organisations. Seventy-four staff were on secondment to DFID from a variety of organisations including the private sector. We started an exchange with the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) at the end of 2006.

## Diversity

**10.39** We have made excellent progress towards our 2008 diversity targets. The Management Board continues to have a Director General Diversity Champion.

**Table 10.2: Diversity monitoring (as at 31st March 2007)**

GRADE	% female	% male	% white *	% ethnic minority*	% disabled
Senior Civil Service	36	64	89	11	2.3
Band A1	32	68	92	8	0.4
Band A2	49	51	88	12	1.9
Band A3	54	46	90	10	2.1
Band B1 (D)	58	42	81	19	5.4
Band B1	44	56	87	13	1.8
Band B2	55	45	85	15	2.7
Band C1	69	31	87	13	7.4
Band C2	50	50	81	19	13.3
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>88</b>	<b>12</b>	<b>2.9</b>

\* % of staff whose ethnicity is known

**10.40** At the end of March 2007, women made up 36.4% of the SCS, increasing from 26.6% at the end of March 2006 and against a target of 37% by 2008. Black and ethnic minority staff makes up 11% of the SCS, against a target of 12.4% by 2008 and well above the civil service-wide target of 4%. Of the SCS, 2.3% has declared a disability, against a target for 2008 of 3.5%.

**10.41** DFID published its **Disability Equality Scheme** (DES) in December 2006 and has undertaken a Disability Management Audit. We submitted our **Gender Equality Scheme** for publication on 6 April 2007 (see box 10.6).

**Box 10.6: DFID's Gender Equality (Duty) Scheme**

DFID is currently developing its Gender Equality (Duty) Scheme (GEDS) in response to the gender equality duty in the Equality Act 2006. The Act comes into force on 6th April 2007.

DFID's scheme enhances and supports the work on gender equality we have already captured in our Gender Equality Action Plan. The GEDS shows how DFID will maintain and develop progress on gender equality in the diversity of our staff, our career development, our work with civil society, our communications and our procurement.

The scheme builds on the strong foundations and achievements already in place on gender equality in the department, ensures that we have a greater ambition for diversity and an inclusive environment for the future and makes clearer links between our work on gender equality internally and our work to achieve the MDGs.

- 10.42** DFID is committed to ensuring our recruitment and promotion procedures are free from bias or discrimination, and that all selection is undertaken purely on merit as stipulated in our equal opportunities policy. We monitor and analyse the diversity outcomes of these selection processes by gender, ethnicity, disability, age and working pattern.

**Table 10.3: Staff salaries for DFID HCS staff in the UK and overseas (as at 31st March 2007)**

GRADE	Salary Range	Female	Male	Total
Senior Civil Service	£106,000 – £205,000	2	3	5
	£55,000 – £105,999	31	53	84
Band A1	£46,566 – £62,728	77	161	238
Band A2	£35,900 – £51,773	208	218	426
Band A3	£27,264 – £36,446	76	66	142
Band B1 (D)	£22,425 – £34,158	43	31	74
Band B1	£21,332 – £30,015	121	151	272
Band B2	£16,962 – £24,665	146	118	264
Band C1	£13,788 – £20,369	160	71	231
Band C2	£11,057 – £17,151	15	15	30
<b>TOTAL</b>		<b>879</b>	<b>887</b>	<b>1766</b>

Note: Figures are taken from the HR database, and determined in accordance with Office for National Statistics (ONS) definitions which, as members of the home civil service, we are obliged to report in our staffing returns.

**Table 10.4: Permanent UK-based staff appointments filled in 2006/07\***

Grade	Total	Female	Ethnic minorities **
Senior Civil Service	5	1	0
Band A1	6	4	0
Band A2	19	8	0
Band A3	2	2	0
Band B1 (D)	17	10	2
Band B1	2	2	0
Band B2	0	0	0
Band C1	4	3	0
Band C2	1	1	0
<b>TOTAL</b>	<b>56</b>	<b>31</b>	<b>2</b>
<b>% of TOTAL</b>	<b>100%</b>	<b>55%</b>	<b>3.6%</b>

\* Appointments refers to people recruited from outside of DFID and taking up their positions during 2006/07.

