



# Department for Transport: Progress and next steps

# Foreword

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The first Capability Reviews were published in July 2006. Their purpose was to give honest and robust assessments of capability to central government departments and to identify the specific measures needed to ensure that the Civil Service is equipped to meet its future challenges. My aim was to develop a culture of excellence and continuous improvement in every part of the organisation and to ensure that the Civil Service is at the heart of the Government's commitment to delivering world-class public services.

Since then, the Capability Reviews Team in the Cabinet Office has reviewed 17 departments and worked with them to address areas highlighted for improvement. The team has worked with more than 100 external reviewers drawn from a wide range of backgrounds in the private, wider public and voluntary sectors, as well as directors general from other government departments. The team members have added a much-welcomed independence to the reviews and have shared their insights and experiences to help departments in their development.

Our progress report and the external validation of the Capability Review process by the Sunningdale Institute in 2007 demonstrated a picture of improvement, often against very challenging internal and external pressures. Our challenge is to sustain and build on this improvement to deliver excellence in the Civil Service.

We know that the pace of external change will continue to increase, so we need a Civil Service that is flexible and able to respond quickly and professionally to all new and emerging challenges. To that end, we are now revisiting the departments we have reviewed to assess progress and to discover and share best practice. This report on progress and next steps for the Department for Transport (DfT) is the first step in that process.

I would like to congratulate DfT for making good progress over the last two years. In particular, I have been pleased to hear about the improvement in stakeholder and agency relationships and that the Department continues to develop its already strong evidence and analysis base. The task now is to drive forward the right internal change to fit the Department for the challenges of the future.

Effective departmental leadership remains the key to unlocking capability and departmental performance, and I am pleased that there has been a strengthening of top teams in departments, supported by a new Civil Service leadership framework for the Senior Civil Service as a whole.

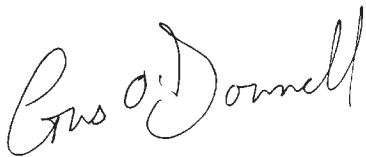
It is important that the Civil Service is able to turn the changes following the reviews into improved delivery in new and complex environments, with and through a range of delivery partners and stakeholders. To meet increasing public expectations, it will be important for departments to enhance their delivery capability and to improve the way they work across departmental and sector boundaries. Although there is evidence of strong performance in these areas, I will look to the Capability Review programme to be the catalyst for further change.

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I would like to thank and acknowledge the support of the review team who have made this progress and next steps report possible. The members of the team were:

- James Bevan, Director General, Change and Delivery, Foreign and Commonwealth Office;
- Sir Brian Briscoe, former Chief Executive, Local Government Association; and
- Shonaig Macpherson CBE, former Non-Executive Director, Scottish Executive.

This report marks a further step towards the achievement of excellence and continuous improvement. Each department will respond by addressing particular areas for improvement identified in its review. The Capability Reviews Team, on my behalf, will continue to review progress but I will also expect departments to maintain a self-assessment of their capability in the light of their current and future challenges.



**Sir Gus O'Donnell KCB**  
**Cabinet Secretary and Head of the Home Civil Service**  
**July 2009**

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# 1. The Department

The Department for Transport's aim is to ensure 'Transport that works for everyone'. The Department is aiming to promote the benefits of transport, make transport available to all, and at the same time limit the negative impacts.

## The Department's challenges

At a **day-to-day** level, DfT aims to deliver its **services 24 hours, 7 days a week**. Throughout the year the Department and its agencies work to keep the transport system moving, to make it safer and to provide key services.

In the **medium term**, the Department must deliver its policies and the transport infrastructure to meet the specific challenges it knows it will face in the next ten years.

In the **long term**, the Department must **build for the future**. It can be sure that the transport system of 2050 will be different from today's system in many ways, due to continued rapid changes in technology, society and the need to tackle climate change.

## Meeting these challenges

These challenges are reflected in the five clear goals which form DfT's Departmental Strategic Objectives (DSOs), namely to:

- support national economic competitiveness and growth, by delivering reliable and efficient transport networks;
- reduce transport's emissions of carbon dioxide and other greenhouse gases, with the desired outcome of avoiding dangerous climate change;
- contribute to better safety, security and health and longer life-expectancy through reducing the risk of death, injury or illness arising from transport, and promoting travel modes that are beneficial to health;
- promote greater equality of opportunity for all citizens, with the desired outcome of achieving a fairer society; and
- improve quality of life for transport users and non-transport users, and to promote a healthy natural environment.

