



2016 Four-year Plan Guide

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New Zealand Government

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1. About this Guide

This guidance, refreshed from last year, is a core resource available to assist departments in your strategic planning process and producing your 2016 Four-year Plan. This guidance is intended to be used by those responsible for the strategic planning process in departments. Separate material is provided for Ministers and senior leaders on Four-year Plans.

All material on Four-year Plans can be found here: <http://www.ssc.govt.nz/four-year-plans>.

This guide has been written by the Treasury, State Services Commission (SSC), Government Chief Information Office (GCIO) and Ministry of Business, Innovation and Employment (MBIE) procurement team.

Questions and feedback

Any department specific questions should be addressed to a member of your Corporate Centre team.

Definitions

Corporate Centre team	The department's Vote analyst, Vote manager, SAPG analyst, Deputy Commissioner/Assistant Commissioner, SSC workforce representative, GCIO representative and other representatives from the Treasury (e.g., regulatory, investment and asset management teams), SSC, and Functional and Results leads as appropriate.
Functional leads	The three functional leaders of Property, Procurement and ICT. Further information can be found at: http://www.ssc.govt.nz/bps-functional-leadership .
ICT	Information and Communications Technology. This spans information management, technology infrastructure, and technology-enabled business processes and services.
Medium-term planning	The process of determining what a department will do and how it will organise itself and allocate resources to achieve its strategic intentions over a period of at least four years.
Responsible Minister	The Minister responsible for the performance of the department as defined in the Public Finance Act 1989.
Strategic planning	The process of determining a department's strategic intentions and making decisions on what it will do and how it will organise itself and allocate resources to achieve these over the medium and long term.

2. What's New?

The feedback from departments and lessons learnt from last year's draft Four-year Plans have led to some changes to the timeframe and expectations for the 2016 Four-year Plans. We have attempted to minimise the amount of change so that departments, central agencies, and functional leads can focus on improving the process for developing Four-year Plans and the quality of the plans themselves.

The key changes for this year are:	For more information see:
A greater focus on the strategic planning process rather than the end product (Four-year Plans)	The Strategic Planning Cycle (pages 11-16)
A greater focus on departments engaging early in the process with Ministers, central agencies, functional and Results leads, and other key stakeholders (e.g., other departments, Crown entities).	What should the process involve? (pages 7-9)
Tailored expectations in recognition that departments vary in size and scope and are at different stages of strategic planning.	The Strategic Planning Cycle (pages 11-16)
Revision of the financial information requirements: <ul style="list-style-type: none"> • cost pressure information to be provided by 30 October 2015 • supporting financial information to be provided with the final Four-year Plan due on 9 December 2015 	Financial Information (pages 24-25) Template Two (pages 33-36)
Final Four-year Plans are due on 9 December 2015 with an option available for departments to update these by May 2016 in light of any subsequent significant Government decisions.	What are the timeframes? (page 5)
Recognising the changes occurring in the Investment Management System; including Investor Confidence Rating and Long Term Investment Plans ¹	Four-year Plans and the investment management system (page 14)
Simplified guidance including the information previously requested in annexes.	Prompts for strategy development and medium-term planning (pages 17-20) Templates (pages 29-36)
Additional guidance on sustainability and resilience with no annex required.	Sustainability and resilience (pages 26-27)

¹ Material on these changes can be found on the Treasury website at <http://www.treasury.govt.nz/statesector/investmentmanagement>

3. General Information

3.1 What is the purpose of Four-year Plans?

The purpose of Four-year Plans is to provide a **medium-term perspective** of departments in the context of their longer-term vision, the sector they work with or are responsible for, and set out how they will get there.

To effectively lead their organisations a Chief Executive and their Leadership Team need to be managing for the short, medium and long term. This helps them to fulfil their stewardship obligations.²

The strategic planning process and resulting Four-year Plan are where the leadership team can communicate the team's vision for the department. The Plan enables the leadership team to set out where the department is heading and what it will look like. It helps the department to stay on track and puts it in a position to respond to the changing environment it operates in. It then provides the basis for a department's annual business planning processes.

Four-year Plans also provide assurance to the Government on the sustainability,³ and risks to the sustainability, of the department and its associated funding (including non-departmental funding) and balance sheet.

Four-year Plans help inform government resource allocation and decision-making (including Budget decision-making) by demonstrating the value created with existing expenditure and resources, and by identifying the strategic choices and trade-offs facing departments. They also enable the identification of system-wide opportunities, tensions and risks.

3.2 What is a Four-year Plan?

A Four-year Plan provides a snap-shot in time of a department's strategic and medium-term planning. It sets out what the department will look like in (at least) four years time. The main question that a department's medium-term planning should answer is "**how will the department create increasing value for its customers and New Zealanders over the medium-term with the funding and balance sheet it has available?**" A Four-year Plan answers this question in an integrated way.

There are **three inter-related core elements** to this question:

- What are the department's strategic objectives (why does this department exist)?
- What interventions (outputs, services, funding, asset provision and regulation) does the department plan to deliver over the next four years to achieve its strategic objectives?
- How will the department organise and manage its people and other resources to achieve these interventions?

The medium-term planning process should identify the strategic choices and trade-offs facing the department. We appreciate that you might not want to include these in the Four-year

² Under the State Sector Act 1988 "stewardship" means active planning and management of medium- and long-term interests, along with associated advice.

³ Under the Public Finance Act 1989 Chief Executives are responsible for the financial sustainability of their department.

Plan itself. If there are concerns about including strategic choices and trade-offs in the Four-year Plan this should be discussed with your Corporate Centre team. At a minimum Ministers and the Corporate Centre team need to have visibility of what these are.

While Four-year Plans are a Cabinet requirement for departments, what is important is the leadership of senior executives throughout the strategic planning cycle. There should be clear senior ownership driving the quality of strategic thinking and decision-making that underpins the document. Strategic planning should be integrated, connecting the individual components of the organisation together to create a clear direction and set of priorities for the department.

Section 5 provides further prompts to consider in undertaking your strategic and medium-term planning.

3.3 What are the timelines?

This timing is designed to align with most departments' planning cycle, where strategy and medium-term plans are set / confirmed by December and the focus shifting in the New Year to the Budget and annual planning processes.

Date	What
July	Engagement with your Corporate Centre team on the priorities and expectations for your strategic and medium-term planning process over July to December 2015. This will include receiving feedback on your 2015 Four-year Plan
July - November	No formal drafts are required to be submitted. However, you should be engaging with your Corporate Centre team throughout the process around key milestones, discussing key elements and sharing material.
By 30 October 2015	Cost pressure template due (uploaded to CFISnet).
9 December 2015	Final Four-year Plans due (uploaded to CFISnet). This needs to be approved by the Chief Executive and endorsed by the responsible Minister.
December - January	Review of Final Four-year Plans by your Corporate Centre team and feedback provided (see section 3.6)
May – by Budget day (optional)	Option to update the 2016 Four-year Plan (uploaded to CFISnet) if you want to reflect any significant Government decisions made during the Budget process. This provides departments with the opportunity to ensure that your Four-year Plan is up-to-date for communicating with key stakeholders and for decision-making and monitoring against the Plan.
Budget day (recommended)	Proactive release of your Four-year Plan (redacted as necessary)
Day after Budget day	[anticipated] Submission of Four-year Plan as part of Standard Estimates Questionnaire

3.4 What is the scope of Four-year Plans?

Four-year Plans should include all the major roles and responsibilities of the department including:

- any system leadership roles such as BPS Results, sector and functional leadership. Four-year Plans should outline how you will fulfil these roles. Results leads should also outline what are the actions underway across government to achieve the Result the department is responsible for
- contribution towards Government priorities and cross-department objectives, including those that may not align fully with the department's own strategic intentions
- all of the department's Votes and appropriations, including non-departmental appropriations administered by a department. Benefits or related expenses and borrowing costs should be included
- Crown entities the department monitors. The Four-year Plan should outline the way in which the Crown entity contributes towards the department's strategic objectives and/or wider government objectives, how the department intends to manage its relationship with the Crown entity and the sustainability of the Crown entity. It is up to you to determine how best to include this information in your Four-year Plan. In some cases, you might wish to include information on your Crown entities in an annex.

