



Department
for Transport

Department for Transport

Improvement Plan

30 April 2014

Foreword

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Foreword by the Departmental Board

The work that the Department for Transport does affects the lives of people across the UK and around the world. An effective transport system improves the quality of life, reduces the cost of goods and services and helps facilitate growth. The Government recognises the importance of transport in delivering regional and national economic growth, and this is reflected in the major investment programme that the Department is responsible for delivering.

The work of the Department falls into three key areas:

- Maintaining the safe, efficient and effective operation of the existing transport system. This covers a range of activities, from managing aviation security threats to dealing with the impacts of flooding;
- Facilitating economic growth by Building for Britain's Future. The Department will deliver some £70bn of transport investment over the next Parliament, from Crossrail (Europe's largest construction project) to HS2; and
- Reforming the way we work to meet fiscal targets and ensure that the delivery chain operates efficiently and effectively. These challenges include corporatisation of the Highways Agency, digital modernisation of DVLA and putting rail franchising on a sustainable platform.

This is a very ambitious, challenging and exciting agenda that the Department is well placed to meet. It has a good track record of delivery on major projects from contracting for Search & Rescue Helicopters to delivering Managed Motorways.

However, the Department is also realistic about areas that need improvement. The cancellation of the West Coast Mainline Franchise competition in 2012 reminded it of the consequences of falling below its usual standards and a number of recent Reviews have helped to identify the priorities for improvement that are set out in this document.

The Improvement Plan Review has been jointly led by Alan Cook (Non-Executive Director) and Jonathan Moor (Director General Resources & Strategy). It has involved a self-assessment of progress made against previous Review recommendations and a point in time review of the Department's performance taking evidence from the Mid-Year Report, the People Survey, Board Reports and the Quarterly Data Survey. In addition the Review team has interviewed a number of external stakeholders and has held two staff forums. The Department is grateful to all for their honest and constructive feedback.

Foreword

EXECUTIVE SUMMARY

The Department for Transport has undergone a period of significant change over the past couple of years. In 2010/11 it started an ambitious change programme, which included redesigning the organisation to make it more efficient and less bureaucratic. Since then, it has kept up the pace of change which has considered everything from the strategic vision and aims of the Department to changes in the office environment.

The past eighteen months in particular have represented a period of significant activity to improve its processes in response to the failure of the West Coast Main Line franchise competition in October 2012. The Department has scrutinised its strengths and areas where we need to develop through a number of Reviews, and action has been taken to address the recommendations. At the same time, the Department has a hugely ambitious and challenging agenda of investment and reform. The scale and scope of the work it does is far reaching, and critical to the economic growth of the nation and the quality of life of its citizens. This Improvement Plan reflects a number of themes that emerged from the stakeholder and staff interviews, which are explored in more detail in the following chapters. In summary:

- There was general acceptance that the Department's change and investment programme is a significant piece of work on top of managing the day to day operational issues of a large, complex transport network.
- In order to address these delivery challenges there is an urgent need for better capability, especially in commercial and PPM skills, although there was also a recognition that the Department is hampered and often delayed by central controls and pay constraints.
- There is a need to improve consistency across the Department's work. There were some excellent examples of best practice but there were also some areas where there is scope for improvement. A number of stakeholders remarked that a relatively small move to improve consistency could deliver significant benefits.
- Stakeholders provided mixed feedback on the way the Department operates, though many commented that there was a silo mentality which is reinforced by the modal approach adopted across many activities in the Department. The top team should work further on integration to improve the quality of engagement.

The Department is committed to continuous improvement, and has already strengthened its structure and processes through an ambitious change programme. Writing this document has provided the Department with an opportunity to reflect on its challenges and identify the four key areas of change that will make a difference (these are expanded on in Chapter 2):

- Integrated and Strategic Working

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- Inspirational Leadership of Excellent People
- Building Processes that Work
- Being Outward Facing

1. Assessment

This Department Improvement Plan is an opportunity for the Department to acknowledge its successes to date, recognise the key challenges that we face and set out how we intend to improve further. In conducting this assessment, we met with a number of key stakeholders, including partners in the private sector, other Government departments (OGDs) and regulators, as well as Department for Transport staff. The assessment set out below and the improvement plan in the following chapter are drawn from a snapshot of this feedback, and focus on themes that emerged most strongly during these sessions. We have taken on board a wider range of comments and ideas than was possible to represent in this document, and will ensure that all feedback received is disseminated in a way that allows our staff and leadership to continue improving performance.

This assessment of the Department's progress is based around five critical areas:

1. Performance;
2. Strategic Risk and Leadership of Change;
3. Capability;
4. Efficiency and Innovation; and
5. Engagement.

The Department recognises the significant challenges ahead, and is positive about how its staff and leadership will address them.

1.1 Performance

To ensure that the Department delivers effectively on its challenging agenda, an improvement planning cycle has been established. This cycle builds on previous capability reviews and from current data to identify the challenges that we need to address. Monitoring and assurance of performance data is fully integrated into governance and management processes in the Department. Performance on efficiency is addressed in section 1.4, whereas this section assesses our performance against our previous Capability Action Plan and our Business Plan objectives.

1.1 (i) Performance against our 2012 Capability Action Plan

The Department last undertook a capability review/self-assessment in 2012. Our Capability Action Plan set out a series of actions under the following themes:

- Developing people;
- Working in partnership across the transport sector; and
- Resource planning and management.

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The Department has made good progress in meeting the commitments it made in this Capability Action Plan, including:

- Implementation of a new performance management system across the DfT group, identifying our top performers and those who need to improve their performance;
- Adoption of the talent management approach and the development of succession planning for SCS to build the skills of our leaders, identifying the next generation of leaders and ensuring that we have robust plans in place for seamless succession to critical posts;
- Refreshing the learning and development strategy, with each business unit publishing its own plan;
- Introducing a new rigorous, zero-based corporate planning process, working with Ministers in determining the top priorities to resource and the work to stop;
- Publishing “Transport, an Engine for Growth”, which sets out for staff and stakeholders the Department’s key strategic and delivery priorities;
- Ensuring, through our Vision Programme, that colleagues across the Department are making progress on delivering the four key priorities of Ambition, One Team, Outward Facing and A Place People Want to Work; and
- Establishing improved governance arrangements, such as the Franchising Advisory Panel and the HS2 Growth Taskforce to ensure we bring a broad range of expertise to bear on our programmes.

