

Building an effective organisation

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Northern Darfur – Vickie Sheriff/DFID



Building an effective organisation

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“The Department has a clear mission, which attracts and inspires passionate and committed people. The mission is owned and shared throughout the Department. The vast majority of DFID staff feel proud about their job.”

DFID’s Capability Review, March 2007

Highlights

- DFID welcomed new and expanded Ministerial Team in July 2007 – doubling the number of Ministers to increase our engagement and capacity.
- Nemat Shafik was appointed as DFID’s new Permanent Secretary in March 2008 following the appointment of Sir Suma Chakrabarti as Permanent Secretary at the Ministry of Justice.
- We achieved **our overall efficiency target** realising gains of £588 million and reduced our UK based staff numbers by 295 since March 2004.
- A new **Investment Committee** was created to advise Ministers and the Management Board on strategic investment choices and ensure that the mix of investments represents good value for money for UK taxpayers.
- DFID successfully achieved accreditation by the Energy Institute to the Energy Efficiency Accreditation Scheme (EEAS). The Scheme is managed by the National Energy Foundation on behalf of the Carbon Trust and is recognised as the national benchmark standard in energy efficiency.
- DFID was successfully re-accredited as an **Investor in People** in June 2007 and also obtained the **disability two ticks award**.

10.1 DFID’s settlement under the 2007 **Comprehensive Spending Review** was announced in October 2007; it gives the Department an average annual increase in programme spending of 11% over the three years 2008/9 to 2010/11. Administrative spending over the same period will fall by 5% per annum in real terms. However, costs relating to DFID staff overseas working directly towards our strategic priorities have been reclassified as programme costs and protected from this decrease. 2008 is the halfway point in the challenge to meet the Millennium Development Goals by 2015. 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 2007/08 and looks ahead to how we will work in 2008/09 and beyond.

Getting our structure right

- 10.2** In 2007/08, DFID welcomed a new and expanded ministerial team. This team consists of the **Secretary of State for International Development Douglas Alexander**, and three Parliamentary under Secretaries of State for International Development – **Gareth Thomas MP**, **Shahid Malik MP** and **Gillian Merron MP**. Gillian Merron replaced **Baroness Shriti Vadera** who was also appointed as a Parliamentary under Secretary of State for International Development in July 2007 to represent the department in the House of Lords. In January 2008, Baroness Vadera moved on to BERR.
- 10.3** The **Management Board** is collectively responsible to ministers for the delivery of the Public Service Agreement (PSA) on International Poverty reduction. 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 comprises the Permanent Secretary, all Directors General (three seats, four from April 2008), the Finance Director (from April 2008), and two non-executives. Both non-Executive positions have changed hands; Helen Ghosh and Bill Griffiths left the Management Board during 2007/08 at the end of their terms of office; they were replaced by David McLeod and Doreen Langstone (who will also chair the Audit Committee).
- 10.4** Five **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 Audit Committee now comprises only non-executive members, in line with best practice corporate governance;
 - The **Investment Committee** ensures that DFID investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence;
 - The **Human Resources Strategy Committee** takes a corporate view of DFID's people management policies and practices to ensure that they are contributing as effectively as possible to DFID achieving its goals;
 - The **Senior Civil Service (SCS) Committee** leads and manages SCS posts, staffing and pay in support of DFID's PSA objectives.

Box 10.1: The new Investment Committee – role and purpose

The **Investment Committee** is a new sub-committee to the Management Board, meeting for the first time in **February 2008**. It contributes to the Capability Review recommendation for stronger strategic leadership on financial management in DFID.

The Committee is part of a broader set of proposals to strengthen strategic financial management in DFID and further to strengthen the use of quantitative data in decision making. By demanding and reviewing a range of financial and portfolio analyses the Investment Committee will be an important vehicle for embedding this shift in DFID practice.

It will do three things:

- advise Ministers and the Board on strategic investment choices and resource allocation priorities, ensuring that DFID's mix of investments is aligned with our strategic vision;
- provide assurance that DFID's programmes represent good value for money; and
- ensure DFID's investment appraisal procedures and practice are fit for purpose; and strengthen the use of evidence and quantification of outputs.

