

# System Design Toolkit – Detail

Layer 1: A few agencies at national level – ‘taking a systems approach within sectors’



	AGENCIES PLANNING SEPARATELY	VOLUNTARY COORDINATION	SHARED RESPONSIBILITY	COLLECTIVE ACCOUNTABILITY	SEMI-STRUCTURAL INTEGRATION	STRUCTURAL INTEGRATION
<b>What it looks like:</b>	Agencies plan and manage activity as normal, governed mostly by vertical reporting lines	Agencies meet to coordinate their respective work in areas where they have a common interest, and each has resources. May be led by the agency seen as having the most skin in the game.	Agencies form a CE group, agree on the problem or opportunity and what each agency needs to do about it (using own decision rights in a coordinated way), supported if needed by pooling relevant agency resources.	Cabinet agrees priorities and terms of reference for a CE board reporting to a lead minister, with members appointed by the Public Service Commissioner. Some decision rights may shift to Board. Board supported by policy and support function.	Quasi-department form, often with its own Chief Executive appointed by the Public Service Commissioner; support services provided by a host department.	Merger, takeover or new agency (from current organisational form choices) designed to incorporate responsibilities for all or most aspects of the problem or opportunity.
<b>When to use this tool:</b>	<ul style="list-style-type: none"> <li>Problems or policy areas that fall within the responsibility of a single agency</li> </ul>	<ul style="list-style-type: none"> <li>Various agencies contribute (eg align activities)</li> <li>Problems that do not involve significant trade-offs of agency versus collective interests</li> <li>Help required by other agencies is manageable within baselines and alongside existing priorities</li> <li>Low-cost model</li> <li>One agency mostly responsible (may use ‘lead agency’ variation)</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary solutions have proven inadequate to solve the problem (eg a greater level of coordination required)</li> <li>The problem is sufficiently important that it warrants bringing CEs together</li> <li>The problem can be defined as a specific result or service for a customer group</li> <li>CEs are willing to take shared responsibility for the problem</li> </ul>	<ul style="list-style-type: none"> <li>Shared responsibility is insufficient for resolving deep trade-offs between agency interest and shared interests</li> <li>The relationships are too complex or involve too many sectors for shared responsibility to operate effectively</li> <li>It is not possible to solve the problem by reframing it to involve fewer agencies</li> <li>The problem is large/important enough to warrant the additional priority, cost and time</li> </ul>	<ul style="list-style-type: none"> <li>Desire to assign CE and direct line of ministerial accountability, without fragmentation of a new department and/or arms-length nature of a crown entity</li> <li>Relatively stable policy settings that are cohesive within a clearly defined area, or;</li> <li>Activity readily defined and measurable, and discrete from the functions or services of the host department</li> </ul>	<ul style="list-style-type: none"> <li>Grouping or dividing agencies is the best way to address the problem or opportunity</li> <li>All other solutions have been considered</li> <li>Functions and activities needed to address the problem can be clearly identified and integrated</li> <li>The problem justifies significant cost, disruption, and reorganisation</li> </ul>
<b>Existing example:</b>	Traditional approach	Natural Resources Sector	Justice Sector Board	Border Executive Board, Social Wellbeing Board	Social Wellbeing Agency	MBIE (merger)
<b>How to agree goals/outcomes:</b>	<ul style="list-style-type: none"> <li>Budget process (appropriations)</li> <li>ministerial priorities</li> </ul>	<ul style="list-style-type: none"> <li>Cross-agency groups form common definitions and descriptions of shared customer/result, or;</li> <li>A single ‘lead agency’ takes responsibility for a customer/result/outcome (agreed with minister/s)</li> </ul>	<ul style="list-style-type: none"> <li>Collectively agree to a few priority results (be selective)</li> <li>Agree to be collectively responsible for progress</li> <li>Agree performance measures to track progress</li> <li>Agree performance targets for mature measures to set ambition/urgency</li> <li>Confirm results and measures/ targets with ministers</li> </ul>	<ul style="list-style-type: none"> <li>Cabinet decisions on performance results and targets</li> <li>ministerial priorities</li> <li>Purpose, scope and functions of board agreed by Cabinet on establishment</li> <li>Budget process (where board administers an appropriation)</li> </ul>	<ul style="list-style-type: none"> <li>Budget process (appropriations)</li> <li>ministerial priorities</li> <li>Cabinet may agree purpose of agency through establishment process</li> </ul>	<ul style="list-style-type: none"> <li>Budget process (appropriations)</li> <li>ministerial priorities</li> </ul>