The Department also leads work on Public Service Agreement (PSA) 5: 'Deliver reliable and efficient transport networks that support economic growth'. In addition, it is a key contributor to the delivery of a further nine PSAs from the 2007 Comprehensive Spending Review. This involves working in partnership with other government departments on a wide range of issues such as:

- climate change;
- regional economic performance;
- housing supply;

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- counter-terrorism;
  - the 2012 Olympics; and
  - the safety and life chances of children and young people.

The Department is also a leading contributor to the Government's Service Transformation Agreement, for example through its award-winning work on e-services (online car tax and MOT computerisation) and associated customer support.

## **Resources**

The Department employs around 18,000 staff in a central department and seven executive agencies. It sponsors five non-departmental public bodies. In 2008/09, the Department managed expenditure of some £18bn, with running costs of £290m.

# 2. Assessment of capability for future delivery

The Department has a highly regarded Permanent Secretary. It focuses well on outcomes, has a strong evidence base and has substantially improved its relationship with its stakeholders and agencies. However, the Board and wider leadership are not fully engaged in leading and driving change within the Department, and the pace of change has been slow. There is good strategic and delivery capability on external programmes, but this has not been replicated internally.

## Leadership

<b>L1</b>	Set direction		<b>Well placed</b>
<b>L2</b>	Ignite passion, pace and drive		<b>Development area</b>
<b>L3</b>	Take responsibility for leading delivery and change		<b>Development area</b>
<b>L4</b>	Build capability		<b>Development area</b>

## Strategy

<b>S1</b>	Focus on outcomes		<b>Well placed</b>
<b>S2</b>	Base choices on evidence		<b>Strong</b>
<b>S3</b>	Build common purpose		<b>Well placed</b>

## Delivery

<b>D1</b>	Plan, resource and prioritise		<b>Well placed</b>
<b>D2</b>	Develop clear roles, responsibilities and delivery model(s)		<b>Development area</b>
<b>D3</b>	Manage performance		<b>Development area</b>

The model of capability is shown at Annex A.  
 The assessment categories are shown at Annex B.

# 3. Review findings

## Leadership

**The Board has set a clear direction for its work on transport. But the pace is slow on changes to the way the Department operates internally. The Board and wider leadership do not consistently demonstrate that they are fully engaged with, and committed to leading and driving, this change agenda.**

The Board has set a clear direction for its work on transport.

- There is substantial recognition from staff and stakeholders alike that the Permanent Secretary is a capable and approachable leader.
- The Department's aim ('Transport that works for everyone') is recognised by all staff across DfT, and the Department has a clear policy agenda across different modes of transport.
- Three new non-executive directors have joined the Board. Despite them being new in post, there are high expectations, and many of those interviewed anticipate that they will have a major impact. The Board is now more unified and has a clearer focus on departmental priorities.
- There are now a number of new HR processes and plans in place which are expected to improve skills, leadership, performance and diversity.
- There has been some progress on change within the Department, such as the articulation of an internal change vision, and a new focus on change and internal communications. Directorates are developing local action plans to support this.

But the pace is slow on changes to the way the Department operates internally. The Board and wider leadership do not consistently demonstrate that they are fully engaged with, and committed to leading and driving, this change agenda.

- The Board and wider leadership of the Department do not consistently demonstrate a commitment to change. Senior leaders do not give a clear and consistent explanation of the change agenda. Not all leaders below the Board recognise their role as corporate leaders, or their responsibility for delivering change within their teams. Only 15 per cent of staff think that change is well managed in the Department (October 2008 Staff Survey). (Early signs from the Department's 2009 Pulse Survey suggests this has risen to 25 per cent.)
- The Board has not communicated and implemented a clear plan to rectify the problems with shared services. This remains a continuing source of frustration to staff, and this affects their belief in the Department's ability to manage change successfully.

- The current change agenda focuses on improving business as usual, for example improving skills issues and the accommodation refresh, but does not recognise the need for major change to address future challenges. Among the Department's challenges are the ability to improve efficiency and flexibility, and improving how it influences other stakeholders to deliver rather than deliver itself.
- Communication within the Department has improved, but staff felt it was mainly top down, and they continue to feel they are not listened to. Some senior leaders and Board members are successful at listening and responding to their staff, but this is patchy and relies on the individuals involved.
- There are processes in place to improve skills, leadership, performance and diversity. New objectives for senior managers, reflecting leadership standards, were promoted for inclusion in last year's performance agreement, but their application was inconsistent and so they are not yet driving performance across the Senior Civil Service within the Department.