Including each of these roles and responsibilities supports identification of any trade-offs and approaches to be discussed with your Corporate Centre team and Ministers. It will also help communicate the importance of these roles and responsibilities within the department.

Some sectors might wish to develop a common sector strategy or a sector Four-year Plan. Sector Four-year Plans would contain different material to a department's Four-year Plan. If your sector is intending to do a Sector Four-year Plan we encourage you to get in touch with your Corporate Centre team to work through what a Sector Four-year Plan might include.

Timeframe

Four-year Plans should provide a complete view across **at least the next four years** of your department's strategy and plan for delivery, and be set in the context of your longer term strategy and plans. We recognise that for some departments four years is not the appropriate medium-term planning horizon for your department or elements of your department's business. In which case we encourage you to consider and use the best medium-term planning horizon for your department. Any major risks beyond the four year horizon should be identified.

Financial basis

The financial starting point for the 2016 medium-term planning process is the baseline for Votes as at Budget 2015. The financial information presented in the Four-year Plan submitted in December 2015 should be in line with the department's financial position as at OBU 2015. If you update your Plan in May 2016 then the financial information should be in line with the department's financial position as at Budget 2016.

The Four-year Plan should be completed on the basis of no new funding (from both an operating and capital perspective), unless you have been advised of an indicative allocation for planning purposes. Priority initiatives should be balanced with baseline pressures and new funding requests should not be relied upon to achieve the department's objectives.

Robust discussion of trade-off options should be explored before alternative approaches are discussed with your Corporate Centre team and options are presented to Ministers.

Materiality

Departments should only provide a level of information that is sufficient to support the overall Four-year Plan performance story. The Four-year Plan should focus on strategically important elements. The Four-year Plan should provide sufficient information for Ministers, central agencies and functional leads to assess its robustness. It should also provide sufficient information to enable the department itself and the Corporate Centre team to monitor performance and progress against the Four-year Plan.

Using existing documents

If you have an existing planning document(s) that addresses a particular prompt(s) or includes all the information requested in a template, you can submit that document as an annex to your Plan. For example, you could attach:

- your Statement of Intent (if this is still current and forms the basis of your medium-term planning)
- your workforce strategy or similar document
- your capital asset management plan
- your strategy for meeting the regulatory stewardship expectations and your regulatory plan
- your information systems strategic plan, or equivalent, which ideally will include a capability roadmap that demonstrates adoption of common capabilities.

If you are attaching documents which provide more detailed information the core elements from these planning documents still need to be integrated into the body of the Four-year Plan to illustrate their contribution.

Any information/data provided must use the same underpinning definitions as stated in this guide, to ensure that information is consistent across departments. If you are unsure whether existing documents meet this standard you should consult with the relevant Corporate Centre team contact person.

3.5 What should the process involve?

It is important for departments to get early understanding of key stakeholders' expectations and priorities to be addressed in the strategic planning process.

For example; it is an ambition of the Government that services are designed for and with customers. It requires services to be designed around customers' life events, necessitating the integration of services across a range of agencies, so New Zealanders will not need to understand, or deal with, the boundaries between agencies that provide services. It requires departments to jointly understand what interventions will work best for different groups of customers. Effective, early interventions can present much better outcomes for both the customer and the return on investment for the taxpayer. To achieve this, departments need to look at solving difficult problems by attacking and focusing on the root causes.

While how you undertake your strategic and medium-term planning is up to you, we recommend that you:

- engage early with Ministers and your Corporate Centre team to agree priorities and expectations for the strategic planning process and Four-year Plan (see below)
- establish a multi-discipline project team to ensure that the planning process is informed by joined up, complement information and perspectives
- engage with its operational divisions given their insight of the department's customer, and what works and doesn't work
- meet with senior Corporate Centre team officials at key points to discuss where the thinking is at and any issues the department is facing.

While Four-year Plans are the responsibility of the department's Chief Executive, the responsible Minister is a key stakeholder who should be involved in your strategic planning process. The strategic intentions in the Four-year Plan need to be consistent with the policies and performance expectations of the Government, and endorsed by the responsible Minister. Ministers should also understand and endorse the interventions that a department intends to undertake to achieve its strategic intentions and be aware of how the department intends to manage its resources to deliver these interventions.

Engaging with your Corporate Centre team during the Four-year Plan process enables them to have insight into the department's strategic planning conversations and to provide support and assistance in preparing your Four-year Plan. We encourage regular, free and frank dialogue with your Corporate Centre team over the course of your strategic planning process. At the start of the process (shortly after reading through this guidance) you should discuss with your Corporate Centre team:

- where the you got to with your 2015 Four-year Plan and the Corporate Centre's feedback on this
- where you are in your strategic planning cycle
- the priorities and focus of the upcoming strategic planning process
- the process and timeframes for the next six months including when, how, and on what you will engage with your Corporate Centre team (see further below)
- the likely structure of the Four-year Plan taking into account where you are at on your strategic planning cycle and the department's specific operating context.

The July to November engagement with the Corporate Centre team should at a minimum provide visibility on:

- the key issues, opportunities and challenges the department is facing
- the cost pressures the department is facing (analysis of these is due end of October)
- the key assumptions the department is making
- key changes you are considering and progress made from your previous Four-year Plan
- the strategic choices and trade-offs the department is facing.

We recommend the department's senior leaders meet with your senior Corporate Centre team officials prior to drafting the Four-year Plan document to provide insight into the decisions you have made.

3.6 How will they be used?

Aside from their use by the department, Four-year Plans have a range of uses for Ministers and for central agencies, Results leads and functional leads.

Four-year Plans will be used by Ministers:

- to confirm that departments are clear on their strategy and to understand how departments are planning to use their baseline funding to achieve their strategy and the Government's priorities
- to review the priorities, performance, pressures and risks of departments
- to highlight the strategic choices, options and opportunities that Ministers can progress
- to assess the relative value of new Budget initiatives in comparison to existing funding.

Four-year Plans will be used by central departments, Results leads and functional leads:

- to get insights on the quality of the thinking and decision-making in a department's medium-term planning process
- to understand what departments will do individually and collectively to achieve Government priorities and objectives (including in functional areas) in order to support departments to deliver on these priorities and to ensure a coordinated and connected view of delivery priorities and resourcing
- to inform advice to Ministers at a department and whole-of-government perspective on strategic issues and choices, operational and capital sustainability, trade-offs and priorities
- to inform advice and decisions at a whole of system level (such as workforce interventions when a number of departments identify similar workforce pressures) and identify opportunities for shared capabilities
- to develop an understanding of how Chief Executives are meeting their stewardship responsibilities and as an input into Chief Executive performance management.

How will these be reviewed?

Four-year Plans will be reviewed by the department's Corporate Centre team once they are received. This process will be moderated by members of the Four-year Plan project team to ensure consistency in approach and feedback to departments. Consistency is important as the quality of a department's Four-year Plan is an input into CE performance management, will be used as part of the Investor Confidence Rating and will be reported to Ministers.

