

DFID

Improvement Plan


Introduction

In 2013 DFID was one of five Departments to pilot Departmental Improvement Plans as part of the Civil Service Reform agenda. Departmental Improvement Plans are based on a three year cycle, helping Departments prioritise organisational improvements to ensure they can deliver on Minister's priorities and Structural Reform Plan commitments. One year on we're assessing how we performed in 2013/14, and setting out the direction of travel for 2014/15.

In 2013/14 our improvement priorities were to:

- Deliver results through sustained leadership and improved programme management;
- Understand and adapt to the future development environment;
- Build a sustainable staffing model that can flex and adapt to the changing development environment;
- Lead management of change by understanding what we've learnt and building on what we've achieved;
- Drive continuous cost reduction by leading year on year efficiencies across the organisation.

This refresh provides an assessment of the changes we have seen across the Department; how we have performed against the 2013/14 priorities; and the areas we'll need to focus on in 2014/15. Our direction of travel is summarised below.

2013/14		2014/15
Deliver results through sustained leadership – by delivering results through sustained leadership and improvement of programme management	Improved management information and better understanding of reforms required in programme cycle - moving to implementation phase	Flexible and adaptive programming - implement end to end review outcomes
Understand and adapt to the future development environment – business model	Respond to business model and reshape portfolio	Economic development as core business – deliver a coherent programme and build capability in the Department
Build a sustainable staffing model – that can flex and adapt to the changing development environment	HR passport now in place delivering improved management information, workforce planning still a focus	Flexible, planned and skilled workforce – improved MI used to support better workforce planning
Lead management of change – by understanding what we've learnt and building on what we've achieved	OpEx absorbing lessons from change programmes, plus systematic response to ICAI challenge on learning	Improve organisational learning – systematic approach to learning and use of evidence
Drive continuous cost reduction – by leading and driving year on year efficiencies across the organisation	OpEx in place, realising benefits of commercial strategy and delivering 1HMG	Build a modern operating model – with Operational Excellence structure in place to manage change programmes

What we do and how we do it

The Department for International Development (DFID) leads the UK's work to end extreme poverty, delivering policies and programmes with other Government departments to improve the lives of the world's poorest people. The Secretary of State's priorities of economic growth; supporting women and girls; and leading humanitarian response run through and support our Structural Reform Plan commitments [See Box 1].

BOX 1

What we do: leading the UK's work to end extreme poverty

- **Boost economic development**
- **Honour international commitments**
- **Drive transparency, value for money and open government**
- **Strengthen governance and security in fragile and conflict-affected countries and make UK humanitarian response more effective**
- **Lead international action to improve the lives of girls and women**
- **Combat climate change**

DFID Structural Reform Plan 2013-15

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Over the last year DFID has moved from a major review of its Business model into the reshaping of its future portfolio, along with associated resource choices. At the heart of this is an ambitious approach to inclusive economic development, alongside our continuing work on ‘best buy’ investments in areas such as health, education and sanitation. This increased focus on ending aid dependency through growth and jobs ensures we tackle the causes as well as the symptoms of poverty. Sustainable economic growth and development also require peace, the rule of law, an absence of corruption, the recognition of property rights and institutions that serve all the people, not just a select few and this Golden Thread of development also runs through our work.

Economic development is the only sustainable long term way to end aid dependency. In 2013–14, DFID made economic development a key priority: it published the Economic Development Strategic Framework and used a wider array of instruments to stimulate investment that reduces poverty through jobs, by raising incomes for individuals through employment, and providing tax receipts for governments to fund services such as health and education.

In developing countries, 900 million people are working but are living in poverty, mostly in Africa and south Asia. Many DFID-led initiatives contribute to raising incomes and improving job prospects for poor people. DFID also works with businesses to encourage them to invest more, and more responsibly, in developing countries. In November 2013, the Secretary of State visited Tanzania accompanied by representatives of 18 UK and international companies to promote investment through partnerships and co-investment. As a result of the visit, DFID has co-invested in Kilombero Plantations Ltd to support the pilot stage of a new gasification plant to expand irrigation for rice cultivation.

BOX 2

How we do it: DFID Vision

One Team

- Provide strong leadership
- Deliver development results at scale
- Improve impact and drive value for money
- Build support for our work
- Look to the future

Organisationally, DFID has built on its successful move to 22 Whitehall with further improvements in its operating environment – a new HR system delivering improved MI and cost savings, significant progress on the 1HMG strategy overseas, and a step change in commercial and financial capability. DFID has also undertaken an end-to-end review of its approach to programme management, covering culture, capability and process. This is already resulting in improvements in programme delivery, and will be a major theme of the refreshed improvement plan for 2014/15.

Assessment

This section provides an assessment of the Department’s performance against four areas: performance; efficiency and innovation; strategic risk and leadership of change; and capability. There follows detail on how the Department performed against the 2013/14 improvement actions and where we will focus in 2014/15.