The skilled and dedicated workforce at the Department’s disposal has been largely acknowledged in feedback received from partners in Government and across the private sector. However, it is recognised that there is a continuing need to further develop our capability and our performance.

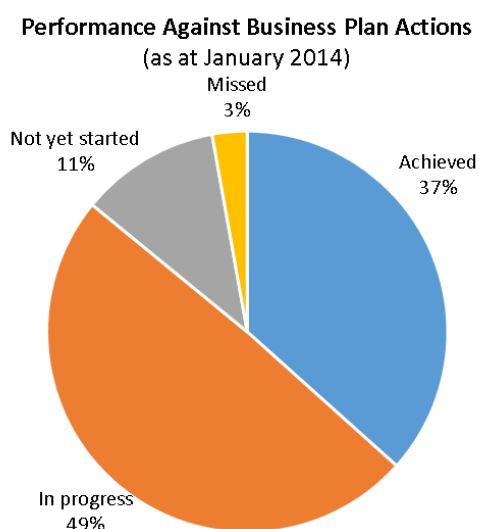
In particular, a consistent theme in feedback from stakeholders, both in and outside Government, was the need to develop a stronger strategic viewpoint. This relates to the way in which the Department thinks about transport within modes, but more importantly how it connects across modes to ensure it gets the most out of its investments. Without this, the Department risks feeling siloed and remote from its stakeholders. Furthermore, this strategic viewpoint is important in ensuring that resources are invested in a coherent vision of the future of transport, that supports economic growth and focusses on the needs of the customer.

Feedback from staff also indicated that the performance management system and expectations surrounding its implementation had, at times, not been well communicated. The importance of focussing messaging on the needs of staff, and on providing greater clarity around how poorer performers can be developed, was also reinforced.

1.1 (ii) Performance Against our Business Plan

1. Assessment

The Department's 2013-15 Business Plan outlines specific actions it has committed to complete. As at January 2014 the Department had 71 Business Plan actions in total, of which 26 had been achieved, 35 were in progress, 8 had not yet started, and 2 were missed. Fourteen Business Plan actions had been achieved since the last quarterly update.



A subset of these actions reflect the Coalition Government's Structural Reform Priorities, set out in the table below. At the end of September, the Department had only one of these Structural Reform Priority Business Plan Actions overdue, and this was completed in October 2013.

Structural Reform Priorities	Business Plan Actions Status
Deliver the Coalition Government's commitments on high speed rail	3 Complete 4 In progress
Improve the Rail Network	1 Complete 7 In progress 1 Overdue (completed Oct 2013)
Support sustainable local travel	10 In progress
Invest in the UK's roads to promote growth, while reducing congestion, ensuring road safety and tackling carbon	7 Complete 13 In progress
Promote sustainable aviation	2 Complete 4 In progress
Reform the Coastguard and search and rescue helicopter capability	2 In progress
Implement the Department's key cross-cutting reform priorities	2 Complete 8 In progress

Across the Coalition's Priorities the following Business Plan Actions were completed as of February 2014:

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To deliver the Coalition's commitments on high speed rail the Department had:

- Undertaken an environmental impact assessment and drafted an Environmental Statement;
- Consulted on the draft Environmental Statement; and
- Developed and undertaken informal consultation on route and stations options for the Leeds and Manchester route.

To improve the Rail Network the Department had:

- Published the Government's response to the Brown Review and Transport Select Committee's 'Rail 2020' recommendations on rail franchising.

With regard to investing in the UK's roads to promote growth, while reducing congestion, ensuring road safety and tackling carbon the Department had:

- Enhanced the Highway Agency's performance as an executive agency;
- Appraised options for a new Lower Thames Crossing ;
- Introduced a fixed penalty offence for careless driving;
- Legislated for a new drug driving offence;
- Published the Government strategy on ultra low emission vehicles;
- Introduced a ten year trial of 1800 longer semi-trailers, and produce the first annual review of their contribution to reducing carbon emissions; and
- Introduced legislation in Parliament to bring Heavy Goods Vehicle road user charging into effect.

To promote sustainable aviation the Department had:

- Reformed the financial protection regime for passengers (the Air Travel Organisers' Licensing scheme, or ATOL); and
- Introduced a new economic regulatory regime for airports, putting promotion of better outcomes for passengers at the heart of the system

To implement the Department's key cross-cutting reform priorities the Department had:

- Published a transport strategy ('Transport, an Engine for Growth'); and
- Divested the Departmental Shared Services to a new provider to become the first Independent Shared Service Centre.

It is important for the Department, the transport industry and the country's economic wellbeing that activities are planned in a way that allows time for private investment to be optimised. Feedback from stakeholders highlighted the need to plan and deliver Departmental commitments on a timely basis.

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1.2 Strategic Risk and Leadership of Change

Over the past year the Department has implemented an extensive and far-reaching set of actions and recommendations that have arisen from a number of reports published after the cancellation of the West Coast Main Line franchise competition, including those published by the Laidlaw Enquiry and the Brown Review. These reports and others identified a number of actions for implementation across the Department.

The governance of the franchising programme has been redesigned to establish clear roles for individuals. This included re-organisation of rail functions with appointments to critical strategic roles. All rail activity is now overseen by a single Director General, and the franchising programme has a single responsible Director. Key roles have been filled with a Project Director appointed with full accountability for each live competition.

The franchising programme now benefits from a full suite of franchise policies that were developed in consultation with the Rail Delivery Group and wider industry, as well as from the publication of a detailed franchise procurement process guide in June 2013. This document sets out the end-to-end process for a franchise competition and ensures that competitions will be carried out in an open and transparent manner. The franchise procurement process is now designed to adopt a core design policy, but flex policies according to the nature, dimensions and operating characteristics of each specific franchise competition.

Identification and escalation of risk was also identified as a priority area. The new risk policy was launched in May 2013 and has been published on the Department's intranet, as well as being promoted through Senior Management Meetings, meetings with Directorate Risk Coordinators and Agency Risk Improvement Managers. The Department has also designed and implemented new and strengthened approaches to governance, risk management, procurement and analytical assurance. The Department's assurance processes have been addressed at a number of levels. Specifically in relation to the rail franchise programme the competition assurance regime operates at a number of different levels, from line management through the Department's internal assurance teams (which contain assurance professionals that are independent of the project) and externally by the Major Projects Authority and the Franchise Advisory Panel.

