

BETTER PUBLIC SERVICES: Where to next?



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In 2012, the New Zealand Government made the bold decision of setting 10 challenging targets for the public sector and holding itself publicly accountable for achieving these over the next three to five years.

What did the Better Public Services initiative set out to achieve? Five years on, has it succeeded? And what's next? CARL BILLINGTON found out.



SETTING THE SCENE

The Better Public Services 10 results targets sit across five key themes:

- Reducing long-term welfare dependency
- Supporting vulnerable children
- Boosting skills and employment
- Reducing crime
- Improving interaction with government.

Ross Tanner, a previous Deputy State Services Commissioner (1993-2001) and now a consultant who specialises in public sector governance and management, outlines the context in which the Better Public Services initiative was introduced.

"I'm a fan of the BPS. It's simple. Ten results. That's easily understandable for both the public service and the public as well," Tanner comments.

"I think it was a very brave statement of government to set 10 stretch targets and make themselves publicly accountable for them."

Tanner sees the BPS as the latest in a series of endeavours of fine-tuning how we assess the public sector's performance.

"Over time the pendulum has swung from light-handed to heavy-handed approaches, and back again. The Performance Improvement Framework

REDUCING WELFARE DEPENDENCE

1 REDUCING LONG-TERM WELFARE DEPENDENCE

ESTIMATED FUTURE LIABILITY RELEASE*

*A release in the liability means a reduction in the amount of time beneficiaries will spend receiving a benefit



was the most recent response to this challenge. The BPS builds on that," he suggests.

"With the government's 'Towards 2010' vision statement in the 90s and the subsequent Strategic Result Areas for each public service sector, endeavouring to drive better performance across the sector isn't new," Tanner adds.

Tanner sees BPS as "one of the more challenging, but sensible, things any government's done in recent years - but the difficult part is getting government departments and agencies to work effectively together to make things happen on the ground and to solve the "hard stuff".

SO WHAT'S BEEN ACHIEVED?

Peter Hughes, State Services Commissioner, comments on what he sees as the core achievements of the Better Public Services initiative since its introduction five years ago.

"Most people focus on the 10 targets because their impact's the most visible. But the really big result we've had from the targets is pulling agencies together behind a common focus. It was a very bold thing to do – and it's helping move us into much more of a system focus.

"The reforms of the 90s achieved a lot by focusing on each individual

agency and ensuring they were organised to deliver high-quality products and services to the public. The challenge going forward is that citizens are looking to the government for better outcomes and results for society as a whole – not just improved services from individual agencies.”

Hughes highlights the distinction between these perspectives further. “Unlike customer service, where you’ve got pretty much everything you need to deliver excellent customer services in your own agency, when you start to focus on results across a system, you haven’t. The challenge at this level now becomes working across the system in large-scale collaboration.

“Most people focus on the 10 targets because their impact’s the most visible. But the really big result we’ve had from the targets is pulling agencies together behind a common focus. It was a very bold thing to do – and it’s helping move us into much more of a system focus.”

“All of that brings us to the next stage of the reform. We will see some new targets going forward, but with a new focus on achieving those outcomes by understanding and working across the system as a whole.”

Hughes adds that when you start to think from a system perspective, you ask a different set of questions, such as:

- How is the system designed, how is it structured, and how well is that working?
- Who holds decision rights, how are decisions made – and how well is that working?
- How do resources flow through the system?
- How well is the system aligned and whose voices are around the table?

“We need to see ourselves as part of a whole system; there’s something we need to recapture there in the notion of a single public service and the idea of working for citizens in a way that is ‘imbued with the spirit of service,’ as the State Sector Act puts it.

“Alongside the updated targets, BPS 2.0 will reset our focus on the system as a whole and why that system exists in the first place.”

FROM SILO TO SECTOR TO SYSTEM

In describing the shift towards a system-oriented view of the world, Hughes describes his initial experiences coming into his previous role of Secretary for Education:

“When I began at education, the job description

positioned my role as the ‘leader of the education sector.’ While I was wrestling with what that meant, it occurred to me that education is not a sector, it’s a system.