<b>Governance model required:</b>	<ul style="list-style-type: none"> <li>Agency hierarchies</li> </ul>	<ul style="list-style-type: none"> <li>Cross-agency groups for cooperation and coordination only – no collective decision-making authority</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative governance</li> <li>CE group for setting strategy, signalling agency commitment</li> <li>Limit membership in CE group to critical few</li> <li>Chair chosen from within CE group</li> <li>Working groups at other levels</li> <li>Jointly resource secretariat/ policy advisory function which could be co-located</li> <li>Groups below CE level to have clear and consistent delegated decision rights</li> </ul>	<p>One of:</p> <ul style="list-style-type: none"> <li>Cabinet-mandated CE board</li> <li>Interdepartmental executive board established by order-in-council.</li> </ul> <p>Features:</p> <ul style="list-style-type: none"> <li>Cabinet establishes board and sets mandate and responsibilities</li> <li>Public Service Commissioner to appoint membership and review CE performance with regard to board responsibilities agreed by Cabinet</li> <li>Board responsible for engaging with affected CEs not on the board.</li> </ul>	<p>One of:</p> <ul style="list-style-type: none"> <li>Business unit</li> <li>Branded business unit</li> <li>Departmental agency with direct line of accountability to responsible minister</li> <li>Functional chief executive</li> </ul>	<p>One of:</p> <ul style="list-style-type: none"> <li>Business unit</li> <li>Branded business unit</li> <li>Department</li> <li>Crown Entity</li> </ul>
<b>Ministerial relationships required:</b>	<ul style="list-style-type: none"> <li>Separate reporting to separate ministers</li> </ul>	<ul style="list-style-type: none"> <li>Separate reporting to each relevant portfolio ministers</li> </ul>	<ul style="list-style-type: none"> <li>Group to provide shared advice to ministers on agreed areas of joint responsibility</li> <li>Recommend that ministers form informal ministerial group for discussing tradeoffs</li> </ul>	<ul style="list-style-type: none"> <li>Separate minister with overall responsibility for board &amp; priority results</li> <li>CEs are jointly responsible to the minister for the functions of the board</li> </ul>	<ul style="list-style-type: none"> <li>Responsible minister for departmental agency or business unit or functional chief executive</li> </ul>	<ul style="list-style-type: none"> <li>Responsible minister for agency</li> <li>Portfolio ministers for functions</li> </ul>
<b>Incentives required:</b>	<ul style="list-style-type: none"> <li>Annual reporting and audit</li> <li>ministerial accountability</li> <li>Recognition for CEs</li> </ul>	<ul style="list-style-type: none"> <li>No deep trade-offs between agency and collective interests</li> <li>Agencies responsible for own activities, or;</li> <li>Lead agency responsible/ accountable for overall result</li> </ul>	<ul style="list-style-type: none"> <li>Collective responsibility for priority results</li> <li>Reporting to ministers</li> <li>Recognition for CEs</li> </ul>	<ul style="list-style-type: none"> <li>Ministerial accountability</li> <li>Recognition for CEs</li> </ul> <p>And potential for:</p> <ul style="list-style-type: none"> <li>Scheduled reporting to Cabinet</li> <li>Cabinet agreement to investment plans</li> <li>Annual reporting and audit (where required under the Public Finance Act 1989 (PFA))</li> </ul>	<ul style="list-style-type: none"> <li>Annual reporting and audit</li> <li>ministerial accountability</li> <li>Recognition for CEs</li> </ul>	<ul style="list-style-type: none"> <li>Annual reporting and audit</li> <li>ministerial accountability</li> <li>Recognition for CEs</li> </ul>
<b>How to manage the funding:</b>	<ul style="list-style-type: none"> <li>Individual agency appropriation</li> </ul>	<ul style="list-style-type: none"> <li>Agencies fund own activities from baseline</li> </ul>	<p>Any combination of</p> <ul style="list-style-type: none"> <li>Joint resourcing (staffing) of shared functions</li> <li>Individual agencies commit to specific activities and fund from baseline</li> <li>Agencies each contribute agreed funding amount</li> <li>Agencies pool underspends</li> </ul>	<p>Options:</p> <ul style="list-style-type: none"> <li>Board administers its own appropriation (only if Board formalised as an interdepartmental executive board)</li> <li>Board uses appropriation from another agency (ie servicing department)</li> </ul>	<ul style="list-style-type: none"> <li>Individual agency appropriation (administered by host department – may use letter of ministerial delegation to clarify accountabilities)</li> </ul>	<ul style="list-style-type: none"> <li>Individual agency appropriation</li> </ul>