10.5 DFID made some changes in 2007/08 to realign our policy, international and corporate divisions in response to the change in Ministers, creation of the new Trade Policy Unit (joint with BERR), and change agenda ahead. There are now **13 divisions**:

- 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;
- four divisions in the policy and international area: (6) United Nations, Conflict and Humanitarian, (7) International Finance and Development Effectiveness, (8) Europe and Donor Relations, and (9) Policy and Research;
- four divisions providing corporate services and support: (10) Human Resources, (11) Finance and Corporate Performance, (12) Communications and (13) Business Systems. See Annex 8 for DFID's organisational chart.

Box 10.2: Creation of the Joint Trade Policy Unit (TPU)

Responsibility for trade policy is now shared between DFID and BERR (Department of Business, Enterprise and Regulatory Reform). A new Cabinet Committee on trade oversees the Government's work on trade policy and promotion, chaired by our Secretary of State, who will represent the UK in global trade negotiations.

Under the political leadership of the joint Minister for Trade Policy – PUSS Gareth Thomas – and reporting to the Secretaries of State for DFID and BERR, the new joint Trade Policy Unit brings together some 70 staff from DFID and BERR. The chief aim is to make our aid and trade policies coherent, putting developing countries' concerns squarely at the forefront of our trade policies.

More on the work of the TPU can be found in Chapter 7 on "Working with others on policies beyond aid."

10.6 Heads of Profession, along with the Chief Economist and Chief Scientist, 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, Private Sector Development, Environment, Governance and Conflict, Health, Infrastructure, Livelihoods, Social Development and Statistics) to ensure we have the right technical skills to deliver the PSA targets.

Managing business change

Responding to the 2007 Capability Review

10.7 DFID is stepping up its capability to handle the challenges of the years ahead, in six areas:

- Clear vision and a routemap;
- Decision-making, accountability and challenge;
- Flexibility of business processes;
- Effective relationships, particularly across Whitehall;
- Communicating powerful arguments for international development;
- Leadership, people management and financial management.

10.8 This is our part of a wider Capability Review programme led by the Cabinet Secretary to improve the way all government departments work. An external assessment team helps hold us accountable for our progress.

10.9 Last autumn, after six months of action, we had already improved contingency planning, agreed development of a leadership and management programme and introduced more independent challenge to the management of the department through appointing the **Independent Advisory Committee on Development Impact** and two new non-executive directors to the Management Board.

10.10 Some more recent highlights are:

- **Financial decision-making.** As well as the new Investment Committee, we have also strengthened our Audit Committee to make it entirely non-executive, with several new members, and we are benchmarking our professional financial capacity using a CIPFA model.
- **Working with other government departments.** With shared PSA's (Chapter 1), we need to work closely with our Whitehall colleagues, as well as other stakeholders to achieve our goals. There are many examples where strong teamwork amongst departments has ensured a strong UK impact. To help build on this we are surveying our main stakeholders so we will understand better how DFID is perceived and what we can do to make our relationships even stronger.
- **Public awareness.** We are proud of what DFID achieves on behalf of the British people and want to make sure our work gets the attention it deserves. We have been driving for greater and

more diverse media coverage, better marketing to improve development awareness, and strengthening our direct outreach work. We are also improving our audience analysis so that we can track the resulting shifts in public awareness and support.

Catalyst update

10.11 Catalyst is our programme of IT-enabled business transformation, which aims to streamline DFID's business operations through the introduction of new corporate systems. In 2007/08, Catalyst focused on 3 major strands of work:

- Preparing DFID for **ARIES**, our new financial, procurement and programme management system; in December 2007, the ARIES pilot went live in 4 divisions across DFID and has been a success in terms of accuracy of migrated data and stability of the system. The pilot will be extended to selected overseas divisions midway through 2008 and rolled out across the rest of the business throughout 2008 and 2009.
- Improving the functionality, stability and response times of **Quest**, our document and record management system;
- Completing the **HR Transformation** project by e-enabling and simplifying our systems for internal and external recruitment, by replacing DFID's Staff Handbook by a new web-based system available to all DFID staff on the Department's intranet, and a new structure and ways of working for HR Division.