“We need to approach our roles across the public service in terms of system stewardship, not sector or individual agency leadership.

“The education sector, and every other sector, is already full of people who are leading – and leading extremely well. That’s what a school principal does. What they need are people who have an eye across the system as a whole – that’s why we’re here.”

As we shift towards a system approach, Hughes is also clear that we can’t neglect the effective management and operation of each individual agency but he says that this is the entry level starting point, not the end goal.

“In the past there’s been a strong focus on the individual performance contracts for each Chief Executive. It sets the floor below which we can’t drop, but it’s not where our focus is. We have a more sophisticated outlook on all of this today. None of us go to bed at night with our performance contract on the bedside table.

“Yet, I don’t think there would be a Chief Executive in the public service that is not extremely focused on the BPS targets. These are things we’re all discussing with Ministers on a weekly basis,” Hughes adds.

“What’s driving our effort today is the shared ambition for better services, and better outcomes for New Zealand as a whole – tackling the large issues that are represented in things like the BPS targets.

“Those issues are what New Zealanders talk about and this is what Ministers are hearing all the time. It’s not enough just to focus on how well an individual agency is run, what matters is how well we’re meeting our citizens’ needs, and what we’re doing about the big issues such as welfare and employment, health, education, crime, and the safety and well-being of our young people.

“Our challenge is to adapt the system to support that and support the focus on better results and better outcomes. And that means every Chief Executive has to have two focuses: the effective leadership and management of their own agency; and providing leadership and management at the system level,” Hughes explains.

“Those working in Corrections will not be able to address reoffending rates without input from Work & Income or the various drug and alcohol services provided through the health system - or community providers that help reintegration into the community. Nothing exists in isolation.”

SUPPORTING VULNERABLE CHILDREN

2 INCREASE PARTICIPATION IN ECE

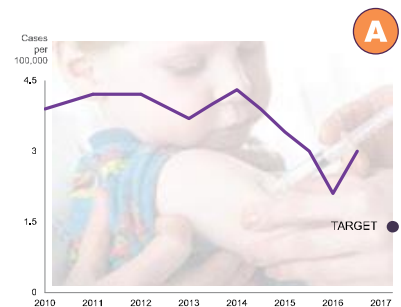
EARLY CHILDHOOD EDUCATION PARTICIPATION



SUPPORTING VULNERABLE CHILDREN

3 REDUCE RHEUMATIC FEVER

RHEUMATIC FEVER



BOOSTING SKILLS AND EMPLOYMENT

5 INCREASE PROPORTION OF 18-YEAR-OLDS WITH NCEA L2

18-YEAR-OLDS ACHIEVEMENT OF NCEA L2



REDUCING CRIME

7 REDUCE THE RATES OF TOTAL CRIME, VIOLENT CRIME AND YOUTH CRIME

CRIME RATE



SUPPORTING VULNERABLE CHILDREN

3 INCREASE INFANT IMMUNISATION

INFANT IMMUNISATION

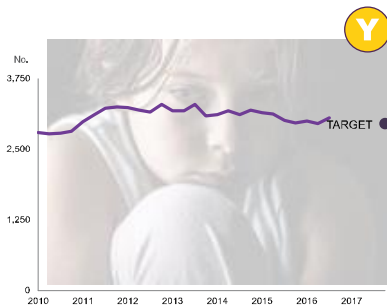


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SUPPORTING VULNERABLE CHILDREN

