BRIEFING FOR THE HOUSE OF COMMONS INTERNATIONAL DEVELOPMENT COMMITTEE

DECEMBER 2012

Department for International Development

Briefing to support the International Development Committee's inquiry into the Department for International Development's Annual Report and Accounts 2011-12

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For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Email: enquiries@nao.gsi.gov.uk

Introduction

Aim and scope of this briefing

1 In November 2012 the National Audit Office published a report summarising the Department for International Development's (the Department) recent performance based primarily on its Annual Report and Accounts[1] and National Audit Office work. That Departmental Overview[2] covered: the Department's responsibilities, its financial management and reported performance.

2 This briefing complements the Departmental Overview and covers specific topics of particular interest to the International Development Committee. The following Parts examine:

- trends in the Department's programme expenditure and total UK Official Development Assistance (Part One);
- the Department's operating costs, including its administration costs (Part Two);
- the restructuring of the Department's workforce (Part Three);
- progress of the Department's priority countries against the Millennium Development Goals (Part Four); and
- the Department's funding and use of research (Part Five).

3 This briefing draws on material provided by the Department in response to our specific requests and on publicly available information. We have discussed the material provided with the Department and checked its reasonableness. However, we have not had the opportunity to carry out the breadth of examination or level of validation of information we would normally undertake for a full audit examination. The Department has had the opportunity to comment on the factual accuracy and presentation of material included in this briefing.

[1] Department for International Development, *Annual Report and Accounts 2011-12,* June 2012

[2] NAO, *Departmental Overview: A summary of the NAO's work on the Department for International Development 2011-2012,* November 2012

Part One

Trends in the Department's programme expenditure and total UK Official Development Assistance

Main messages

Trends in the Department’s expenditure by type of aid

The Department's overall level of expenditure in 2011-12 (£7,682 million) was similar in cash terms to 2010-11 levels, and the proportions going to bilateral aid (55 per cent) and multilateral aid (42 per cent) remained unchanged (paragraph 1.2).

The Department's funding of the European Union and World Bank Group together accounted for almost 70 per cent of its 2011-12 multilateral programme (paragraph 1.3).

Bilateral aid going through multilateral organisations has grown substantially since 2007-08 and, although it fell slightly in 2011-12, it remained the largest element of the Department's bilateral programme (paragraph 1.4).

Financial aid to recipient governments used to be the largest element of the Department's bilateral programme, but it is now at its lowest level for five years due to reductions in general budget support (paragraph 1.5).

The proportion of the Department's non-humanitarian bilateral aid going to Low Income Countries fell by 15 percentage points to 65 per cent (£1,709 million) in 2011-12, reflecting the recent reclassification of some of the Department's priority countries as Lower Middle Income Countries. In 2011-12 there was a small reduction of 2 percentage points to 56 per cent (£1,449 million) in the proportion of non-humanitarian bilateral aid going to the Least Developed Countries (paragraph 1.6).

The Department's spending by its development policy priorities - 'pillars'

In 2011 the Department began to move towards allocating and reporting its expenditure by five development policy priorities - 'pillars'. These five pillars reflect the priority areas set out in the Department's business plan. The pillars are: wealth creation; combating climate change; governance and security; the direct delivery of the Millennium Development Goals; and global partnerships (paragraph 1.7).

The Department's 2011-12 Annual Report shows some large variations between its estimate and actual spend by pillar (paragraphs 1.8 to 1.9).

The Department has projects in place which it estimates will account for around 75 per cent of its 2013-14 programme budget and 60 per cent of its 2014-15 programme budget (paragraph 1.10).

The UK's aid spending

Total UK Official Development Assistance (ODA) grew in cash terms by 2.1 per cent in 2011 to £8,629 million. The Department accounted for £7,716 million, 89 per cent of the total (paragraph 1.11).

The Department manages its spending so that planned levels of UK ODA can be achieved. The Department is seeking to improve its forecasting and estimation of non-DFID ODA (paragraphs 1.12-1.13).

1.1 In this Part we cover:

- trends in the Department's expenditure by type of aid;
- its reporting of spend against its development policy priorities (referred to as 'pillars'); and
- the composition of total UK Official Development Assistance in 2011.

Trends in the Department's expenditure

1.2 The Department's overall level of expenditure in 2011-12 (£7,682 million) was similar in cash terms to 2010-11 levels, and the proportions going to bilateral aid (55 per cent) and multilateral aid (42 per cent) remained unchanged. The Department's *Statistics on International Development 2007-08 to 2011-12*[3] show that in cash terms its total expenditure of £7,682 million was £7 million (0.1 per cent) lower than in 2010-11 (**Figure 1**).[4] Bilateral expenditure reduced by £44 million to £4,204 million in 2011-12. Multilateral expenditure, which covers the Department's core funding[5] of multilateral organisations, increased by £36 million to £3,258 million.

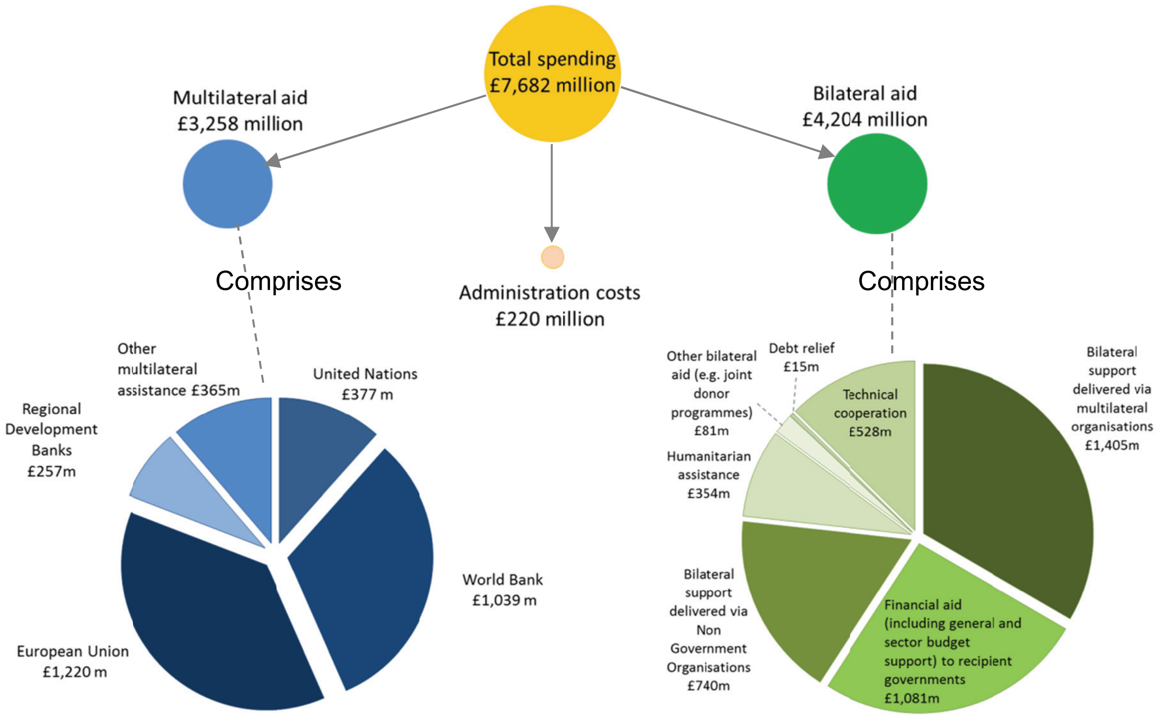
[3] Department for International Development, *Statistics on International Development, 2007-08 to 2011-12*, October 2012

[4] Figures in the Department's *Statistics on International Development* are not directly comparable to values included in the Department's *Annual Report and Accounts*. The Department's Accounts record expenditure as it is incurred, not when it is paid out. The Accounts include non-cash charges such as depreciation and capital charges. The Department's Statistics on International Development is produced on a cash basis in line with international reporting practices.

[5] The Department applies the international definitions of multilateral aid as determined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). Core funding is not earmarked for a specific purpose and, instead, its use is determined by the management and board of the multilateral organisation, within objectives agreed by all members.

Figure 1

The Department's spending in 2011-12



NOTE

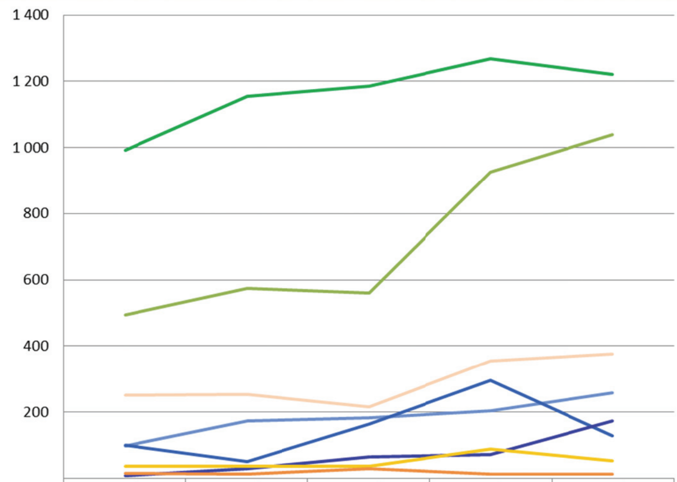
1. Administration costs presented in the Department's *Statistics on International Development* are not comparable to those presented in the Department's Accounts due to differences in definitions and methodology.

Source: NAO presentation of data from the Department for International Development, *Statistics On International Development 2007-08 – 2011-12*, October 2012. page 11

1.3 The Department's funding of the European Union and World Bank Group together accounted for almost 70 per cent of its 2011-12 multilateral programme. The Department spent £1,220 million through the European Union and £1,039 million through the World Bank Group in 2011-12 (**Figure 2**). The latter included £1,019 million to the World Bank's International Development Association.[6] Funding to the World Bank Group has increased by 86 per cent since 2009-10.

Figure 2

The Department's multilateral expenditure 2007-08 to 2011-12 (£ millions)



	2007/08	2008/09	2009/10	2010/11	2011/12
European Union	991	1 154	1 186	1 269	1 220
World Bank	493	574	560	927	1 039
United Nations	250	252	216	355	377
Regional Development Banks	98	173	181	203	257
Global fund to fight AIDS, Tuberculosis and Malaria	100	50	163	297	128
Other multilateral assistance	9	28	64	71	172
Global Environment Facility	35	35	35	88	53
Commonwealth	14	12	30	12	13

NOTE

1. All values in cash terms.

Source: NAO presentation of data from the Department for International Development, *Statistics On International Development 2007-08 – 2011-12*, October 2012, pages 20 and 96

[6] Department for International Development *Statistics on International Development 2007-08 – 2011-12,* October 2012,Table 18, p96

1.4 Bilateral aid going through multilateral organisations has grown substantially since 2007-08 and, although it fell slightly in 2011-12, it remained the largest element of the Department's bilateral programme (**Figure 3** on page 10)**.** In addition to providing core funding to multilateral organisations (see paragraph 1.2), the Department also provides funding to multilateral organisations to undertake programmes in a specific country or sector. In 2011-12 the Department provided £1,649 million (39 per cent of its bilateral programme) to multilateral organisations. The large majority of this funding - £1,405 million[7] - was classified as 'bilateral aid delivered through a multilateral organisation': up 144 per cent in cash terms from 2007-08.[8] Much of this growth occurred in 2009-10, when the Department reported that it had started making new bilateral contributions to a number of multi-donor pooled funds that are managed by multilateral organisations, such as £100 million to the Social Protection and Crisis Response Fund and £100 million to the Environmental Transformation Fund, which are managed by the World Bank. The Department's country programmes making the largest increasing use of multilateral delivery channels are in politically challenging or insecure countries, such as Afghanistan (up from £9 million in 2007-08 to £95 million in 2011-12) and Pakistan (up from £13 million to £78 million).

1.5 Financial aid to recipient governments used to be the largest element of the Department's bilateral programme, but it is now at its lowest level for five years due to reductions in general budget support. In 2011-12 the Department gave £1,081 million in financial aid to recipient governments (26 per cent of its bilateral programme). Spending on general budget support[9] fell by a third to £242 million in 2011-12. General budget support now makes up 6 per cent of the Department's bilateral aid, compared with 12 per cent in 2007-08 and 2008-09. Of the 10 countries in receipt of general budget support in 2010-11, the Department decided not to give general budget support to two in 2011-12, reduced general budget support to four, did not alter general budget support to two and increased general budget support to two

[7] In addition to the £1,405 million, £244 million classified as humanitarian assistance, debt relief or other forms of bilateral aid was channelled via multilateral organisations in 2011-12. In total £4,907 million (64 per cent of the Department's total spending) was channelled through multilateral organisations either as core funding (£3,258 million) or through the Department's bilateral programme.