Performance in responding to correspondence from the public

10.12 DFID's enquiry and correspondence units received nearly 11,000 letters and e-mails from members of the public and organisations during 2007. Approximately 70% of these were answered within the target turnaround time of 15 working days. DFID also received around 90,000 pieces of correspondence as a result of NGO campaigns during 2007.

Box 10.3: Creation of the strategy unit

In January 2007, a small Strategy Unit was created within DFID's Finance and Corporate Performance Division, to help identify longer term strategic challenges and opportunities for DFID in achieving its poverty reduction goal. It informs the Corporate Risk Register to ensure it remains robust in the face of long term challenges, and is also helping to inform regional and country plans for the 2008-11 period.

The Unit's work on horizon scanning draws on drivers of change identified by the Government Office for Science's Horizon Scanning Centre, analysis of a wide range of government and non-government sources, and findings from examining long term trends in several countries.

The scans identify some important future challenges facing developing countries including:

- the effects of climate change combined with rapid population growth and migration possibly leading to instability;
- commodity price fluctuations (especially prices of food and oil) adversely affecting poorer importing countries;
- lack of capacity in developing countries to take advantage of existing technologies and rapid technological change; and
- how values and beliefs shape public attitudes in the UK and overseas to a wide range of issues affecting development.

The Strategy Unit works closely with its counterparts in the Ministry of Defence and the Foreign and Commonwealth Office on areas of common interest. The three Departments sponsored a conference at Wilton Park in January 2008 on 'Future trends and challenges: Drivers for Change in Africa'. This looked at the potential combined effects of climate change and demography on security and conflict in the continent.

Delivering results

Allocating resources to objectives

10.13 As a result of the Comprehensive Spending Review 2007, **DFID's budget will grow by an average of 11% a year in real terms**, from £5.3 billion in 2007/08 to £7.9 billion by 2010/11. The CSR settlement builds on annual real growth to DFID's budget of 9.2% in Spending Review 2004 and 8.1% in Spending Review 2002. Our future resources from the CSR settlement are discussed in Chapter 1.

10.14 DFID's priorities for spending these resources are shaped by the targets the Department is responsible for delivering. We are fully committed to spending the resources efficiently and achieving full value for money for the resources we are responsible for. As set out in Chapter 1, DFID has worked during 2005-08 to deliver on its PSA targets. We are now working, along with our delivery partners, to deliver on the new **Public Service Agreement (PSA) 29: "Reducing poverty in poorer countries through quicker progress towards the Millennium Development Goals"**, DFID leads on the delivery of PSA 29 but will also directly contribute to the PSAs on Climate Change (Defra lead) and Conflict

Reduction (FCO lead), and indirectly to PSAs on Migration and Counter-Terrorism (both Home Office leads). The new PSA is explained in more detail in Chapter 1 along with how it links to the Department's Strategic Objectives.

- 10.15** Allocations within strategic priorities are shaped by an annual **Resource Allocation Round**, which forms part of its integrated Business Planning Process. This process links resources to delivery plans and PSA objectives. Firm budgets are set at the beginning of the 2008/09 financial year and planning totals are agreed for the remainder of the current CSR period. Planning totals are reviewed annually.
- 10.16** To assist in the process of assigning resources, DFID employs a **'Resource Allocation Model'** (RAM) to determine 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 allowances for vulnerability to economic shocks. Country allocations suggested by the RAM 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 the current Business Planning Exercise, the RAM was one of the key elements used in determining bilateral country allocations.
- 10.17** Annex 2 provides full details of DFID's actual and planned expenditure from 1999/2000 to 2010/11, and a breakdown of estimated spending by area for the coming year.
- 10.18** 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. Annual resource accounts show outturn by objectives.
- 10.19** DFID's capital spending up to 31 March 2008 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 £2.15 billion (as at 31 March 2007);
 - 100% ownership of CDC Group plc – DFID's investment was valued at £765 million (as at 31 March 2008);
 - a minority interest in Actis – shareholding was valued at £1.7 million (as at 31 March 2008); and
 - tangible and intangible fixed assets, mostly office buildings and IT systems, with a net book value of £89.90 million (as at 31 March 2007).
- 10.20** In 2007/08, our fixed assets capital expenditure (i.e. not including capital grants) is expected to be approximately £30 million. In the 2004 Spending Review years – 2005/06 to 2007/8 – DFID made significant capital investment in information systems (corporate networks, finance and HR) and also in accommodation in Scotland and overseas. This investment supports business needs and secures long-