PERFORMANCE

Performance in the Department is defined by progress toward the Millennium Development Goals; delivering on the DFID Structural Reform Plan; and achieving the results set out in “Changing Lives, Delivering Results”. In last year’s DIP we committed to leading on improved programme management and understanding the future development environment, to ensure we had the right programme tools and capabilities to deliver the right things, in the right places, at the right time.

In 2014 the UK became the first G7 country to deliver on its commitment to spend 0.7% of GNI as Official Development Assistance while reducing its core administration costs (excluding depreciation) from £131 million in 2010-11 to £102 million in 2013-14.

By 2013–14, the UK had supported:

BOX 3

- 54.4 million people with access to financial services, providing the means to help support people work their way out of poverty, meeting our target of 50 million.
- 85.8 million to hold their authorities to account and have a say in their community’s development, meeting our target of 40 million.
- 6.7 million people with cash transfer programmes, meeting our target of 6 million.
- 3.6 million births delivered with the help of nurses, midwives or doctors, meeting our target of 2 million.
- 43.1 million people with access to a water, sanitation or hygiene intervention.
- 19.3 million children under 5 or pregnant women with nutrition programmes.

During 2013/14 DFID performed very strongly in implementing its structural reform priorities: 22 were on time and 5 delivered in advance of their deadline. It has also continued to work toward achieving the results as set out in “Changing Lives, Delivering Results”. Headline results are in Box 3, with full sector by sector results detailed in our 2013/14 Annual Report.

In 2013/14 we committed to delivering results through sustained leadership and improving programme management. The Departmental Board has continued to monitor performance as defined above and seen sustained improvements across our monitoring framework. The quality of management information seen by the Board has continued to improve, enabling senior leadership to track progress on results and portfolio quality. A strengthened effort on ensuring timely completion of annual and completion reviews was particularly important in this regard. The Departmental Board also commissioned an end-to-end review of the programme cycle, as detailed in last year’s DIP. A package of reforms have been agreed to achieve a step change in our programme leadership, capability and processes. Implementing the findings of the end to end review and realising the improvements in our portfolio are core elements of our improvement plan refresh for 2014/15.

EFFICIENCY AND INNOVATION

As part of the Civil Service Reform agenda, DFID has put in place an Operational Excellence programme to drive improvement in DFID’s business operating model, developing a leaner, more customer-focused approach to business. This programme includes: the modernisation of DFID’s finance operating model; the restructuring of DFID’s Human Resources operating model; delivering the 1HMG agenda; implementation of DFID’s digital strategy; and improving commercial capability.

In October 2013, DFID introduced a new Human Resources and Payroll system (HR Passport) which delivers an improvement in the efficiency and effectiveness of people management across DFID. The introduction of improved self-service, simpler standardised processes and better access to accurate management information reduces HR transactional work carried out across DFID. This contributes to a more efficient and cost-effective delivery of corporate services and is delivering savings of around £1 million per annum from 2014-15.

The Commercial Strategy is driving better value for money through effective and efficient open procurement procedures, increasing commercial capability and better contract management. DFID has also made strong progress in monitoring a range of contracts through its Key Supplier Management (KSM) programme, which involves biannual Contract Performance Reviews and senior level reviews twice a year across DFID’s 11 ‘key’ (strategic) suppliers. DFID’s inaugural supplier conference was held in July 2013. Over 30 of DFID’s key suppliers, including private sector companies, NGOs and SMEs attended the conference alongside senior DFID representatives for a series of presentations and workshops focussing on the theme of Supplying Value. A further conference was held in July 2014. DFID’s Commercial Strategy has delivered savings of £111 million in 2013-14 against a target of £100 million.

DFID continues to deliver its Digital Strategy. This includes three priorities: how technology can support better delivery of programmes, can make us a better organisation to do business with (streamlining systems and business processes); and can support us to be more open and engaging, including how digital channels can gather feedback which in turn supports better decision making. During 2013-14 the Development Tracker (which publishes data on how DFID and other government departments invest in developing countries) was launched and social media was used to engage with stakeholders and the public on major events such as the Syria crisis and Typhoon Haiyan. A digital advisory panel has been established to provide advice and challenge to DFID on its digital strategy. A skills audit was undertaken to provide evidence on current levels of knowledge and experience, and the results of this are informing the development of a programme of work to improve digital capability.

DFID has also worked closely with the Foreign and Commonwealth Office, and other government departments to streamline the way the UK government operates through in overseas locations. The programme aims to identify the best ways of working and to implement these across other UK government departments, removing barriers to better delivery. DFID’s work to date has focused on collaboration (to build a stronger single, cross government team at each overseas post behind an overall FCO lead), co-location (now almost complete), regionalisation, consolidation (establishing a single provider of corporate services at each overseas post) and harmonisation (aligning pay, terms and conditions for both locally employed staff in country and UK-based staff serving overseas across government departments, with DFID working closely with FCO). Continuing to deliver against these five objectives is a key component of the refreshed DIP.