[8] The Department does not have an equivalent 2007-08 value for the £1,649 million and thus the five year trend can only be analysed for aid it classifies as 'bilateral aid delivered through a multilateral organisation'.

[9] Budget support can take the form of a general contribution to the overall budget (general budget support) or support with a more restricted focus (sector budget support). Budget support is aid which is:

i) provided in support of a government policy and expenditure programme whose long-term objective is poverty reduction;

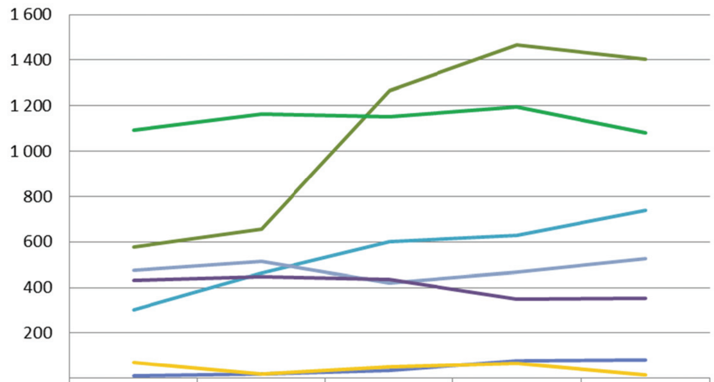
ii) spent using national (or sub-national) financial management, procurement and accountability systems; and

iii) normally transferred to the central exchequer account, but may be transferred to a sector specific bank account or sub-national level bank account over which government has full financial authority.

(**Figure** 4). The Department's total spending on sector budget support rose by £11 million (4 per cent) in 2011-12 (also Figure 4).

Figure 3

The Department's bilateral expenditure by type of aid, 2007-08 to 2011-12 (£ millions)



	2007/08	2008/09	2009/10	2010/11	2011/12
Bilateral support delivered via multilateral organisations	577	656	1 265	1 466	1 405
Financial aid (including general and sector budget support) to recipient governments	1 092	1 165	1 153	1 194	1 081
Bilateral support delivered via Non Government Organisations	301	463	599	627	740
Technical cooperation	474	514	420	468	528
Humanitarian assistance	431	449	435	351	354
Other bilateral aid (e.g. joint donor programmes)	12	17	35	76	81
Debt relief	71	19	52	66	15

NOTES

1. Financial aid to recipient governments in 2011-12 comprised £242 million of general budget support, £294 million of sector budget support and £545 million of other financial aid, which includes projects and programmes not classified as general or sector budget support.
2. All values in cash terms.

Source: NAO presentation of data from the Department for International Development, *Statistics On International Development 2007-08 – 2011-12*, October 2012, pages 20

Figure 4

Changes in the value of general budget support and sector budget support by country, 2010-11 to 2011-12

Country	**2010-11 (£ millions)**	**2011-12 (£ millions)**	**% change**
General budget support			
Pakistan	30.0	-	-100%
Malawi	19.0	-	-100%
Ghana	36.0	12.3	-66%
Zambia	32.8	12.5	-62%
Uganda	27.2	20.0	-26%
Tanzania	103.5	80.0	-23%
Mozambique	48.2	48.0	0%
Vietnam	20.0	20.0	0%
Rwanda	35.8	37.0	3%
Sierra Leone	8.0	12.5	56%
Total for general budget support	**360.5**	**242.3**	**-33%**
Sector budget support			
India	46.0	-	-100%
Vietnam	9.8	-	-100%
Moldova	2.5	-	-100%
Malawi	26.7	14.0	-47%
Mozambique	28.6	21.4	-25%
Pakistan	32.5	38.0	17%
Ethiopia	94.7	132.8	40%
Ghana	25.0	46.0	84%
Nepal	7.0	14.0	100%
Rwanda	10.5	23.2	121%
Uganda	-	5.0	N/A
Total for sector budget support	**283.3**	**294.4**	**4%**

NOTE

1. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of from the Department for International Development, *Statistics On International Development 2007-08 – 2011-12*, October 2012, pages 36 onwards

1.6 The proportion of the Department's non-humanitarian bilateral aid going to Low Income Countries fell by 15 percentage points to 65 per cent (£1,709 million) in 2011-12, reflecting the recent reclassification of some of the Department's priority countries as Lower Middle Income Countries. In 2011-12 there was a small reduction of 2 percentage points to 56 per cent (£1,449 million) in the proportion of non-humanitarian bilateral aid going to the Least Developed Countries (Figure 5 on page 13 and Figure 6 on page 14). The reduction in funding to Low Income Countries reflects the increasing sums the Department is spending in countries classified as Lower Middle Income Countries; some £791 million in 2011-12 (up 82 per cent on 2010-11 levels). Of its five largest programmes, three (India, Pakistan, and Nigeria[10]) are in Lower Middle Income Countries, with Pakistan and Nigeria recently being reclassified from low income status.[11] Most Least Developed Countries are Low Income Countries but some are Lower Middle Income Countries.[12]

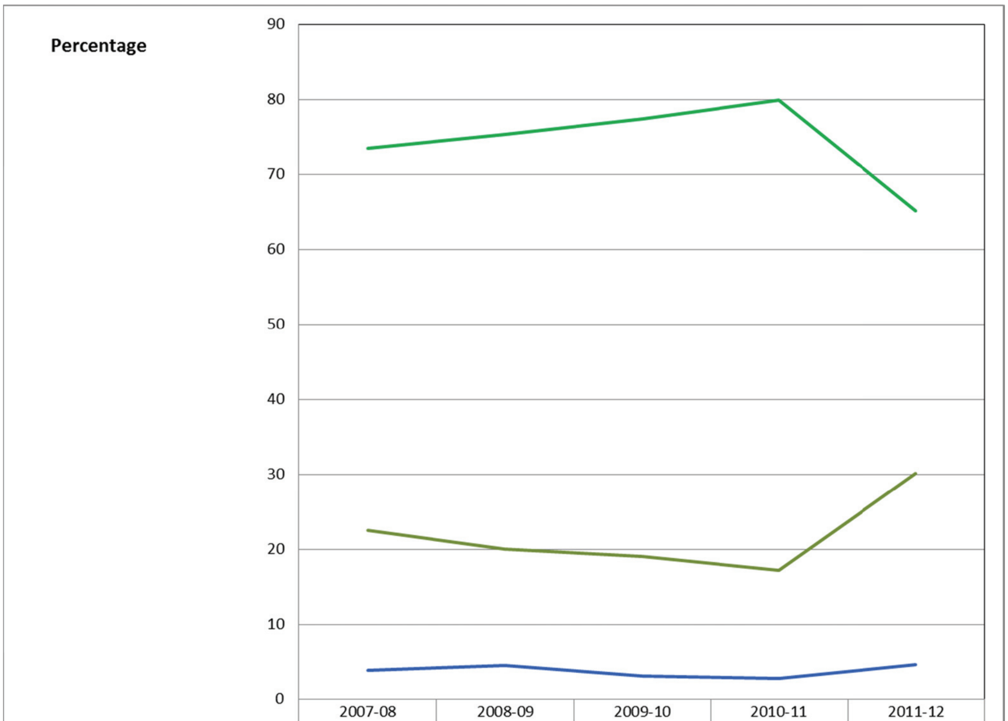
[10] The other two are in Low Income Countries - Ethiopia and Bangladesh.

[11] A January 2012 Development Assistance Committee of the OECD factsheet specified that Pakistan and Nigeria should be classified as Lower Middle Income Countries for the purposes of reporting 2011 aid flows. http://www.oecd.org/dac/aidstatistics/49483614.pdf

[12] Low Income Countries are defined by the World Bank as having Gross National Income per capita in US$ lower than $1,025 in 2011. (See: http://data.worldbank.org/about/country-classifications). The categorisation of Least Developed Countries, is defined by the United Nations, and includes an income measure of poverty (slightly lower than the boundary for the World Bank's Lower Middle Income status), but is also based on human resources and economic activity. Some Lower Middle Income Countries, such as Malawi appear on the list of Least Developed Countries.

Figure 5

The Department's bilateral aid (excluding humanitarian assistance) by country income group



	2007-08	2008-09	2009-10	2010-11	2011-12
Low Income Countries	73	75	77	80	65
Lower Middle Income Countries	23	20	19	17	30
Upper Middle Income Countries	4	5	3	3	5

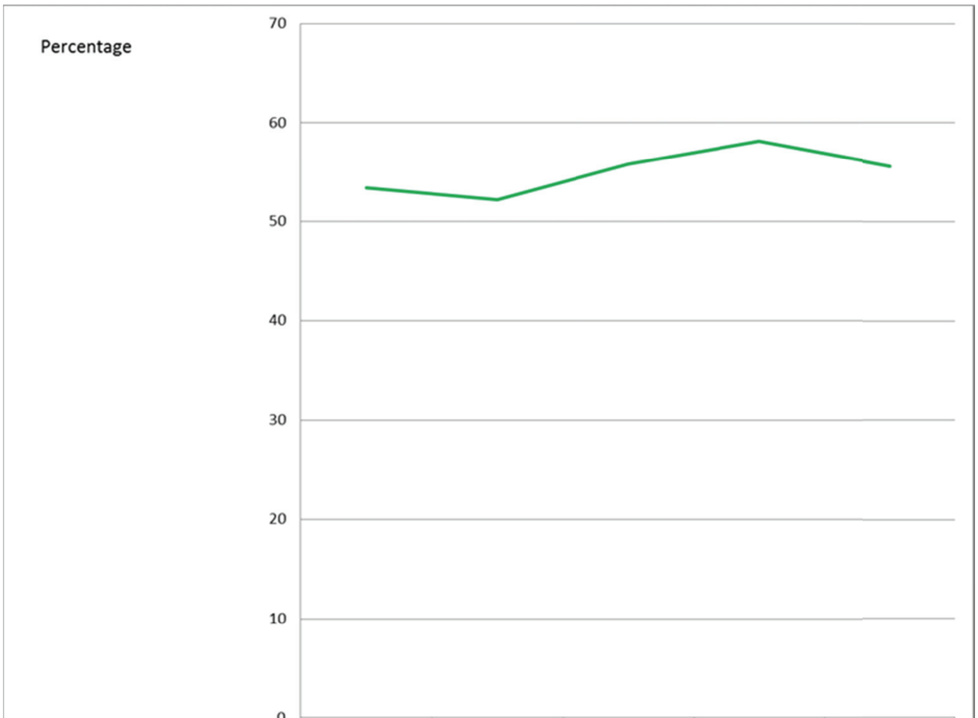
NOTE

1. The Department also provides small amounts of aid to High Income Countries (£5 million in 2011-12, the equivalent of 0.2 per cent of the Department's total bilateral aid (excluding humanitarian assistance)).

Source: NAO presentation of data from the Department for International Development, Statistics On International Development 2007-08 – 2011-12, October 2012, page 71

Figure 6

The percentage of the Department's bilateral aid (excluding humanitarian assistance) going to Least Developed Countries



	2007-08	2008-09	2009-10	2010-11	2011-12
Least Developed Countries - LDCs	53	52	56	58	56

Source: NAO presentation of data from the Department for International Development, *Statistics On International Development 2007-08 – 2011-12*, October 2012, page 71

The Department's spending by its development policy priorities ('pillars')

1.7 In 2011 the Department began to move towards allocating and reporting its expenditure by five development policy priorities - 'pillars'. These five pillars reflect the priority areas set out in the Department's business plan. The pillars are: wealth creation; combating climate change; governance and security; the direct delivery of the Millennium Development Goals; and global partnerships. The latter covers most of the Department's core funding of multilateral organisations. The Department explained that the change should encourage greater competition between different parts of the organisation bidding for resources under each pillar, including those parts that provide core funding to multilateral organisations and those that manage bilateral country programmes.

1.8 The Department's 2011-12 Annual Report shows some large variations between its estimate and actual spend by pillar. In the Departmental Overview for DFID, we reported that there were some sizeable differences between the Department's estimate (i.e. budget) and outturn across the pillars (see **Figure 7**). The largest variations were for its resource spending on global partnerships (spend £953 million above estimate) and the direct delivery of the Millennium Development Goals (spend £880 million below estimate). The variances were smaller, but still significant, for the pillars covering the newer policy areas of wealth creation and climate change.

