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Changing the Culture to Build Better Public Services It's Not Only What We Do But How We Do It That Will Make Us Great

When I started at the State Services Commission in 2008 there were 37 chief executives. By the completion of the Ministry of Business, Innovation and Employment merger this year there will be 28. The reality of now working in a system of government services where there are fewer chief executives means a change in thinking and behaviour is required – not only to ‘make it work’, but to make it work really well, which is what New Zealanders are entitled to.

The State Services Commission leads a public service which helps the government work better for New Zealanders. It does this by working with the Treasury and the Department of the Prime Minister and Cabinet across the system to drive performance improvement and provide better public services. The role of the

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State Services Commission, and the state services commissioner, is to design and build the capability of the system, by including the appointment of agency and sector chief executives to deliver results. And this includes leading the implementation of a key government requirement for New Zealand to build a great public service by making sure public sector leadership engages in the Better Public Services programme: a move away

from working in silos to working in a more collaborative culture, one where agencies work far more closely together and in a fundamentally different way, by:

- organising themselves around results, and less as a collection of individual agencies with their own objectives;
- sharing corporate services (e.g. Central Agency Shared Services); and
- purchasing goods and services and developing systems together (e.g. joint procurement).

In addition, the government has signed up to changing the Crown Entities, the State Services and the Public Finance acts. This not only signals the most radical change to the state service in almost 20 years; the revisions to legislation will also remove some of the hardwired incentives that currently shape behaviours in the public service.

Better results through better public services

The Better Public Services (BPS) programme, announced by Prime

Minister John Key on 15 March 2012, is the next phase in the government's public sector reforms and is focused on the public service delivering better results and improved services for New Zealanders, while at the same time continuing the work of recent years to reduce costs and increase efficiency. The BPS programme supports the delivery of the government's priorities for this term, and specifically priority number three:

1. responsibly managing the government's finances;
2. building a more competitive and productive economy;
3. delivering better public services within tight financial constraints;
4. rebuilding Christchurch.

Delivering better public services within tight financial constraints involves a different way of thinking and behaving which embraces widespread culture change throughout the public sector. It means working in collaborative and innovative ways to ensure that we are providing value for money, and do the right things and do them as efficiently as possible (see Table 1). This includes strengthening our leadership and providing New Zealanders with results that matter most. These are the key priorities driving reform across the sector and affecting all system areas.

Defining a set of priority results (Table 2) to be achieved as a basis for accountability is a more sustainable solution than our current state of

operating. The reforms that are under way now through the BPS programme aim to create a public sector that can respond even more effectively to the needs and expectations of New Zealanders. Some of the ways the BPS programme will achieve this include:

- government agencies working more closely together: organising themselves to produce results that make a difference to New Zealand;
- sharing functions and services: purchasing goods and services and developing systems together;
- a greater use of technology: a shift to digital channels so that New Zealanders can more easily access government services;

Table 1: Delivering Better Public Services

The Better Public Services programme is creating a public sector that can respond even more effectively to the needs and expectations of New Zealanders. This is a reform agenda that will cross agencies and sectors, and become the environment in which public services are delivered. The programme's **key focus areas and priorities** connect to deliver a better public service:

State Services vision

For New Zealanders –
Easy to access and do business with: increased transparency; improvement in service delivery and responsiveness

For State sector employees –
A place that provides flexibility, encouragement and mandate to make real change; improvement in engagement

Governance

- Ministerial leadership
- Corporate Centre, including Head of State Services
- Functional leads (eg information and communication technology/ICT, procurement, property)
- Result leads

Structure

- System, sector (across agency) and agency
- Legislative enablers (State Sector Act; Public Finance Act; Crown Entities Act support flexibility and results)
- Public, private and not-for-profit providers

Infrastructure

- 3-5 year results and Result Action Plans
- Support Performance Improvement Framework (PIF), four year business plans, etc
- Smart use of technology
- Information sharing/openness
- Reporting supports decisions

Better Public Services strategic priorities

Results that matter most
Strengthening leadership
Better services and value for money

Capability

- New Zealanders and business focused
- Economies of scale
- Functional expertise
- Feedback and learning systems

Budget

- Four year budget plans
- Ability to withstand shocks
- Fiscal responsibility

Location

- Multichannel
- Across country
- Regional offices and head office

Culture

- Continuous improvement
- Employee engagement and development
- System-wide approach and understanding
- Ambitious and innovative in nature

- agencies improving how they measure and report on performance;
- a greater responsiveness within the public sector to the needs and expectations of New Zealanders: a commitment to continuous improvement.