## Strategy

**The Department focuses well on transport outcomes and has continued to improve its already strong evidence and analysis base. It has also improved its engagement with stakeholders. The Department will need to continue to adapt its strategy for the future, consistently engage with stakeholders and apply its analytical expertise to make the most of existing internal data.**

The Department focuses well on transport outcomes and has continued to improve its already strong evidence and analysis base. It has also improved its engagement with stakeholders.

- The Department has aligned its formal objectives with the five goals for transport that came out of the stakeholder consultation *Towards a Sustainable Transport System*.
- Staff recognise the 'Transport Story' and understand how their work contributes to the relevant part of it, both in the central Department and in its agencies. Of the Department's staff, 76 per cent understand how their work contributes to DfT's objectives (October 2008 Staff Survey), against a central government benchmark of 83 per cent. (Early indicators of DfT's 2009 figures suggest this has risen to 86 per cent.)
- A number of stakeholders widely praised the Department's use of evidence and analysis. They cited work such as the End-to-End Journeys analysis as examples of how the Department is putting a stronger focus on passengers and users in transport policies. Stakeholders also report that the Department makes good use of evidence in relation to carbon modelling, identifying cost-effective options for reducing carbon.

- Stakeholders were positive about the Department's more proactive approach to consulting them. Some are beginning to feel that they are involved as joint owners in both the design and delivery of policies. The Department has sought qualitative feedback from its 40 key stakeholders on its approach to communicating with them.

The Department will need to continue to adapt its strategy for the future, consistently engage with stakeholders and apply its analytical expertise to make the most of existing internal data.

- The Department will need to continue to adapt its approach to respond to radical challenges in resources, and in the operating and financial climate for its delivery partners.
- The Department does not use the extensive analytical expertise it has to inform internal programmes. For example, the Staff Survey and Pulse Surveys have only just started to be used to inform internal decision making and identify gaps in performance, and it is still too early to see the impact of that.
- Some stakeholders said that the Department's engagement with them was overly reliant on the approach of individuals, and a lack of feedback meant they did not feel that DfT fully engaged with them. The Department should build on its strengthened relationship with stakeholders and ensure that it is consistent across the organisation.

## Delivery

**Processes for business planning are well aligned with strategic outcomes. The Department's relationships with its agencies have improved substantially. Effective programme and project management has resulted in the successful delivery of external projects, improving transport outcomes. But these disciplines are not applied as effectively to the delivery of the Department's internal programmes.**

Processes for business planning are well aligned with strategic outcomes. The Department's relationships with its agencies have improved substantially. Effective programme management has resulted in the successful delivery of external projects, improving transport outcomes.

- Business plans have been standardised throughout the Department. This has been achieved through the Programmes of Activity model, which links PSA and DSO indicators to business activity in the agencies. In some areas of the Department, business plans are reviewed regularly by groups of staff from all levels.

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- Relationships with the agencies have improved substantially since 2007. They are now more transparent and supported by Heads of Agreement and Ways of Working which are monitored regularly. The agency chief executives are on the whole positive about their relationship with the central Department, and many felt there had been significant improvement.
  - The Board now receives better information from performance monitoring through a 'performance dashboard' which includes information on key risks.
  - The Department has sound project and programme management, which has helped deliver a large number of successful external projects with delivery partners and agencies. These projects include MOT computerisation, the M42 hard shoulder running pilot and innovative Driver and Vehicle Licensing Agency work with the Post Office, as well as major milestones in long-term projects such as Crossrail.

**But these disciplines are not applied as effectively to the delivery of the Department's internal programmes.**

- There is greater discipline in project management of external programmes than in internal programmes. For example, DfT has failed to use the flexible deployment system effectively to improve use of resources: in some areas, it has been reduced to a time-recording tool.
- Management information is hampered by the current state of shared services, and some of those interviewed expressed the view that management information was worse now than it was previously.
- Relationships with the agencies are improving but the Department needs to ensure that this is sustained and continues to result in better delivery.

