Better Public Services: Overview of legislative and related policy proposals

Better Public Services reform themes

Results Focus: getting traction on the results that matter most

This entails:
- Defining results that matter
- Specifying Ministers to lead results and chief executives to deliver on results
- Funding departments for results
- Reporting on results
- Consolidating/organising agencies and resources to deliver on results

Performance focus: Strengthening leadership, culture & capability

This entails:
- Tasking State Services Commissioner with overall responsibility for state sector performance and reform
- Refocusing accountabilities (e.g., functional leadership)
- Improving leadership development
- Having a culture build process across the State services

Citizen focus: Better services and value for money

This entails:
- Engaging with citizens and business
- Focused reporting
- Leveraging expertise and scale
- Best-sourcing
- Continuous improvement and innovation

Many of these can, and are, being progressed now...

but legislative change and stronger leadership mandates are needed to fully support the programme.

Legislative and related policy challenges

- Responsibility for developing future Public Service leaders is ambiguous, few levers to encourage cross-agency support for developing public sector leadership talent, and chief executives' responsibilities narrowly focused on leadership needs of individual departments

- No formal ability to move leadership talent to where it is needed most across the State services

- Responsibilities and performance are based on individual departments and Crown entities; not on working across agencies. Individual responsibility trumps any collective responsibility.

- Arrangements for agencies to work together are often informal and non-binding

- Moving funding between appropriations within a year requires joint ministerial or Cabinet approval, sometimes without commensurate control and transparency benefits

- Difficult to secure benefits from economies of scale and expertise across the state sector

- Branded business units and semi-autonomous bodies sometimes do not provide the desired level of independence from host department and clear accountability for performance, while creating a separate department or Crown entity risks further fragmentation.

- Reporting requirements are 'one-size fits all', with detailed requirements sometimes encouraging a focus on compliance rather than meeting the information needs of Parliament or Ministers

Main Proposals

Strengthen role of State Services Commissioner in order to effectively lead the reform programme
- Clarify the Commissioner's leadership role in developing a Public Service senior leadership group ('talent pool')
- Commissioner can nominate positions within Public Service departments, that require his/her agreement to new appointments, to support flexible deployment of leaders to areas of need and for their development
- Commissioner is responsible for functional leadership and is able to delegate responsibility for a function to a functional leader (Cabinet agreement needed where agencies required to comply with standards or processes set by a functional leader)
- Commissioner appoints new leadership roles: result leaders, functional leaders, members of Specific Purpose Boards, and chief executives of Departmental Agencies (in conjunction with host department chief executive)

Additional tools to support results and working across agency boundaries
- Amend chief executive and Crown entity Board responsibilities to include working across agencies, where practicable, to achieve collective interests
- Departmental Agencies and Specific Purpose Boards as new organisational options to support results and provide better services and value for money
- Enable whole-of-government directions to apply to sub-categories of Crown entities (currently must be applied to whole categories) and to be used to extend functional leadership to Crown entities where appropriate
- New appropriation type to enable grouping of appropriations by purpose (or result) and remove administrative restrictions

Better quality/less volume reporting to Parliament
- Lift the focus of strategic reporting (e.g., Statements of Intent) of departments and Crown Entities. Require strategic reporting to Parliament only every 3 years (can be more frequently based on circumstances)
- Remove one-size fits all approach to reporting departmental activities and performance against appropriations e.g., greater flexibility in how to measure and where to report performance
- Chief executive responsibilities, such as financial sustainability, to be specified directly in legislation, rather than implicitly through legislative reporting requirements
- Remove low value compliance information and focus on what has been achieved and at what cost

Other changes
- Amend process for appointing core staff in ministerial offices to reflect their different relationship to Ministers compared with other public servants