Report points out, these changes can only be achieved through good leadership. The type of leadership required now is one that is 'group'-based, where people are enabled to think beyond themselves. The type of leaders required will be able to pull together resources, to take otherwise 'disparate points of view and mould them together into

It won't be easy

Achieving the results will be 'difficult and demanding' (Key, 2012). It requires a significant change in the way we think and act – what we do and how we do it – and a stretch beyond the current approach to service delivery. Working smarter and faster is the challenge. It requires true innovation to provide the sort of improvements that will deliver a joined-up public sector for the benefit of all New Zealanders. We will achieve this by:

- focusing on collaboration;
- drawing from lessons on fostering transformation;
- having a customer focus on New Zealanders;
- setting clear goals;
- having a flexible process; and
- encouraging front-line engagement.

The public sector does a number of things very well. It is responsive to ministers. It delivers well on the five priorities of the government of the day, works well with a number of external stakeholders, and has good probity of financial management.

Why Better Public Services is important to New Zealand

Our public sector represents a quarter of the economy. So making sure it delivers the best possible joined-up support and outcomes for New Zealanders is essential to achieving a better future for our country. That includes taking a more joined-up, customer-centric approach to the way people work. This is being demanded not just of front-line public servants (who already accept this way of thinking), but also of the so-called 'back-room' staff (generally people who set mandates from the centre in Wellington and who work in agency silos). As Peter Hughes and James Smart (2012, p.3) have observed, achieving the culture change required to make this change is 'possibly the toughest obstacle to overcome'.

A change in practice and culture – an important and profound shift

The Better Public Services programme is driving an 'important and profound shift' (Ryan, 2012) in the thinking that is required to make sure the services we've been tasked with delivering really do matter and will make a difference. Achieving this requires a change in practice and culture: a change to what people do, what they think and believe, and what their values are, the sort of changes that are harder to achieve than simply rearranging the way we do things. And, as the *Better Public Services Advisory Group*

common groups' (ibid.). While it's a very different style of leadership, we certainly have the sort of people required to support and drive this new way of doing things.

Our public sector system of the 1980s and 90s was about 'doing things' to deliver services; one which followed an efficiency-based approach. This next step now is about focusing on effectiveness, 'how' we do things to get results: what we can, should and must do to make a positive difference in people's lives while building a strong economy.

Ten challenging results areas

As part of that next step in the government's public sector reforms, ten challenging results (listed under five key themes) have been set for us to focus on over the next three–five years. The result areas are:

- reducing long-term welfare dependence;
- supporting vulnerable children;
- boosting skills and employment;
- reducing crime;
- improving interaction with government.

Table 2 shows the ten results that ministers and public sector chief executives have been appointed to lead, and are accountable for demonstrating real progress against. (More detail on these result areas can be found on the Better Public Services website.)¹

Innovation

The Canterbury earthquakes tested New Zealand's crisis response and all public services. These tragic events provided a microclimate for introducing innovative change. Many people found they no longer had safe offices to work from, much less access to usual services. Public officials trying to assist them had to come up with alternatives and different ways of getting things done. They found that this involved working collaboratively with other sectors, both public and private, to find innovative solutions. Examples included using alternative premises and facilities, such as courts temporarily operating from marae, and the co-location of emergency services such as ambulance, police and the fire service. Some of these practices hold potential to be used in other parts of the state services. And some are great examples of demonstrating new ways of working.

The rebuilding of Christchurch provides an opportunity for harnessing alternative thinking, for using innovation to create more efficient and effective ways of working together to test ideas and to create collaborative ways of getting things done. There has been licence given to public servants in that region to do things differently and, generally, great results are emerging.