Figure 7

Variance between the Department's estimate of 2011-12 expenditure and outturn, by pillar

	Estimate £ millions	Outturn £ millions	Variance (estimate less outturn) £ millions	Percentage variance
Resource expenditure				
Wealth creation	514.4	421.2	93.2	18.1%
Climate change	237.5	157.8	79.7	33.6%
Governance and security	673.8	720.3	-46.5	-6.9%
Direct delivery of Millennium Development Goals	3063.5	2183.4	880.1	28.7%
Global partnerships	576.2	1529.3	-953.1	-165.4%
Capital expenditure				
Wealth creation	97.5	128.0	-30.5	-31.3%
Climate change	46.6	67.1	-20.5	-44.0%
Governance and security	27.3	18.5	8.8	32.2%
Direct delivery of Millennium Development Goals	236.0	117.4	118.6	50.3%
Global partnerships	1242.8	1323.5	-80.8	-6.5%

NOTE

1. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of data from Department for International Development, Annual Report and Accounts 2011-12, June 2012, pages 147 and 148

1.9 The sizeable discrepancies shown in Figure 7 arose from weaknesses in the Department’s estimating process. The Department compiled the estimates from budget bids prepared by its business units rather than directly from its finance system and as this was the first year it had prepared estimates by pillar, there were no previous records available to sense check or validate the results. The budget bids allocated each project proposal to a single pillar, whereas the outturn data took account of the subsequent apportionment of approved projects across pillars based on their likely outcome. The Department confirmed that it is now monitoring outturn against estimates more regularly so that it can take corrective action where necessary. It has also implemented a more robust budgeting process which should result in more accurate baseline estimates from 2013-14.

1.10 The Department has projects in place which it estimates will account for around 75 per cent of its 2013-14 programme budget and 60 per cent of its 2014-15 programme budget. In addition the Department is developing other potential projects. Based on current allocations, the Department's plans are most developed for global partnerships where the value of approved projects exceeds the total indicative allocation to the pillar for 2013-14 and 2014-15. Plans are least developed for the wealth creation pillar and the Millennium Development Goal pillar. For wealth creation approved projects account for 40 per cent of the total indicative allocation to that pillar in 2013-14 and 2014-15. The equivalent figure for the Millennium Development Goal pillar is 44 per cent. The Department is currently revisiting the allocation of its 2013-14 and 2014-15 budgets.

The UK's aid spending

1.11 Total UK Official Development Assistance grew in cash terms by 2.1 per cent in 2011 to £8,629 million, with the Department accounting for £7,716 million (89 per cent of the total). Official Development Assistance (ODA)[13] is reported on a calendar year basis. UK ODA in 2011 was equal to the planned level of 0.56 per cent of gross national income. UK ODA is due to stay at 0.56 per cent of gross national income in 2012 before increasing to 0.7 per cent in 2013. **Figure 8** sets out the main non-DFID elements of UK ODA in 2011.

1.12 The Department manages its spending so that planned levels of UK ODA can be achieved. Each month the Department forecasts total UK Official Development Assistance for the current calendar year. During the last quarter of 2011, the Department took the following actions to increase UK ODA to the planned level of 0.56 per cent of gross national income.

- It rescheduled into 2011 payments planned for 2012 worth in the region of £450 million (5.2 per cent of total 2011 UK ODA). They included a payment scheduled for April 2012 of £300 million to the World Bank's International Development Association.[14]

[13] ODA is the internationally agreed standard definition of aid as set by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

[14] The payment was made by the depositing of a promissory note which is a written undertaking to pay money on demand, up to a specified limit, to a named beneficiary. The Department uses promissory notes as a way of routing money to a number of development banks.

- It increased by £130 million (1.5 per cent of total 2011 UK ODA) the value of payments it was due to make on a number of projects where it judged increased lifetime funding would bring significant additional results, such as vaccinating more children.

Figure 8

Composition of non-DFID Official Development Assistance, 2011 and change from 2010

	Percentage of UK ODA in 2011	Value in 2011 (£ millions)	Increase (decrease) over 2010 (£millions)
Foreign and Commonwealth Office - comprising British Council, administration costs, bilateral programme and peacekeeping	2.3%	195	Note 1
Department of Energy and Climate Change - mostly Environmental Transformation Programme (£131m)	1.7%	144	-111
Debt relief - provided by Exports Credit Guarantee Dept.	1.1%	91	+37
CDC - net investments (£79m) and administration (£12m)	1.1%	91	-139
Conflict Pool - MOD and FCO (excludes DFID contributions)	1.0%	89	-10
European Union development expenditure attributed to other departments	0.9%	76	-34
Other departments' funding of multilateral organisations	0.8%	65	-7
Gift Aid	0.8%	65	+18
Other (Note 2)	1.1%	97	+66
TOTAL	**10.6%**	**913**	**-154**

NOTES

1. Foreign and Commonwealth Office contribution to UK ODA is moving from the financial year basis used in 2010 to a calendar year basis. To avoid double counting Foreign and Commonwealth Office ODA recorded in the period January to March 2011, 2011 ODA relates to the period April to December 2011 only. Full calendar year information will be used from the 2012 reporting period onwards. The Foreign and Commonwealth Office used a new basis for calculating administration costs for 2011 ODA. It was not possible to apply the methodology retrospectively and thus directly comparable figures for earlier years are not available.
2. Other includes: UK Border Agency; Department for Health; Department for Environment, Food & Rural Affairs; Department for Culture, Media & Sport; Department for Business, Innovation & Skills; Scottish Government; Welsh Assembly: Colonial Pensions.
3. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of departmental data

1.13 The Department is seeking to improve its forecasting and estimation of non-DFID ODA spending, in the following areas.

- **Spending by other departments**. During 2012 the Department and HM Treasury implemented a new procedure requiring departments to provide regular forecasts of their ODA spending and to give early warning of any potential underspends.
- **Gift Aid.**[15] The Department had used a conservative approach to estimate Gift Aid for 2010. To improve the basis of its 2011 estimate, the Department surveyed 30 of the largest civil society organisations active in development to collect information on the proportion of their expenditure that is ODA-eligible. This proportion was then applied to total Gift Aid received by these organisations. This new approach contributed to an increase of £18 million (38 per cent) over 2010 levels of Gift Aid. The Department plans to further develop its methodology before estimating 2012 Gift Aid.
- **European Union development spending that is attributed to UK ODA**. The Department is considering implementing changes in its approach to attributing European Union spending when it calculates 2012 ODA.

[15] The value of tax that is reclaimed by UK charities working on development issues from HM Revenue and Customs on donations made by UK taxpayers.

Part Two

The Department's operating costs

Main messages

Over the Spending Review period the Department's operating costs are likely to grow by a small amount in real terms but they are due to fall as a proportion of the Department's total budget, to around 2.2 per cent. Operating costs (£190 million in 2011-12) comprise the Department's administration costs and its front-line delivery costs (paragraphs 2.1-2.3).

Administration costs

In 2011-12 the Department made rapid progress in reducing its administration costs to £103 million (£18 million below its budget) largely by reducing its employee costs. As actual outturn in 2010-11 was £124 million, some £4 million below the baseline estimate, the cash value of the reduction in 2011-12 amounted to £21 million (paragraph 2.4).

The Department currently forecasts that administration costs will increase by £3 million to around £106 million in 2012-13, within its budget of £112 million (paragraph 2.5).

By 2014-15, the Department has to reduce its annual administration costs to £94 million, £12 million below forecast levels for 2012-13. The Department expects that its employee costs will start to fall again from 2013-14, and by 2014-15 its London accommodation move should contribute net savings (paragraph 2.6).

London accommodation move

The Department will move its London based staff to 22-26 Whitehall in early 2013, which should reduce steady state accommodation costs by around £6.5 million per annum (paragraph 2.7).

During 2012-13 and 2013-14 the Department will incur one-off costs totalling around £24 million in moving from Palace Street. It will also incur £15 million of accelerated depreciation charges to cover the writing-off of improvements it had made to Palace Street. The costs and charges will largely be met from the Department's administration budget (paragraphs 2.8).

In addition to the one-off costs of moving and the reductions in annual accommodation costs, the Department's business case for the accommodation move listed other costs and benefits, most of which were not monetised as they were judged to be small by comparison (paragraphs 2.9-2.11).

Front-line delivery costs

As the Department grows and restructures its workforce, its front-line delivery costs are increasing but remain within budget. The Department's front-line costs grew in cash terms by around 30 per cent to £87 million in 2011-12, some £4 million below budget (paragraph 2.12).

2.1 The Department's operating costs, which totalled £190 million in 2011-12, comprise its administration costs and its front-line delivery costs. This Part covers the progress made by the Department in reducing its administration costs, the likely impact of moving its London headquarters to 22-26 Whitehall on its administration costs, and changes to its front-line delivery costs.

The Department's operating cost budget

2.2 **Over the Spending Review period the Department's operating costs are likely to grow by a small amount in real terms but they are due to fall as a proportion of the Department's total budget, to around 2.2 per cent.** The Department's operating cost budget was agreed in the Department's 2010 Spending Review settlement. The budget allows for a six per cent real terms increase in operating costs from a baseline agreed with HM Treasury of £200 million in 2010-11 to a cash figure of £233 million in 2014-15 (see **Figure 9**). Given the substantial increase in its programme budget over the period, operating costs are due to fall from around 2.6 per cent of the Department's total budget in 2010-11, to 2.2 per cent in 2014-15.[16]

2.3 The Department's Spending Review settlement is resulting in a significant shift of the Department's operating resources from administration to front-line delivery.

- The baseline administration cost of £128 million represented 64 per cent of the Department's total operating cost baseline in 2010-11. The administration budget covers the cost of back-office functions such as finance and human resources, including accommodation costs. The budget is net of income and is for resource expenditure (i.e. it excludes capital expenditure and depreciation, which are covered by other budgets or controls).[17] The Department's administration budget will reduce in cash terms to £94 million in 2014-15, equivalent to a real terms reduction of third over the Spending Review period.

- The front-line delivery cost[18] baseline of £72 million represented 36 per cent of the Department's total operating cost baseline in 2010-11. The front-line delivery budget covers the cost of front-line staff, including pay, travel costs and training, as well as the costs of overseas offices. The Department’s budget for front-line delivery costs increases in cash terms to £139 million in 2014-15 (a real terms increase of around 75 per cent over the 2010-11 baseline). This increase in budget provides the Department with the capacity to increase its front-line staffing to manage its growing programme budget (see Part Three).

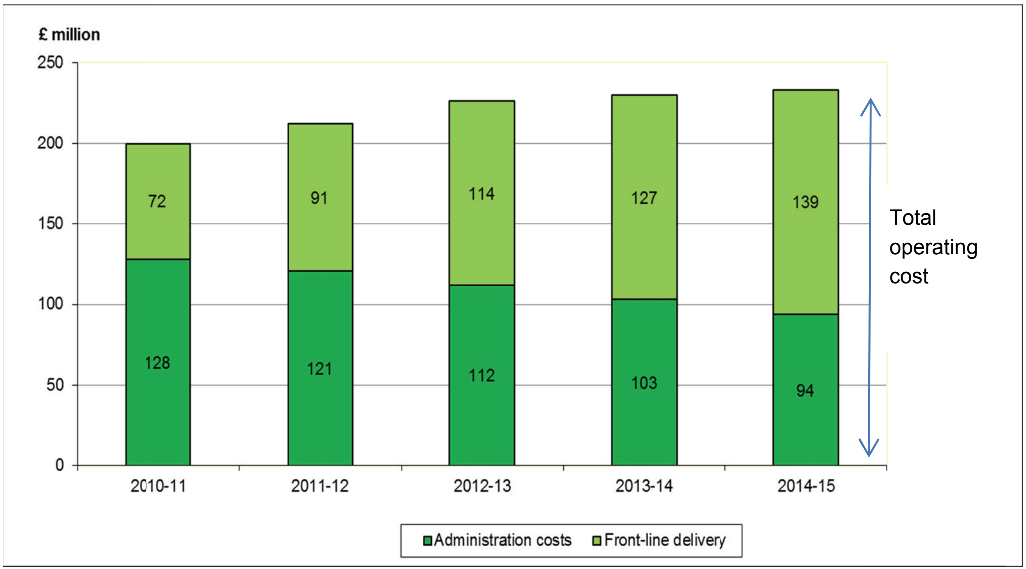
[16] Value for 2014-15 based on the Department's total budget as revised following the Chancellor of the Exchequer's 2011 Autumn Statement.

[17] As the administration budget excludes depreciation it is not on the same basis as the values for administration costs that appear in the Department's Accounts.

[18] Front-line delivery cost was previously called programme support cost.

Figure 9

The composition of the Department's operating cost budget over the Spending Review period



NOTES

1. The values for 2010-11 are the baselines agreed by the Department with HM Treasury in October 2010. The budget values for 2011-12 to 2014-15 were also agreed during the 2010 Spending Review. The 2013-14 and 2014-15 administration budget values (and consequently the total operating cost budgets in those years) may be reduced as part of the Department's arrangements for meeting the costs of the London accommodation move from its administration programme (Figure 13).
2. Front-line delivery costs are funded from the Department's programme budget.
3. All values in cash terms.