The final Four-year Plans will be reviewed based on two key elements:

- the quality of the Four-year Plan and the underlying thinking and decision-making, and
- the likely durability of the Four-year Plan.

In reviewing the quality of the Four-year Plan and the underlying thinking and decision-making, the following will be considered:

- how well did the department address the prompts set out in section 5 of this guidance document (and expanded on in section 7)
- how well did the department deliver a “good” Four-year Plan (as per section 6)
- how well the department met the expectations discussed with the Corporate Centre team at the start of the process
- how integrated was the medium-term planning process, and
- the visibility on the quality of the thinking and decision-making gained through the department’s engagement with its Corporate Centre team.

In considering the likely durability of the Four-year Plan, the following will be considered:

- how engaged the senior leadership team were in process and visibility of their commitment to delivery of the Plan
- how the 2016 Four-year Plan built on where the department got to in their 2015 Four-year Plan, and
- demonstrated delivery against previous Four-year Plans and how well previous Four-year Plans have been integrated into the department’s annual planning.

Are they required to be published?

There are no legislative requirements for these to be published. We recommend proactive release of non-sensitive elements of your Four-year Plan in order to:

- generate understanding of what you are trying to achieve and how you intend to achieve it among both internal stakeholders and with key partners, and
- anticipate requests by Parliament select committees as part of their Estimates consideration.

If you are planning on publishing your Four-year Plan, you should not publish it prior to Budget day as Four-year Plans are used as an input into the Budget process. This is in line with the requirement not to publish strategic intentions in the three months prior to Budget day. Not publishing before Budget day should not restrict you from using and sharing your Four-year Plan internally or with other agencies.

4. The Strategic Planning Cycle

Strategic planning is a continuous cycle (see Figure 1). Where your department is at on its strategy cycle will influence the thinking and planning you need to undertake, the decisions you need to make over the next six or more months, and the focus of your engagements over this period. It will also influence the expectations for your next Four-year Plan.

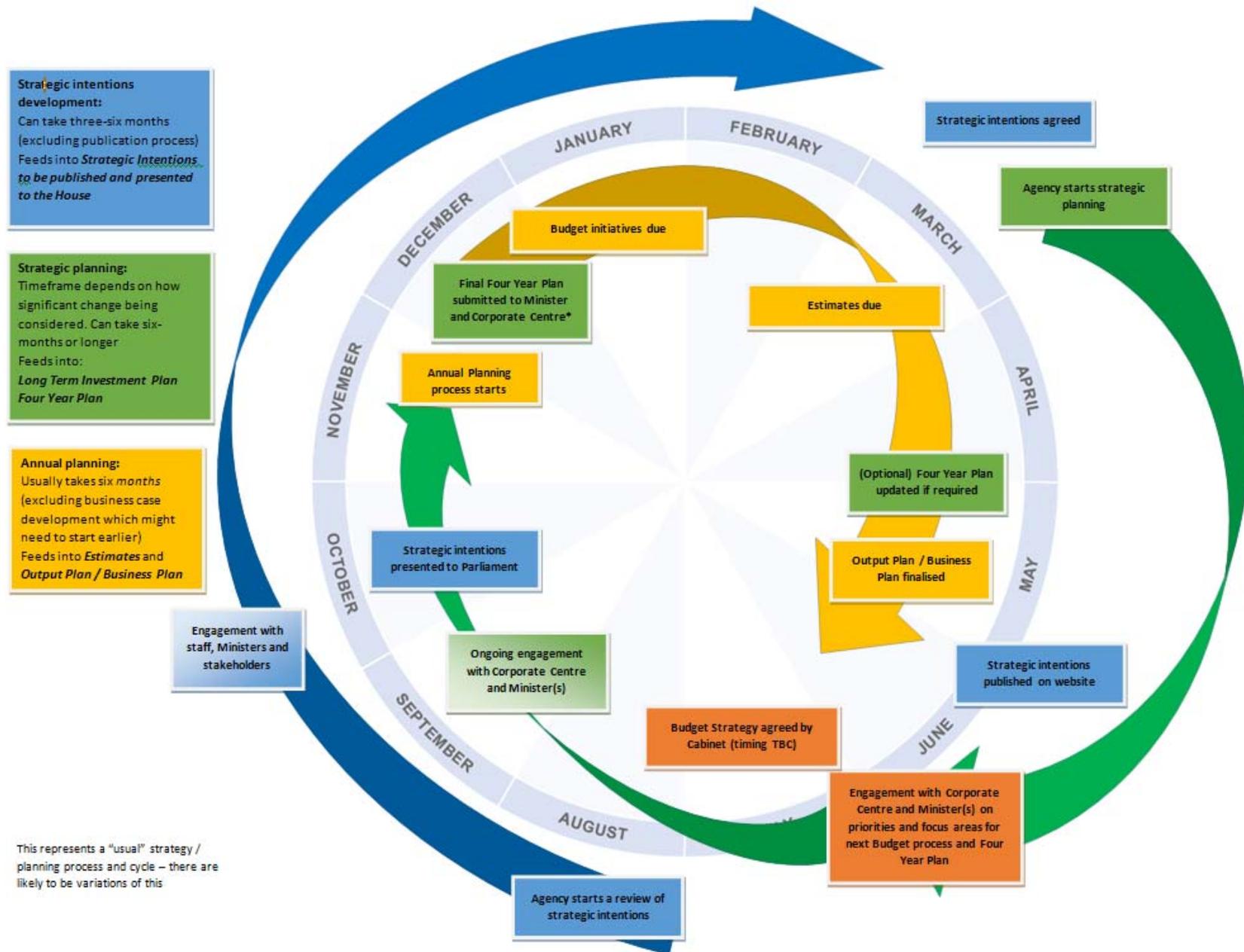
Recognition of where departments are at on this cycle is designed to shift the focus from continually revising strategic intentions and planning to focusing on delivery against strategic intentions and plans. An ambition of the Four-year Plan process is to get to a level of maturity where departments produce a Four-year Plan of sufficient quality that the Plan only needs to be substantially reviewed following the revision of the department's strategic intentions (unless some other trigger prompts a substantial review before this).

The strategic planning cycle results in a number of outputs with different time-frames and scopes. Departments are expected to have at least a medium-term horizon (at least four years) in their strategic planning. Investment intensive departments must also have a longer-term horizon (at least ten years).

Four-year Plans are one of these outputs and represent a snapshot of where your department is at in its strategic planning cycle. As a result the Four-year Plan should provide insight into your thinking and decision-making at a particular point in time, setting out where there is surety on direction and plans and where there are still things to be resolved or worked through.

The relationship between Four-year Plans and other strategic planning processes and products is set out on the following pages.

Figure 1: Strategic Planning Cycle (two-three year cycle)



Four-year Plans and demonstrated delivery

Strategic planning should build on where you got to in the last round, looking at what is changing and assessing what is working and what isn't. There should be clear linkages between your department's Annual Report and your Four-year Plan and vice versa.

You should be using data and evidence to inform your planning process and decision-making on where to invest resources. Increasingly departments are expected to have evaluation plans in place for your programmes and the findings from these evaluation plans should be a key input into your strategic planning process. For example, the Benchmarking Administrative and Support Services (BASS) and policy advice measurement reports provides useful data on how your department is performing on these key elements and where there might be opportunity for improvement.

Four-year Plans and sector or system strategies and plans

Four-year Plans need to be firmly grounded in the wider government and sector picture, showing how a department fits within the wider system and how it is responding to government priorities. Strategic planning should involve cross-functional and cross-sector collaboration to achieve economies or efficiencies, improve services or service delivery, develop expertise and capability, and/or ensure business continuity. Considering the role of, and your contribution to, functional and Result leadership priorities may be useful in considering how your Four-year Plan will positively contribute to system-level priorities.