term efficiencies, for example by facilitating video conferencing and providing scope for relocation of posts from London to Scotland and overseas.

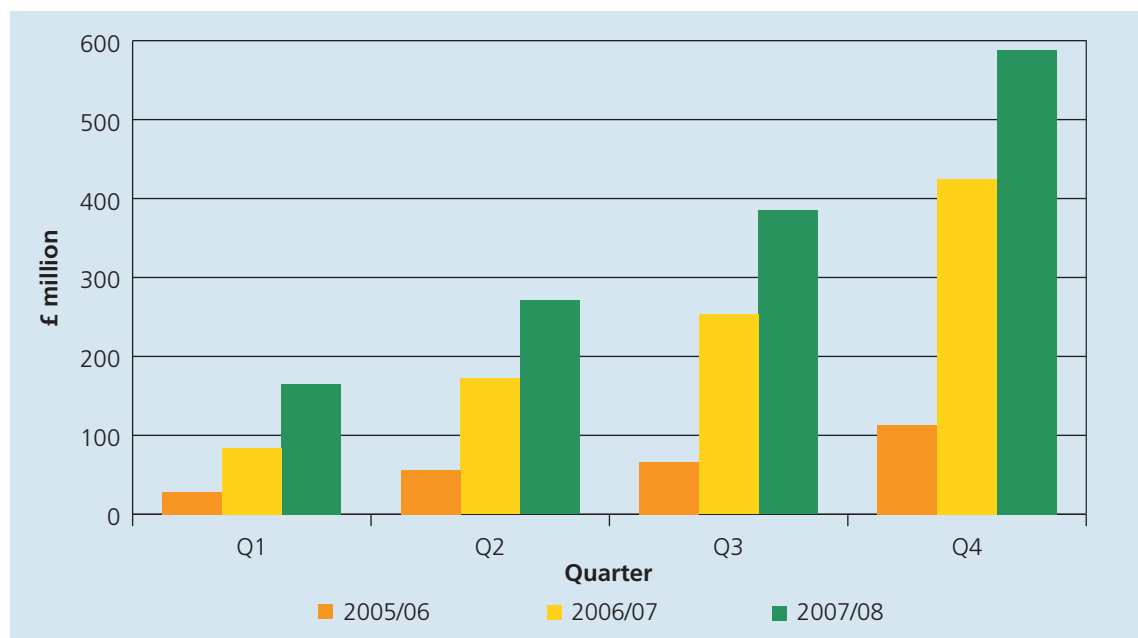
10.21 Current capital investment plans for the CSR period include: investment in communications and core information systems equipment and operating systems; and investment in information systems applications to improve corporate performance and deliver further efficiency savings. We will also continue to look at ways to ensure our overseas accommodation needs are fully met, in particular where it is necessary to improve our security. This involves reviewing options and costs, including sharing premises with FCO where this makes economic sense.

Increasing efficiency

10.22 DFID committed to delivering £420 million of annual sustainable efficiencies by 2007/08 as part of the Spending Review 2004. **We exceeded our commitment, delivering £588 million efficiency gains by March 2008.** Gains were accumulated 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.