# System Design Toolkit – Detail

## Layer 2: Most/all agencies at national level – ‘system leadership roles’



	AGENCIES FUNCTIONING SEPARATELY	VOLUNTARY CLUB	FUNCTIONAL LEADER/ HEAD OF PROFESSION	SYSTEM LEADER	INTERNAL REGULATOR/MONITOR	SHARED FUNCTIONS
<b>What it looks like:</b>	Agencies organise their own work as normal.	Voluntary participation in a shared initiative to improve some aspect of operations, possibly endorsed by Public Service Commissioner.	An agency or public service leader with a natural responsibility in an area of government performance leads the system with support and commitment from the Public Service Leadership Team (PSLT).	A System Leader or agency has mandate (via the Public Service Commissioner or Cabinet respectively) to lead on a particular function across the public service.	An agency has a legislative mandate to require other agencies to adhere to processes, standards and rules that it sets.	A formal mandate from Cabinet assigns an agency responsibility to provide that function for other departments.
<b>When to use this tool:</b>	<ul style="list-style-type: none"> <li>Functions or problems that are unique to a single agency</li> <li>Where the costs of acting together outweigh the costs of acting alone.</li> </ul>	<ul style="list-style-type: none"> <li>A self-identified group want to work together to improve their consistency, capability, and professionalism</li> </ul>	<ul style="list-style-type: none"> <li>An agency with a clear/natural responsibility for improving a specific area of government performance</li> <li>Either representing a demographic group or function of government</li> <li>Giving an agency or group the power to direct other agencies is not an appropriate solution (discharge role through influence, transparency etc.)</li> </ul>	<ul style="list-style-type: none"> <li>There is a need for stronger more centralised coordination of certain functions to enable improved government performance</li> <li>Areas where there are likely to be benefits to a common approach eg standard setting, infrastructure provision, capability, strategic planning, strategic investment and/or an assurance role</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to a set of rules/standards is required to uphold public trust and confidence (fiduciary responsibility as opposed to improving system performance)</li> <li>Legislative framework exists (or is considered appropriate/necessary given the importance of the problem)</li> </ul>	<ul style="list-style-type: none"> <li>Where agencies recognise that one agency can perform a corporate function more efficiently or capably on behalf of others</li> <li>Most participating agencies agree that this helps them better deliver for New Zealanders</li> </ul>
<b>Existing example:</b>	Traditional approach	Government Economics Network	Government Legal Network	Government Chief Digital Officer	Treasury, Stats NZ, Te Kawa Mataaho Public Service Commission	System Leader for Procurement
<b>How to agree goals/ outcomes:</b>	<ul style="list-style-type: none"> <li>Internal management decisions</li> <li>Budget bids for new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Objectives set by members</li> </ul>	<ul style="list-style-type: none"> <li>Plan proposed by agency or public service leader to PSLT</li> <li>PSLT (revise and) collectively agree to plan</li> </ul>	<ul style="list-style-type: none"> <li>Outcomes agreed with appropriate minister</li> <li>PSLT to set strategic direction for achieving outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Set out in legislative framework (eg PFA)</li> </ul>	<ul style="list-style-type: none"> <li>Agreed with Cabinet when seeking formal mandate (especially if applied to Crown Entities)</li> <li>Recognition by PSLT</li> </ul>