There are many examples of departments being innovative and taking advantage of the flexibility in the State Sector Act 1988 and Public Finance Act 1989 to support working together. However, some myths persist regarding perceived legislative barriers. If you are ever in the situation where someone is saying a good idea can't be done because of the legislation; talk to your Corporate Centre team about these as they can help work through any challenges or (perceived) barriers.

Four-year Plans and the Performance Improvement Framework (PIF)

It is expected that you will draw on your PIF Four-year Excellence Horizon⁴ and your Response to the PIF Review when developing your Four-year Plan. This is a strategic narrative written by the Lead Reviewers with the department's leadership team as a way for the leadership team to consider where the department needs to be in four years time and the opportunities and challenges involved in getting there. Its purpose is to give chief executives and senior leaders clarity about the most important issues they need to work on to lift the department's performance over the next four years.

If your department does not have a Four-year Excellence Horizon (or will be doing one in an upcoming PIF review) your Four-year Plan will be an important input into creating the Four-year Excellence Horizon.

⁴ For more information see: <http://www.ssc.govt.nz/pif-factsheet4>.

Four-year Plans and strategic intentions (SOIs)

The Four-year Plan should set out the strategic objectives that your department intends to achieve or contribute to (known as *strategic intentions* in the Public Finance Act 1989). The level of detail included in your Four-year Plan will depend on whether your department has an unchanged set of strategic intentions and/or whether you intend to use your Four-year Plan to meet your requirements under the Public Finance Act 1989 regarding provision of strategic intentions.

Where your strategic intentions are unchanged and you are not required to revise these⁵, then a simple statement which affirms this, along with a high-level summary / diagram, will be sufficient.

Where you are revising your strategic intentions, you should consider structuring your Four-year Plan so that the relevant components can be easily used to meet the requirements in the Public Finance Act 1989 for strategic intentions⁶. This should be discussed with your Corporate Centre team as part of the discussion on the medium-term planning process. In this instance the strategic intentions element of the Four-year Plan does not need to be endorsed by the Minister in December. Rather you should aim to get endorsement around April for publication after Budget day and presentation to the House of Representative thereafter⁷.

Four-year Plans and the investment management system

Changes to the investment management system come into effect on 1 July 2015⁸. These changes affect departments as well as Crown entities. One of the changes is the requirement for 13 investment-intensive departments to develop Long Term Investment Plans (LTIP) which have a minimum ten year planning horizon. The focus of LTIPs is on capital expenditure, asset performance and disposals, lease arrangements, and "as-a-service" type investments. Separate guidance on LTIPs will be published by the Treasury in July.

The LTIP describes an agency or sector's investment journey based on its current long term vision and objectives; what will be invested in and how investment will occur in order to support delivery of the agency or sector's long term goals.

The Treasury will liaise directly with the investment-intensive departments that need to develop their LTIPs in the same time frame as for the next round of Four-year Plans (by December 2015). These are needed to inform the first round of Investor Confidence Ratings. The balance of investment-intensive departments will need to develop LTIPs during 2016.

⁵ See <http://www.treasury.govt.nz/publications/guidance/strategy/strategicintentions-timetables> for the triggers for when a department needs to revise its strategic intentions.

⁶ <http://www.treasury.govt.nz/publications/guidance/strategy>

⁷ See <http://www.treasury.govt.nz/publications/guidance/strategy/strategicintentions-timetables> for the Public Finance Act 1989 requirements regarding publication and presentation of strategic intentions.

⁸ Material on these changes can be found on the Treasury website at <http://www.treasury.govt.nz/statesector/investmentmanagement>

Four-year Plans and the Budget process

Four-year Plans are a key input to the Budget process. While the precise process and timeframes for the 2016 Budget process are still to be determined key features of the 2016 process are likely to include:

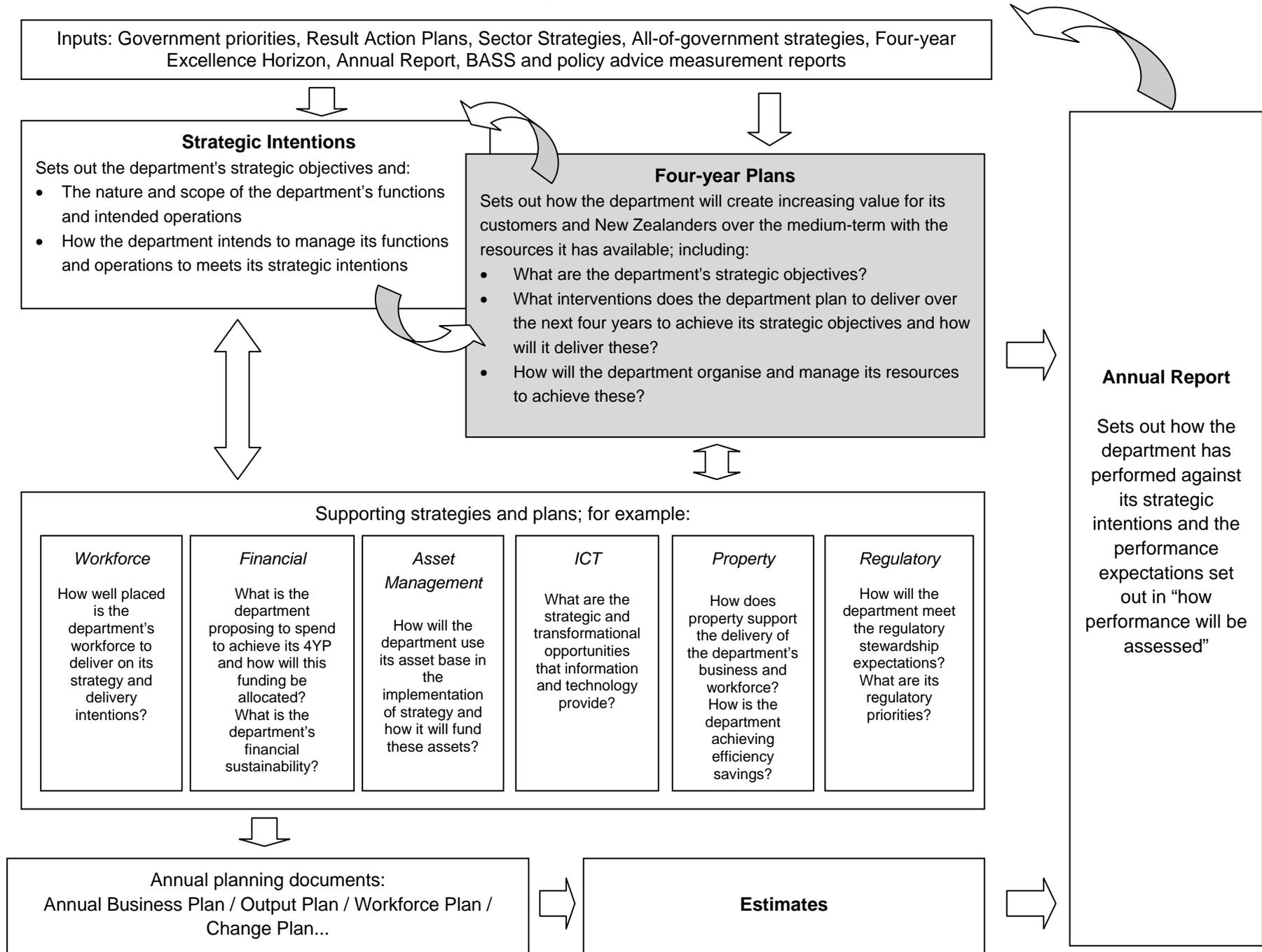
- a focus on existing expenditure – not just about new initiatives or cost pressures
- a focus on buying results
- taking a ‘sector’ approach
- new initiatives are expected to be joined up
- departments being prepared for savings to be found to help fund Government priorities – agencies need to know their lowest value spend
- capital intensive agencies being prepared to find capital savings
- no new spend agreed without going through an analysis process, this could include ROI assessment, CBAX, an evaluation panel (like the investment panel) or other qualitative analysis.