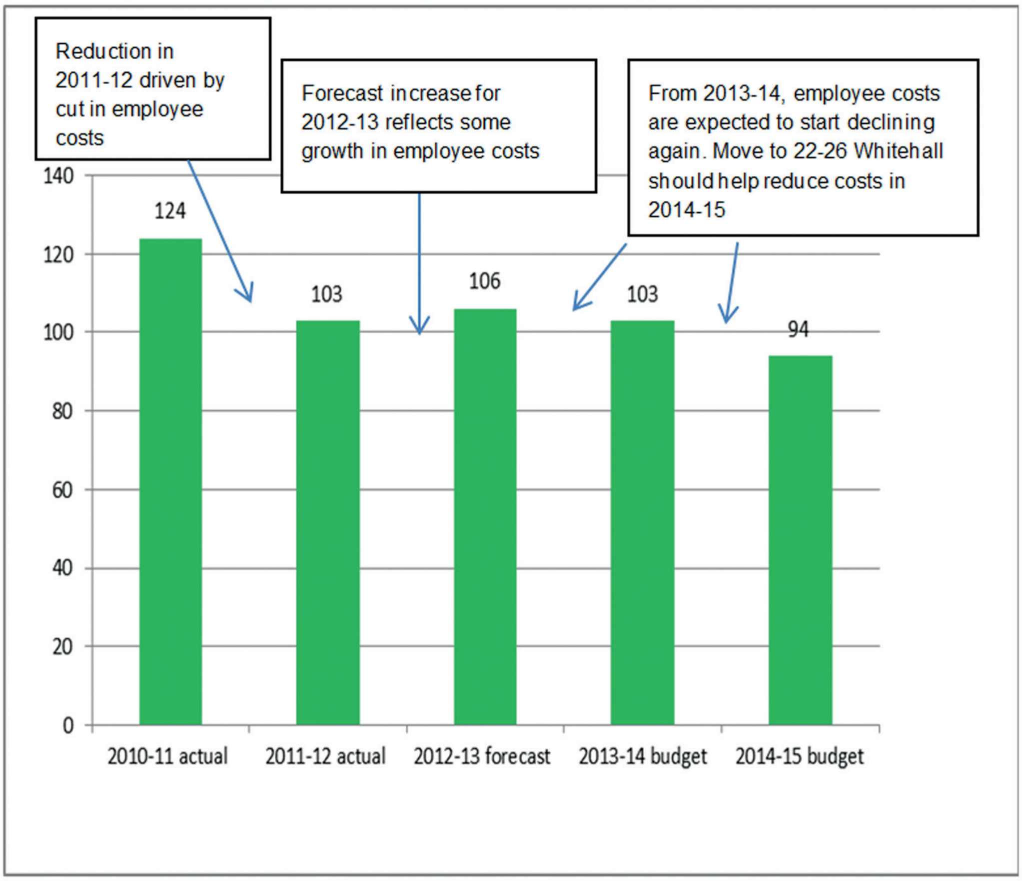
Source: NAO presentation of material from the Department for International Development and from HM Treasury, *Spending Review 2010*, Cm 7942, October 2010

Administration costs

2.4 **In 2011-12 the Department made rapid progress in reducing its administration costs to £103 million (£18 million below its budget) largely by reducing its employee costs. As actual outturn in 2010-11 was £124 million, some £4 million below the baseline estimate, the cash value of the reduction in 2011-12 amounted to £21 million** (**Figure 10** on page 22). Reductions were made in most areas of administrative spending, with large percentage reductions in consultancy, service and supply (47 per cent) and communications and information technology (29 per cent) (**Figure 11** on page 23). The majority of the savings however arose from a £12 million reduction in employee costs. The Department decided to carry staff vacancies in administrative posts throughout the year to assist it to meet anticipated one-off costs associated with the move of its London office to 22-26 Whitehall which had been planned for 2011-12 (see paragraph 2.7). In the event the move was delayed to 2012-13 and the Department gained HM Treasury and Parliamentary approval to use £11 million of the 2011-12 administrative underspend to finance its programme expenditure.

Figure 10

The Department's administration costs, actual 2010-11 and 2011-12, forecast 2012-13 and budget 2013-14 and 2014-15 (£ millions)



NOTES

1. To provide fair comparisons across years, the forecast value for 2012-13 excludes one-off costs arising from the London accommodation move that will be charged to the Department's administration budget (see Figure 13).
2. All values in cash terms.

Source: NAO presentation of departmental data

Figure 11

Composition of the Department's administration costs, 2010-11 to 2011-12 (£ millions)

Type of cost (or income)	2010-11	2011-12	Increase (decrease) in cost between 2010-11 and 2011-12	Percentage increase (decrease) in cost
Employee costs (salaries, pensions, contract & agency staff)	73.2	61.0	-12.2	-17%
Property costs	26.1	24.0	-2.1	-8%
Staff training costs, business travel, subsistence, overseas costs and other costs	12.7	10.7	-2.0	-16%
Communications and information technology	8.9	6.3	-2.6	-29%
Consultancy, service and supply costs	4.7	2.5	-2.2	-47%
Other	4.1	5.3	1.1	27%
Income	(5.9)	(6.5)	(0.6)	10%
Total Cost	**123.8**	**103.3**	**- 20.6**	**-17%**

NOTE

1. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of Departmental data

2.5 **The Department currently forecasts that administration costs will increase by £3 million to around £106 million in 2012-13, within its budget of £112 million.** This forecast reflects increasing employee costs as the Department reduces the high level of vacancies it had in administrative posts in 2011-12.

2.6 **By 2014-15, the Department has to reduce its annual administration costs to £94 million, £12 million below forecast levels for 2012-13. The Department expects that its employee costs will start to fall again from 2013-14, and by 2014-15 its London accommodation move should contribute net savings.** The Department considers its steady-state administration costs are currently around £106 million per annum. Its finance team is currently agreeing budgets for its administration costs with each of its business units for 2013-14 and 2014-15. Through this exercise the Department will finalise the contribution each business unit will make to the remaining reductions in the Department's administration budget through to 2014-15. The Department is expecting that:

- employee costs will fall as the number of administration posts decline (see paragraph 3.9). For example, it is expecting to significantly reduce the number of human resource staff it employs as a result of its current programme to reform its human resource service.
- it will reduce the costs of its UK estate by relocating to 22-26 Whitehall.

London accommodation move

2.7 **The Department will move its London based staff to 22-26 Whitehall in early 2013, which should reduce steady state accommodation costs by around £6.5 million per annum**. Following the 2004 Lyons review[19], the Department has sought to reduce its London accommodation costs. The Department had already rented out some space in its Palace Street accommodation to Visit Britain and Visit England. In 2011-12, the Department contributed to the cross Whitehall accommodation review. This review, led by the Cabinet Office's Government Property Unit, aimed to make more effective use of government owned property. Through the review the Department was offered the freehold on 22-26 Whitehall; the Cabinet Office was vacating the building and moving its staff into HM Treasury's building. The Department estimated that a move to 22-26 Whitehall would reduce the annual steady state running costs of its London accommodation from around £10 million to around £3.5 million (see **Figure 12**). The Department transferred responsibility for 1 Palace Street to the Cabinet Office in October 2012. It agreed to surrender to the Cabinet Office the savings it expects to generate from the accommodation move over the remainder of the Spending Review period. The Cabinet Office has decided to terminate the 1 Palace Street lease, which was due to run to 2020, incurring costs in the region of £13.8 million.[20]

[19] HM Treasury, *Lyons Review – Independent Review of Public Sector Relocation*, March 2004

[20] The £13.8 million comprises:

i) £13.0 million to the Palace Street landlord for early surrender of the Palace Street lease;

ii) £0.65 million to the Department's current tenants to cover the costs they incur in moving from Palace Street; and

3) £0.12 million in professional fees.

Figure 12

The Department's estimate of the annual steady-state costs of running Palace Street and 22-26 Whitehall

	Cost (income) £ million	
	1 Palace Street	**22-26 Whitehall**
Rent	5.7	-
Rates	3.5	1.2
Maintenance, security, energy and other costs	2.0	2.4
Income from renting space to Visit England and Visit Britain	(1.2)	-
Total annual cost	**10.0**	**3.6**

NOTES

1. Values are the average for 2013-14 and 2014-15. They exclude initial one-off costs of the move that will be incurred in 2012-13 and 2013-14 (see Figure 13).
2. Values exclude depreciation.

Source: NAO presentation of Departmental data

2.8 **During 2012-13 and 2013-14 the Department will incur one-off costs totalling around £24 million in moving from Palace Street. It will also incur £15 million of accelerated depreciation charges to cover the writing-off of improvements it had made to Palace Street. The costs and charges will largely be met from the Department's administration budget.** The Department will meet £8 million of capital costs from its capital budget (which covers capital expenditure for both administration and programme purposes). It plans to meet the £16 million of non-capital costs, plus £10 million of the accelerated depreciation charges, from within the overall administration budget it was allocated for resource expenditure during the Spending Review period. The remaining £5 million of accelerated depreciation charges will be met from its existing ring fenced depreciation allowance (**Figure 13** on page 26).

Figure 13

How the Department is funding the costs of the accommodation move

The costs and charges the Department needs to meet

1. Capital expenditure: £8 million to improve 22-26 Whitehall, including upgrading plant, furniture, and information and communication technology infrastructure. These costs will be met from the Department's capital budget in 2012-13.

2. Non-capital costs: £16 million, comprising around £4 million in dual running two properties until December 2013 and a budget transfer of £11.7 million to the Cabinet Office (see paragraph 2.7). [21]
The Department will charge these costs as administration expenditure as they are incurred, mainly in 2012-13. However, there is insufficient headroom within its original 2012-13 administration budget to meet all the non-capital costs that will arise.

3. Accelerated depreciation charges: £15 million to cover the writing-off in 2012-13 of the remaining value placed on refurbishments it had made to Palace Street. It has sufficient headroom in its ring fenced depreciation allowance to cover £5 million of the accelerated charges and needs to charge the remaining £10 million to administration expenditure in 2012-13.

How the Department is managing the shortfall in its 2012-13 administration budget

The Department currently estimates that there is likely to be a £17 million shortfall in its administration budget in 2012-13 as a result of the non-capital costs of the move plus the accelerated depreciation charges. It will manage this shortfall through a £17 million in-year budget switch from programme to administration.

The Department plans that over the Spending Review period the overall impact of the transfers it makes between its programme budget and its administration budget will be cost neutral. The planned £17 million switch away from programme in 2012-13 will be offset by a combination of:

- the £11 million the Department had already transferred from its administration budget to programme during 2011-12 (paragraph 2.4); and
- a reduction in its administration budget for 2013-14 (£4 million reduction currently proposed) and for 2014-15 (£2 million). In both cases the Department will transfer the sums to its programme budget.

Source: NAO

2.9 **In addition to the one-off costs of moving and the reductions in annual accommodation costs, the Department's business case for the move listed other costs and benefits, most of which were not monetised as they were judged to be small by comparison.** The Department's plan is for 22-26 Whitehall to offer a modern working environment. The accommodation in 22-26 Whitehall is significantly smaller than Palace Street and thus the Department is moving some posts from London to Abercrombie House in East Kilbride. The main non-monetised benefits identified by Department were:

- staff in 22-26 Whitehall will be at the heart of government and this should enhance the Department's links with other government departments;

[21] The Department plans to use the 2012-13 Supplementary Estimates to transfer £11.7 million of its 2012-13 budget to the Cabinet Office.

- the transfer of around 50 posts to East Kilbride should boost the number and variety of posts in Abercrombie House, thus helping staff to have viable career paths (see paragraph 3.3); and
- the reduced space in 22-26 Whitehall will require the Department's London staff to move to flexible working arrangements providing the opportunity for the Department to deploy more efficient and effective ways of working.

2.10 The Department also identified a number of disadvantages of the move.

- There will be limited scope to accommodate headcount growth in London which could constrain the Department's operational flexibility. Business units wishing to add a London post have been asked to move an existing post to East Kilbride or overseas.
- Some additional costs (originally estimated at £0.9 million) could be incurred in moving London based staff to East Kilbride, including relocation costs and redundancy costs. The Department told us the actual costs are now likely to be much lower as few London based staff are relocating to East Kilbride or being made redundant as a direct consequence of posts moving to Abercrombie House.

2.11 The business case did not directly assess the implications of posts being moved to Abercrombie House for the volume of travel between London and East Kilbride. However, as part of the accommodation move, and a wider technology upgrade programme, the Department is putting in place better videoconferencing facilities and information technology to aid communication and support flexible working.

Front-line delivery costs

2.12 **As the Department grows and restructures its workforce, its front-line delivery costs are increasing but remain within budget. The Department's front-line costs grew in cash terms by around 30 per cent to £87 million in 2011-12, some £4 million below budget.** The main areas of cost growth reflect the restructuring of the Department's workforce (see Part 3).