<b>Governance model required:</b>	<ul style="list-style-type: none"> <li>Agency hierarchies</li> <li>Major projects monitoring</li> </ul>	<ul style="list-style-type: none"> <li>No formal governance</li> <li>Leader usually unanimously selected by group</li> <li>Recognised by Public Service Commissioner as leader</li> </ul>	<ul style="list-style-type: none"> <li>PSLT to agree the mandate of the role and be updated on progress where necessary</li> <li>PSLT to hold each other collectively responsible for agreed actions/behaviour</li> </ul>	<ul style="list-style-type: none"> <li>System Leader or agency to keep PSLT updated on progress as necessary, and consult PSLT when appropriate (eg drafting of standards)</li> <li>System Leader could form a CE governance group where useful</li> </ul>	<ul style="list-style-type: none"> <li>Independent agency form with direct line of accountability to responsible minister (should be department or departmental agency; may be central agency or standalone department independent of sector interests)</li> </ul>	<ul style="list-style-type: none"> <li>Agency to keep PSLT updated on progress as necessary, and consult PSLT when appropriate (especially where participation is compulsory)</li> <li>CE governance group could be formed for support where useful</li> </ul>
<b>Ministerial relationships required:</b>	<ul style="list-style-type: none"> <li>Separate reporting to separate ministers</li> </ul>	<ul style="list-style-type: none"> <li>No direct role for ministers</li> </ul>	<ul style="list-style-type: none"> <li>May have no ministerial relationship</li> <li>Where this does exist, leader to balance direct accountability to own minister with collective agreements with PSLT</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate minister for System Leader or agency</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate minister for agency</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate minister for function</li> </ul>
<b>Incentives required:</b>	<ul style="list-style-type: none"> <li>Annual reporting and audit</li> <li>ministerial accountability</li> <li>Recognition for CEs</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the club is voluntary</li> <li>Normative pressure within self-identified group</li> </ul>	<p>Any of:</p> <ul style="list-style-type: none"> <li>Voluntary guidelines and best practice set by leader</li> <li>Standards proposed by leader and agreed by PSLT</li> <li>PSLT to set clear expectations for actions/behaviour</li> <li>Recognising good practice (at PSLT or elsewhere)</li> <li>Focus on performance information as a lever – reporting to PSLT, to ministers, and/or to the public.</li> <li>Recognition for CEs</li> </ul>	<ul style="list-style-type: none"> <li>As for Functional Leader/ Head of Profession</li> </ul> <p>Plus any of:</p> <ul style="list-style-type: none"> <li>Assurance function for new related budget bids and major projects</li> <li>Mandatory standards set by a System Leader (with Cabinet approval)</li> </ul>	<ul style="list-style-type: none"> <li>Legislative authority to issue instructions to departments or departmental agencies (eg data and reporting standards, accounting practices, etc)</li> <li>ministerial direction (ie responsible minister issues instructions to agencies under legislative authority)</li> <li>Regulations (Governor-General on advice from responsible minister)</li> </ul>	<ul style="list-style-type: none"> <li>Need new incentives to encourage entrepreneurialism</li> <li>Crown Entities Act s107 whole of government direction if seeking to extend mandate to Crown Entities</li> </ul>
<b>How to manage the funding:</b>	<ul style="list-style-type: none"> <li>Individual agency appropriation</li> </ul>	<ul style="list-style-type: none"> <li>Funded from baseline for specific activities</li> </ul>	<p>Any combination of:</p> <ul style="list-style-type: none"> <li>Leader to fund own activities from baseline/own appropriation</li> <li>Club funding where required for collective-good activity</li> <li>System fund or dedicated appropriation for cross-agency work</li> </ul>	<ul style="list-style-type: none"> <li>As for Functional Leader/ Head of Profession</li> </ul>	<ul style="list-style-type: none"> <li>Individual agency appropriation</li> </ul>	<ul style="list-style-type: none"> <li>Fee for service (cost-recovery)</li> <li>Fees reviewed periodically by PSLT (test and learn)</li> </ul>

# System Design Toolkit – Detail

## Layer 3: Working together at frontline or community level– ‘organising around customer and place’



	AGENCY DELIVERING SEPARATELY	CO-LOCATION	COLLECTIVE IMPACT NETWORK	COLLECTIVE IMPACT BOARD	FEDERATED SERVICES	DELIVERY VEHICLES
<b>What it looks like:</b>	Agencies pursue normal priorities and run their own services.	Agencies (and other organisations) co-locate offices or particular staff on local teams.	A network of agencies (and NGOs) agree to a specific work programme to provide wrap-around services to a shared group.	A Cabinet mandated board that has collective responsibility for performance on local priorities and usually reports to a lead minister.	Services and related funding transferred from one agency with policy responsibility to another with related services that could be better done in combination.	Cabinet decides to locate relevant services in a particular agency (possibly a new vehicle) to get best joined-up service delivery.