The Procurement Assurance Framework has been published and the Procurement Assurance Board set up to provide additional assurance on all tier 1 and 2 projects. We have also reviewed our quality assurance processes in economic modelling and forecasting through our Strength in Numbers Review. Q&A guidance and assurance frameworks have now been rolled-out, as well as a Procurement User Guide to inform and educate non-procurement specialists, and a Procurement Professionals Library to support the work of specialists.

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Partners in Government provided positive feedback about the quality of the Department's analysis and that, despite setbacks, the Department maintains its reputation as an evidence driven and knowledge-rich organisation. We pride ourselves on this, and look forward to the opportunity to continue to develop our approach.

1.3 Capability

The Laidlaw and Brown Reports also directed the Department to ensure that all staff have the right skills, supported by the right advice and training. The Department has undertaken a thorough review to identify where it has the skills it needs and where there are gaps in capability. To fill these gaps the Department has undertaken recruitment to key roles (particularly in rail and HS2), has developed and provided bespoke development programmes, and has taken the first steps in strengthening its professions.

In particular, the Department has developed and implemented a new Learning and Development Strategy, which was launched in December 2013 which sets out focused, recommended training opportunities. There has also been a refreshed focus on individuals that manage and lead the most important programmes and projects. We have ensured that our Senior Responsible Owners, in particular, undergo appropriate training for their responsibilities. The Department has sponsored 15 staff to attend the Major Projects Leadership Academy programme, and a PPM Centre of Excellence has been created in order to share best practice across the Department and enhance the PPM capabilities of staff.

A key issue arising from stakeholder feedback was the need to attract, train and retain top talent. The recently agreed Capability and Talent Plan will ensure that a structured, strategic and coherent plan for how to "buy, build and borrow" talent is implemented. There is still some way to go, particularly in attracting top commercial talent, which was identified as an area of weakness for the Department.

Feedback from stakeholders highlighted the need to maintain and build a strong knowledge and skills base, particularly in areas where some organisational experience has been lost. Partners in industry would like to see Department's officials gain a deeper and more practical understanding of how their businesses operate. Some progress has been made towards achieving this through a programme of inward and outward secondment and placement opportunities with private sector partners. However, the need to go even further is recognised as key to continued successful delivery of the ambitious transport agenda.

1.4 Efficiency and Innovation

The Department is committed to improving efficiency and to innovating in order to do so. In 2013 the Department won the 'Innovation in Government' award for its MI project, which was also nominated for the 'Project Team of the Year' award. The Department is a

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pacesetter in the use of MI, with all business planning now linked to the central MI system. Stakeholders did, however, state the need to find new ways of driving innovation.

Performance is considered at each Departmental Board and used to drive continuous improvement across the business, and we have made significant steps in reducing costs and increasing efficiency whilst still improving quality. The input indicators table (below) shows the cost to Government from delivering certain products and services, and the impact indicator table (below) shows the performance or output of public services.

Input indicators	Previous	Current
Rail subsidy per DfT franchised operator passenger mile (Previous = 2011-12, Current = 2012-13)	7.5p	6.8p
Bus subsidy per passenger journey (Previous = 2011-12, Current data = 2012-13)	9.4p	7.5p
Cost of maintaining the Highways Agency's motorway and A road network per lane mile (Previous = 2011-2012, Current = 2012-2013)	£43,000	£40,000 ¹
Cost of running the rail network ² (Previous = 2010-11, Current = 2011-12)	£9.3bn	£9.6bn
Percentage of DfT's approved project spending that is assessed as high or very high value for money (Previous = 2011, Current = January to end June 2012)	100 %	100 %

Impact indicators	Previous	Current
Reliability of journeys on the Highways Agency's motorway and A road network ³ (Previous = 2012-13, Current = Apr-Aug 2013)	77.1 %	77.3 %
Proportion of trains running on time ⁴ (Previous = 2011-12, Current = 2012-13)	91.6 %	90.9 %
Proportion of bus services running on time (Previous = 2011-12, Current = 2012-13)	82.8 %	82.8 %
Proportion of urban trips under 5 miles taken by: (i) Walking or cycling (ii) Public transport (Previous = 2011, Current = 2012)	(i) 39 % (ii) 9 %	(i) 39 % (ii) 8 %

¹ Expenditure on maintenance, particularly in relation to capital renewals, reflects the varying demands of maintenance activity which is not necessarily comparable year-on-year

² These costs refer to DfT's franchised operators. Cost figures published previously used data from train operators' statutory accounts. This year's data are based on an Office of Rail Regulation (ORR) study titled *Costs and Revenues of Franchised Passenger Train Operators in the UK*. ORR sourced their data from train operating company management accounts. Using the management accounts ensures that the time period to which the data applies are consistent across operators, and allows comparisons to be made across time.

³ The indicator is measured by the percentage of 'journeys' on these roads that are 'on time'. A 'journey' represents travel between adjacent junctions on the network. An 'on time journey' is defined as one which is completed within a set reference time, based on historic data on that particular section of road. Data to December 2012 were revised in March 2013 as a result of the implementation of planned methodology changes.

⁴ These annual figures are the official full financial year PPM figures (all operators). This statistic differs from that reported on the DfT website, which is the latest rail industry 4-weekly (periodic) statistic for Great Britain. Periodic totals are also published for individual DfT franchised train operating companies

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Total greenhouse gas emissions from transport measured in MtCO ₂ e (Previous = 2010, Current = 2011)	160.6	161.3
Annual road fatalities (Previous = 2011, Current = 2012)	1901	1754
Households with good transport access to key services or work index ⁵ (Previous = 2010, Current = 2011)	100	97
Number of newly registered ultra-low emission vehicles (Previous = Apr-Jun 2012, Current = Apr-Jun 2013)	961	1139

Safety and providing value for money are two high priorities for the Department. In 2012, the number of road fatalities had gone down 8% since 2011 and was at its lowest since national records began in 1926. The Department is also proud that from 2011 into the first half of 2012 it maintained a record of 100% of approved project spending being assessed as high or very high value for money. The Department has also driven down the cost of operating the Highways Agency's motorway and A road network per vehicle mile. This has gone from 0.3p in 11/12, to 0.27p in 12/13, and is now at 0.26p for 13/14 (based on the forecast at the end of December 2013).