Ministers have also expressed a high level of interest in collectively understanding cost pressures across the public sector in a consistent and transparent way. In order to provide Ministers with the necessary information, this year’s Four-year Plan Guide introduces two new templates (see Template Two). Cost pressure information will be presented to Ministers in early December to support the preliminary discussion of the choices and trade-offs to be made during the Budget process.

Four-year Plan and other planning and performance management documents

Figure 2 sets out the relationship between the Four-year Plan and other major strategy, planning and performance management documents. The strategic intentions also inform Long Term Investment Plans.

Figure 2: Four-year Plans are the key medium-term planning document



5. Prompts for Strategy Development and Medium-term Planning

You are encouraged to think about what is the most appropriate way of setting out your medium-term plan so that it best reflects the circumstances of your department. Accordingly there is no template for a Four-year Plan (with the exception of the annexes to be attached) with this year's guidance based around a set of prompts rather than defined sections. These prompts are essentially the same questions set out in last year's guidance material (i.e., there has been limited change in the expectations on what a good Four-year Plan should include). The three next headings should be read as prompts to be addressed along with the supporting prompts set out underneath.

What are the department's strategic objectives?

- What are the key strategic challenges and opportunities facing the department over the next four (or further) years?
- What is the department's role in and how does the department intend to contribute towards the Government's priorities, sector strategies and cross-agency initiatives, including functional leadership priorities?
- What is the nature and scope of the department's functions and intended operations?
- Who are the customers or businesses that the department is targeting with its strategy, including different segments of customers?
- What difference will the department have made in four years time for its customers and for the government?
- [where relevant] How does the department intend to respond to its most recent PIF review, in particular the PIF Four Year Excellence Horizon, and the commitment it made in its department response to the PIF?

What interventions does the department plan to deliver over the next four years to achieve its strategic objectives?

- Which of the department's interventions will be collaborative/multi-agency/all-of-government and how will the department balance these with its own departmental accountabilities?
- [Where the department is a Result Lead] What actions are being planned across government to achieve the Result, what resources are devoted to Results, and are there any tensions with departments contributing towards Results achievement?
- How is the department using information to take a more evidence-based and solution-focused approach to choosing its set of interventions? Are there alternative interventions that might provide better value?
- How is the department responding to changing demand?

- Who does the department work with or needs to work with on delivering its strategic objectives and Government priorities?
- [where relevant] How do Crown entities contribute towards the achievement of the department's strategic objectives and/or the government's wider objectives? How is the department managing its relationship/s with its Crown entities? Are there any major risks or issues in terms of strategic intentions, performance, or sustainability relating to these entities?
- [if there is significant non-departmental funding; including benefits or related expenses and borrowing costs] What is purchased with non-departmental funding? How does the department manage this non-departmental funding? Who are the significant providers receiving non-departmental funding?
- What are the department's regulatory priorities over its medium-term, including:
 - proposals to undertake reviews of regulation, introduce or implement new regulatory requirements or reforms, or undertake regulatory maintenance (e.g., to improve enforceability or clarity)
 - how these regulatory priorities were determined and how they fit with its overall strategic objectives and its other interventions, the government's overall key targets and strategic priorities; and with sectoral regulatory priorities
 - the indicative timing of these priorities.
- What are the interventions that the department will stop, reduce or defer (reprioritise) if necessary?

If your department plans to try new ways of implementation / different interventions or is unclear how you will achieve some of your strategic objectives then you should be clear about this and how you plan to develop and manage a learning organisation and/or determine what is required to achieve your strategic objectives.

How will the department organise and manage its people and other resources to achieve its interventions?

- Is the department's existing operating model the most effective and efficient one? What might this need to look like in four (or more) years time?
- How well placed is the department's workforce to deliver on its strategy and delivery intentions? What are the key workforce changes that the department will focus on to ensure that it will achieve its Four-year Plan outcomes? What are the risks and opportunities around this?
- How is the department contributing towards the government's ICT, property, and procurement strategies where appropriate?
- What are the strategic and transformational opportunities that information and technology provide? How is the department equipping itself and owning the conversation about information and technology enabled transformation?

- How will the department use its asset base in the implementation of strategy and how will it fund the purchase and maintenance of those assets to ensure they are fit for purpose?
- How does the department intend to work with those suppliers / providers / NGOs who are critical to delivery of key outcomes?
- What is the department proposing to spend to achieve its strategic intentions and how will this funding be allocated?
- Can the department achieve its strategic intentions with existing funding? If not, what is the department proposing to do in order to manage within existing funding levels?
- What are the key cost drivers and pressures facing the department over the next four years and how does it intend to manage these / allocate resources?
- What is the department's view on its capital sustainability prospects?

Overall

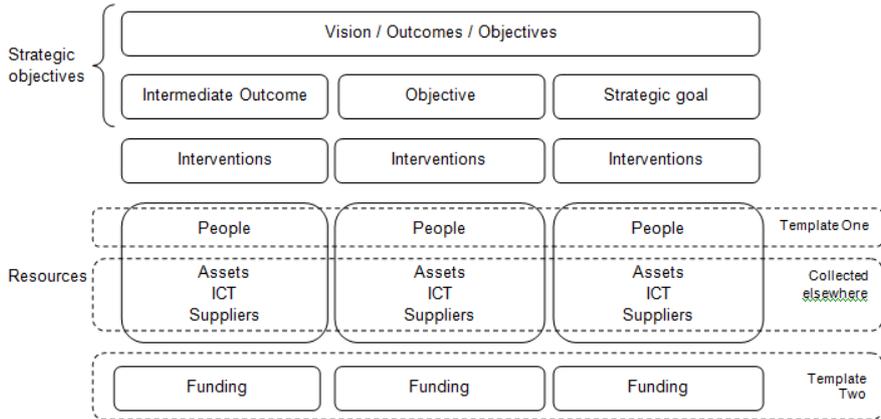
- What has changed since the last Four-year Plan? What has the department learnt about what works and what doesn't work?
- What are the key strategic choices and trade-offs facing the department over the next four years? What information does your department put most weight on when deciding between two alternatives?
- How sustainable is the Four-year Plan? What are the key things that could impact on the delivery of the Four-year Plan and how does the department intend to manage these?
- If the department plans to deliver different interventions or organise its resources differently over the period of the Four-year Plan, how will the department manage this change? What are the four to five things that the department really needs to focus on changing?
- How will the department evaluate its success with respect to its strategic intentions and Four-year Plan?
- How will the department monitor its performance against the Four-year Plan (e.g., through the inclusion of deliverables, milestones, measures or a dashboard of key performance metrics)?

More information on specific elements to consider in developing your medium-term strategy is outlined in section 7.

6. What Does Good Look Like?

Once the final 2015 Four-year Plans have been reviewed more detailed guidance and examples on what good look like will be provided (August). In the meantime this section sets out at a high-level what good looks like. A good Four-year Plan:

- Uses diagrams early on that clearly outlines the intervention logic of the department from government priorities to sector strategies to the department’s strategic objectives to what it plans to do and how it plans to organise itself to deliver.
- Clearly sets out the department’s role and how it fits within the wider system.
- Sets out a clear vision for what the department will look like and be delivering in four (or more) years time and what it needs to do to get there.
- Tells an integrated story on how the resources support the department achieving its strategic objectives and delivery of its interventions; and the linkages between these resources and the management of them (see figure below).