4 REDUCE ASSAULTS ON CHILDREN

CHILDREN EXPERIENCING PHYSICAL ABUSE



Y

BOOSTING SKILLS AND EMPLOYMENT

6 INCREASE PROPORTION OF 25- TO 34-YEAR-OLDS WITH NZQF L4 OR ABOVE

25- TO 34-YEAR-OLDS WITH NZQF L4 QUALIFICATIONS

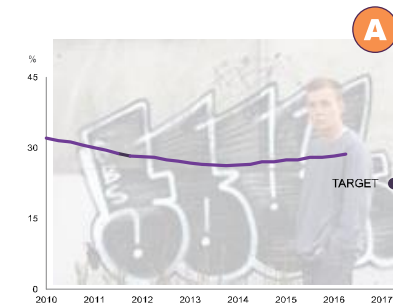


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REDUCING CRIME

8 REDUCE RE-OFFENDING

RE-OFFENDING RATE



A

Hughes explains that, since coming into his current role, he's been working with the Chief Executives as a team to take that 'system' focus further. Together they have begun formulating a plan that focuses on trying to bring the system of the public service back together around four key areas:

1. Data and analytics – which they see as the core engine for driving better results and measuring progress.
2. Information Communications and Technology (ICT) – which they see as the core enabling engine of service delivery (enabling people to access all the services they need, from one spot, on any device, at any time).
3. Leadership across the system – it was agreed they need to think of public sector leaders as system assets first with their departmental ties second.
4. Taking the system focus further – evolving from the current sectoral groupings (justice sector, social sector, natural resources sector and others). The public service needs now to make the transition from a sector focus to a system focus.

"If you ask a New Zealand public servant what they do, they'll tell you which individual agency they work for and what their role title is. If you ask the same question of an equivalent person in the United Kingdom, they'll tell you that they're a civil servant in the UK civil service. We've lost something there that we need to capture if we are to tackle these system level challenges together," adds Hughes.

IS IT ALL ROSES?

Graham Scott, Commissioner at the Productivity Commission, shares his thoughts on some of the gaps that remain, despite the success of the BPS. He also cautions the sector against the risk of initiatives such as this being seen simply as a war on silos, which he sees as a distraction.

"The government has inherently strong vertical lines of accountability – partly so it can accurately account for every cent of public money it receives, and partly because that is the structure of our democracy.

"Silos are not only everywhere but they actually perform a very useful service – it would be foolish to suggest the government can ever operate with no silos. An organisation with no silos is chaotic.

"Rather than trying to remove silos, we need to focus on how best to arrange the lines of authority in ways which enable blended services to be delivered from across the silos," Scott adds.

In its 2015 report *More Effective Social Services*¹,

the Productivity Commission judged that "the system is doing a good job for many people, most of the time. But there is plenty of room for improvement at the system level."

The report also found that, although a relatively small proportion of people fall into the category of having highly complex needs but a low personal capacity for navigating the system, these people "experience consistently poor results across health, education, welfare dependency and crime. This can create a cycle of disadvantage that persists across generations.

"Alongside the updated targets, BPS 2.0 will reset our focus on the system as a whole and why that system exists in the first place."

"For these people and their families, just making the current system work better is not enough. They need an adaptive, client-centred approach to service design."

Graham Scott relates these findings back to their implications for the future of Better Public Services:

"When you look at the BPS material that's on the SSC website you see two things: firstly there's the various case studies and illustrations that rightly celebrate some of the terrific work that is underway. However, when you look more closely through the Cabinet papers, you realise that behind the successes there are a lot of disappointments – especially in terms of our ability to provide blended services to those with more complex needs.

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"The government has become very good at delivering relatively homogenous services to the larger demographics. We do that very well," Scott explains.

"However, for the most disadvantaged families – those with complex, integrated needs and low capacity for dealing with them – we continue to struggle to achieve the desired outcomes. Statistically speaking, that's where the 'long tails' are.

"With all that's been invested in improving the current system, it might be said that we have achieved much greater success for those who would have succeeded to some degree in our system anyway. For those outside the system, those in the long tails who struggle to engage

¹ www.productivity.org.nz

successfully with the system, the same inequities remain,” Scott adds.

Like Hughes, Scott argues that we need to take a much more integrated approach to understanding and interacting with the system as a whole. Improvements that merely focus on the quality of individual agencies, or even sectors, have taken us as far as they can. Scott points to the BPS target for NCEA achievement as an example.

“The Cabinet paper is interesting reading here – we’re actually doing alright in terms of meeting the target overall. However, what we’re not achieving is a shift in the equities for Māori and Pacific learners, despite the average target going up.