Figure 10.1: Successful delivery of DFID’s efficiency programme from 2005/06 to 2007/08



10.23 DFID reduced the full-time equivalent (FTE) of its UK-based staff numbers by 295 from a revised baseline of 1907 at March 2004. This is a reduction of over 15 % on the baseline, a significant achievement for the department's resource management. Our efficiency programme also included targets on relocating posts from London to our East Kilbride office and on reducing the numbers of Staff Appointed in Country in our overseas network of offices. Both these targets have been achieved. Annex 7 has full details of achievements on our Gershon Efficiency Programme ending in March 2008.

10.24 Increasing the Department's **Value for Money** (VfM) remains at the core of our business management over Comprehensive Spending Review 2007 (CSR07) and beyond. CSR07 requires all Government Departments to deliver at least **3% annual net cash-releasing savings** over the total budget over the three year period. **DFID will deliver £492 million in efficiencies per year by the end of 2010/11.** We expect to achieve this with reforms which will: increase the poverty relieving impact of multilateral and bilateral spending decisions; improve the quality of bilateral projects and programmes to ensure they meet their objectives; and make cashable savings by reducing administration costs. Our new **VfM Delivery Agreement** was published on DFID's website in December 2007.

Risk and control

10.25 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 assets. The system includes measures to identify risks, with rules and procedures to manage these. The mandatory procedures needed to ensure compliance with the system are in the **Blue Book**. Our systems are assessed by the department's internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.

10.26 Divisional Directors provide an annual **statement of assurance**, covering compliance with management and control systems. Directors 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.

10.27 Internal Audit Department (IAD) provides the Permanent Secretary and DFID managers with an independent and objective opinion on risk management, internal control and governance. During 2007/08, IAD conducted 22 internal audits across DFID headquarters systems and overseas operations. The focus of overseas audits was on reviewing the appropriateness and effective application of systems and controls for managing DFID's programmes, and our approach is risk-focused.

10.28 In addition, IAD is actively promoting donor harmonisation within the internal audit sphere, reducing the auditing burden on the partner countries where DFID works and improving our own efficiency and effectiveness: we are already collaborating informally with several bilateral and multilateral agencies and UK government departments, and are planning a joint overseas audit with another bilateral donor for early 2008/09. IAD is also increasingly consulted by managers within DFID on emerging issues and systems development, and regularly advises managers on handling risks effectively.

10.29 All cases of **suspected fraud and corruption** against DFID's funds are reported to the Head of Internal Audit; the Fraud Response Unit (FRU) directs investigations. Fraud and corruption seriously damage international development and undermine our efforts towards achieving the Millennium Development Goals, and DFID takes a robust approach in dealing with anyone found to have diverted UK funds away from their intended recipients. This has included disciplinary sanctions, criminal prosecutions and the suspension of aid.

10.30 During 2007/08, the FRU has continued to raise awareness of the fraud risks via proactive counter-fraud training to DFID staff and by leveraging our contacts with external agencies, including DFID's suppliers, NGO partners and other development agencies. The FRU is expanding its knowledge-sharing with the integrity and counter-fraud functions of other bilateral and multilateral donors. This proactive approach remains a priority for 2008/09.

10.31 The **National Audit Office** (NAO) audits DFID's accounts and undertakes value for money (VfM) studies which assess the economy, effectiveness and efficiency with which public money is spent. The NAO reports are produced for the **Public Accounts Committee** (PAC) who hold hearings on the reports and make recommendations to DFID on how to improve VfM.

10.32 The following reports were published during the year:

- **“DFID: Tackling Rural Poverty in Developing Countries”** – March 2007;
- **“FCO: Managing Risk in the Overseas Territories”** – November 2007;
- **“DFID: Providing Budget Support to Developing Countries”** – 8 February 2008.

The fieldwork and analysis for the next NAO study, **“DFID: Working in Insecure Environments”** were completed during the year and the report is expected in the summer 2008. NAO reports can be accessed on www.nao.org.uk and the PAC reports on http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm

Box 10.4: International Development Committee

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

In 2007/08 IDC reports included:

- DFID and the World Bank
- Afghanistan (Development Assistance in Insecure Environments)
- Maternal Health
- Development and Trade: Cross-departmental Working
- DFID Assistance to Burmese Internally Displaced Persons and Refugees on the Thai-Burma Border
- Fair Trade
- Prospects for Sustainable Peace in Uganda
- DFID's Programme in Vietnam
- EU Development and Trade Policies
- DFID's 2007 Annual Report.