<b>When to use this tool:</b>	<ul style="list-style-type: none"> <li>Low overlap between services</li> <li>Customers able to navigate services on their own</li> </ul>	<ul style="list-style-type: none"> <li>When aiming to improve tacit knowledge sharing and relationships between agency staff</li> <li>To explore the extent of potential overlaps or synergies (before considering other options)</li> </ul>	<ul style="list-style-type: none"> <li>Resources/services cannot be easily separated and aggregated to one agency</li> <li>A wide range of services need to be tailored to unpredictable demand and/or highly individualised need</li> <li>A small number of cases can be clearly identified, and clients lack capability to navigate services</li> <li>There is existing capability and resources in the system and the ability to nurture/invest in this</li> <li>Where there is effective local entrepreneurial leadership</li> </ul>	<p>As with Collective Impact Network, but:</p> <ul style="list-style-type: none"> <li>Cabinet mandate required to sustain collaboration due to difficult trade-offs between priorities</li> <li>Local need differs significantly from national priorities</li> </ul>	<ul style="list-style-type: none"> <li>Customers find existing arrangements difficult (pain points)</li> <li>Federation would provide critical mass for economic and capable delivery</li> <li>Federation would make it easier for customers</li> <li>Service can be easily separated and transferred from one agency to another</li> </ul>	<ul style="list-style-type: none"> <li>Service provision is the most important way to group/divide agencies</li> <li>The service can be easily separated and transferred to another agency</li> <li>The problem justifies significant disruption, upfront cost, and potential exit costs</li> <li>Where the problem involves organisations other than departments (for example Crown entities), the functions are able to be transferred into another entity</li> </ul>
<b>Existing example:</b>	Traditional approach	Auckland Policy Office, Christchurch Justice and Emergency Services Precinct	Children’s teams, Integrated Service Response for Family Violence	South Auckland Social Wellbeing Board	SmartStart, electronic monitoring of bailees transferred to Corrections	Whaikaha – Ministry of Disabled People
<b>How to agree goals/outcomes:</b>	<ul style="list-style-type: none"> <li>Normal agency priorities and programmes</li> <li>Professional practice to recognise overlaps, make referrals, and manage complex cases</li> </ul>	<ul style="list-style-type: none"> <li>Agencies voluntarily agree to co-locate staff to facilitate knowledge sharing where needed</li> <li>Work with Property Functional Lead as required</li> <li>Consider potential partners outside public service where appropriate (eg local government, NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>Determined nationally (see Collective Accountability) or</li> <li>Determined locally (see Collective Impact Board) or</li> <li>Determined with individual/family (mutual commitments)</li> <li>Supported by national level data and targeting</li> </ul>	<ul style="list-style-type: none"> <li>Overall remit set nationally</li> <li>Location boundaries agreed nationally</li> <li>Local priorities determined by board</li> <li>Small number of discrete results with agreed measures</li> </ul>	<p>Any of:</p> <ul style="list-style-type: none"> <li>Entrepreneurial staff encouraged to propose opportunities</li> <li>Pain points research to determine problem areas</li> <li>Priorities/sequence agreed by PSLT</li> </ul>	<ul style="list-style-type: none"> <li>Cabinet decision</li> <li>Order in Council</li> </ul>