We will take these lessons and adapt them for other locations and other

Table 2: Better Public Services Results

<p>Reducing long-term welfare dependence*</p>	<p>Result 1 Reduce the number of people who have been on a working age benefit for more than 12 months</p>		
<p>Lead Minister: Hon Paula Bennett Lead Public Service Chief Executive: Brendan Boyle, Ministry of Social Development</p>			
<p>Supporting vulnerable children*</p>	<p>Result 2 Increase participation in early childhood education</p>	<p>Result 3 Increase infant immunisation rates and reduce the incidence of rheumatic fever</p>	<p>Result 4 Reduce the number of assaults on children</p>
<p>Lead Minister: Hon Tony Ryall, Hon Hekia Parata and Hon Paula Bennett Result 2 – Lead Public Service Chief Executive: Brendan Boyle, Ministry of Social Development supported by Lesley Longstone, Ministry of Education Result 3 – Lead Public Service Chief Executive: Brendan Boyle supported by Kevin Woods, Director-General of Health and Chief Executive Result 4 – Brendan Boyle</p>			
<p>Boosting skills and employment*</p>	<p>Result 5 Increase the proportion of 18-year-olds with NCEA level 2 or equivalent qualification</p>	<p>Result 6 Increase the proportion of 25 to 34-year-olds with advanced trade qualifications, diplomas and degrees (at level 4 or above)</p>	
<p>Lead Minister: Hon Hekia Parata and Hon Steven Joyce Lead Public Service Chief Executive: Lesley Longstone, Ministry of Education</p>			
<p>Reducing crime*</p>	<p>Result 7 Reduce the rates of total crime, violent crime and youth crime</p>	<p>Result 8 Reduce reoffending</p>	
<p>Lead Minister: Hon Judith Collins Lead Public Service Chief Executive: Andrew Bridgman, Ministry of Justice</p>			
<p>Improving interaction with government*</p>	<p>Result 9 New Zealand businesses have a one stop online shop for all government advice and support they need to run and grow their business</p>	<p>Result 10 New Zealanders can complete their transactions with government easily in a digital environment</p>	
<p>Lead Minister: Hon Steven Joyce Lead Public Service Chief Executive: David Smol, Ministry of Business, Innovation and Employment</p>		<p>Lead Minister: Hon Chris Tremain Lead Public Service Chief Executive: Colin MacDonald, Department of Internal Affairs</p>	

* Targets: read more about results and targets at <http://www.ssc.govt.nz/better-public-services>

situations in our work to enhance and improve public services.

An environment of continuous improvement

The public sector does a number of things very well. It is responsive to ministers. It delivers well on the priorities of the government of the day, works well with a number of external stakeholders, and has good probity of financial management.

What needs to be done better is working more collaboratively across agencies, by drawing on the strengths of others while showing consistency and being smarter at taking the long view. This will involve focusing on issues the public service needs to deliver on for New Zealanders in the future. It will achieve this by empowering leadership, and staff, to be innovative and more efficient in order to be more effective.

- June 2012: results targets announced (listed against lead ministers and lead public service chief executives).
- July 2012: results areas reported on.
- July 2012: four existing agencies (Ministry of Economic Development, Department of Labour, Ministry of Science and Innovation, Department of Building and Housing) form one new agency – the Ministry of Business, Innovation and Employment (MBIE) (worth noting is that this initiative supports the government's economic agenda and is leading result 9 of the ten key priorities: a one-stop online shop for all government advice and support).
- September 2012: MBIE structure is due to be finalised.

with a world-best way of assessing public service performance and capability.

Fit for purpose and fit for the future

The PIF is an instrument for change which tells the agency and the public what an agency does well, and what it needs to do better in order to be fit for purpose and fit for the future. A focus on improvement is already part of the PIF reviews – assisting chief executives to improve the performance of their agencies while at the same time reviewing their delivery of both government priorities and core business. Carrying out a PIF review provides individual agencies and the government with a really good view of what is working well, and what can be improved. While continual improvement within an organisation is something each agency considers, it makes sense to also look at how we can improve at a system level. At a central agency level we consider the strengths and gaps at a system and sector level and respond to these with a cross-agency perspective.