Better Public Services: Key proposals for consideration

	Proposal	Comparison with existing tools?	Trade-off/Key Decision
Functional Leadership	**Functional leadership** Functional leadership is leadership on particular aspects of a business activity on a sector or system-wide basis. It is aimed at: • securing economies or efficiencies across agencies • improving services, developing expertise & capability across agencies • ensuring business continuity.	**Strengthening Functional Leadership** • To date functional leadership has operated on the basis of relatively 'soft' mandates which do not change the existing allocation of decision rights. e.g. Government Chief Information Officer for ICT; Ministry of Economic Development for procurement. Functional leadership proposals include: • State Services Commissioner appointing and mandating functional leaders • Ministers using whole-of-government directions, where appropriate, to extend functional leadership to groups of Crown entities • Stronger functional leadership roles, which may include requiring departments to comply with standards or processes set by the functional lead • Cabinet agreement required for any proposal requiring departments to comply with standards or other functional lead requirements.	**Trade-off** • Requiring agencies to operate within the standards or processes established by a functional leader offers potential to deliver major gains in certain activities. *However,* • For most issues, agency chief executives, and their Ministers, have the best information and incentives for decision making. Removal of decision rights from the agency level may put this at risk.
Departmental Agencies	**Departmental Agency** An organisational form that: • operates within a "host" department and within the host department's policy and funding settings as agreed by Ministers • has autonomy from the host department on its operational functions, reporting directly to a Minister on operational performance. Is most suited to functions or services that: • have relatively stable policy settings and • are cohesive, easy to define and easy to measure (e.g. administrative/regulatory functions)	**Departmental Agencies are an additional option** Existing options within departments include: • A *standard business unit* (eg Courts in Justice; Companies Office in MED) • A *"branded business" unit* (eg CYF in the Ministry of Social Development; Companies Office in MED) • A *semi-autonomous body (SAB)* (eg Ministry of Civil Defence and Emergency Management). Heads of units/bodies are employed by a department chief executive and are not directly accountable to Ministers (eg the Director of the Social Housing Unit, an SAB within Department of Building and Housing). A Departmental Agency is different in that: • The chief executive of a Departmental Agency would be directly accountable to a Minister for its operational performance (currently, departmental chief executives retain formal accountability for performance of business units) • Departmental Agencies would have operational autonomy from host department.	**Trade-off** • Departmental Agencies provide greater operational autonomy from host department, while having closer policy and resource coordination than would be possible if functions were in stand-alone agencies *However,* • They have more complex accountability arrangements due to their operational autonomy from the host department and direct accountability to a Minister. **Key decision** • Whether Departmental Agencies should be an available organisational option.
Specific Purpose Boards	**Specific Purpose Boards** An option for strengthening collaboration across agencies through: • Clearly defined duties and functions • Collective responsibility of board members for addressing cross-cutting issues • Decisions by majority vote, with the chair having a casting vote. Two mechanisms are proposed: • A "mandated board" established by Cabinet under an agreed terms of reference • A "legislative board" established under the State Sector Act (can have independent members with decision rights).	**Need for Specific Purpose Boards** • A range of joint-working approaches are currently used (e.g., taskforces, inter-departmental committees) but the functions and collective responsibility of these groups are more limited than Specific Purpose Boards. *Functions of Specific Purpose Boards* • Broader scope for Board – collectively responsible for advice on policy, strategy, resource and budget allocation and reprioritisation across departments • Chief executives continue to be *individually* responsible for implementation through departments. *Cabinet mandated Board* • Non-binding - collective responsibility of board members overridden by individual chief executives' responsibilities to their Minister(s). *Legislative Board* • Binding – collective responsibility of board members is legally binding and takes precedence where there is a conflict with their individual responsibilities to Minister(s).	**Trade-off** • Legislative boards legally strengthen collaboration across agencies and more strongly signal expectations for a joint approach *However,* • The stronger the mechanism for supporting collaboration, the greater the complexity in responsibilities and accountabilities • Critical to success are Ministerial and chief executive leadership and behaviours to support a collaborative approach. Where these exist, a Cabinet-mandated approach can succeed. **Key decision** • Whether a legislative board should be available as an option for strengthening collaboration across departments.