\*\* Where ethnicity is known.

**Table 10.5: Numbers of DFID staff by location and gender (as at 31st March 2007)**

Appointee Type	Female	Male	Total
HCS in London office	395	387	782
HCS in EK office	301	250	551
HCS in overseas offices	183	250	433
Total HCS staff	879	887	1766
Total SAIC staff	441	424	865
Total of All Staff	1320	1311	2631

Note: Figures are taken from the HR database, and determined in accordance with Office for National Statistics (ONS) definitions which, as members of the home civil service, we are obliged to report in our staffing returns. Staff appointed in country (SAIC) numbers are a permitted exclusion from those returns.

## Annual Public Appointment Plan

**10.43** DFID is responsible for 17 appointments to the Commonwealth Scholarship Commission in the UK and to the Crown Agents Holding and Realisation Board.

**10.44** Only the Commonwealth Scholarship Commission is currently active. The Crown Agents Holding and Realisation Board have recruited no new members or made any re-appointments during 2006/07, nor do they have any plans to do so in the future. Information on the public appointments can be found on the DFID website.

## Ensuring effective procurement

- 10.45** DFID issued **571** contracts in 2006/07 at a total value of £148 million. A significant majority of contracts issued are consultancy contracts for the benefit of overseas recipient countries. Other contracts include support services to DFID such as IT services and staff substitution. Our procurement agents also bought goods worth £32 million on behalf of DFID.
- 10.46** All business over £93,000 is let through global competition and we have processes in place that select and evaluate the external consultants we use. Initial capability statements are adjudicated against financial standing, range of skills and experience, and overall quality and risk assessment. Shortlisted bidders are invited to submit formal tenders, which are adjudicated by a panel including the project team, developing country partners, and procurement advisers. Technical and commercial evaluations are conducted separately. The winning tender will demonstrate the best value for money, taking account of quality, time, quality assurance, risk and cost of inputs and expenses. Performance is subject to regular monitoring, and payments are made only if work is satisfactory.
- 10.47** We continue to seek ways to **increase efficiency in our procurement procedures**, and achieved negotiated savings of **£6.1 million** on new contracts in 2006/07. We are also working more closely with other Whitehall departments, particularly the Foreign and Commonwealth Office (FCO), to share procurement skills and resources to achieve better value for money, particularly in the area of overseas procurement.
- 10.48** In 2006/07 we refined our contract documents and processes to demonstrate **DFID's commitment to corporate social responsibility** (CSR), that is sustainable development, core labour standards, anti-corruption, and workplace practices free of discrimination on the grounds of gender or gender reassignment, marital status, race, colour, nationality, ethnic origin, religion or belief, disability, sexual orientation, working pattern, age or background. Our contract documents emphasise to potential suppliers of goods and services that we particularly wish to work with those that share our commitment to CSR, and demonstrate it through their own business policies and practices.
- 10.49** DFID plays an active role in the Organisation for Economic Co-operation and Development Assistance Committee (OECD/DAC) **Procurement Joint Venture and the NORDIC+ procurement group**.<sup>2</sup> During 2006/07 the Procurement Joint Venture developed a public procurement benchmarking and performance monitoring tool which will benchmark partner country procurement systems against a set of agreed norms and lead to a capacity development reform programme. Twenty-one countries from Africa, Asia and Latin America expressed an interest in taking part in the first wave of pilots. The pilots are taking place currently and countries are expected to provide feedback in mid-June.
- 10.50** The NORDIC+ procurement group played an active role in reviewing the benchmarking and monitoring tool. During 2007 the NORDIC+ group will develop a web-based training module which

<sup>2</sup> Members of the Nordic+ procurement group are: Canada, Denmark, Finland, Germany, Ireland, Norway, Netherlands, Sweden and the UK.

will raise awareness of the importance of good public procurement to economic growth and provide information on the NORDIC+ joint procurement policy and place this in the context of the Paris Declaration. This web-based training module will be available to all procurement NORDIC+ country staff (Canada, Denmark, Finland, Germany, Ireland, Netherlands, Norway, Sweden and the UK).