However, this data also tells us that we must be attentive to both driving down costs and minimising negative impacts. For example, although the rail subsidy per Department franchised operator passenger mile decreased from 2011-12 to 2012-13, the overall cost of running the rail network increased by £300 million and the proportion of trains running on time reduced by 0.7%.

The Department's record in relation to Private Finance Initiative (PFI) projects is positive. It has 16 centrally procured PFI projects and contributes to 46 local authority PFI projects – 62 operational projects in total. The Department has been working with HMT to identify savings and has recorded some £1.257 billion of savings in all categories, including £478 million in operational projects. The £478 million saving represents almost 30% of all operational savings recorded so far across Government, compared with the Department's share of 9% of projects by number. The Department has also been amongst the most active in pursuing this agenda, with the highest review activity rate: 23 from a total of 60 by all departments.

The Department achieved a 100% completion rate in the most recent Quarterly Data Summary (QDS). The relative rankings of the Department against the other 16 departments in the QDS (for quarter 1 and quarter 2 in financial year 2013/14) are shown below:

	Q1		Q2	
	Figure	Rank	Figure	Rank
Ratio of HR staff to FTE	85.79	4	103.26	4
Accuracy of cash forecasting compared to	3.6%	9	4.0%	11

⁵ Values are indexed with a base of 100 for 2010. A number over 100 would imply an increase in access compared to 2010 and a number below 100 a decrease. This index combines information on household access to a car with information on public transport access times to seven types of key local services

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HMT targets				
Estate cost per meter squared	£205.73	12	£322.70	16
Ratio of finance staff to FTE	43.15	7	43.76	7
Consultancy spend	£5.6m	9	£5.1m	11
Percentage of spend with SME	10.7%	6	14%	6
Average annual staff costs per FTE	£59,032	13	£59,754	12
Average staff turnover rate	6.5%	6	10%	9
Working days lost to absence	3.9	4	3.5	5

The Department has significantly reduced its headcount. From December 2012 to December 2013 we have reduced the number of FTE (Full Time Equivalent) staff by 475 across the Group. However, the above figures indicate that we can continue to improve in many areas, and that we could learn from other government departments' methods of driving down costs and increasing efficiency.

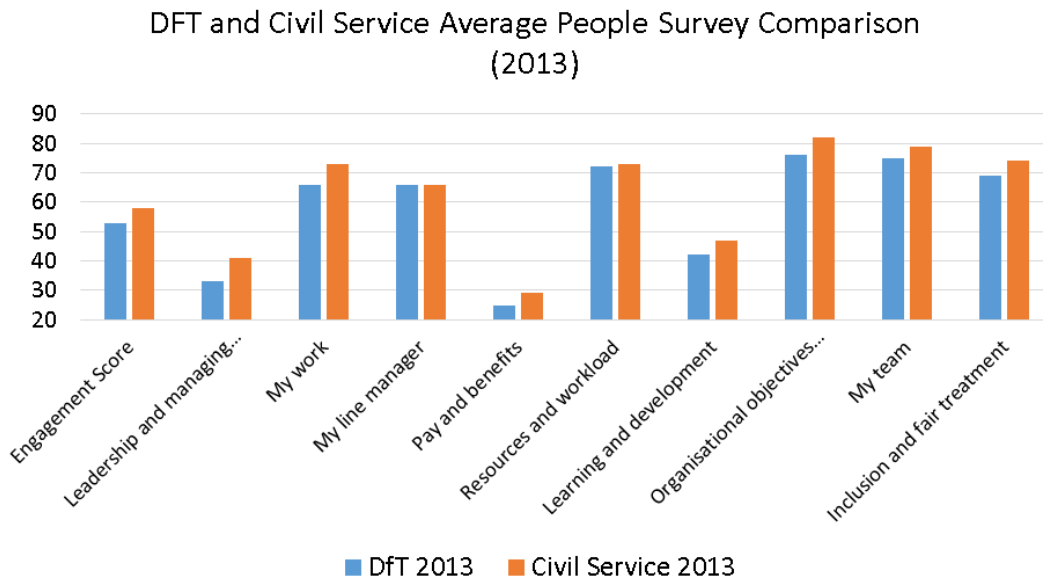
1.5 Engagement

The Department's 2013 People Survey highlighted a number of areas in which engaging with and the experience of staff could be improved. The central Department's scores for each of the People Survey themes, and its position against the 2012 results and those for the Civil Service as a whole, are summarised in the table below:

Theme	DfT 2012	DfT 2013	Civil Serv. 2012	Civil Serv. 2013
Engagement Score %	54	53	58	58
Leadership and managing change %	33	33	41	41
My work %	65	66	73	73
My line manager %	65	66	66	66
Pay and benefits %	29	25	30	29
Resources and workload %	72	72	73	73
Learning and development %	40	42	44	47
Organisational objectives and purpose %	75	76	82	82
My team %	73	75	77	79
Inclusion and fair treatment %	69	69	75	74

It is clear from these statistics that the Department can do even more to improve the experience of its people. The biggest shift from 2012 to 2013 was in 'pay and benefits', which was down 4%, however this reduced by 1% on average across the Civil Service as a whole, indicating that issues in this area may go beyond only this Department.

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The overall engagement score was down 1% since 2012, and was 5% less than the Civil Service average for 2013. The comparison with average scores across the Civil Service as a whole is relatively negative. The Department scored 8% less on 'leadership and managing change', 7% on 'my work', and 6% on 'organisational objectives and purpose' than the Civil Service average. The Department did, however, compare favourably with its own scores from 2012 to 2013 in some areas. We had improved by 2% in both 'learning and development' and 'my team', and (although comparing poorly across the Civil Service as a whole) the scores for 'organisational objectives and purpose' and 'my work' had improved by 1%. On the whole, however, there did not appear to be any dramatic shift in scores, in either direction, from 2012 to 2013.