Innovating in design, delivery and evaluation of our programming has been a priority in the Department. The Department is experimenting with both design thinking and an open policy-making approach to programme design – in particular through the

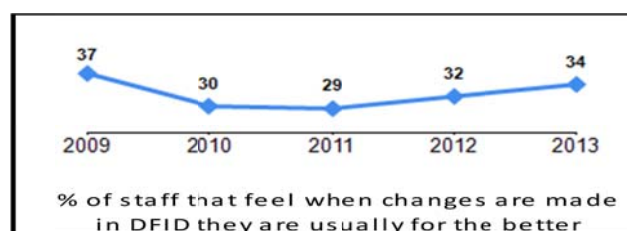
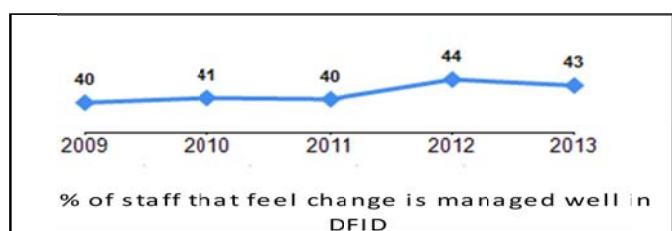
Innovation Hub's Amplify programme. The Amplify programme opens up DFID's traditional challenge fund model by enabling anyone to offer insights and ideas on a stubborn development challenge using both online crowdsourcing and offline methods of engagement. The programme enables both collaboration and feedback to be submitted on all ideas bidding for funding. The strongest ideas are then tested in collaboration with partners IDEO.org, who take an explicitly human-centred design approach to development programmes – working with users to prototype and research the feasibility and implementation of programmes. It ultimately provides staged funding to the most promising ideas emerging from this process. The programme will tackle ten challenges over five years, and engages teams across DFID who have a stake in the challenge. It aims to produce effective solutions, but also disseminate new ways of working throughout the department, encouraging both openness and an emphasis on design in programmes.

DFID has been testing innovative approaches to results, including through linking payment directly to the delivery of results, known as Payment by Results (PbR), and gathering more evidence of what works and does not. The most innovative forms of PbR link payment to the delivery of outcomes, providing the foundation for long term, sustainable change to people's lives. DFID has recently published a strategy that sets out its objectives for PbR and the actions it will take to achieve them. DFID is at the forefront of international activity, mainstreaming more used forms and testing the most innovative forms of PbR, where payments are linked to outcomes. DFID departments and countries report that as of April 2014 there were 13 outcomes-based programmes that use DFID financing under way, including 7 funds that can be subdivided into around 100 separate projects. DFID also has a growing pipeline of outcomes-based programmes.

The Department is also working to become more systematic in the use of evidence and thereby have greater development impact. Specifically, DFID has continued to invest in rigorous programme evaluation as a means of learning and enhancing its development impact. The number of evaluations and the evaluation capacity of staff have increased significantly according to a recent review of the decentralised approach to commissioning evaluation. Evidence of the impact of recent evaluations on new programme and policy design has been identified in a number of programmes including those in Burma, Bangladesh, Rwanda and Uganda and regional African programmes. A new evaluation strategy has been designed which will further improve the quality and use of evaluation findings and will increase the extent to which evidence gaps and policy priorities influence a programme's decision to commission an evaluation.

STRATEGIC RISK AND LEADERSHIP OF CHANGE

In 2013/14 we committed to improving leadership of change across the organisation. Staff survey results show that while the trajectory on managing change (below) dipped in 2013, the proportion of staff who feel 'when changes are made in DFID they are usually for the better' continues to show an upward trajectory. While the Department continues to record results higher than the Civil Service benchmark in both areas, 14% on 'change is managed well' and +8% on 'when change is made it is usually for the better', improving the way change is managed and learning is absorbed back in to the organisation is a key priority in the DIP refresh.



As well as the structures now in place under the Operational Excellence programme, the Department has made a significant investment in the way change programmes are staffed and resourced, integrating change leadership capacity-building into the implementation of organisational change projects. Over 2013/14 both the programme management review and the 1HMG project have been led by full time SCS headed teams, reporting directly to the Executive Management Committee and Departmental Board. When recruiting the first cohort of 50 Senior Responsible Owners (SROs), as part of the programme management review, the focus has also been on their role in leading change and championing the Better Programme Management project. Both the SCS conference in June 2014 and the first Deputy Heads of Office conference in February 2014 were themed around change leadership. There have also been two masterclasses for 90 A1 leaders on leadership of 'wicked' challenges.