IDC current and forthcoming enquiries are:

- Co-ordination for Aid Effectiveness
- DFID's programme in Nigeria
- African Development Bank
- World Food Programme
- China

For more information on the work of the IDC see www.parliament.uk/indcom.

10.33 Security risks remain a major concern. Security measures are continually reviewed and improvements implemented to our operations both in the UK and overseas. The Security Committee monitors arrangements for staff safety and how risks to our staff and operations are being managed. We have comprehensive business continuity plans for both our UK offices, as well as for all offices in high-risk countries and for most other overseas offices.

Box 10.5: Information assurance

DFID does not manage large volumes of personal or sensitive data, but we take our responsibility for those we do manage very seriously, and have done so for years. In 2007 we established a new governance structure for information security, assessed and monitored our information risks at Board level, and ensured compliance with relevant guidance and instructions from elsewhere in Government. DFID has had a secure remote working system based on encrypted laptop computers for home workers and travelling staff since 2003. **No incidents have been recorded where personal or sensitive data have been lost, or where the Information Commissioner has found against DFID for breach of Data Protection principles.**

In March 2008, DFID achieved accreditation to ISO/IEC 27001:2005, the internationally recognised standard for information security management. This was the result of a sustained effort over past years to improve our information security management.

Deploying and developing our staff

10.34 DFID began a process of workforce planning in 2007/08, to help identify critical workforce issues for the kind of organisation we need to be over the next five years.

10.35 At 31 March 2008, 70 DFID staff were on secondment to other organisations including other government departments, international agencies and non-governmental organisations. 59 were on secondment into DFID from various organisations. We have agreed in principle a framework agreement for interchange with a number of other Government departments.

Table 10.1: DFID staff numbers

	(Actuals)					Targets
	March 2004	March 2005	March 2006	March 2007	March 2008	March 2008
HCS	1907	1883	1801	1719	1612	1610
SAIC	918	989	932	865	834	950
Total	2825	2872	2733	2584	2446	2560

Nb: These staff numbers represent full time equivalent figures.

Table 10.2: Number of staff-in-post by location

	East Kilbride	London	UK-Based Overseas	SAIC	TOTAL
All Staff – note 1	517	877	434	843	2671
HCS Staff-in-Post – note 2	500	737	421	-	1658

Nb: This table represents the number of people working in DFID.

Note 1 – All DFID staff, excluding temporary (agency) staff.

Note 2 – All staff on HCS P&P or fixed-term conditions of service, and secondees on DFID's payroll. Does not include consultants or agency staff, and staff currently not on pay

Box 10.6: DFID re-accredited as an Investor in People employer

DFID was successfully re-accredited as an **Investor in People** (IiP) in June 2007, tested against the more stringent IiP Standards introduced since our last review in 2004. We are proud to have retained the IiP accreditation which we have now held continuously since 2000.

IiP sets the industry standard for **good practice in people management** which DFID aims to follow. It also provides a measure of whether we are achieving our commitment to lead, manage, develop and support our people – attributes which we value.

Our review highlighted several strengths. These include having self motivated staff with a good understanding of our mission. Our corporate commitment to supporting learning and development was also highlighted as was the standard of tools and processes used to support our managers. We will build upon these strengths to deliver further improvements. The review also identified some development needs, which we are addressing.

Delivery of DFID's mission depends on the quality of our leadership and management. To support this, we remain committed to IiP and will set ourselves new targets further to improve the effectiveness of our people management.

People management

10.36 In November 2005 DFID published its 3 year People Strategy. The Strategy ended in March 2008. It set out four high-level goals:

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

- In 2007/08 we achieved reaccreditation of Investors in People (IiP).
- Sickness rate of approximately 4.4 working days lost per staff year in 2007, one of the best records in Whitehall. We have seen a continual decline in sickness absence rates.
- Our Management Survey asks staff what they think about their managers and about how DFID is run; 81 per cent of staff responded. Divisions set corporate targets to improve as part of their business and workforce plans.