- Clearly illustrates the department’s future operating model. This may include how the department is putting customers at the centre and using emergent technologies to transform the ways in which it delivers public services.
- Has clear milestones (or other measures) setting how the department will get to its future vision and how it will know whether or not it is on track.
- Demonstrates that the department has “looked under all the rocks” to manage within its baselines and provides clarity on what the lowest value activities are which would be stopped or scaled back if necessary.
- Demonstrates that the department has challenged the department’s operating model to ensure that it delivers services in the most effective and efficient way. This may include exploration of collaboration and partnership opportunities.
- Demonstrates delivery against its previous Four-year Plan and discusses what has changed.

7. Specific Considerations and Expectations

A department's strategic planning process needs to pull together expertise from across the organisation. This expertise includes functional areas such as workforce, ICT, procurement, property, asset management, finance and risk management. This section sets out specific considerations and expectations for the following key functional areas. While this detail is set out separately in the guidance, it should to be integrated into your medium-term planning process and Four-year Plan.

Workforce

The Four-year Plan should include narrative that shows how you will position your workforce to meet your business goals over the medium-term. The narrative should clearly show alignment between the business strategy and the workforce and employment relations strategy.

Key workforce elements of the narrative include:

- A high level assessment of how well placed the department's current workforce is to deliver your strategic objectives.
- A high level summary of what the department's workforce will need to look like in four years to successfully deliver on the plan.
- The workforce change required to bridge any gap between current state and future needs.
- The analysis of workforce change integrated into the overall narrative should include proposed changes to workforce capability (for example; priority occupational groups/segments), any projected changes in people numbers, costs and affordability. Commentary should also be included on the organisational culture and diversity that the department will need to successfully deliver to your customers and the steps that will be taken to achieve this.
- Analysis of risks and opportunities around the department's workforce and its ability to support the department's delivery intentions.

You are encouraged to append your full workforce strategy, as supporting information, where this is available.

Please provide all the supporting information requested in Template One. You do need to repeat information included in the main narrative, although you could refer to the information to highlight particular issues if you wish.

Other functional areas (information, technology, property, contracts and external suppliers)

Departments are encouraged to consider the following:

- What are the opportunities to:
 - deliver integrated digital services designed around customer needs and life-events, in partnership with agencies, industry, and other non-government organisations?
 - collaborate with other agencies and external parties to increase information gathering, exchange and integration in order to enhance services and deliver the Government's expectations for insight-driven decision making?
 - partner with other agencies for shared investment in capabilities?
- Which (if any) markets, suppliers and providers are critical to achieving department outcomes?
- What new activity will require third party suppliers, providers and NGO's participation to ensure success?
- How will the department engage with those markets / suppliers to achieve the required outcomes over the next four years?
- To what extent does your department's property portfolio:
 - align with the government's national property goals
 - provide a responsive, affordable, sustainable and safe work environment
 - assist in the delivery of front line services
 - demonstrate inter-agency collaboration.

A good Four-year Plan should identify priority interventions in these areas and discuss how these align with your department's strategic intentions and support the delivery of your department's interventions. The implications of these should be considered in an integrated manner through the document from a financial, workforce and risks perspective.

Asset management and investment intentions

Departments should be able to draw on existing asset management and investment information to inform your Four-year Plan. For example, up-to-date asset registers and condition assessments, asset management plans, asset performance information, evaluations of significant investments, and any analyses of the department's financial or operational capacity to manage deferred maintenance or emerging capital cost pressures.

Departments are encouraged to consider the following:

- What is the existing state and performance of the department's asset base; including asset condition, functionality (fitness for purpose) and utilisation?

- What are the main factors that affect and are expected to affect the future utilisation of assets managed by the department?
- How will the department manage its capital needs over the period of the Four-year Plan?
- How does the department ensure that its capital resources (e.g., from accumulated depreciation) are allocated to highest priorities within an agency?
- Are there any opportunities for (further) private sector management of or investment in the department's assets; i.e., facilities management outsourcing or Private, Public, Partnerships (PPPs)?
- What are the key investments decisions that need to be made over the period of the Four-year Plan, how will they be funded and is there a possibility of a bid for more capital?
- Are there any opportunities to fund future capital pressures from the existing balance sheet or make a voluntary return of capital to the centre from reduced base capital spending and/or disposing of surplus assets?

Financial information

There is no standard operating expenditure table required in the body of the Four-year Plan anymore (although the standard capital expenditure table remains, see below). Departments are expected to tell your four year financial story in the most meaningful way for your department. It should show the linkage between what you intend to deliver, how you will manage your resources to deliver, and how you will fund all this within existing funding levels.

This financial picture can be set out in the best way for your department; for example you might wish to set this out based on your strategic objectives or based on your outputs/service lines or based on your workforce. At some point there should be a table or graph that sums up all the forecast expenditure. Departments are encouraged to use graphs and charts to tell your financial story.

The Four-year Plan should include commentary on both departmental and significant non-departmental expenditure. For non-departmental expenditure the Four-year Plan should set out:

- What is being purchased with non-departmental expenditure?
- How the department is managing the procurement of those goods and services that are critical to delivering successful outcomes?
- What are the key pressures on this funding, how it is proposed these pressures be managed and what are the key choices and trade-offs facing this funding?

These tables, graphs and commentary need to be supported by information submitted in the Excel templates provided alongside this guide. This provides a different cut to the financial story told in the body of the Four-year Plan and should reconcile with this but also be able to stand on its own. More information on filling out the Excel templates is provided in Template Two.

The Four-year Plan needs to include the table below setting out the department’s capital expenditure and commentary on your ability to fund your capital intentions from existing resources and baselines for the foreseeable future (i.e., without new, unbudgeted funding). The commentary should also set out the impact on capital spending from the pressures the department is facing (for example price or demand pressures), how these will be managed and any changes being made to the operating model (for example leasing rather than buying IT storage capability).

For departments managing assets with long useful lives, your planning should extend well beyond the horizon of your Four-year Plan. In assessing your sustainability prospects, these factors should be taken into account:

- the robustness of your capital planning tools and process
- the credibility of your capital fiscal forecasting
- the affordability of your capital intentions
- the condition of your asset portfolio; and
- whether any other risks to sustainability are evident.

Capital Expenditure - Departmental

	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m	2018/19 \$0.000m	2019/20 \$0.000m
Opening Balance of Funding Available	0.000	0.000	0.000	0.000	0.000
Add depreciation funding received	0.000	0.000	0.000	0.000	0.000
Add receipts from sale of assets	0.000	0.000	0.000	0.000	0.000
Equals Total Balance of Funding Available	0.000	0.000	0.000	0.000	0.000
Subtract capital investments funded from baselines	0.000	0.000	0.000	0.000	0.000
Equals Closing Balance of Funding Available	0.000	0.000	0.000	0.000	0.000

We recognise that you may still be working through the design and costs for some intended changes. Where this is the case, please include your best estimate of the costs/savings and outline your key assumptions.

Sustainability and resilience

A key element of the medium-term planning process is considering what might stop you from achieving your Four-year Plan (i.e., achieving the milestones, delivering the interventions and achieving strategic intentions) and what you intend to do as a result.