A key focus for 2014/15 is improving the way the Department manages and learns from change programmes. While moving up to 2nd place on the engagement index in the Civil Service staff survey (maintaining 71% in 2013 (from 4th in 2012) the results

show there is still progress to be made on managing change in the Department. The ICAI report on How DFID Learns, and the What Works Review on use of evidence, have also provided the Department with significant challenges to improve the way we learn, and build on what is existing good practice on the use of evidence. This is a focus for the 2014/15 DIP.

CAPABILITY

DFID has a powerful mission and staff are committed to what we do, as reflected in staff survey scores – shown opposite. However, alongside efforts to improve how change is managed in the Department, we are continuing to invest in delivery of the Capabilities Plan, ensuring our workforce is fit for a future civil service.

The five priority capabilities: change leadership; digital; commercial; programme management; and finance are delivering better results across the organisation but will continue to be a focus in the DIP refresh. Work on change leadership and digital is underway, as detailed in earlier sections.

The Commercial Strategy is driving better value for money through effective and efficient open procurement procedures, increasing commercial capability and better contract management. During 2013-14 DFID's commercial adviser network has been developed. Eleven advisers are now embedded within operational departments and offices, responsible for devising, developing and implementing tailored commercial strategies, improving commercial decisions and appraisals in project design and embedding robust supplier contract and performance management. All senior civil servants are undergoing a mandatory commercial leadership course.

DFID has modernised its finance operating model to strengthen the partnership between core finance and the rest of the organisation and embed financial management throughout the corporate, regional and policy divisions. Finance business partners have been introduced for each Director General area along with finance managers and financial analysts within individual departments. In addition, financial transaction processing has been centralised.



Progress on 2013/14 metrics and measures

Improvement being made	Metric used to measure progress
Deliver results through sustained leadership and improved programme management	
<p>Departmental Board to use and improve management information, ensuring results and Business Plan commitments remain on track</p> <p>Completion of end-to-end review of programme and project (PPM) cycle</p>	<p>Better quality business cases for new programmes and extensions, as assessed by Quality Assurance Unit</p> <p>Improvement in Annual Review (AR) and Project Completion Review (PCR) scores</p> <p>Portfolio Quality Index (to target average of 100 over year)</p> <p>Results on track</p> <p>Business Plan indicators on track</p>

Delivery and data

In 2013 the Department strengthened programme management controls - acceleration of annual reviews and project completion reviews, strengthening the quality of management information available to the Board. At the end of March 2014 there were 13 annual reviews and one project completion review overdue, compared with 63 annual reviews and 22 project completion reviews at the same time last year.

We are pro-actively driving improvements in DFID's management information systems, processes and reporting. During the year management information tools such as My ARIES and ARIES analytics have been launched and are already supporting spending teams. In addition, Business Solutions Division are leading work to drive improvements in the quality, relevance, accessibility and usability of management information across the business. We have made system improvements on project completion reviews which improve the quality of the management information produced thereby enabling more relevant, timely action to be taken. Web-based, user friendly reports are being developed to make MI more widely accessible and timely.

Over the last year both the quantity and quality of management information used by DFID's executive committees and ministers in decision making has increased. The level of management information produced on programme controls has increased substantially during 13/14 resulting in increased compliance. Increased focus on and accountability for the volume, value and reasons for annual and project completion reviews being overdue has significantly reduced the levels overdue. Additional information on, and new procedures for, reviews being deferred or exempt has also driven an increase in the number of reviews being undertaken in 13/14 compared with previous years.

Projects whose scores indicate they may be performing below expectations are now reported on more fully to DFID's executive committees and Ministers, including the reasons for scores and the actions being taken to address the issues, including project closure if necessary.

During 2013–14, over 1,100 projects were reviewed, an increase of 40% on the previous year. Those projects scoring A and above represent over 80% of the value and volume of projects scored.

At the end of March 2014 the Portfolio Quality Index was 98.1 and remained in the range 97.7 to 99.1 throughout the year.

In 2013 the QAU formally quality assured 46 business cases over £40 million worth £3.6 billion in total in 2013. The QAU's analysis of large business cases suggests the quality of large business cases has continued to improve since 2011 in most areas. Headline figures show improvements in quality of Theories of Change – in 2011 70% of cases needed substantial revision, by 2013 the figure was down to 13%.

During 2013–14 the end-to-end review of the programme management cycle was completed, with a package of reforms agreed to improve our programme leadership, capability and processes. Understanding how these changes improve the quality of our portfolio is central to the improvement plan 2014/15.