Part of the work the Department has been doing over the past two years to improve the experience of staff has been work on the Department for Transport Vision. The Vision is broken down into four key themes, each of which are championed within the Department at Board-level by a Director General:

- **Ambitious** – The Department has a clear strategy for transport and for the Department, with ambitious and challenging aims that help it to deliver the best in whatever it does.
- **Outward-facing** – So much of what the Department sets out to achieve relies on building good relationships with others. The aim is to excel at building relationships with other organisations, whether users or providers of transport, others in national or local government, or key partners in making transport work successfully. It is important to collaborate to achieve shared goals and communicate the Department's own perspective with confidence and impact.

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- **One team** – The rapidly changing nature of the Department’s work means that it needs to be an organisation that is dynamic, flexible and responds quickly to meet challenging delivery goals. The aim of this workstream is to develop a culture whereby staff and leaders put aside their own work areas and priorities when needed to deliver a key priority, injecting pace and urgency into everything the Department does.
- **A place where people want to work** – The Department wants to be an organisation where it is proud of doing things well, clear about expectations of staff behaviour and performance, and celebrates success. Staff need to feel supported in their roles, able to strengthen their skills and be valued in their contribution.

Whilst undertaking all of this work, the Department has also been involved in improving its working environment through the implementation of its New Ways of Working programme. This ambitious programme has involved the refurbishment of its central London headquarters, and the implementation of new working practices to enable more open, flexible and collaborative working across the Department. Feedback from staff in this area has been mixed, and we recognise that there is work to be done to fully embed the programme.

2. Improvement Plan

Having assessed the relative strengths and areas for further development, in relation to the Department's very challenging delivery agenda, this chapter sets out the key areas for improvement to help deliver its objectives:

- Integrated and Strategic Working;
- Inspirational Leadership of Excellent People;
- Building Processes that Work; and
- Being Outward Facing

2.1 INTEGRATED AND STRATEGIC WORKING

How we work

Historically, the Department has been organised in modes; while we believe that this is the best structure for us to deliver our policy objectives, we must nevertheless be working in a joined-up way, working effectively across modal boundaries and functions and adapting to change in a flexible and responsive way. We will adopt a more intermodal strategy, taking into consideration issues of interdependency between transport modes, to optimise the return on investments in transport infrastructure. This will improve the traveller's experience and ensure the best value for the taxpayers' money.

As an integral part of preparations for the Spending Round 2015 (SR15), we will work to improve the quality of strategic, intermodal approaches across the Department, considering how best to deploy resources to reflect this refined approach. This includes encouraging a more flexible way of working and looking at how resources can be flexibly deployed to adapt quickly to changing political, social and economic pressure.

Adopting an inter-modal way of working will better inform our interactions with industry, and better align the Department's priorities with other Government priorities. To achieve this the Department will **create an evidence base to inform options for SR15** by creating a programme of evidence gathering and analysis in preparation for SR15, whilst reviewing our current corporate planning processes for allocating resource to better deploy resources to match our priorities.

The Department faces a very significant investment and change programme, which is challenging both in terms of size and complexity. In the context of this delivery challenge, we must ensure that we have the right resources in the right place, both in terms of our people and our financial resources. This means becoming more integrated and strategic in our approach to resourcing, enabling the Department to adapt quickly to changing political, social and economic pressures, and to align resources to its key priorities.

2. Improvement Plan

The DfT of the future will be smaller and more efficient, with a smaller number of agencies and a more cross-government way of working. We expect to deliver our services through a wider range of partner organisations, increasing diversity in our service provision to customers, with a greater reliance on shared expert services.

The scale of this change requires excellent leadership of the Department. We must be leading from the top, in a strategic and joined-up way. This means our top team acting as role models in intermodal ways of thinking, as well as reforming and integrating the Department's structure to ensure effective delivery of business priorities. The Department needs to create an environment where leaders motivate, inspire and foster a culture of accountability and engagement. We want our leaders to exemplify the behaviours expected from staff by setting high standards and expectations. To improve our leadership capability **our Executive Committee will work with a leadership coach** to build a stronger, more collaborative high-performing team.

How we are structured

We face a significant level of on-going structural change to ensure the effective delivery of our business priorities. Over the next two years the Department is:

- Incorporating the Highways Agency to create a more independent body with a clear focus on maintaining and improving the strategic road network;
- Creating a Rail Executive responsible for the Department's rail delivery functions, including franchising and major projects such as Crossrail and the Intercity Express trains programme. The Department will consider moving the Executive to a more arm's length body in 2016;
- Continuing to evolve the governance structure for HS2 Ltd as the Department moves from planning to the start of the construction phase in 2017;
- Finalising the merger of VOSA and DSA to create the Driver and Vehicle Services Agency to provide a more integrated approach to education, regulation and service provision; and
- Planning a new joint venture with a commercial organisation for the Vehicle Certification Agency.

We have already made significant progress on reforming our Group structure. In 2012 the Government Car and Despatch Agency was closed, bringing the Government Car Service back into the Department; by the end of this Parliament the Department will have reduced the number of its executive agencies from seven to three. This is a very challenging reform agenda and it will be important that the Department learns from the past and shares best practice. To achieve this the Department will **reform structures and governance to allow teams the freedom to operate whilst maintaining accountability and assurance** by:

2. Improvement Plan

- Delivering services to the public and managing its investment for the future, by creating new bodies with sufficient freedoms to help improve outcomes by maximising flexibility and financial certainty; and
- Improving the way the Department governs and sponsor its arm's length bodies in order to improve accountability for delivery, whilst limiting any bureaucracy associated with the necessary controls mechanisms and improving the overall level of assurance provided.

2.2 INSPIRATIONAL LEADERSHIP OF EXCELLENT PEOPLE

To make the Department the best it can be, it needs to be led by leaders who are committed, not only to the work they do but to working across modal boundaries and in new, innovative ways. To develop our senior leaders we will develop and deliver a programme of engagement centred on quarterly leadership development events and a tailored transport-focused leadership development. This will be supported throughout the year by ongoing engagement with senior leaders to develop their skills, encourage knowledge sharing across the organisation and draw on their experience to help shape the future direction of the Department.

The Department's assessment of the areas it needs to develop has been supported by external reviews and stakeholder feedback. A report published by the National Audit Office in January 2014 reiterated the need to address skills gaps in commercial, programme and project management, digital delivery and change leadership – our four key priority areas for development.