Medium-term planning involves making a number of assumptions, working through these assumptions, considering what would happen if they do not hold and how you would respond. Key considerations should be what is the sustainability of the department in the medium to long term and what is the risk appetite of the department. Departments face risk on several fronts, including but not limited to:

- Strategic; such as pressures (including ministerial demands, policy changes, demographic forecasts) on the department relative to core business and funding levels; ability to deliver change initiatives (transformation overload); ability to achieve stakeholder buy-in; system stability; right information and data available.
- Operational; such as implications of living within baselines; staff retention / turnover / capability; interventions do not achieve desired results / department fails to deliver; expectations from customers/stakeholders are unrealistic; timely delivery of key projects.
- Financial; such as wage growth, ability to make efficiency savings, significant unforeseen events (e.g., natural disaster), project budget overruns.
- Legal; such as privacy/security breaches.

Having identified the high-level risks that could impact on the achievement of your Four-year Plan, you should consider the following:

- What is the current state of the risk (inherent)?
- What will the risk look like once the planned actions have been implemented (post-plan)?
- What will the risk look like once the planned actions are implemented and supplementary actions have been taken to bring the post-plan risk within the department's risk appetite (post mitigation)?

The key mitigating actions required to bring risk profiles within appetites should be incorporated into your Four-year Plan.

As with the rest of your Four-year Plan you should consider the materiality of what it includes. We are not looking for a list of organisational risks. A number of risks that a department faces relate to its planning assumptions. Key planning assumptions should be included in the appropriate annex (workforce or financial). Where these might have a significant impact on the achievement of your Four-year Plan these should be incorporated into the body of the document.

Further guidance on risk is available from the SSC on the risk dimension in the PIF framework, Treasury Instructions regarding financial risks, GCIO on ICT risks, and DPMC on national emergencies⁹.

Another key question for you to consider is how well prepared is your department to deal with a shock. This should be based on realistic scenarios that your department might face such as a natural disaster or un-forecast volume pressure.

⁹ See: pages 37-38 of <http://www.ssc.govt.nz/pif-core-guide-1>
<http://www.treasury.govt.nz/publications/guidance/instructions>,
<https://www.ict.govt.nz/ict-system-assurance/ict-operations-assurance/ict-operations-assurance-framework-2/>
<http://www.civildefence.govt.nz/get-ready/at-work/#risk>

8. Where Do I Go to Find Further Information?

Medium-term planning is the place where thinking is integrated, decisions are made and then documented from across the organisation. There are a number of places where you can find more in-depth information to support the underlying thinking that ultimately supports the development of your Four-year Plan. Some key websites are:

- Strategic Intentions and Statement of Intent guidance: <http://www.treasury.govt.nz/publications/guidance/strategy>
- PIF Four-year Excellence Horizon - a range of support is available to assist departments: <http://www.ssc.govt.nz/pif>
- The Expectations for Regulatory Stewardship: http://www.treasury.govt.nz/publications/guidance/regulatory/systemreport/04.htm#_toc1.1
- Organisational Capability and Workforce Strategy resources – departments are advised to review this information, especially if they do not have a current workforce strategy at <http://www.ssc.govt.nz/workforcestrategy>
- Agencies are required to ensure alignment between their ICT and business strategies and the Government ICT Strategy and Action Plan to 2017 which can be found at <http://ict.govt.nz/strategy/>
- Government National Property Strategy and Principles (GNPS): www.pmcoe.govt.nz
- Procurement guidance: www.business.govt.nz/procurement
- Investment management system material can be found at <http://www.treasury.govt.nz/statesector/investmentmanagement>
- Statutory Crown entities: Guidance for departments: <https://www.ssc.govt.nz/crown-entities-guidance-for-departments> (including roles in administering appropriations for non department expenditure)
- Risk management guidance and resources are available on the following websites: <http://www.treasury.govt.nz/publications/guidance/instructions/2014/36.htm>, <http://www.iso.org/iso/home/standards/iso31000.htm> pages 37-38 of <http://www.ssc.govt.nz/pif-core-guide-1>, <http://www.treasury.govt.nz/publications/guidance/instructions>, <https://www.ict.govt.nz/ict-system-assurance/ict-operations-assurance/ict-operations-assurance-framework-2/>, <http://www.civildefence.govt.nz/get-ready/at-work/#risk>

TEMPLATES

Central agencies and functional leads are focused on only asking for what we need and can't collect through different processes. This year the annexes (now called templates) have been cut down to only workforce and financial. The annex on key assumptions and resilience has been largely incorporated into the other annexes/templates and the body of the guidance. There is no required annex for Crown entities although departments with significant Crown entities need to include information on these Crown entities in the body of the Four-year Plan and might consider including a supporting annex on these. The annex on anticipated funding requests is largely captured under the revised supporting financial information template.

While how you structure the body of your Four-year Plan is up to you, the templates need to be completed as outlined below and attached as annexes to your Four-year Plan. This is because this information is used to develop a cross-agency perspective which requires the information to be provided in a consistent way. The information requested in the templates simply provides a technical summary in support of the Four-year Plan.

Template One: Workforce Capability and Capacity Information

The information below is requested to support the workforce narrative in your Four-year Plan and to enable analysis of system-level workforce issues and pressures (trends across departments). It is important that the information is complete. Please ask your SSC workforce contact for any assistance you need to complete this section.

In completing this template the guidance material below each heading should be deleted and replaced with your response to the prompts with the exception of the tables which should be filled out and included.

People capability

Priority workforce groups

What are the priority occupational groups/workforce segments for your department and sector? These are the groups/segments that are critical to the achievement of your department’s strategic objectives over the next four years.

Provide a narrative around these groups/segments using the questions below as a guide. Note that these groups/segments may not necessarily be areas where your department has pressures or trouble retaining/recruiting, but are those that are vital to achieving business goals.

1. Why are the capabilities of this group critical to your department achieving its strategic objectives?
2. What are the recruitment and retention levels, how long does it take to fill roles for this group?
3. Is there a capability gap to where this workforce needs to be? What are you doing to address this gap or how do you intend to maintain this group?

Recruitment

Which occupational roles/positions does your department and sector currently have difficulty recruiting – or expects to have difficulty in recruiting over the next 12 months and over the medium-term? Please be as specific as possible (e.g., use job or position titles) to enable identification of key workforce supply gaps and pressures across departments. Add as many rows as you need.

Difficult to fill roles/positions over the next 12 months	Actions/Strategy to manage this
--	--

Difficult to fill roles/positions over the next 4 years	Actions/Strategy to manage this
--	--

Workforce capacity

Please summarise key changes and **why** the positions numbers are changing (or not) over the period of your Four-year Plan, including the impact of any budget bids that you are intending to make in Budget 2016:

Please complete the table below.

Forecast position numbers¹

	30 June 2015 ² (Base-line)	30 Dec 2015 ³	30 June 2016	30 June 2017	30 June 2018	30 June 2019
Position numbers – departmental						
Position numbers – non-departmental ⁴						
Total Position Numbers						

Workforce costs

Please give a brief overview of your expected workforce cost pressures and assumptions for the next four years with a focus on the key factors driving changes in workforce costs.

The narrative should include assumptions around:

- Bargaining and remuneration rounds (Bargaining/remuneration outcomes should include known increases arising from current individually or collectively negotiated pay settlements and anticipated costs of future individually or collectively negotiated pay settlements/remuneration forum outcomes or similar with the difference between what is committed and what is assumed clearly set out).
- Progression (Costs attributable to employees' progression through pay scales or application of the remuneration policy/framework).
- Capacity (Any expected impact on workforce costs based on changes in workforce numbers).

The definition of personnel cost pressures is outlined on page 34, second bullet point.

Cost pressure and percentage change figures will be recorded in Excel financial template.

Where do I go to find further information?

For further information and guidance please refer to the links in section 8, page 28.