Improvement being made	Metric used to measure progress
Understand and adapt to the future development environment	
Consider the changing international development landscape, with a focus on what, where and how DFID focus future effort.	Changes reflected in resource allocation and organisational capability
Delivery and data	
<p>In 2013/14 the Secretary of State led away days to consider the future shape of business and resource allocation in the Department- NEDs played a central role. The Poverty Reduction Diagnostic tool was developed to guide programming, all of which has fed in to a process for Ministers to make decisions about the allocation of our resources in 2015/16 aid budget.</p> <p>Through the resource allocation round we have focused on embedding the outcomes of the business model work into our programming for 2015/16 and the two following years:</p> <ul style="list-style-type: none"> - Doing the right things - rebalancing investments towards inclusive economic development, golden thread, girls and women and mainstreaming climate. - In the right ways - ensuring our offer reflects countries' ability to self-finance their own development needs, and taking opportunities to deliver more efficiently 	

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and effectively by using centrally managed programme or good performing multilaterals for delivery where appropriate.
 - In the right places - focusing spending on poor people in poor countries that are unable to self-finance their development needs and an exit from poverty.

The emerging portfolio for 2015/16 and beyond is showing:

a strong pipeline of economic development programmes – and we plan to deliver £1.8bn of economic development programmes in 2015/16. There is also a stronger focus on golden thread across the portfolio, in particular the open economies part of this; coherence across different delivery channels; a strong focus on countries where the prospects of the poor are weak and where there is limited scope at this stage for the country to be able to finance its own development needs.

Improvement being made	Metric used to measure progress
Build a sustainable staffing model that can flex and adapt to the changing development environment	
Continued delivery of Civil Service Reform Plan focusing on improved workforce planning and implementing the Capabilities Plan Strengthening key skills in line with Capabilities Plan focusing on finance, commercial and digital skills	Increased pools of advisory staff ready to be deployed to DFID posts Regularly updated and accurate workforce plans Increased take up (and understanding) of 5 days learning and development in Department Increased pool of staff in the finance cadre and increase in number of financially qualified staff in business roles Standard competencies, and continued professional development for all finance staff Commercial adviser network developed with increased number of advisers in posts Mandatory commercial skills course designed incorporating basic level accreditation and delivered to 50% of SCS, with an 80% pass rate by March 2014 Digital Advisory Panel established and skills audit completed
Delivery and data	
While progress has been made in improving use of MI in HR, with the introduction of HR passport, improved workforce planning will continue to be a key focus in 2014/15. This will include the development and implementation of a methodology to improve the analysis and planning of long term workforce needs, linked to the DFID business cycle. This will be accompanied by a process to aggregate and analyse workforce data and trends.	
6 out of 7 'game changer' Civil Service Reform actions delivered and at green – remaining action an amber. Focus from 2013/14 will be on continued delivery of the Capabilities Plan and delivering 1HMG agenda.	
We are delivering the Capabilities Plan across the Department and our professional cadres.	
Commercial skills course for SCS underway with target to reach 100% of SCS by September 2014. 40 members of the SCS completed course by end March, and 60 by end April.	
Commercial adviser network in place, with 11 advisers currently in post in a combination of HQ and overseas locations.	
Accreditation received from AAT, CIPFA, ICAS, ACCA and CIMA.	
The new Finance Operating Model has delivered a transformational increase in DFID's finance specialist capacity, with an increase from 16 to 41 finance specialists. Guidance is in place and all new students to be approved by Head of Finance Profession who actively monitors progress.	
Digital panel in place chaired by Tim Robinson, NED with digital expertise. Skills audit completed and update on digital strategy published in February. Digital for Development showcase event completed, also opened and run by Tim Robinson.	
Learning and development across Department shows positive picture, baseline established Sept 2013 – data shows learning is in excess of 5 days – however analysis required of result against 70:20:10 principle. Repeat exercise launched in June 2014 to cross check with forms of training taken and analyse the 70:20:10 split.	

Improvement being made	Metric used to measure progress
Lead management of change by understanding what we've learnt	
Implementation of benefits realisation from London office move	Post move data collection completed and lessons learned published 2013
Identification and delivery of Leadership Group change priorities (to be defined July 2013) with a focus on Civil Service Reform and lesson learning	Economic development and 'golden thread' themes embedded in outcomes of High Level Panel, resource allocation and organisational capability
Embedding stronger focus on economic development in to DFID's policy making and operations	Climate change reflected in business unit resource planning
Future Fit analysis reflected in resource allocation and organisational capability	
Delivery and data	
Major shift in the way change is managed in DFID in 2103/14 – both the 1HMG and programme management review managed and led by SCSs and reporting to the Departmental Board.	
Move to Whitehall continued to deliver savings, and is recognised as an exemplar Department across Whitehall (top adopter at TW3 annual stocktake). Public WiFi available throughout AH and Whitehall enabling future increased flexibility and mobility of work locations. Two space utilisation surveys collected, with lessons from WH move being used in plans to upgrade AH.	
6/7 'game changer' Civil Service Reform actions delivered and at a green – remaining action an amber. Focus from 2013/14 will be on continued delivery of the Capabilities Plan and delivering 1HMG agenda.	
Organisational capability on economic development strengthened with new DG role. New private sector strategy published January 2014. Economic development the focus for the business model review, with jobs and growth a central tenant of the poverty diagnostic tool used to determine outcome of resource allocation round.	
Future Fit - In the recent International Climate Fund bidding round, DFID submitted 48 concept notes for new programmes totalling £1.9bn. 16 programmes, representing 35% (£681m) of the total value of new concepts, aim to mainstream climate and environment into other sectors.	
Analysis of the concept notes indicates how DFID is responding to the Future Fit shifts, with 70% (by value) of the new DFID concepts focused on the four identified priority sectors and resilience.	
43 business units within DFID have completed an Strategic Programme Review (SRP) and a review of all SPRs was completed in May 2014. The SPRs vary widely in engagement and impact, but almost every team can demonstrate some change as a result of the SPR.	