<b>Governance model required:</b>	<ul style="list-style-type: none"> <li>No cross-agency governance</li> <li>May involve contracting for service provision</li> </ul>	<ul style="list-style-type: none"> <li>Self-governing, or;</li> <li>Location manager provided by one participating agency (if required)</li> </ul>	<ul style="list-style-type: none"> <li>Practitioners involved work with individual/family to determine action plan</li> <li>Regular meetings to check on mutual commitments, update action plan</li> <li>Network administrator with responsibility for coordinating action, service brokerage, and reporting progress</li> </ul>	<ul style="list-style-type: none"> <li>CEs collectively agree to consistent delegations (test and learn)</li> <li>Cabinet mandated board consisting of regional leaders from participating agencies/organisations</li> <li>May include organisations outside the Public Service</li> <li>May use an independent chair, but ideally self-organising</li> <li>Consensus agreement to interorganisational work programme</li> </ul>	<ul style="list-style-type: none"> <li>Lead agency appointed for delivering service (test and learn)</li> <li>Service level agreements with other agencies</li> <li>May require an interdepartmental venture to hold shared assets</li> </ul>	<p>One of:</p> <ul style="list-style-type: none"> <li>Department</li> <li>Business unit</li> <li>Branded business unit</li> <li>Departmental agency</li> <li>Interdepartmental venture</li> <li>Crown entity</li> </ul>
<b>Ministerial relationships required:</b>	<ul style="list-style-type: none"> <li>Separate agency relationships</li> </ul>	<ul style="list-style-type: none"> <li>Usual separate ministerial relationships through agencies or</li> <li>Place-based ministerial portfolio (if required)</li> </ul>	<ul style="list-style-type: none"> <li>As for co-location model</li> </ul>	<ul style="list-style-type: none"> <li>Lead minister for the Board mandated by Cabinet</li> </ul>	<ul style="list-style-type: none"> <li>Separate reporting to separate ministers</li> </ul>	<ul style="list-style-type: none"> <li>Responsible minister</li> </ul>
<b>Incentives required:</b>	<ul style="list-style-type: none"> <li>Professional values</li> <li>Professional standards</li> </ul>	<ul style="list-style-type: none"> <li>PSLT/ministerial encouragement</li> </ul>	<ul style="list-style-type: none"> <li>Professional values and intrinsic motivation</li> <li>Mutual commitments (made by practitioners and individual/family)</li> <li>May combine with co-location to improve information sharing</li> <li>May need to consider new solutions for privacy/information-sharing (test and learn)</li> </ul>	<ul style="list-style-type: none"> <li>Collective responsibility for improving results</li> <li>Periodic reporting to local community</li> <li>Engagement with local community</li> </ul>	<ul style="list-style-type: none"> <li>Reporting of pain points</li> <li>Reporting progress/successes to PSLT</li> <li>Reporting progress/successes to ministers</li> </ul>	<ul style="list-style-type: none"> <li>Annual reporting and audit under PFA</li> <li>ministerial accountability</li> <li>Recognition for CE</li> </ul>
<b>How to manage the funding:</b>	<ul style="list-style-type: none"> <li>Single-agency appropriation</li> </ul>	<p>Any combination of:</p> <ul style="list-style-type: none"> <li>Shared costs</li> <li>Shared administration</li> <li>One agency to provide manager (if required)</li> </ul>	<ul style="list-style-type: none"> <li>Network administrator and/or service broker funded by board (test and learn) or</li> <li>Individualised budgets</li> </ul>	<ul style="list-style-type: none"> <li>National level agreement to pool funding for local priorities (each agency to make contribution from baseline)</li> <li>Separate appropriation for local priorities</li> <li>Collective agreement to spend pooled funding</li> </ul>	<ul style="list-style-type: none"> <li>Funding transferred to lead agency</li> </ul>	<ul style="list-style-type: none"> <li>Separate appropriation</li> </ul>