**Capability Reviews Team**

**July 2009**

## 4. Departmental response: plans for continuous improvement

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We welcome the review team's finding that our Department has made some significant progress over the past two years and that they recognise our success in developing strategy and improving delivery. We recognise the increasing challenge of delivering 'Transport that works for everyone' in a way that also delivers our five goals of:

- supporting the economy;
- reducing carbon;
- improving safety, security and health;
- promoting greater equality of opportunity; and
- improving quality of life.

We know that we will need to make smarter strategic choices and deliver consistently, and that relies on us developing our capability and providing clear leadership. We are grateful to the review team for the work they have done with us to identify where we should improve further in order to meet those challenges.

### Leadership

We welcome the review team's assessment that we have made progress in developing our leadership capability, and that we are heading in the right direction. We accept that we need to make progress more quickly, with greater consistency. In particular, we intend to focus on how we work more effectively as a corporate leadership team internally, and build consensus externally, and how we ensure that we place sufficient value on our people and on leadership.

We commit to:

- improve the way we work collaboratively and the way we lead, fully engaging the strengthened Board and the wider leadership team in identifying where we need to improve and how we deliver those improvements;
- increase the pace at which we drive internal change, generating greater energy and focus so we deliver internally as successfully as we deliver externally, including on our shared service; and
- build our skills, leadership, performance, diversity and management of change.

### Strategy

We have undertaken a significant amount of work to sharpen up our goals and improve our focus on outcomes over the past two years. We take pride in our analytical strength, and how we use it to support robust policy making and delivery. We have focused on working more closely with stakeholders, and we have seen a clear improvement in those relationships, which the review reflects. We recognise that we will need to continue to adapt our strategy for the future.

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We commit to:

- improve further the way we work with stakeholders, and engage with them consistently;
- keep our strategy 'live' and adapt it to the changing world around us; and
- make better use of our strong capability in the analysis and use of evidence to develop and deliver our internal changes.

## **Delivery**

The challenge of delivering 'Transport that works for everyone' today, tomorrow and in the longer term is a significant one. We work with a wide range of partners to deliver good and improving services to customers. We are improving the way we work with our own agencies, and also key delivery partners such as local authorities. We have also improved our performance reporting and financial management to allow us to plan, monitor and manage delivery more effectively.

We commit to:

- further improve the way we work with our agencies and other delivery partners; and
- use our expertise in delivering externally to deliver our internal changes.

## **Way forward**

The assessment the review team have made has recognised what we do well, and endorsed some of the more recent changes we have made. It has also highlighted those areas where we need to improve, particularly on bringing to our internal change the energy, pace, expertise and personal commitment we bring to external policy development and delivery. We recognise that, even in those areas where we are doing well, we need to continuously improve in order to deliver more against our five goals. We will build a strong leadership team which owns and delivers improvements to the way we work, with the same drive with which we deliver our policy commitments.

**Department for Transport**

**July 2009**

# Annex A: The model of capability



The model of capability has been designed specifically for the Capability Reviews. It was developed through consultation with senior leaders in Whitehall and external experts. The model is deliberately selective and designed to focus on the most crucial areas of capability – leadership, strategy and delivery.

The scope of the reviews is to assess the capability of departments' senior leadership in the areas above, using the model of capability. The model enables judgements to be made against 10 elements across leadership, strategy and delivery, using an underlying group of 39 questions. For further information on the model of capability see [www.civilservice.gov.uk/capabilityreviews](http://www.civilservice.gov.uk/capabilityreviews).

Each review has been carried out by the Capability Reviews Team with a team of external reviewers assembled specially for the department under review. These reviewers have been drawn from the private sector, the wider public sector and boards of other government departments.

The Capability Reviews Team will regularly review progress and provide support to help ensure that the department is on track to deliver.

# Annex B: Assessment categories

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**Strong** – good capability for future delivery in place, in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.



**Well placed** – well placed to address any gaps in capability for future delivery through practical actions that are planned or already under way. Is making improvements in capability and is expected to improve further in the medium term.



**Development area** – the department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close those gaps and deliver improvement over the medium term.



**Urgent development area** – significant weaknesses in capability for future delivery that require urgent action. Not well placed to address weaknesses and needs significant additional action and support to secure effective delivery. Not well placed to deliver improvement over the medium term.



**Serious concerns** – serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. (NB only used infrequently, for the most serious gaps.)

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