Improvement being made	Metric used to measure progress
Drive continuous cost reduction by leading and driving year on year efficiencies across the organisation	
Implementation of HR Passport project, starting in October 2013	Improved access to management information to enable decision making on people management issues and inform workforce planning
Continued implementation of the Finance Operating Model	Reduction in HR staff costs, and improved efficiency in HR transactional activity by process standardisation and simplification, and improvements in self-service functionality
Operational excellence programme in place, including delivery of GCO (Government Consolidation Overseas) agenda	Reduction in finance staff time spent undertaking transactional activity and increase in activity that adds insight and value
	Reduction in overseas bank accounts and utilisation of cash for payments
	Plans in place to establish single corporate support teams in country offices
Delivery and data	
In 2014 the UK became the first G7 country to deliver on its commitment to spend 0.7% of GNI as Official Development Assistance while reducing its core administration costs (excluding depreciation) from £131 million in 2010-11 to £102 million in 2013-14.	
HR Passport is live and running. The new HR model has been implemented and teams are in place under the new structure. Evaluation and benefit realisation is scheduled to start in autumn 2014.	
Potential savings in HR are expected to be in the region of £1 million per annum – covering an 8 year period. This reflects a five year benefit delivery period with three years of procurement and preparation matching the Project's approved submission to Cabinet Office under the ICT Moratorium. Return on	

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investment for HR Passport will be realised 2016/17.

One year on from the relocation of DFID's London office, the approach to space utilisation and use of modern technology has enabled the implementation of a more effective office, with administration running costs reducing by around £7 million per annum between the old and new offices. The recent stocktake of the TW3 stream of CSR ranked DFID first as the leading adopter across Whitehall.

DFID has also made strong progress in monitoring a range of contracts through its Key Supplier Management (KSM) programme, which involves biannual Contract Performance Reviews and senior level reviews twice a year across DFID's 11 'key' (strategic) suppliers. DFID's inaugural supplier conference was held in July 2013. Over 30 of DFID's key suppliers, including private sector companies, NGOs and SMEs attended the conference alongside senior DFID representatives for a series of presentations and workshops focussing on the theme Supplying Value, held in July 2014. DFID's Commercial Strategy has delivered savings of £111 million in 2013-14 against a target of £100 million.

The new Finance Operating Model has delivered an increase in DFID's finance specialist capacity, with an increase from 16 to 41 finance specialists.

The introduction of partnering and the reshaping of finance resource (based in head office 50% to 20% and based in-country 6% to 39%) is:

- i) Permitting increased financial scrutiny and challenge to spenders on planned disbursements, spend to date and forecast spend
- ii) Providing capacity to track current and future year cost reduction plans
- iii) Enabling increased Business Insight, MI and improved decision making, including the proactive identification of available resources to reallocate to priority result areas
- iv) Standard approach to budget setting, phasing and monitoring including compliance with budget policy processes
- v) Increasing financial management capability available to non-finance staff
- vi) Robustly calculated budgets, improved budget control and more accurate forecasting
- vii) Improved quality and quantity of finance cases in the business case process

Purchase to Pay project to consolidate transactional activity from country offices back to Scotland, in alignment with One-HMG. Out of 18 offices in scope; completed 7 offices; in progress 3 offices. Full completion by Jan-15.

Outcome measures include:

- i) Benchmarking DFID against the CIPFA Financial Management Maturity model
- ii) Improved Internal Audit ratings
- iii) Improved DSA outcomes
- iv) Cross-government finance metrics; cash forecasting, report cycle, data quality indicator sets, forecast accuracy, date file Y/e accounts, staff ratios

1HMG team in place. Core HR principles for transition agreed with the FCO and under implementation, DFID operating models for retained functions defined, agreed and communicated, joint FCO/DFID team leading implementation guided by joint Consolidation Board, headed at ESD (FCO) and Group Ops (DFID) level, DFID change support pack developed and distributed to all country teams, change support leads working with each country office to define implementation plan, finance for delivery under design, coordination of security, assets, finance under way.