- The cost of employing front-line staff rose by £13 million (45 per cent) to £42 million in 2011-12.
- The costs of front-line staff travel and subsistence, overseas costs (such as allowances) and training increased by £3 million (20 per cent) to £18 million.
- Property costs rose by £3 million (19 per cent) to £19 million.

2.13 As at September 2012, the Department was forecasting that its front-line delivery costs would grow to £111 million in 2012-13, £3 million below its budget.

Part Three

Restructuring the Department's workforce

Main messages

The growth of the Department's overall workforce

Based on latest indicative plans, the Department's workforce is due to increase by around 520 (23 per cent) full-time equivalent posts over the four years of the Spending Review period to around 2,800 by March 2015; almost 70 per cent of that planned growth had happened by September 2012 (paragraph 3.2).

The Department's latest indicative plan will contribute to on-going changes in the composition of the Department's workforce.

- Increasingly the Department's staff are based overseas.
- The seniority of staff employed by the Department is increasing (paragraph 3.3).

The number and seniority of posts in East Kilbride grew in the eighteen months to September 2012. The total number of posts in Scotland is now set to decline due to a reduction in the number of lower grade posts (paragraph 3.3).

The Department's workforce in September 2012 was larger than at any time in the previous five years (paragraph 3.4).

Growth in the number of advisers and reductions in administrative staff

In April 2011 the Department identified the need to substantially increase the numbers of specialist advisers it employs to help manage its programme budget. The Department increased the overall number of adviser posts by around 230 (some 45 per cent) during 2011-12, although it encountered some delays in recruitment and barriers to filling posts in some locations (paragraphs 3.5-3.7).

The Department now plans a further increase of around 80 adviser posts (taking the total to around 760) in the second half of 2012-13, including increases in the governance and infrastructure cadres where posts have previously been hard to fill (paragraph 3.8).

The Department is planning to cut the total number of administrative posts by around 100 (18 per cent) to around 450 over four years to March 2015. By May 2012 it had made a net cut of 28 posts, with a 45 post reduction being made in its Business Solutions Division which is responsible for information technology and telecommunications (paragraph 3.9).

The staffing mix of the Department's country offices

Country offices are staffed by a mix of home civil servants and staff appointed in-country. The number of posts the Department expects to be filled by staff appointed in-country is growing at a similar rate to the numbers of overseas posts for home civil servants. The seniority of posts for staff appointed in-country is also expected to grow but at a rate which is lower than the departmental average (paragraphs 3.10-3.11).

Resignation rates for staff appointed in-country are high compared to those of home civil servants but in-country staff responses to the 2011 Civil Service People Survey show high levels of engagement with their work (paragraph 3.12).

While the Department has consistently achieved high staff engagement scores, the results of the Civil Service People survey indicate that a significant minority of staff-appointed in-country have concerns over discrimination, harassment and bullying and most are not satisfied with levels of pay and benefits (paragraphs 3.13 and 3.14).

3.1 This Part updates the briefing we prepared last year by setting out the progress the Department has made in growing and changing the composition of its workforce to employ more advisers and fewer administrative staff. This Part also covers the staffing mix of the Department's country offices.

Growth of the Department's overall workforce

3.2 **Based on latest indicative plans, the Department's workforce is due to increase by around 520 (23 per cent) full-time equivalent posts over the four years of the Spending Review period to around 2,800 by March 2015; almost 70 per cent of that planned growth had happened by September 2012.** The Department's 2010 Spending Review settlement requires it to reduce the number of staff undertaking administrative duties but has given it the financial flexibility to significantly increase the numbers of front-line delivery staff who manage the Department's aid programmes. In our 2011 briefing we examined a workforce plan the Department prepared in April 2011 covering the period until March 2013. The Department has since repeated and extended its workforce plans. Its latest indicative plan (prepared in September 2012) is to increase its workforce to around 2,800 posts by March 2015. The Department is currently firming-up budget allocations for 2013-14 and 2014-15 and, as a result, numbers may change.

3.3 **The Department's latest indicative plan will contribute to on-going changes in the composition of the Department's workforce**.

- **Increasingly the Department's staff are based overseas.** By March 2015, 54 per cent of posts are expected to be located overseas, up five percentage points on March 2011 levels.

- **The seniority of staff employed by the Department is increasing.** By March 2015, posts for staff from the top two bands (Senior Civil Servants and Band A staff[22]) are due to make up 54 per cent of total staff posts; up 5 percentage points on the level at March 2011.
- **The number and seniority of posts in East Kilbride grew in the eighteen months to September 2012. The total number of posts in Scotland is now set to decline due to a reduction in the number of lower grade posts.** The total number of UK based posts increased by 171 in the eighteen months to September 2012, with 69 of those posts based in East Kilbride. UK based posts are now expected to decline by around 30 in the period to March 2015, with a net reduction of around 20 posts in East Kilbride (**Figure 14**). The seniority of posts in East Kilbride is increasing. 41 per cent of posts were in the top two bands in March 2011. This figure had risen to 48 per cent in September 2012 and is expected to reach around 52 per cent by March 2015.

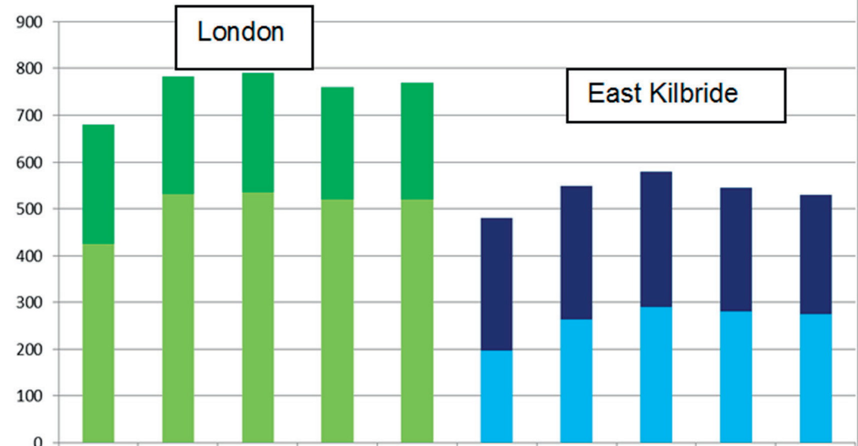
3.4 **The Department's workforce in September 2012 was larger than at any time in the previous five years.** The Department has tracked over time the number of full-time equivalent staff it employs. This number can differ from staff posts as, for example, some posts may not be filled and others may be filled by secondees[23] and agency staff who are not counted as full-time equivalents. At September 2012, the Department employed 2,600 full-time equivalent staff. This was 275 higher (11 per cent) than the numbers employed in March 2011 and 55 higher than the level in March 2007 (**Figure 15** on page 32).

[22] There are three bands of staff below Senior Civil Service, with Band A being the most senior. Band A staff include for example fast steam civil servants and advisers (experts in specific sectors).

[23] Secondees are not included in the Department's headcount if the Department pays less than 50 per cent of their salary and other associated costs.

Figure 14

Number and grade of posts in London and East Kilbride, actual March 2011 and September 2012, planned March 2013 to March 2015



	March 2011 Actual	Sept 2012 Actual	March 2013 Plan	March 2014 Plan	March 2015 Plan	March 2011 Actual	Sept 2012 Actual	March 2013 Plan	March 2014 Plan	March 2015 Plan
	London					East Kilbride				
Band B & Band C	256	251	255	240	250	283	285	290	265	255
Senior Civil Service & Band A	425	532	535	520	520	197	264	290	280	275

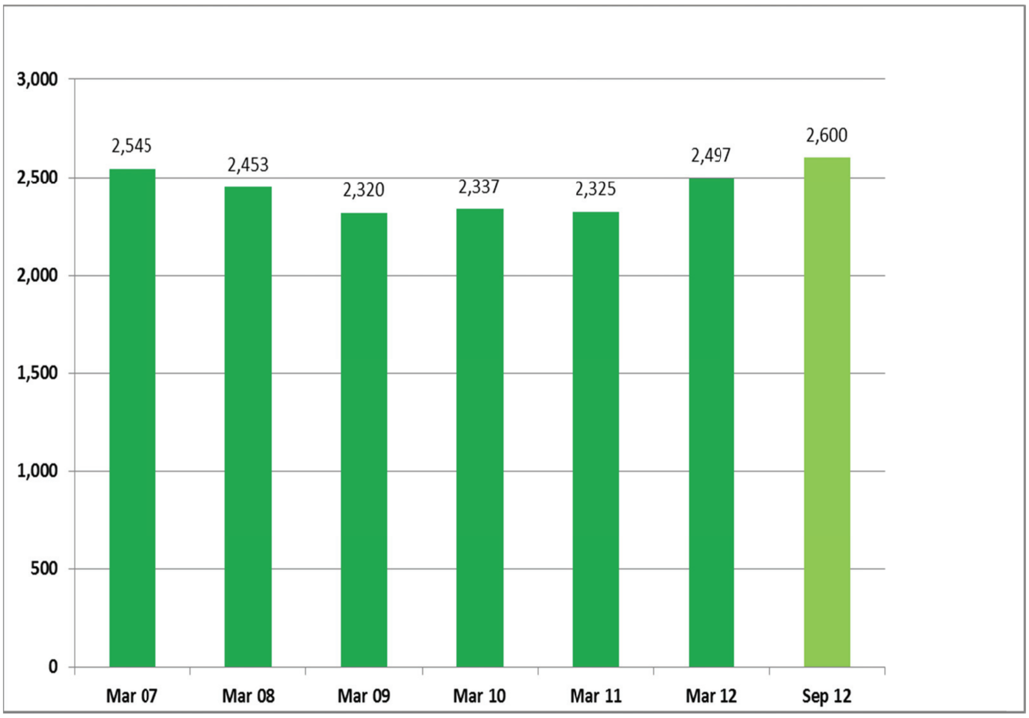
NOTE

1. There are three bands of staff below Senior Civil Service, with Band A being the most senior.

Source: NAO presentation of departmental data

Figure 15

Number of full-time equivalent staff employed by the Department, March 2007 to March 2012, and position as at September 2012



Source: NAO presentation of departmental data

Growth in the number of advisers and reductions in administrative staff

3.5 **In April 2011 the Department identified the need to substantially increase the numbers of specialist advisers it employs to help manage its programme budget**. Such advisers include experts in specific sectors, such as education and infrastructure. Advisers can be based overseas or in the UK.

3.6 **The Department increased the overall number of adviser posts by around 230 (some 45 per cent) during 2011-12, although it encountered some delays in recruitment and barriers to filling posts in some locations.** Data on the actual number of advisers in post at 1 May 2012[24] showed that the Department had

[24] Position at May 2012 has been used as data is not available for position at March 2012.

increased the number of advisers it employed by around 200 to 695, against the planned level of 730. Of the 13 cadres there were shortfalls of more than 10 per cent in four: governance (13 posts) conflict (seven posts), infrastructure (seven posts) and humanitarian (six posts). Approximately half of the 200 new advisers came from outside government and 10 per cent from other government departments. The remaining 40 per cent came from departmental staff transferring from non-adviser posts.

3.7 The Department encountered several challenges in increasing its number of advisers in 2011-12.

- There were some delays in getting staff into posts. Delays were in part due to longer than expected times to get security clearance. Getting clearance was particularly problematic for those posts requiring higher level clearance, such as those in fragile and conflict-affected states, and for some of the candidates who had not lived in the UK for many years.
- There were difficulties filling posts in West Asia. There were very low levels of interest in 23 of the 58 posts[25] the Department wanted to fill in Afghanistan and Pakistan. The Department undertook a subsequent more focused campaign starting in spring 2012 to recruit 20 additional staff to West Asia. Twelve suitable candidates had been offered and had accepted posts as at 16 November 2012. The recruitment campaign referred to in paragraph 3.8 has subsequently identified potential candidates to fill several of the remaining vacancies.

Delays in filling some adviser posts increased pressure on some business units in building up their pipe-line of development projects ahead of the large increase in the Department's budget in 2013-14. Unfilled posts can bring on-going risks to delivery. In West Asia the Department has used contractors and extended the tours of existing staff in response to the difficulties it faced in filling some posts.

3.8 **The Department now plans a further increase of around 80 advisers (11 per cent) in the second half of 2012-13, including increases in the governance and infrastructure cadres where posts have previously been hard to fill (Figure 16** on page 34**).** A workforce planning exercise undertaken in September 2012 found that business units would like the number of advisers to rise to around 760 by March 2013 and then stay at around that level until March 2015. The Department is taking a number of steps which should, in the medium term, improve the availability of suitable candidates to become advisers. For example, the Department will launch an Entry Scheme for Advisers in December 2012 through which it will employ early career professionals. The Scheme will aim to provide valuable experience to participants and thus enable their potential promotion to adviser grade.