Our stakeholders have said that they value Civil Servants with in-depth, practical knowledge of their businesses. The work the Department needs to do on improving its capability is focused on having the right people, with the right skills, communicating effectively. To achieve this **the Department will establish a People Sub-Committee** as a formal sub-committee of the Executive Committee, tasked with improving capability and effectively managing the Department's talent and succession management processes, and will reinvigorate its internal communications. Through these improvements it will:

- Assess what skills are required, work to retain existing staff and fill gaps by recruiting the right people from across the public and private sectors (the Right People);
- Build and maintain the skills and capabilities of its staff (the Right Skills); and
- Ensure effective, timely and confident communications, both from the centre and within teams so that we foster a culture of challenge and constructive feedback (the Right Communications).

The Right People

2. Improvement Plan

A number of the Department's key stakeholders raised concerns about the loss of skills and experience in some areas of the Department as a result of perceived high staff turnover. We need to address this by recruiting and retaining the best people, and ensuring that knowledge is maintained when staff move on. To build staff engagement the Department also needs to do more to provide interesting and fulfilling work for its top talent. So we are more able to accurately predict the skills and resources that we need to delivery our policy commitments, **each profession will develop its own succession plan**. To support this, we will:

- **Develop and retain staff skills, experience and knowledge** by managing succession planning for critical roles and ensuring that each profession has a clear Learning and Development plan, delivered through improved access to training via internal programmes and seminars, Civil Service Learning and other external bodies; and
- **Improve recruitment processes** to improve the DfT offer and process in order to attract the right people from across the public and private sectors, whilst ensuring our employment offer for staff is fair and competitive.

We must make sure that our workforce is diverse across all grades, with opportunities for progression for all staff. We must continue to offer opportunities in a way that promotes equality and fairness, and helps to build a more diverse, and therefore stronger, workforce. In particular, we need to improve the percentage of our Senior Civil Servants that are female or from BME backgrounds. To support progression on all grades, the Department will actively encourage staff to apply for the Civil Service's Positive Action Pathway programmes and support staff while they are on the programme. The Race Champion will sponsor a DfT development programme for BME staff at Grade 6/7.

Any jobs advertised outside the Civil Service will be advertised on Diversity Jobs to ensure that they cover all sections of the community.

The Right Skills

The Department is proud of the varied experience and skills of its staff. We must make sure that we have accurately captured the diverse range of skills our staff have, and change the way we build capability in our workforce. **Each of our professions will develop its own learning and development** strategy, to ensure we continue to develop the skills and capability of our people across the organisation. In addition to this, the Department will focus efforts on the four priority areas in which we most need to develop capability: commercial skills; programme and project management; digital skills; and leadership and management.

Commercial Skills

2. Improvement Plan

The Department, along with external reviews and stakeholder feedback, has recognised the need to improve commercial capability and awareness given our responsibility for a range of complex negotiations and management of large Government contracts. This is of crucial importance to meeting the Department's delivery tasks and is almost unique in Whitehall. We will **improve our commercial capability** by delivering the Contract Management Excellence Programme, which will bring together contract management expertise from across the Department to share best practice and develop a common approach, including developing capability by raising awareness, and providing training for project directors and those involved in commercial negotiations.

Programme and Project Management

The Department is responsible for delivering a very ambitious investment programme, spending over £100bn over the next decade. This means it needs to be leading the way in programme and project management (PPM) capability. To achieve this we will **improve the Department's PPM capability** by ensuring that Senior Responsible Owners and Project Directors are equipped with the right skills through focussed training (building on the recent successes of the MPA programmes) and investing in our PPM network to help spread best practice. We will work in partnership with the MPA to improve assurance mechanisms to reduce overlap and ensure that reviews add value to the SRO in delivering project objectives.

Digital

The Department has already made very significant progress on the 'Digital by Default' agenda, moving many of its frontline services online. Many of the services such as the award winning Electronic Vehicle Licensing System (tax discs) are considered to be market leaders in digital service provision, and feedback from vehicle owners has been very positive on the speed and performance of the services, whilst also delivering significant efficiency savings.

Our digital programme is being rolled out across other services and DVLA now has three of the Government's 25 digital exemplar services: DVLA's integrated enquiry platform, which will enable customers to view their driver record online; online application for and transfer of personalised registrations; and vehicle management. Together these services total over 25 million transactions per year; making them available digitally will make a real difference to the Department's customers. The Department will continue to make progress towards putting these exemplar services 'live', and to make services available through digital channels where possible. To achieve this we will **improve the Department's digital capability** by providing further awareness training on the benefits of using digital channels, covering all aspects of our work from policy through to service delivery. This will build on best practice from DVLA and other parts of the DfT family to help spread best practice and to improve understanding about potential opportunities.

2. Improvement Plan

Leadership and Management

We know that strong and capable leadership is the key to delivering our objectives on time and to a high standard, and ensuring that staff across the organisation have confidence in the work they do. This message has been consistently reinforced by external stakeholder feedback as well as by partners across government and in previous reviews. To build capability in this area we will **develop and deliver a transport-focused leadership development programme** aimed at improving the strategic leadership skills needed to deliver our ambitious programme. This will be supported by an ongoing programme of engagement for our Senior Management Team, including quarterly events aimed at sharing knowledge and expertise and developing leadership capability.

Our stakeholders have highlighted the importance of our people having insight into how partners in industry operate. To build our capability in this area, we will foster relationships with other organisations to make the Department more outward-facing, and make the most of opportunities for our people to gain hands-on experience in external organisations. We will **develop a secondment and placement programme with industry partners** to facilitate interchange between the public and private sectors to help develop experience and knowledge transfer, whilst also promoting interchange within the DfT Family in order to apply scarce skills where they are most needed. This will build on existing best practice including the Highway Agency's Roads Academy.

The Right Communication

We want to be an organisation of fully engaged, well informed people who are committed to doing their best to deliver our priorities. We want all staff to be clear about what they do, why that is important, and how it fits into the wider transport and government agendas.