Refreshed improvement actions (2014/15)

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
Flexible and adaptive programming			
Improved portfolio quality	<p>Portfolio Quality Index (average of 100 from January - March 2015)</p> <p>Improvement in Annual Review and Programme Completion Review compliance with no outstanding reviews in monthly MIS figures (Dec – March 2014)</p> <p>Quality of business cases improves with increase in the number of +£40m business cases receiving the highest score from QAU (2013 baseline: 13).</p> <p>Quality of annual reviews improves, including rigour in completion of lesson learning section (2014 baseline tbc following QAU's first spot check of 75 Annual Reviews).</p> <p>Evidence of learning with increased number of case studies and examples developed and shared across the network (June 2014 baseline: 2 case studies).</p>	<p>Investment Committee</p> <p>Quality Assurance Unit</p> <p>Better Delivery Team</p> <p>Head of Learning</p>	Delay in SROs in place and training not completed
Improved programme leadership and accountability	<p>Identification of a Senior Responsible Owner for every programme by January 2015, with 200 who have participated in a formal SRO development conference which includes a commercial capability pilot (June 2014 baseline: 0).</p> <p>Programme Leadership Academy which incorporates commercial capability agreed (December 2014) and operational (March 2015).</p> <p>100% commercial training completed for SCS (March 2015).</p> <p>Director's statement of assurance includes metrics on leadership behaviours and the SRO environment (2014/15 DSA).</p> <p>Demonstrated leadership behaviours in line with the 'virtuous triangle' (partnership, trust, safe to challenge, risk escalation, rigour, use of judgement) through qualitative case studies (March 2015).</p> <p>Internal Audit Department audits record improvements in understanding of risk and early escalation of risks (2014 baseline tbc).</p>	Investment Committee	Outcome of SRO pilot (October 2014) illustrates greater capability constraints than anticipated.

DFID programme staff capability	<p>Training of 200 programme management staff in the new operating framework complete by March 2015.</p> <p>3 professional development events with 180 people by March 2015.</p> <p>Programme management accreditation achieved by 75% of programme managers by March 2015.</p> <p>5% of Programme Managers spent 10% time supporting other departments to increase capability by March 2015.</p> <p>Advanced programme management modules operational by October 2014 with 150 participants by March 2015.</p> <p>Outreach to 30% of country teams and all professional cadres to support and strengthen confidence and capability on programme delivery by March 2015.</p>	Investment Committee Better Delivery Team Head of Learning	Delay in uptake of training and lower than expected accreditation
Fewer barriers to effective programme delivery.	<p>New programme Operating Framework in place and operational (completed 30th June).</p> <p>National Audit Office review confirms new operating framework is robust and appropriate for DFID (March 2015).</p> <p>Programme Cycle Committee effectively governs Smart Rules with no increase in total number of rules (2014 baseline: 36 rules).</p> <p>Internal Audit reports record 100% compliance with Smart Rules (end 2014).</p> <p>End to End Review focus groups' perception of efficiency and effectiveness of programme cycle process improves (2013 baseline: 69 perceived blockages in programme cycle).</p>	Investment Committee Better Delivery Team	
Improved MI in place across business	<p>Prototype MIS questions and data for Ministers, Directors and Heads of Business Units agreed (September 2014).</p> <p>Strategy for automation and link with Aid Management Platform agreed (October 2014).</p> <p>Aid Management Platform piloting.</p>	BSD Better Delivery Team	

Delivering greater impact and outcomes through improved commercial capability in programme design and delivery, including relationship management of suppliers/partners	<p>Improved prioritised procurement pipeline from spending departments (to improve planning for achieving 0.7GNI)</p> <p>100% commercial training completed & maintained for SCS</p> <p>Commercial training incorporated into PM & SRO accreditation</p> <p>Commercial savings target £100m 2014/15</p> <p>Commercial advisor network at 17</p> <p>KSM programme and associated contract performance reviews maintained</p> <p>Annual Supplier Conference held and 2 SME forums</p>	<p>OpEx Board and milestones</p> <p>EMC bi-annual stocktake</p> <p>Commercial Reform - 2014/15 priority progress</p>	<p>Prioritised procurement pipeline in place for 80% of procurements</p> <p>Target numbers on SCS commercial training missed</p> <p>Run rate of commercial savings off plan</p> <p>Commercial advisor recruitment off plan</p>
Establishing a strategy for use of digital capability and tools when developing our programmes	Strategy agreed by December 2014	Digital Panel	Delivery of strategy off track
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
Economic development as core business			
Plans in place to deliver £1.8billion pledge	<p>Develop a results framework for economic development, including defining key economic development indicators linked to DFID's priorities which match ambition, resources and comparative advantage.</p> <p>SoS and EMC agree on DFID's investment policy and operational policy on non-fiscal capital (December 2014)</p> <p>Produce a development finance strategic framework that includes consideration of the role of CDC and the suite of financing instruments that should be made available to maximise development impact.</p>	<p>Late 2014 Ministers will take an internal view on the results framework; finalised framework presented to Ministers in July 2015. DG Ec Dev to review</p> <p>December 2014, reviewed by EMC</p> <p>First quarter 2015; DG PGP (as GPD lead) and DG Ec Dev</p>	<p>No results framework or robust indicators in place by early 2015</p> <p>EMC have not discussed investment policy or operational framework by November 2014</p> <p>No consideration of private sector related instruments in the first draft of the strategic framework (end 2014)</p>