Definitions

1. Please use *positions* as per the definition used in the SSC Human Resource Capability Survey (HRC) – see below.
2. Please enter departmental position numbers as submitted for the June 2015 Human Resource Capability Survey.
3. For 2016 and each of the out-years please provide expected position numbers that are your best estimate based on, and aligned to, your proposed Four-year Plan's organisational strategy and direction. Please indicate where definitions do not match the HRC definition and the source and timing of the data.
4. For total non-departmental position numbers as at 30 June 2015 please provide figures so that they match the HRC definition as closely as possible. Please indicate where definitions do not match the HRC definition and the source and timing of the data. Please note any gaps in the figures provided.

SSC Human Resources Capability (HRC) Survey Definitions (abbreviated)

The number of positions in the organisation on a Full Time Equivalent (FTE) basis

- Positions are calculated by adding together the number of FTEs and the number of FTE vacancies.

The number of FTE employees at the survey date

An employee as an individual who has an employment agreement with the chief executive, and to whom the usual conditions relating to being employees apply (e.g., the organisation can specify hours of work, place of work, supervision arrangements).

Vacancies: ***The number of vacancies on an FTE basis***

Vacancies are defined as those roles in an agency that are unfilled.

Template Two: Supporting Financial Information

During Budget 2015, Ministers expressed a high level of interest in:

- Collectively understanding cost pressures across the public sector in a consistent and transparent way.
- Exploring strategic and policy options that may be available to manage these pressures within the broader context of delivering better value for the public.

In order to provide Ministers with the necessary information, this year's Four-year Plan Guide and process introduces two new templates (provided separately) and a two step process for providing your supporting financial information:

- Template 2A on cost pressures needs to be uploaded into CFISnet by 30 October 2015.
- Template 2B should be filled in once you have completed your medium-term planning and needs to be uploaded into CFISnet alongside your Four-year Plan **by 9 December 2015**.

Template 2A asks you to describe your cost pressures in a way that will enable the Treasury to pull together a comprehensive overview of cost pressures across the entire public sector. This information will be presented to Ministers in early December to support the preliminary discussion of the choices and trade-offs to be made during the Budget process. Provision of information on cost pressures does not constitute a Budget bid and you are still expected to achieve your strategic intentions and manage cost pressures within existing funding levels.

Template 2B asks you to summarise your strategic actions, including actions that will help you deliver better value and outcomes and/or actions that will help manage your costs. This information will be used to provide context for Budget discussions.

Please complete the templates in the Excel format provided.

Template 2A: Baseline and Total Cost Pressures

Template 2A is designed to provide sufficient flexibility for departments to meaningfully reflect your cost pressures, while including the following universal elements:

- service/appropriation baseline; broken down into personnel and non-personnel expenses
- total cost pressures by type (volume, personnel, price or policy)
- overview of the methodology and assumptions.

Service/appropriation

You should calculate both departmental and non-departmental cost pressures using either your appropriations or services as the starting point. The selection of the starting point should reflect the way your department plans or analyses cost pressures. Any related cost pressure bids Ministers may be planning to submit during the Budget process will need to be consistent with the service/appropriation breakdown adopted here. You should talk to your Vote Analyst about the most appropriate breakdown.

Baseline expenditure

Once you have determined the best way to break-down your funding, you should then indicate the total amount of baseline expenditure for each element (service/ appropriation), including a breakdown by personnel and non-personnel costs. This should be based on your baseline as at Budget 2015.

As personnel costs are a significant cost across the public sector and a key resource to achieving the Government's and departments' priorities and objectives, it is important for Ministers to have visibility over this particular expense category.

Cost pressure type

Cost pressure type captures the driver or the mechanism that generates the pressure. Specifically, we need cost pressures broken down into the following four categories (as appropriate).

To ensure consistency across agencies, calculate volume pressures (where these are relevant) before any other pressures. Other pressures should then be calculated based on the volume adjusted baseline. Our expectation is that personnel and price pressures will apply to different parts of the baseline and should not overlap.

- **Volume driven pressures** – these can arise from population growth, changes in population characteristics, or changes in the economic environment. They are customer driven. For example, increased numbers of children requiring childcare.
- **Personnel cost pressures** – include any personnel cost pressures that are in addition to any volume driven components. These should be broken down (where possible) into cost pressures due to (i) bargaining/remuneration outcomes and (ii) cost pressures due to progression (costs attributable to employees' progression through pay scales or application of the remuneration policy/framework).

- Bargaining/remuneration outcomes should include known increases arising from current individually or collectively negotiated pay settlements and anticipated costs of future individually or collectively negotiated pay settlements/remuneration forum outcomes or similar, with the difference between what is committed and what is assumed clearly set out.
- Superannuation, ACC levies and any other elements that make up personnel costs should be included in this calculation where changes contribute to personnel cost pressures.
- **Price pressures** – non-personnel inflationary pressures that are additional to any volume driven components. These not only include changes in costs of inputs, but also changes in capital-related operating expenditure (such as unfunded capital charge or depreciation) resulting from increases in the value of capital assets. As part of the planning process, departments should have a clear understanding of when and how significant contracts will have an impact on your costs.
- **Policy based pressures** – any pressures that cannot be included in any of the other three cost pressure types and arise due to past policy decisions are included in this category. This excludes in-principle policy decisions by Cabinet subject to funding and any new initiatives.

Methodology

For each element (service/appropriation), provide a single amount for each cost pressure for each of the four years and describe the methodology used. This should include key assumptions and the calculation process. This might mean that several individual contributing factors are included against a particular type of pressure. Where this is the case the methodology should set out what the different factors are and the associated assumptions.

Template 2B: Summary Financial Information and Strategic Response

Template 2B should include a high level summary of the financial information from Template 2A as well as all strategic actions that would have a material financial impact over the Four-year Planning horizon. It should include both departmental and non-departmental financial information.

Summary financial information

You should include total starting baseline funding across all services/appropriations (broken down by personnel and non-personnel), an aggregate of all cost pressures and a sub-total of the starting baseline and total cost pressures. This information should be consistent with the information from Template 2A (updated if necessary so that it is consistent with your OBU 2015 baseline).

Strategic response

You should describe the projected financial impact of your short, medium and long term strategies, including any:

- **Changes to deliver strategy** – any changes that would enable you to achieve your strategic intentions or improve effectiveness. This category can include new activities and any changes necessary to manage volumes or specific cost pressures (e.g. remuneration or contract cost management).
- **Efficiency savings** – savings made from changes to how existing interventions are delivered, which do not impact on the level or quality of what is delivered.
- **Reprioritisation** – changes to what interventions you plan to deliver; this could include stopping the delivery of certain interventions, or changing the amount or quality of the services delivered.
- **Operating model changes** – significant changes to how you propose to deliver interventions. This includes any major business transformation already underway, as well as the projected impact of changes under consideration.

You should indicate how these strategies will affect your significant operating expenses; such as personnel costs, information and technology costs, outsourced services or any other costs. At the minimum, you should provide this information for personnel and non-personnel operating expenses. Some of the impacts will add costs to the baseline and others will remove cost.

Strategic choices and trade-offs facing your department should be clearly identified in the body of your Four-year Plan, such as non-financial and service delivery implications (e.g., longer waiting times to receive specialist treatment, increase the cost of ECE to parents, etc.) that Ministers may need to consider.

The template should indicate which actions are confirmed and which are proposed or under development.

Closing baseline

The closing forecast baseline should contain the overall impact of all cost pressures and strategic actions. This should represent your department's forecast operating costs over the next four years. Given the importance of personnel costs across the public sector, agencies should provide a breakdown of the closing baseline by personnel and non-personnel costs.