“There is some risk that the way we frame the target itself perpetuates the problem if we’re not careful. If schools get the message they will be rewarded for achieving the 85% target, the easiest thing to do is to target all those students who were just short of the bar and focus your energy on getting them over the line – focus on shifting the middle,” Scott suggests.

“You don’t need to do anything for the ones who would have flown through anyway, and you’re not going to spend much time on those at the bottom who will struggle to get near it. So you lift the middle to reach the target but the equity gap remains untouched.

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TACKLING COMPLEX, ADAPTIVE SYSTEMS

“In what it initially set out to do, and in terms of stimulating more effective horizontal collaboration, BPS has been more successful than its predecessors. One area where I think it hasn’t yet gone far enough, though, is shifting the way in which the system thinks,” Scott adds.

“We’re dealing with an inter-related system, not just the health, educational, or economic challenges that sit on the surface. When you’re looking at complex, adaptive systems, nobody is in control of them. There is no such thing as best practice,” Scott suggests.

“Everything is contextual – when an action is taken by a player in a network, it triggers a range of reactions across the system, which alter the context in unpredictable ways. Even the State with all its power cannot drive these systems to a predetermined goal. There are too many interacting factors that are beyond anyone’s control.”

What Scott argues we need instead is an approach to achieving collective

IMPROVING INTERACTION WITH GOVERNMENT

9 NZ BUSINESSES HAVE A ONE-STOP ONLINE SHOP FOR ALL GOVERNMENT ADVICE AND SUPPORT

REDUCTION IN COST TO BUSINESS FROM DEALING WITH GOVERNMENT



IMPROVING INTERACTION WITH GOVERNMENT

10 NEW ZEALANDERS CAN COMPLETE THEIR TRANSACTIONS WITH GOVERNMENT EASILY IN A DIGITAL ENVIRONMENT

AVERAGE RATE OF TRANSACTIONS COMPLETED IN A DIGITAL ENVIRONMENT



impact: the real question now is what role the State can most usefully play that is most productive in terms of contributing to an outcome in a network that we can influence and contribute to, but not control.

Scott identifies this approach as the Collective Impact Model – a model in which the government participates in a network of players, with a well-defined goal and strategy, and sound governance, but the government is not dominating it. That network is heavily attentive to data and continually evaluates the approach, adapting the nature of the approach whenever it ceases to be effective. In this model the State is an important player around the table, but not necessarily the dominant or lead player.

“For example, we can’t just charge into a situation and do something about homelessness by building more houses, if it turns out the real issue is actually about drug and alcohol addiction or family violence. You’ve got to stay flexible and acknowledge that the best thing to do may only become apparent after entering the situation – and to gain access to that level of detailed knowledge we need to form partnerships with private, community, and non-government organisations which are much closer to the ground than we may be.

“That has significant implications for our contracting and commissioning models. It also challenges the default tendency we seem to have of assuming we’re the ones who run the country. The future is a world of networks and systems. Our thinking must adapt to that,” says Scott.

According to Scott, the future is going to demand a greater emphasis on robust analysis, experimentation, evaluation, community connections, and high-speed adaptation as we jettison approaches that prove not to be working and redistribute resources to those that are. We will also be working much more closely with a wider range of skillsets and collaborating well beyond the boundaries of the government sector.

“That’s not the traditional profile of a middle-level public servant. But make no mistake – this confluence of factors will see vast change to the nature of work in the public sector if it is to enable new approaches to tackling the complex problems and the long tails. And that must happen.

“If the existing model was going to solve the long tail problems, it would have done so by now. The gain from increasing collaboration across ministries is reaching its limits. We need to take a much wider, networked view of the whole system. I look at BPS as an element in a much wider set of changes that are happening,” Scott says.

WHERE TO NEXT?

Peter Hughes picks up some of the implications these sorts of shifts are likely to have on our leadership needs across the public service.