Feedback from staff has made it clear that, to improve the way the Department works and job satisfaction, our communications need to be targeted and clear. Although there are examples where this is done very well, it is not consistently applied across the Department as a whole, and we need to improve the way in which our leadership engages staff and stakeholders. Furthermore, as identified in the Laidlaw Review it is important that the Department fosters an environment where staff feel able to challenge the way things are done, and propose ideas for change. We will **improve the quality and experience of internal communications** by seeking staff views, developing effective feedback loops, and improving the way in which staff views are captured, considered and addressed. We will increase opportunities for staff to communicate, and senior management will champion the important role staff have in challenging and improving how the Department operates.

2.3 PROCESSES THAT WORK

2. Improvement Plan

Our ambition is to be a modern, efficient and effective organisation; to do this we are committed to reviewing our internal processes to ensure they are fit for purpose and support staff in continuing to do their jobs effectively. We have already made significant progress in delivering efficiency savings by streamlining delivery bodies to deliver excellent, cost-effective services to customers, and further plans are being developed. The Department is committed to these reforms to ensure that we have the right environment for our people and the right processes for what we need to deliver.

The Right Environment

Over the past 12 months we have made significant progress on changing our working environment to enable more flexible and collaborative working. We have made structural changes to our agencies, including the closure of DVLA's local office network and major reform of the Maritime and Coastguard Agency, and in the central Department we have completely redesigned our office space and improved our IT provision, investing in new software including collaborative working tools.

The Department has been held up as an exemplar within Whitehall for the pioneering work it has done through its 'New Ways of Working' programme. However, we have faced some challenges in implementing the programme, and more needs to be done to deliver a modern and fit for purpose working environment. Over the next year we will **deliver improvements in the Way We Work** by focusing on 'smart' working practices, changing our culture so we can become an organisation where flexibility is the norm, performance is focused on results and outcomes, and individuals take responsibility for their own working practices. We will also **modernise our employment contracts** to provide greater clarity and consistency across the Department by implementing a pay system that is focused on performance, removing the contractual entitlement to pay progression, and implementing a single employment contract with standardised terms and conditions across the DfT Group.

The Right Processes

The Department also needs to continue modernising its business processes. This includes looking at the ways we deliver services to customers, as well as looking at our internal processes and how they interact with other Government departments'. Feedback received from staff and the People Survey 2013 clearly indicates that we need to improve our performance management processes. In particular, we must ensure that these processes drive better performance in a fair and transparent way. To **build the right processes for what the Department needs to deliver** we will:

- **Improve the digital service provision to customers** by developing a business change programme in DVLA aimed at delivering a new digital infrastructure for driver and vehicle licensing systems and the collection of vehicle excise duty. This will build on the successful systems delivered over the past decade, and will help modernise the

2. Improvement Plan

Department's approach to data management and its data interfaces with the public, courts, police and other users.

- **Deliver a programme of continuous process improvement** in the development of our policies and processes with a focus on busting bureaucracy, aimed at challenging and simplifying existing processes to reduce overlap and better align responsibility and accountability.
- **Further develop the Group Operating Model for functional services** by working with the Cabinet Office to deliver greater economies of scale and skills, including delivering a new integrated approach to Shared Services, transferring our internal audit service to XDIAS and helping to develop the Crown Commercial Service solution for centralised procurement.
- **Improve staff confidence in the Performance Management process** by implementing clearer and earlier communication, better support and guidance for staff and their managers, and training for chairs, and by introducing independent observers to all validation meetings.

2.4 OUTWARD FACING

The Department interacts with many stakeholders across a range of different sectors, at both a national and international level. Many of the Department's stakeholders were positive about its engagement with them, noting in particular openness, honesty, trustworthiness and accessibility. However, stakeholders did give examples of some internal processes and information requests that had slowed down their progress, which the Department will work to alleviate, and a number of comments reflected inconsistencies of approach and the need for a better co-ordinated process with key stakeholders.

The way we engage with our stakeholders is crucial to our work. To better our engagement with our stakeholders we will regularly identify our top stakeholders and assign a named lead for each stakeholder relationship, ensuring each of our stakeholders know where to go to get the information they need quickly. We will work to improve our relationships with stakeholders by adopting a more strategic, intermodal approach to ensure greater consistency across the Department in our interactions with stakeholders, and ensuring industry views are represented holistically across government. We are clear that we must become more outward-facing by seeking stakeholder views, sharing expertise and best practice, developing more open policy-making, and adopting a more partnership approach to delivery. We will **develop a stakeholder management strategy** so that key relationships are clearly identified and communications are co-ordinated and consistent.

The specific actions that we will take to address these areas for improvement, and how we will measure progress against these actions, is detailed in chapter 3.

3. Metrics to Measure Improvement

No	Improvement being made	Metric used to measure progress	Date to review metric & details of who undertakes review.	Trigger that will signal mitigating action needs to be taken
Integrated and Strategic Working				
1	Strengthening the Department's leadership	People Survey: "I believe the actions of senior managers are consistent with DfT's values" – recover to 2012 levels (47%) in 2014; "I believe the Board has a clear vision for the future of DfT" – narrow the gap between DfT and the 2014 CS average to 5 percentage points or less.	People Survey responses November 14 & May 15	People Survey results do not recover to intended level in November 2014
2	Reform structures and governance to allow teams the freedom to operate whilst maintaining accountability and assurance	<p>DfT family structure Number of DfT agencies to be 3 by end of this Parliament.</p> <p>DfT family governance and assurance DfT Group governance and assurance structures refreshed to reflect new group structure and ensure best balance between control and flexibility</p>	<p>5 May 2015</p> <p>5 May 2015</p>	<p>Agency reform programme is not progressed as expected.</p> <p>Agency reform programme progresses without complementary changes to governance and assurance systems and processes</p>
3	Create an evidence base to inform options for SR15	SR15 Board to meet at least once every 2 months	6 meetings on SR15 Board within year	Lack of progress in creation of evidence base and in reviewing