## Making DFID greener

- 10.51** A new set of **government environmental operations targets**, *Sustainable Operations on the Government Estate*, were launched in June 2006. DFID is committed to meeting these long-term targets in its internal operations.
- 10.52** DFID has established **Environment Management Systems** (EMS) in both UK offices. During 2006/07 we began to roll out the principles of the EMS to our main overseas offices. DFID signed up to a **partnership with the Carbon Trust** and agreed a **Carbon Energy Efficiency Action Plan**. The Carbon Trust conducted an energy audit of both our UK buildings. It reported that they are “inherently energy efficient” and made some recommendations to improve our energy efficiency further. We are continuing to work with the Trust to carry out their recommendations and to develop plans for renewable energy on site. We are reviewing options for wind, solar, biomass and tri-generation and hope to begin implementation on site in 2007.
- 10.53** DFID is committed to **reducing carbon emissions from energy usage and travel**. To reduce air travel we encourage staff to use our video-conferencing facilities. An independent expert reported in 2006 that DFID’s video-conferencing systems generate annual reductions of two million air miles and 230 tonnes of CO<sub>2</sub> emissions, and save £700,000 a year in operating costs. We are currently compiling internal targets to reduce the number of air miles flown. Both our ministers have the Toyota Prius, one of the least carbon-emitting vehicles. DFID also implemented a **Sustainable Procurement Strategy and Environmental Purchasing Policy** during 2006/07.
- 10.54** During 2007/08, DFID aims to:
- investigate and implement renewable energy on site at both our UK offices and review possible renewable technologies for our overseas estate;
  - establish an Environmental Management System in the majority of our main overseas offices (working with the FCO when appropriate); and
  - investigate further water-saving mechanisms such as waterless urinals and dual flushes.
- 10.55** Further details on DFID’s environmental performance can be found in the Sustainable Development in Government (SDiG) report which is available on the Sustainable Development Commission’s website [www.sd-commission.org.uk](http://www.sd-commission.org.uk). We will also be publishing a progress report on our Sustainable Development Action Plan which will be available on the DFID website in 2007.

## Paying overseas pensions

**10.56** DFID's Overseas Pensions Department (OPD) is responsible for the administration and payment of pensions and related benefits to former expatriate colonial civil and public servants and their dependants (including those derived from service in a civil or military capacity in former British India and the Sudan public service). **42,946 pensions and supplements were paid to 11,133 service pensioners and 9,047 dependants during 2005/06.** Over 219,000 individual payments were made with a total value of almost £115 million.

**10.57** OPD once again exceeded all the targets set for 2005/06 in its Service Level Agreement (SLA). Table 10.6 summarises OPD's performance against those standards in 2005/06.

**10.58** OPD received a total of 26 complaints during 2005/06, of which 7 contained valid criticisms about our service. A customer service questionnaire is sent to every new pensioner six months after their first payment. In 2005/06, 378 questionnaires were issued, of which 234 (62%) were returned. 96% of respondents rated our performance as "very good" or "good".

**Table 10.6: Performance against pension service standards, 2005/06**

Standards	Target %	Achieved %
Accuracy of initial calculation of new and revised awards	95.00	97.46
Accuracy of initial payment calculation	97.50	99.77
Number of new awards put into payment within two weeks	97.50	99.03
Timeliness of payments by due date	99.00	99.99
Response to enquiries within two weeks of receipt	99.00	99.76
Initial response to complaints within two weeks and a more detailed reply, if one is needed, within five weeks	95.00	96.22

## Future priorities

**10.59** In 2007/08, our priorities will be to:

- develop a Corporate Plan for the 2008-13 period;
- deliver our efficiency programme;
- prepare for the CSR07 period;
- begin the roll-out of our ARIES programme; and
- manage our increasing budget with constrained administration costs.