[25] Some of these posts were non-adviser posts.

Figure 16

Number of adviser posts by cadre, planned growth between September 2012 and March 2013, and March 2013 and March 2015

	September 2012 actual	Planned increase (decrease) September 2012 to March 2013	March 2013 planned	Planned increase (decrease) March 2013 to March 2015	March 2015 planned
Conflict	29	1	30	3	33
Economics	122	14	136	-5	131
Education	35	6	41	0	41
Environment	54	5	59	-1	58
Governance	108	17	125	-1	124
Health	70	3	73	0	73
Humanitarian	23	5	28	-1	27
Infrastructure	25	7	32	-1	31
Private Sector	46	13	59	-5	54
Rural	27	5	32	2	34
Social Development	73	1	74	2	76
Statistics	41	-1	40	3	43
Evaluation	35	3	38	-1	37
Total	**690**	**77**	**767**	**-6**	**761**

NOTE

1. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of departmental data

3.9 **The Department is planning to cut the total number of administrative posts by around 100 (18 per cent) to around 450 over four years to March 2015. By May 2012 it had made a net cut of 28 posts, with a 45 post reduction being made in its Business Solutions Division which is responsible for information technology and telecommunications.** The cut of 28 posts is in excess of what the Department had originally anticipated. Its strategic workforce plan in April 2011 indicated that it would not start to significantly reduce administrative posts until 2013-14. In the 14 months to May 2012, Business Solutions lost 29 per cent of its staff, but numbers are now expected to stabilise at around 110 to 120 (**Figure 17**). In contrast staffing of the Department's Human Resources, Security and Facilities Division increased by 25 posts in 2011-12 to 154 posts. This increase includes staff, some from Business Solutions, which have been temporarily allocated to Human Resources, Security and Facilities Division to assist with the London accommodation move and the Department's human resources reform programme. The reform programme includes the development of a new system "HR Passport" which aims to streamline human resources processes. The number of staff in the Human Resources, Security and Facilities Division is due to fall back to around 100 posts by March 2015 partly as a result of the human resources reform programme.

Figure 17

Number of administrative posts by division, actual change between March 2011 and May 2012, and planned change May 2012 and March 2015

Division	March 2011 Actual	Actual increase (decrease) between March 2011 and May 2012	May 2012 Actual	Planned increase (decrease) between May 2012 and March 2015	March 2015 Planned
Corporate Hub and Business Change & Strategy	28	0	28	1	29
Internal Audit	22	-1	21	5	26
Communications	60	-7	53	-5	48
Human Resources, Security and Facilities	129	25	154	-57	97
Business Solutions	156	-45	111	8	119
Finance and Corporate Performance	158	-3	155	-21	134
Total	**551**	**-28**	**523**	**-69**	**453**

NOTES

1. A small team transferred from Business Solutions to the Corporate Hub in 2011-12. The March 2011 baseline figures for the two Divisions have been revised to strip out the effect of this move.
2. The values for individual elements may not sum exactly to the total because of rounding.

Source: NAO presentation of departmental data

The staffing mix of the Department's country offices

3.10 **Country offices are staffed by a mix of home civil servants and staff appointed in-country.** The Department's staff are encouraged to record their language skills, qualifications and expertise on the Department's intranet, as well as their career history. However, the Department does not routinely collect aggregated data on the language skills and cultural awareness of its home civil servants or the length of time they have been in post. Postings of home civil servants to most of the Department's offices are for a three year period although postings maybe extended or shortened. Postings to a small number of locations in fragile or conflict-affected states are shorter. Currently postings to Kabul are for one to two years and postings to

Helmand six months. Postings to Pakistan had been reduced to one year but are now typically for two years plus an option of one additional year.

3.11 **The number of posts the Department expects to be filled by staff appointed in-country is growing at a similar rate to the numbers of overseas posts for home civil servants. The seniority of posts for staff appointed in-country is also expected to grow but at a rate which is lower than the departmental average.** Based on the Department's latest indicative plans the number of posts for staff appointed in-country is due to rise from around 745 in March 2011 to around 980 by March 2015; an increase of 32 per cent. Throughout this period posts for staff appointed in-country are expected to account for just under two thirds of the total number of posts in the Department's country offices. The Department's plans will see the percentage of staff appointed in-country in Band A posts increase by four percentage points to 22 per cent between March 2011 and March 2015. The Department is expecting that the percentage of home civil service posts (both in UK and overseas) in the most senior bandings will increase by seven percentage points.[26]

3.12 **Resignation rates for staff appointed in-country are high compared to those of home civil servants but in-country staff responses to the 2011 Civil Service People Survey[27] show high levels of engagement with their work.** In the last three calendar years (2009-2011) the resignation rate for home civil servants has averaged 2.3 per cent; the equivalent rate for staff appointed in-country is 8.8 per cent. The highest resignation rates have been amongst the approximately 10 per cent of staff appointed in-country that work in the offices which are covered by the Department's West Asia and Stabilisation Division (these include offices in Afghanistan and Pakistan). In 2009 the resignation rate for these staff was 24 per cent; by 2011 the rate had fallen to 15 per cent (the equivalent of 12 resignations).

3.13 **The Department has consistently achieved high staff engagement based on responses to the annual Civil Service People Survey.** The engagement score is determined by: the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do the best for the organisation. In 2011, the Department's engagement score of 70 was the highest of the main government departments. The score for staff appointed in-country was 73 per cent, 4 percentage points higher than the score for the Department's home civil servants.

[26] The most senior bands are Senior Civil Service and Band A. Staff appointed in-country cannot be Senior Civil Servants unless they join the home civil service.

[27] The Civil Service People Survey aims to provide consistent and robust metrics to help government understand how it can improve levels of engagement across the Civil Service. As part of this Survey, civil servants across all participating organisations are asked a range of questions across nine themes which seek to measure their experiences at work.

3.14 **Whilst generally positive, the results of the survey indicate that a significant minority of staff-appointed in-country have concerns over discrimination, harassment and bullying and most are not satisfied with levels of pay and benefits.** The survey responses of staff appointed in-country were overall more positive than home civil servants. For example, staff appointed in-country were more positive about the way the Department was led and change was managed, and about learning and development opportunities. However, staff appointed in-country were less positive than home civil servants on other topics, including:

- discrimination, harassment and bullying. For example, 36 per cent of staff appointed in-country said that during the past 12 months they had personally experienced discrimination at work (16 per cent for home civil servants) and 24 per cent had personally experienced bullying or harassment (13 per cent for home civil servants). The Department told us that it was taking action to tackle the levels of discrimination, harassment and bullying and was seeking to improve understanding of what constitutes these behaviours; and
- pay and benefits. For example, 32 per cent of staff appointed in-country said they were satisfied with their total benefits package (41 per cent for home civil servants) and 30 per cent considered their pay was reasonable compared to people doing a similar job in other organisations (35 per cent for home civil servants). The Department is bound by standard HM Government rules that require departments to pay staff appointed in-country at rates that are between the 40th and 60th percentile of rates paid by comparable organisations in the same location.

Part Four

Progress of the Department's priority countries against the Millennium Development Goals

Main messages

The Department has used seven indicators to help track progress of its 28 priority countries towards the seven Millennium Development Goals to be achieved by 2015 (paragraph 4.2).

In June 2012 the Department judged that its priority countries had achieved, or were on-track to achieve by 2015, 56 of the 196 selected Millennium Development Goal indicators (29 per cent). Countries were off-track for 60 indicators (31 per cent) and were severely off-track for 41 indicators (21 per cent) (paragraph 4.3).

Compared to June 2010, the Department rated 11 fewer indicators as achieved or on-track (an eight percentage point fall) in June 2012, and 13 more indicators were rated as off-track (a nine percentage point increase). Eight fewer indicators were rated as severely off-track in June 2012 (a six percentage point fall). (paragraph 4.4).

The Department's assessments of progress are often constrained by the absence of good quality timely data. Between June 2010 and June 2012, the number of indicators where the Department did not have sufficient data to assess progress increased by six (4 percentage points) (paragraphs 4.5-4.6).

4.1 Since 2009-10 the Department has set out in its Annual Report its assessment of the progress made by each of its priority countries against key development outcomes linked to the Millennium Development Goals. This Part summarises the Department's assessments and the quality of data available to the Department to make those assessments.[28]

4.2 **Since 2009-10, the Department has used seven indicators to help track progress of its 28 priority countries towards the seven Millennium Development Goals to be achieved by 2015.** Progress against the indicators depends on the collective action of developing countries and their development partners, including the Department. Using an assessment methodology it developed in conjunction with

[28] The Department's 2011-12 Annual Report also set out latest outturn against newly established indicators for specific development results arising from the Department's activities, such as the number of children it supports in primary education. Many of these indicators have target levels for 2014-15. As these indicators were new, and targets were set for the medium term, the Department did not provide an assessment of its progress. Thus we have not covered these indicators in this briefing.

Oxford Policy Management, the Department gives one of the following ratings for each indicator in each of its priority countries.[29]

- Green - Countries have either '**achieved**' their target or are '**on track'** to achieve their target (i.e. they have a rate of progress that, if continued, will mean that they will reach the target by 2015).
- Amber - Countries have made progress, but too slowly to reach the target by 2015. Continuing at the same rate, they will reach the goal by 2040. These countries are rated '**off track**'.
- Red - Countries have made very slow progress, no progress at all, or have regressed. These countries are rated '**severely off track**'.
- Grey - Countries have **'insufficient data'** to be able to monitor progress.

In total the Department rated 196 indicators in its 2011-12 Annual Report, seven for each of the 28 priority countries.

4.3 **In June 2012 the Department judged that its priority countries had achieved, or were on track to achieve by 2015, 56 of the 196 selected Millennium Development Goal indicators (29 per cent). Countries were off-track for 60 indicators (31 per cent) and were severely off-track for 41 indicators (21 per cent).** The Department had insufficient data to assess progress for the other 39 indicators (20 per cent). **Figure 18** (page 40) ranks priority countries by the proportion of measurable indicators which the Department judged in June 2012 were achieved or on-track. On this measure, the countries making most progress against the selected indicators were Bangladesh and Rwanda. Six countries were not on-track to achieve any of the indicators that could be assessed. **Figure 19** (page 41) provides a similar ranking by Millennium Development Goal indicator. This shows that a majority of priority countries were on-track to achieve the indicator for improving the ratio of girls to boys in primary education. Only two countries were on-track to achieve the indicator for reducing HIV prevalence, with nineteen off-track and the Department unable to assess the progress being made in the other seven.

[29] For the indicator for the Maternal Mortality Ratio the Department follows UNICEF guidelines and adopts a different approach and rates the absolute Maternal Mortality Ratio in each of its priority countries rather than progress towards a particular value. The Department gives a green rating to those priority countries with a low or moderate Maternal Mortality Ratio as classified by UNICEF, an amber rating to those with a high Ratio and a red rating to those with a very high Ratio. A grey rating is given to those countries where there is insufficient data.