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

- Over 2007/08 Corporate Services developed a comprehensive learning and development programme, to be launched over the first half of 2008. It focuses on enhancing DFID's capability in the three areas of leadership, people management and financial and business management.
- We extended Crossing Thresholds – a successful mentoring programme – to black and minority ethnic (BME) staff and to our middle managers.
- We continued delivering a range of learning programmes including management for first-time managers (internationally accredited by the Institute of Leadership and Management); influencing skills; and leadership for middle managers. We also piloted a 360 degree feedback programme.

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

- Launched a Better Balance programme and 'toolkit' for staff to help them deal with all aspects of managing pressure at work, stress and work/life balance.
- Obtained the disability two ticks award.
- Put in place e-learning modules to help staff understand their responsibilities for equality and diversity.
- Carried out a comprehensive staff security review, and appointed the FCO Director of Security as a non-executive on the Security Committee.

Box 10.7: Diversity

At the end of March 2008, women comprised 37.5% of the SCS, increasing from 36.7% at the end of March 2007 and against a target of 37% by 2008. Black and ethnic minority staff (where ethnicity is known) made up 11.7% of the SCS, increasing from 9.9% at the end of March 2007 and against a target of 12.4%. Of the SCS, 2.1% has declared a disability, against a target for 2008 of 3.5%.

DFID published its Gender Equality Scheme in April 2007.

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.

We continue to support the development of under-represented groups. For example, we support the Windsor Fellowship (a scheme for Black and Asian graduates), the Summer Development Scheme (for potential ethnic minority Fast Stream candidates) and the Summer Placement Scheme (for disabled Fast Stream candidates). Internally, we offer an Ethnic Minority Bursary Scheme, a mentoring programme and as well as supporting staff on the Cabinet Office Disability Bursary Scheme.

Table 10.3: SCS Diversity Data

	March 2007	March 2008	Target for March 08
Women in the SCS	36.7%	37.5%	37%
Women at Director level and above	41.2%	35%	35%
BME in the SCS (where ethnicity is known)	9.9%	11.7%	12.4%
Disabled in the SCS	2%	2.1%	3.5%

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

- A new operating model for core HR functions began at end March 2008 including:
 - better web-based guidance
 - a team to answer queries from staff
 - personal Case Managers
 - an increased team of HR Business Partners aligned to Divisions
 - specialist teams including Resourcing (internal and external recruitment), Employment Policy, Pay and Reward, Learning and Development, Diversity, and Talent Management
 - a Welfare and counselling service to provide confidential information, advice, support and counselling service for all DFID staff in the UK and overseas
 - an e-enabled internal and external recruitment system
- achieved accreditation by the Energy Institute to the Energy Efficiency Accreditation Scheme (EEAS).

Table 10.4: Staff salaries for DFID HCS staff in the UK and overseas (as at 31st March 2008)

GRADE	Salary Range	Female	Male	Total
Senior Civil Service	£108,000±	2	4	6
	£56,100 – £107,999	34	58	92
Band A1	£50,850 – £64,925	85	153	238
Band A2	£39,842 – £53,583	206	227	433
Band A2(L)	£35,000 – £42,342	73	55	128
Band B1 (D)	£29,000 – £34,925	44	29	73
Band B1	£24,069 – £31,815	113	132	245
Band B2	£19,093 – £25,775	142	96	238
Band C1	£14,713 – £21,285	122	60	182
Band C2	£13,137 – £17,923	12	13	25
TOTAL		833	827	1660

Annual Public Appointment Plan

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

Only the Commonwealth Scholarship Commission is currently active. We are closing the Crown Agents board in 2008. Information on the public appointments can be found on the DFID website.