Strengthen oversight of credit decisions	Role of the investment committee in overseeing strategy, financial decisions and performance of portfolio	Regularly by the Investment Committee	Limited number of decisions coming to the Investment Committee. High percentage of decisions refused.
Increase our private sector development capacity	Recruit new advisers with experience in finance and investment Organise training on use of financial instruments in DFID Launch a network to provide country offices with access to dedicated economic development advice from HQ, offering strategic support across portfolios and on programme design and helping ensure alignment with policy objectives.	Add date, DG Economic Development, and Head(s) of Private Sector Department and PSD Head of Profession. October 2014; PSD Head of Profession September 2014; DG Economic Development, Heads of PSD	Continued number of unfilled vacancies for PSD advisers
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
Flexible, planned and skilled workforce			
Strengthened workforce analysis and management used to address strategic workforce requirements	Workforce plans agreed and in place for next 2-3 years in place by Sept/October 2014	Talent Board	Vacancies in priority posts, slow progress on getting workforce plans agreed Analysis not available to support decisions on workforce requirements
DFID staff understand role of talent management in their career path	Improved staff survey scores on talent management All A1 staff identified against talent matrix Talent assessments and conversations integral to EYR 2015/16 for all SCS and A Band staff Aggregated picture of aspirations and mobility of DFID's identified leadership talent pool	Monitored by talent board	No improvement in people scores Non-compliance across divisions in use of talent matrix

L&D investment focussed on longer-term capability requirements	L&D Plans in place for all country offices and departments PDPs for all employees aligned to DFID priorities Enhanced promotion of 70:20:10 approach to L&D activity	Aligned to RAR process Through EYRS/MYRs	L&D plans not available to prioritise investment in longer-term capability needs PDPs not available to support priority capability development
Introduction of a digital skills self - assessment tool	Establish baseline for level of digital skills across the organisation by end of 2014 Increase against baseline in all categories	Annually – Digital strategy implementation team	Low numbers of staff using the tool – less than 25%.
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
Improved organisational learning			
Task and Finish Group to respond to the 5 recommendations of the ICAI report on <i>How DFID Learns</i> ; consider outcomes of the <i>What Works review</i> ; and audit current learning initiatives across Department.	Improved use of evidence in DFID, base-lined by 2013 Evidence Survey. Effective use of evidence in business cases, as assessed by QAU.	Regularly by Task and Finish group – operating on a 1 year remit from SoS.	Poor performance at IDC hearing, Sept 2014. Lack of progress on evidence audit.
Better understanding of capability needs and how staff learn and how we can improve	Results of Learning Survey indicate stable or improving number of learning days and better balance against the 70:20:10 benchmark Results of people Survey maintain or improve scores for: I have the skills I need to do my job I have access to the training I need	October 2014 Talent Board November 2014	Significant downturn in number of days and nature of training taken by DFID staff – as captured in the July 2014 Learning Survey
Pilot new open-policy making approaches to programme funding and design through the Innovation Hub's Amplify programme, tackling two development challenges per year	Number of DFID teams involved in a challenge – 10 teams involved by March Diversity of topics covered by a challenge – at least one project per Departmental priority Number of projects funded through Amplify Number of proposals for projects submitted online	Annually – March 2015 Innovation Hub	Slips below 2 x challenges a year

from 2014 onwards.			
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
Build a modern operating model			
1HMG objectives delivered with other government departments	<p>Number of DFID offices overseas using full range of FCO local corporate services by April 2015</p> <p>75% of DFID offices have designed DFID-retained services and change process for affected staff for April 2015, by January 2015.</p>	OpEx Board, meets bi-monthly	<p>No agreement by January 2015 between FCO and DFID on how to finance consolidation in 15/16</p> <p>Lag in offices in offices moving over to FCO platform</p>
Robust governance arrangements to oversee change programmes, resulting in a better understanding of change programme interdependencies and strengthened delivery of key milestones	<p>OpEx monitoring plan shows no major slippages in milestones and benefits on track</p> <p>Decision taken on future approach to shared services</p>	OpEx Board, meets bi-monthly	<p>No improvement in staff survey scores</p> <p>Major slippages in milestones in major change programmes</p>