Figure 18

Progress against Millennium Development Goal indicators by priority country, as assessed at June 2012

Priority country	Number of indicators achieved or on-track to be achieved by 2015 - 'green'	Number of indicators off-track - 'amber'	Number of indicators seriously off-track - 'red'	Number of indicators where there was insufficient data to assess progress -'grey'	Achieved or on-track indicators as proportion of all indicators where the Department had sufficient data to assess progress
Bangladesh	6	0	1	0	86%
Rwanda	4	2	0	1	67%
Nepal	3	2	0	2	60%
India	4	3	0	0	57%
Kyrgyzstan	4	2	1	0	57%
Malawi	3	2	1	1	50%
Tajikistan	3	2	1	1	50%
Uganda	3	3	0	1	50%
Occ. Palestinian Territories	2	1	1	3	50%
Ethiopia	3	3	1	0	43%
Ghana	3	4	0	0	43%
Kenya	3	3	1	0	43%
Liberia	2	1	2	2	40%
Zimbabwe	2	0	4	1	33%
Afghanistan	1	1	1	4	33%
Sierra Leone	1	1	1	4	33%
South Africa	2	3	2	0	29%
Pakistan	2	5	0	0	29%
Tanzania	2	1	4	0	29%
Burma	1	3	1	2	20%
Mozambique	1	4	1	1	17%
Zambia	1	4	2	0	14%
DR Congo	0	1	4	2	0%
Nigeria	0	3	4	0	0%
Somalia	0	1	3	3	0%
South Sudan	0	2	1	4	0%
Sudan	0	1	2	4	0%
Yemen	0	2	2	3	0%

Source: NAO presentation of data from Department for International Development, *Annual Report and Accounts 2011-12*, June 2012, pages 45 onwards

Figure 19

Progress against Millennium Development Goal indicators by indicator, as assessed at June 2012

Indicator	Number of countries that had achieved indictor or were on-track to achieve indicator by 2015 - 'green'	Number of countries off-track - 'amber'	Number of countries seriously off-track - 'red'	Number of countries where there was insufficient data to assess progress - 'grey'	Achieved or on-track countries as proportion of all countries where the Department had sufficient data to assess progress
Increasing ratio of girls to boys in primary education (MDG 3)	17	7	2	2	65%
Reducing the proportion of people with daily income below $1.25 (MDG 1)	8	1	4	15	62%
Reducing the proportion of people without access to improved water source (MDG 7)	10	5	10	3	40%
Increasing enrolment in primary education (MDG 2)	7	6	9	6	32%
Reducing under 5 mortality ratio (MDG 4)	7	14	4	3	28%
Reducing maternal mortality ratio (MDG 5)	5	8	12	3	20%
Reducing HIV prevalence amongst those aged 15-49 (MDG 6)	2	19	0	7	10%

Source: NAO presentation of Departmental data from Department for International Development, Annual Report and Accounts 2011-12, June 2012, pages 45 onwards

4.4 **Compared to June 2010, the Department rated 11 fewer indicators as achieved or on-track (an eight percentage point fall) in June 2012, and 13 more indicators were rated as off-track (a nine percentage point increase). Eight fewer indicators were rated as severely off-track in June 2012 (a six percentage point fall). Figure 20** shows the ratings for the 20 countries which have been Departmental priorities throughout the period 2010 to 2012.[30]

Figure 20

Ratings for the 20 countries that have been Departmental priorities throughout the period 2010 to 2012

	Number (and percentage) of countries		**Change from June 2010 rating to June 2102 rating (Percentage point change)**
	Rating at June 2010	**Rating at June 2012**	
Green - Achieved or on-track	53 (37.8%)	42 (30.0%)	-11 (-7.8 percentage points)
Amber - Off-track	32 (22.9%)	45 (32.1%)	13 (9.2 percentage points)
Red - Severely off-track	37 (26.4%)	29 (20.7%)	-8 (-5.7 percentage points)
Grey - Insufficient data	18 (12.9%)	24 (17.1%)	6 (4.2 percentage points)

NOTE

1. The June 2010 ratings were presented in the Department's 2009-10 Annual Report and Accounts.

Source: NAO presentation of departmental data

4.5 **The Department's assessments of progress are often constrained by the absence of good quality timely data. Between June 2010 and June 2012 the number of indicators where the Department did not have sufficient data to assess progress increased by six (4 percentage points) (**Figure 20**).** The Department's assessments usually draw on data from the United Nations Statistical Division website. The Department uses other data sources where it considers they are better, for example more recent, than the data available from the United Nations.

4.6 Despite making use of additional data sources the Department often had limited access to recent data or a good time-series when assessing the progress of its 28 priority countries in 2012. For 39 of the 196 indicators (20 per cent) the Department judged that it had inadequate data to assess progress. For 63 of the remaining 157 indicators (40 per cent) it did not have any data for the period from 2009, and for 58 indicators (37 per cent) it had not been able to obtain data for more than one year since 2003.[31]

[30] The Department changed its priority countries in 2011.

[31] Individual indicators included in both categories.

Part Five

The Department's funding and use of research

Main messages

The Department conducts research to understand and identify solutions to the challenges of achieving the Millennium Development Goals and to reducing poverty and the effects of poverty (paragraph 5.2).

The Department's central research programme increased in cash terms by 126 per cent in the six years to 2011-12 to reach £222 million, and is expected to grow by around a further £100 million over the three years to 2014-15 (paragraph 5.3).

Human development and agriculture have consistently been the areas of greatest research spend; but the Department's spending on its other five research areas is now growing quickly (paragraph 5.4).

The Department uses six different routes to obtain research evidence. It is likely to make increasing use of the Research Councils and other partners as commissioners as its research budget grows (paragraph 5.6).

Tracking the proportion of the Department's research undertaken in the UK is made difficult by the number of organisations that can be involved in undertaking a project (paragraph 5.7).

To encourage the use of research, the Department is increasing the attention and funding it is giving to communicating the results of research to its staff and to external audiences (paragraph 5.8).

The Department is seeking to develop its measures of the performance and results of its research activities: to date quantitative measures have focused on the number of research outputs made public and the number of times they were accessed (paragraph 5.9).

The Department's resource allocation and project approval procedures are placing greater emphasis on the use of evidence but the Department's staff are not yet making consistently good use of research (paragraph 5.10).

In 2011 the Government Office of Science found that while there was scope for further improvement there had at that time been a recent and marked cultural shift within the Department towards integrating high quality scientific evidence into its decision-making, policy and strategy (paragraph 5.11).

5.1 This Part covers the aims, priority areas and size of the Department's research programme. It also outlines out how the Department communicates and uses its research, and measures results. Finally it summaries the 2011 Government of Office Science review of the Department's use of science.

The aims of the research programme

5.2 The Department conducts research to understand and identify solutions to the challenges of achieving the Millennium Development Goals and to reducing poverty and the effects of poverty. The Department's research has three main aims:

- to support the development of new technologies which would impact on poverty or the effects of poverty;
- to find better and more cost-effective ways of delivering aid and development assistance to those who need it; and
- to increase understanding of key development questions to support best policy choices by the Department's staff and by others.

The Department's research programme also seeks to address the research needs of developing countries and build research capacity in those countries. **Figure 21** provides examples of the breadth of the research funded by the Department. **Figure 22** provides two examples of the impacts of research projects.

Figure 21

Examples of the Department's research

New technology development in health, agriculture and roads

Randomised control trials for example on the effects of Vitamin A supplements on reducing maternal mortality

Social science longitudinal research tracking the lives of children in developing countries

Climate science modelling to produce regional climate projections and climate change trends (collaboration with the Met Office's Hadley Centre)

Macroeconomic and microeconomic studies such as economics of climate change adaptation (with World Bank, Netherlands and Switzerland)

Establishing a taxation centre to help developing countries build legitimate and effective tax systems

Source: The Department

Figure 22

Examples of the impacts of research projects as reported on the Department's website

Rainforest saved in Indonesia

An estimated 100,000 hectares or more of environmentally important tropical rainforest could be saved by 2013 as a result of changes to Indonesia's national policies relating to the clearance of natural forests for pulp and paper. Research carried out by the Center for International Forestry Research (CIPFOR), which the Department has funded since 1991, is credited by non-governmental organisations, the Indonesian Ministry of Forestry and business, with driving improvements in the sector, such as accelerating the development of plantations.

People more food secure in India

A Department funded programme supporting collaborative research between International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) and Aberystwyth University between 1990 and 2005 helped to breed improved hybrids of pearl millet that were more resistant to Downy mildew. Downy mildew can result in up to 30 per cent loss of pearl millet grain. The new seed variety has 10 per cent higher yields and thus improves the food security of the estimated two million people in India who grow this crop.

Source: NAO summary of material from the Department's website
http://www.dfid.gov.uk/R4D/PDF/Outputs/ICRISAT/DFID_impact_case_study_Pearl_millet_FINAL%5b1%5d.pdf and
http://www.dfid.gov.uk/What-we-do/Research-and-evidence/case-studies/research-case-studies/2011/Indonesias-pulp-and-paper-sector/

Size of the research programme and priority areas

5.3 The Department's central research programme increased in cash terms by 126 per cent in the six years to 2011-12 to reach £222 million, and is expected to grow by around a further £100 million over the three years to 2014-15 (Figure 23 on page 46**).** The Department's Research and Evidence Division accounts for the majority of the Department's expenditure on research and is the focus of this briefing.[32] In 2005-06 Research and Evidence Division's research expenditure accounted for 2.2 per cent of the Department's total expenditure. By 2011-12, this

[32] The Department also funds research by two other routes.

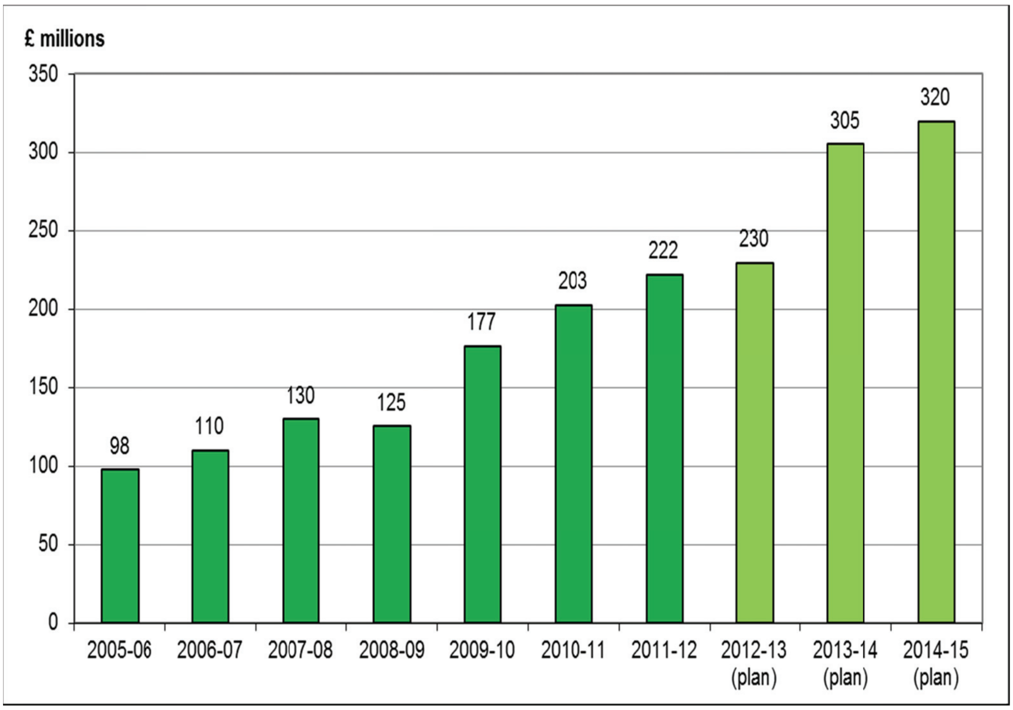
1) Through its country teams. The Department's country teams commission research focusing on issues relating to the country or region they operate within. Annual spending is around £25 million. The Department told us it is difficult to generate an exact figure as i) there is no ring-fenced budget and thus spending reflects decisions taken by country offices and ii) country offices' definition of what constitutes research can be different to Research and Evidence Division's interpretation.

2) Through its core funding of some multilateral organisations. The figure of £222 million includes funding Research and Evidence Division gives to multilateral organisations whose remit is research. Other DFID divisions provide core funding to other multilateral organisations. Some of these organisations will use core funding to conduct research. It is difficult to identify what proportion of core funding is used in this way.

figure had risen to 2.9 per cent. The Department's current indicative plans for 2014-15 would result in it continuing to spend around 3 per cent of its budget on research and evidence.

Figure 23

Research and Evidence Division's expenditure on research, 2005-06 to 2011-12 actuals and 2012-13 to 2014-15 plans



NOTES

1. All values in cash terms.
2. Values for 2013-14 and 2014-15 are based on provisional budgets which, like those of the Department's other business units, are currently being revisited.
3. Values include core funding provided by Research and Evidence Division to multilateral organisations such as the Consultative Group on International Agriculture Research.

Source: NAO presentation of departmental data

5.4 Human development and agriculture have consistently been the areas of greatest research spend; but the Department's spending on its other five research areas is now growing quickly. In 2011-12, £163 million, or nearly three quarters of the Department's research budget, went to human development and agriculture (**Figure 24** on page 48). Expenditure in these areas is now expected to stabilise, with the Department planning to increase expenditure in each of its other five research areas in the period to 2014-15. The five areas fall into two broad categories.