“No longer will it be enough to be an effective line manager, just leading where you have authority and delegation. You’re going to need to be able

to mobilise people that don't report to you, people from different agencies and organisations. That's a higher order of leadership, with a greater degree of sophistication. This is what we are preparing to develop across the service.

"If you're a manager who is only used to managing your bit in a hands-on way, relying on your authority, this is probably not the best context for you in the future.

"Equally, if you've been a coach or a captain of a sports team or social club, if you've helped lead a community group, and if you've brought up kids, you already know about this sort of relational, social leadership. It's just that we've tended to hang all that learning and experience at the door when we come in to work," Hughes says.

"The problems that remain are hard. They're complex and they're challenging. The progress that's been made on the current BPS targets tells us it's doable, but we have to be prepared to take risks, try new things, and wrestle with it - and I have yet to meet a public servant that's not up for that. No one joined the public service because it's a soft option. Challenges like this are why we're all here."

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In adopting more of a system view, the other key partners that need to be welcomed around the table are the citizens themselves. As Hughes explains:

"At the end of the day, most government departments are monopolies - people don't have a choice, they can't go somewhere else. That make it even more incumbent on us to ensure we're getting it right for citizens. The best way to achieve that is to design the approach with them. The future will be built on trust and you won't be trusted if you're remote - especially if you're government," suggests Hughes.

"The system has to enable this, rather than limit it. This is why we're taking the reform to the next stage."

DENMARK: FROM SOCIAL CONTRACT TO COHERENT PUBLIC SERVICE

New Zealand is by no means the only country that has adopted a Better Public Services-type programme. Denmark has been in the vanguard of what is termed the contract management approach, and striking similarities exist between what New Zealand has been doing for the past five years and the trajectory the Danish public service has followed over the past decade or more. Professor Emeritus Jørgen Christensen, of the University of Aarhus' Department of Political Science, explains.

"From the 1990s onwards, we had a strong focus on a contract management approach with our government organisations. Individual ministers were expected to negotiate contracts with each of their lead agencies. The contracts were expected to give attention to key priorities for the agency, but in all other operational aspects the agencies were free to organise their activities as appropriate from a managerial point of view.

"Rather than wander from one ambitious reform project to another, we need to focus our attention on the specific issues that need to be addressed together."

"This idea of a contract between the agency and political leadership spread through the whole public sector from the 90s into the early 2000s. The contracts were used to focus the efforts of the individual agencies but no incentives were attached.

"Around the turn of the millennium a bonus system was attached, with agency heads who performed well

receiving bonuses and those who didn't missing out. This system has since been abandoned though as we found it didn't work," adds Christensen.

"There was no statistical correlation between the size of bonuses and performance itself, or the size of the contract. The demands contained in some of the contracts were extremely numerous, with up to 40 or

when we entered a financial crisis.

"Suddenly a lot of criticism was directed against this idea of contract government as it was argued it made our government and our political programmes too inflexible and they were unable to adapt to the changing circumstances."



50 specific demands in a single contract. From there we began to discuss replacing contracts with strategic plans, focusing on few key responsibilities of individual agencies - not entirely unlike your BPS approach.

"In 2001 a new government came into power, with a new Prime Minister, who put forward the idea of a social contract between the government and citizens. The idea was that when a government enters office it has to stick to the programme on which it was elected and cannot make any significant changes without bringing this back to the voters," Christensen explains.

"We were quite successful with this for some years. However, perhaps unsurprisingly, it led to increasingly broad promises as those coming into power tried to leave some flexibility. The idea lasted until 2008-2009

In November 2016 another new government came into power. While the full details aren't available yet, the early indications appear to parallel the thinking that is beginning to emerge in New Zealand. As Christensen explains:

"It hasn't been released yet, but we have a new Minister of Public Sector Innovation who is preparing a new programme titled "A coherent public service." It aims to overcome the traditional focus on procedure and micro management that is now seen as distracting resources from the key priorities.

"Rather than wander from one ambitious reform project to another, we need to focus our attention on the specific issues that need to be addressed together. Whether this approach will achieve that, we will soon see."