3. Metrics to Measure Improvement

		<p>Ongoing review of resource deployment</p> <p>Conduct work with Transport Catapult Centre to understand strategic, intermodal perspectives on Transport</p>	<p>ending 31 March 2014</p> <p>Ongoing</p> <p>Within year to 31 March 2015</p>	<p>corporate planning processes</p> <p>Department's top priorities are not resourced appropriately.</p> <p>No Liaison Officer appointed between DFT and Catapult Centre by April 2014</p>
Inspirational Leadership of Excellent People				
4	Each profession to develop its own learning and development strategy and its own succession plan	<p>Develop and retain staff skills, experience and knowledge</p> <ul style="list-style-type: none"> • New People Committee established to ensure delivery of Departmental Capability and Talent Plan • Capability assessment conducted • Key professions to have developed and communicated to staff an L&D Strategy • Commercial and PPM professions to develop succession plans for critical roles in their profession • Succession plans to be expanded to cover critical roles in all Professions 	<ul style="list-style-type: none"> • March 2014 • Annual • Within year to 31 March 2015 • September 2014 	<ul style="list-style-type: none"> • Review metrics in Capability & Talent Plan • Assessment not conducted • L&D strategies not produced by November 2014 • Relevant professions/ specialisms have not produced draft planning tool by July 2014 • Other professions have not produced draft by January 2015

3. Metrics to Measure Improvement

		<p>Improve the recruitment process</p> <ul style="list-style-type: none"> • Average time to recruit across the DfT Group is 55 days <p>Develop a placement and secondment programme with industry partners</p> <ul style="list-style-type: none"> • 20 Private Sector short-term placements established • Proposition on interchange opportunities within the Group <p>Improve the Department's commercial capability</p> <ul style="list-style-type: none"> • Deliver the Contract Management Excellence Programme <p>Improve the Department's PPM capability</p> <ul style="list-style-type: none"> • Project Director and Commercial Negotiation training programmes created • 7 more staff put through Major Projects Leadership Academy • The Department will attain APM accreditation • Create a new Assurance Directorate 	<ul style="list-style-type: none"> • March 2015 <ul style="list-style-type: none"> • Within year until March 2015 • September 2014 <ul style="list-style-type: none"> • March 2015 <ul style="list-style-type: none"> • December 2014 • December 2014 • Within year to 31 March 2015 • July 2014 	<ul style="list-style-type: none"> • Average time to recruit is higher than 60 days <ul style="list-style-type: none"> • Only 10 established by September 2014 • Proposition not produced by June 2014 <ul style="list-style-type: none"> • Programme not delivered <ul style="list-style-type: none"> • Lack of progress by August 2014 • Only 3 staff put through MPLA by August 2014 • No Director appointed by April 2014
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3. Metrics to Measure Improvement

		Improve the Department's Digital capability <ul style="list-style-type: none"> • 250 staff members to have attended the Digital Awareness Workshops • DFTC and DVLA to meet to share knowledge on adopting digital channels 	<ul style="list-style-type: none"> • Within year ending 31 March 2015 • September 2014 	<ul style="list-style-type: none"> • Only 125 staff members have attended by September 2014 • Digital training provision not increased
5	Deliver the transport focussed leadership course	Develop and roll-out to all SCS members a focussed leadership development programme	All SCS to be enrolled by 2016	Fewer than half of SCS enrolled by September 2015
6	Improve the quality and experience of internal communications	<ul style="list-style-type: none"> • Refreshed internal communication strategy in place • Key issues for staff to be identified from People Survey and focus groups to be run on these issues throughout the year • Improved perceptions on key People Survey metrics ("challenge", "informed", "involved", "engaged"). • People Survey: "I think it is safe to challenge the way things are done in DfT" - 2013 score: 40% (down from 43% in 2012) - recover to 43% minimum in 2014 	<ul style="list-style-type: none"> • June 2014 • Ongoing • November 2014 and May 2015 	<ul style="list-style-type: none"> • Internal communications strategy not refreshed by May 2014 • Increased opportunities for engagement do not lead to improvement in staff perceptions • People Surveys do not show an increase in levels of engagement. • Poor results in May survey; People Survey results do not recover to intended level in November 2014

3. Metrics to Measure Improvement

Building Processes that Work				
7	Improve the Way We Work to create the right environment for the Department's people	<ul style="list-style-type: none"> Complete the implementation of new office environment with improved IT across the DfT(c) estate Establish "The Way We Work" Board to drive changes to working practices Modernise the employment contracts 	<ul style="list-style-type: none"> June 2014 June 2014 Move to new contract concluded 	<ul style="list-style-type: none"> Refurbishment not concluded to time or too satisfaction of staff Regular review of progress shows Board objectives not being met Changes to Terms and Conditions are not implemented in line with programme plan
8	Build the right processes for what the Department needs to deliver	<p>Improve the digital service provision to customers</p> <ul style="list-style-type: none"> DVLA digital exemplars delivered as planned <p>Deliver a programme of continuous process improvement</p> <ul style="list-style-type: none"> Refresh the Group Continuous Improvement Strategy setting out plans at Group and business unit level to challenge and simplify existing processes to reduce overlap and better align responsibility with accountability. 	<ul style="list-style-type: none"> Quarterly review of adherence to the published delivery plan <p>Refreshed Strategy published September 2014</p> <p>Quarterly review of progress</p>	<ul style="list-style-type: none"> Regular review will highlight risks and trigger mitigating actions. <p>CI strategy not published on time</p> <p>Actions set out in Strategy not delivered</p>

3. Metrics to Measure Improvement

		<p>Further develop the Group Operating Model for functional services</p> <ul style="list-style-type: none"> • Deliver a new integrated approach to Shared Services, working with Arvato as the first mover in the development of a cross-Civil Service provider • Transfer the internal audit service to XDIAS • Help to develop the Crown Commercial Service solution • Complete the transfer of DfT lawyers to TSol • Help to develop Next Gen HR2 • Complete transfer of Internal Audit function to XDIAS <p>Improve staff confidence in performance management</p> <p>Improvement in score on People Survey question “my performance is evaluated fairly” and in feedback from focus groups</p>	<p>DfT, working with Cabinet Office, will keep each workstream under review and will agree a composite progress report each quarter</p> <p>People Survey responses November 14 & May 15</p>	<p>Each workstream has its own review process.</p> <p>People Survey results do not improve.</p>
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3. Metrics to Measure Improvement

Being Outward Facing				
9	Develop a stakeholder management strategy	<ul style="list-style-type: none"> Identify our top stakeholders and assign a clear 'owner' for each relationship. Design and implement a stakeholder engagement programme, and evaluate this by seeking stakeholder feedback 	<ul style="list-style-type: none"> October 2014, reviewed annually May 2014 	<ul style="list-style-type: none"> Top 50 stakeholders not identified by May 2014 Stakeholder perceptions do not improve

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