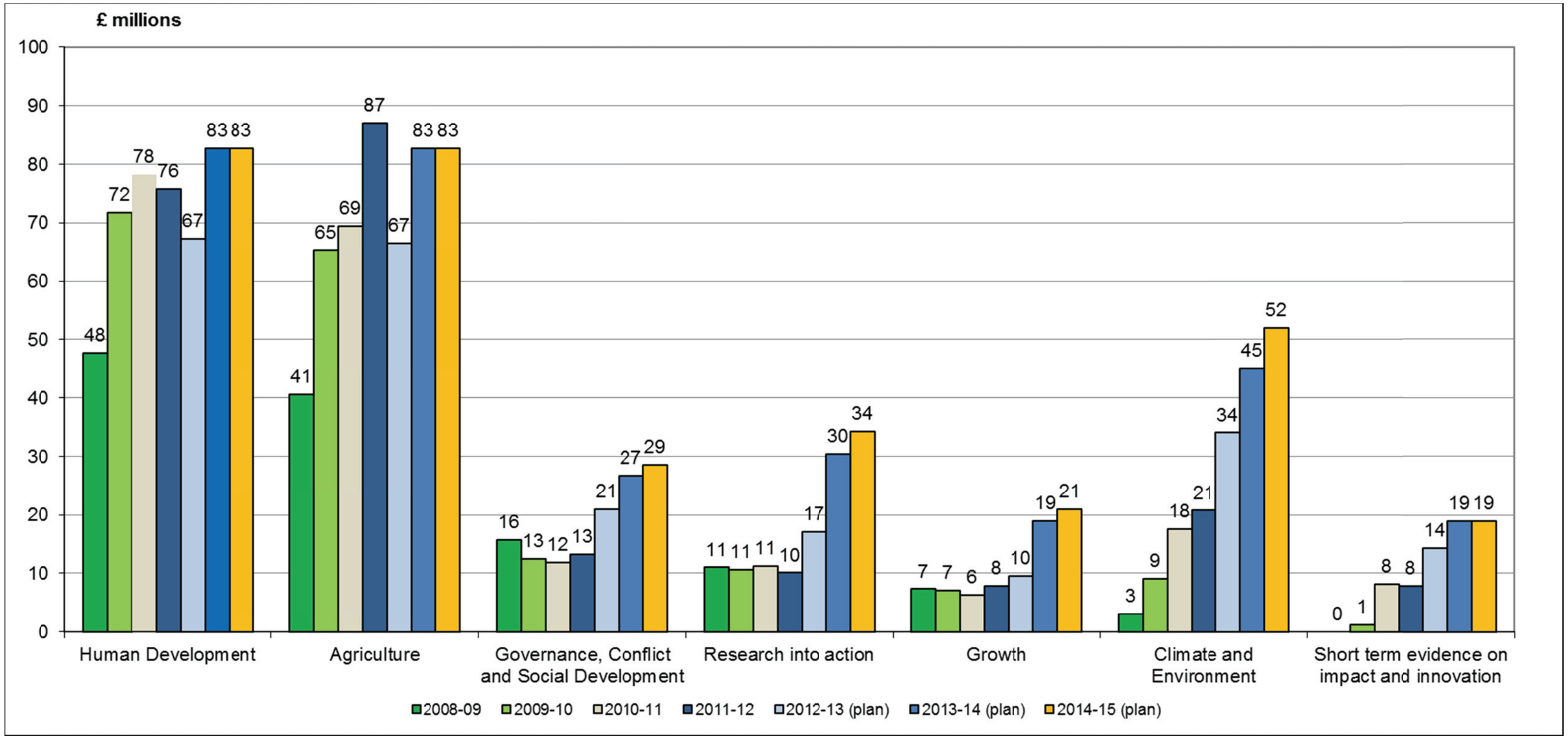
- Areas where the Department has significant policy interest, for example, because of expanding aid programmes. The areas are: governance, conflict and social development; climate and the environment; and growth. The Department's current plans would result in these areas accounting for 32 per cent of the total research budget by 2014-15 (£102 million), up from 19 per cent in 2011-12.
- Areas through which the Department is aiming to encourage and facilitate the uptake of research for example by providing evidence in a form which assists policy makers to use it. The areas are research into action and short-term evidence on impact and innovation. The Department's current plans would see these areas account for 17 per cent of its total research budget by 2014-15 (£53 million), up from 8 per cent in 2011-12.

5.5 Within the seven research areas, the Department's decisions on the composition of its programmes take account of:

- where research is likely to have the greatest potential impact on changing the way the Department, or others, can tackle poverty and the effects of poverty;
- ministerial priorities;
- what other researcher funders are doing or planning to do; and
- the comparative cost of undertaking research on different themes.

Figure 24

Research and Evidence Division's expenditure by area, 2008-09 to 2011-12 actuals and 2012-13 to 2014-15 indicative plans



NOTES

1. All values in cash terms.
2. Values for 2013-14 and 2014-15 are based on provisional budgets

Source: NAO presentation of departmental data

Routes used to obtain research

5.6 The Department uses six different routes to obtain research evidence. It is likely to make increasing use of the Research Councils and other partners as commissioners as its research budget grows. Figure 25 (pages 50 and 51) summarises the six routes, each of which accounted for at least 7 per cent (£15 million) of total funding in 2011-12. The Department's Research and Evidence Division has the staff capacity to directly commission large pieces of research such as those it funds through Research Programme Consortia, Product Development Partnerships and other direct funding. Limits on the Department's administrative costs however mean that the Research and Evidence Division does not have the staff to directly manage the commissioning and oversight of all smaller research exercises; thus some smaller projects are commissioned through programmes the Department has with the Research Councils. To maintain a balanced portfolio of large and small projects[33] the Department may need to make greater use of the Research Councils and other donors and partners, such as the Gates Foundation, to commission research.

[33] The Government Office of Science said in its 2011 review of the Department (see paragraph 5.11) that "In terms of financial risk, having a large number of small innovative projects is preferable to having a few large ones. This must be balanced against the fact that large-scale investment is more cost-effective." See p 27 of http://www.bis.gov.uk/assets/goscience/docs/science-review-dfid/11-1260-science-engineering-assurance-review-department-for-international-development

Figure 25

The six research routes used by the Research and Evidence Division

Route	Description including nature of organisations conducting research	Main role of the Department in commissioning and monitoring research	2011-12 funding as a % of total funding
Core funding to research institutes - organisations which have the expertise to deliver research and technologies that directly benefit poor people.	Research institutes, through their own governance arrangements, have established poverty focused research priorities. Examples include the Consultative Group on International Agriculture Research (CGIAR). Research institutes typically conduct research themselves.	Along with other donors, the Department provides core funding. Typically the Department is represented on the boards of research institutes and can thus monitor performance. The Department also monitors its own performance frameworks which set out what it wants an institution to deliver. The Department reviews funding each year.	27%
Collaboration with other donors which share the Department's objectives.	The Department collaborates with other donors to develop joint research programmes, which can bring economies of scale through combining resources. Examples include: health research capacity building programmes in Kenya and Malawi with the Wellcome Trust and the International Development Research Centre; and impact on maternal mortality with USAID and the Gates Foundation. Organisations undertaking the research are likely to be academic, not for profit institutions such as universities or research institutions.	The Department can join an established partnership, or jointly run with other donors a competitive call for research. The Department and other donors carry out joint reviews of projects each year.	23%
Product development partnerships - aim to develop new, improved medicines, vaccines and other technologies to combat diseases of the poor or their animals.	Product development partnerships (PDPs) are not for profit organisations. They are a form of public-private partnership. Examples include the Medicines For Malaria Venture and Global Alliance for Livestock Veterinary Medicines (GALVmed).	Along with other donors, the Department provides core funding. PDPs are commissioned through open competition. The Department reviews progress annually and may sit on the Board of some PDPs.	18%

Direct funding to research institutions	The Department directly funds a wide range of organisations to undertake projects on a range of research themes. Examples include the Research into Use Programme undertaken by Natural Resources International Limited.	The Department commission organisations generally through open competition. Selection panel will generally include an external reviewer. The Department reviews projects annually.	13%
Partnerships with UK Research Councils	The Department works closely with the UK Research Councils and has joint programmes with, for example, the Economic and Social Research Council on poverty and on growth, and the Natural Environment Research Council on ecosystem services for poverty alleviation. Research Councils issue grants to 'not for profit' organisations. The Department pays a fee to cover Research Councils' costs of running programmes.	The Department agrees research themes with Research Councils. Research Councils commission research often with the Department's staff being involved. Research Councils monitor progress of individual projects. The Department monitors its overall partnership with Research Councils.	12%
Research Programme Consortia - centres of specialisation on a particular topic.	Consortia comprise a group of institutions (typically 4 to 6), including (or exclusively) institutions in developing countries. The institutions may include academic, civil society or commercial organisations. The Consortia undertake large research programmes that focus on generating policy-relevant knowledge on a particular theme. They include the International Centre for Taxation and Development.	The Department typically commission Research Programme Consortia through open competition. The Department reviews progress each year.	7%

Source: NAO

5.7 Tracking the proportion of the Department's research undertaken in the UK is made difficult by the number of organisations that can be involved in undertaking projects. For 2011-12 the Department estimates that 31 per cent of its central research funding was won in the first instance by UK institutions such as universities, research institutions and the Research Councils.[34] However, the winning UK institutions will often partner with other organisations, which could be located within or outside the UK, to deliver the Department's research. Similarly, UK institutions could contribute to Departmental funded research won in the first instance by organisations based overseas. Some research projects are targeted at improving the capability of the research functions of developing countries, thus reducing the pot of funding that UK institutions compete for.[35]

Communicating and using research, and measuring results

5.8 To encourage the use of research, the Department is increasing the attention and funding it is giving to communicating the results of research to its staff and to external audiences. The Department's 'Evidence into Action Team' is responsible for quality assuring and packaging evidence. The Team has been involved in:

- establishing a new Open and Enhanced Access Policy which will apply to all new research funded by the Department from November 2012. The Policy reinforces the Department's previous approach of encouraging and supporting researchers to develop an uptake strategy for all the research the Department funds;
- improving the Department's on-line public portal to research it has funded so that evidence is easier to access; and
- synthesising evidence from research commissioned by the Department and others, and distributing the syntheses to policy makers. The Department for example has funded systematic reviews with the aim of providing decision makers with rigorous and timely assessments of the evidence base in fields such as improving teacher attendance in developing countries.

5.9 The Department is seeking to develop its measures of the performance and results of its research activities: to date quantitative measures have focused on the number of research outputs made public and the number of times they were accessed. The impacts of research on poverty alleviation may not arise and be measurable for a number of years, and it can be difficult to isolate the impacts of

[34] The Department does not have estimates for earlier years and is not able to estimate the actual proportion of its research that is undertaken by UK institutions.

[35] In June 2012, the Department told the House of Commons Science and Technology Committee that it had allocated £56.4 million up to 2020 to scientific and research capacity strengthening across its research and evidence portfolio.
http://www.publications.parliament.uk/pa/cm201213/cmselect/cmsctech/uc377i/377i.htm Q 96

research from the other factors and influences. Measuring the outcomes of research is therefore challenging. The Department's quantifiable indicators have focused on outputs, such as the number of research outputs delivered (3,200 in 2011-12, of which 1,600 were peer reviewed) and the number of times research outputs were downloaded from its on-line research portal (1.2 million in 2011-12). It also makes public case studies which provide examples of results achieved by individual research projects (see Figure 22 on page 45 for examples). The Research and Evidence Division is currently working on a results framework which aims to include and go beyond immediate outputs. Proposed indicators include:

- percentage of peer-reviewed publications which comply with the Department's open access policy;
- proportion of programmes which demonstrate achievement of positive intermediate outcomes as set down in the original project proposal; and
- number of new technologies or products released and the number leveraging private sector contributions.

5.10 The Department's resource allocation and project approval procedures are placing greater emphasis on the use of evidence but the Department's staff are not yet making consistently good use of research. The Department is seeking to become more systematic in its use of evidence. Business units were expected to draw on evidence when making results based bids for resources under the 2010-11 Bilateral Aid Review. The business units are now expected to use evidence when updating their operational plans setting out their planned programme and planned results. The Department's business case process, introduced in 2011, also requires staff to present and assess the quality of evidence on the need and likely impact of all new projects they are proposing to undertake. In February 2012 the Department's Quality Assurance Unit, which examines all large business cases, reported that there had been some weaknesses in the way departmental staff had used evidence. In 2011 the Unit examined 29 business cases. In 17 cases (59 per cent) it considered the choice, function, judgement of quality, or use of evidence was lacking, inappropriate or poorly employed, requiring minor or major revisions to the business case. The Evidence into Action team has designed training which aims to improve the way the Department's staff use evidence.

Reviews covering the Department's research activities

5.11 In 2011 the Government Office of Science found that whilst there was scope for further improvement there had at that time been a recent and marked cultural shift within the Department towards integrating high quality scientific evidence into its decision-making, policy and strategy. The 2011 review of the Department was one of a number of reviews conducted by the Government Office of Science into how government departments integrated scientific evidence into policy development and delivery.[36] The review identified good practices, such as the Department's approach to strengthening the evidence base for decision-making through systematic reviews and the business case procedures introduced in 2011. It also made recommendations including on the need for the Department to continue to improve the quality of research bids, continue to improve its use of evidence and improve its capacity to transfer knowledge.

5.12 The 2011 Government Office of Science review also recommended that the Department develop its approach to building the scientific capacity of developing countries. In October 2012, the House of Commons Science and Technology Committee reported on this subject.[37]

[36] Government Office of Science, *Science and Engineering Assurance Review of DFID*, September 2011. An independent panel of six scientists was appointed to assess the Department against a framework that was also used to assess other departments.

[37] House of Commons Science and Technology Committee, *Building scientific capacity for development, Fourth Report of Session 2012–13,* October 2012

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