Ensuring effective procurement

- 10.37** DFID uses external consultants with technical expertise to deliver development projects and programmes around the world. These experts undertake humanitarian relief operations, respond to requests from partner governments for advice on complex economic and administrative reforms, and help improve health and education services, all with the objective of reducing poverty and improving the lives of people in developing countries. DFID issued **498** contracts centrally in 2007/08 at a total value of £98 million. Total expenditure on contracts is £246 million, with £1.4 million identified under the HMRC category of Steady State staff substitution/Interim Management (however, expenditure under the HMRC categories can only be identified for contracts awarded from April 2007 onwards). Our procurement agents also purchased goods worth £31 million on behalf of DFID. We continue to seek ways to increase efficiency in our procurement procedures, and achieved negotiated savings of £5 million on new contracts in 2007/08.
- 10.38** All DFID consultancy services are fully untied, with open and fair procurement practices being applied. Contracts worth more than £90,000 are subject to strict international competition rules. We ensure value for money from procurement through effective competitive processes, clear terms of reference with tangible outputs, and contracts which are tailored to manage risk in the challenging environments of development projects. Regular and structured monitoring of progress allows meaningful liaison with consultants to ensure successful delivery.
- 10.39** We are moving away from traditional consultancy, with fewer contracts being let for discrete pieces of work. The larger consultancies involve cross sectoral inputs, with substantial elements of fund disbursement. We are also making increased use of Framework arrangements within DFID, in order that we can draw down consultancy services in a cost effective, timely manner. A recent example involved three related Frameworks, for a period of up to four years on Governance and Social Development services in conflict affected environments. Each Framework has a ceiling of £20 million and can be used by other UK government departments such as the FCO and MoD.
- 10.40** DFID has made reasonable progress with involving developing country suppliers and many lower value contracts are awarded within the country or region where the work is taking place. However, as developing country companies seldom bid directly for higher value business with DFID, we are working better to understand the barriers that still exist in our competitive processes and the market place. Consultation with the business community in Bangladesh, India, and South Africa indicate that

more flexible contract terms and conditions may help to open up our business to wider interest. We will be taking this forward next year.

- 10.41** We are working more closely with other Whitehall departments, particularly the FCO, to share procurement skills and resources to achieve better value for money. In 2007 we purchased more goods and services with other government departments to increase leverage and secure better value. We bought IT equipment and sourced agency staff through government-wide frameworks led by the OGC. We are also helping OGC to set up a travel service contract for government and other public bodies.
- 10.42** Our contract management processes aim to demonstrate our wish to work with suppliers of goods and services that show DFID's commitment to Corporate Social Responsibility (eg. sustainable development, core labour standards and workplace practices free of any discrimination, anticorruption, and fair and ethical trade.) This requires analysis of supply chains, explaining, influencing, and networking, rather than reactive monitoring.
- 10.43** Management information on procurement has been progressively improving, with contract detail now being broken down into the specific categories requested by HMRC. We have also introduced additional compliance checks on key areas of information to ensure that reporting is made more secure from the front end. DFID is open to new ideas on how to improve on procurement strategy and supporting processes. In June 2008, the OGC will publish the report of a **Procurement Capability Review** of DFID. We will implement its Action Plan during the next two years.

Making DFID Greener

- 10.44** DFID remains strongly committed to the Sustainable Operations on the Government Estate targets launched in June 2006. We have established Environment Management Systems (EMS) in both our UK offices and during 2007 we rolled out the principles of an EMS based on ISO 14001 to three of our main overseas offices.
- 10.45** We also continued to work with the Carbon Trust to finalise the best options for renewable technology on site at both our UK offices. DFID has also achieved accreditation to the Energy Efficiency Accreditation Scheme (EEAS), successfully demonstrating:
- management commitment to energy efficiency
 - investment, both actual and planned, in energy efficiency measures
 - a record of progressive improvement in energy efficiency
- 10.46** The Sustainable Development Commission reported during 2007 that DFID has shown excellent progress towards embedding sustainability into its procurement activities and polices. DFID uses the flexible framework to assess its performance as well as a planning tool to guide implementation of key sustainable procurement actions.