If we think of the BPS programme as having a 'hardware' and a 'software' component within performance improvement, then changing the hardware involves future expectations around staffing, measurement and accountability (e.g. formal systems, results and targets), proposed changes to functional leadership and proposed changes to legislation. Software changes include further work on leadership development for leading culture change and improvements within the public sector.

Redefining senior leadership

Leaders and leadership behaviour do not exist in a vacuum but are shaped by the culture and features of the overall system in which they work. It therefore follows that making a step change (taking things to the next level) in public sector leadership requires a systematic and consistent set of mutually-reinforcing changes, with many components aligned, including leadership styles, behaviours and expectations (Hughes and Stuart, 2012). All of these require leaders to make continuous improvement while empowering staff to be innovative. But it is a hard and challenging area of change

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The environment we are working in is one of continuous improvement. It is a journey that I have been privileged to be part of since 2008 when I first started my role with the State Services Commission. The timeline below provides some context for how this shift in thinking and behaviour has come about.

The journey so far:

- 2008: Performance Improvement Framework (PIF) introduced.
- May 2011: the government set up an advisory group on how the public service could work smarter.
- Dec 2011: Better Public Services Advisory Group Report presented: catalyst for and informs the Better Public Services programme.
- March 2012: Better Public Services programme – one of four government priorities (ten key priority results) for the next three–five years.

Stronger leadership, the right culture and capability

There was concern that the public service was not taking ownership of its own performance improvement. There were plenty of reports from external agencies and from lobby groups which were often critical of the public service. And many of them did not recognise the real strength of the public service or reflect its culture.

The origins of the Performance Improvement Framework (PIF) lie in the United Kingdom's capability review programme. To create the PIF, New Zealand has taken the best of that work, combined it with the best of the organisational improvement models from the New Zealand private sector as well as methodologies from other jurisdictions, and adapted all of that to the New Zealand public management system. As a result we may have come up

to bring about because it involves hearts and minds.

Part of the change needed in the public service is rewarding a different set of leadership behaviours. We need leaders who can:

- articulate a vision and drive it through an organisation;
- lead people within and across agencies and sectors;
- drive business transformation and continuing improvement of process and services.

This change in style is based on a robust set of data we have collected as part of the PIF process. It provides a compelling picture about the strengths and weaknesses of each agency, and what we need to get better at; namely:

- long-term and strategic focus;
- building sustainable organisations;
- delivering in a more efficient and effective way; and
- developing leaders who are good people-leaders – good at inspiring and taking people with them.

Other reforms

Measuring improvement

Amendments to the State Sector Act 1988 and the Public Finance Act 1989 support the public sector reforms to achieve the results now set in place (see details below). But it is a change in thinking, culture and the way we perform that will require the biggest shift. As a nation we have some great historical examples of taking on challenges and coming up with new or different ways of getting things done. A critical method for making sure the public sector is accountable – getting things right and continuing to raise our game – is having good evaluation and performance measurement practices and measuring what really matters. This is essential in making sure we drive performance to deliver better services, achieve results and meet targets. Two objectives for improving the accountability system are:

- using the results focus and information on results to more effectively manage the performance of leaders;
- ensuring that each agency reports in a way that makes sense to the

organisation and to Parliament, given their role.

Another key part of this change behaviour is being transparent in our dealings so that New Zealanders get a better understanding of what is being done on their behalf, while making sure services are easy to access.

- ensuring the State Sector Act is modern, flexible and generally fit for purpose.

Public Finance Act 1989

- clarifying chief executives' responsibilities for strategic financial management and financial stewardship;

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Legislative change

The government has announced proposed legislative changes as part of its Better Public Services reforms. New Zealand's state sector has many strengths, but key aspects of the governing legislation need to be modified to make it more responsive to change (English and Coleman, 2012). As well as enhancing collaboration, these amendments will strengthen leadership and ensure departments can leverage economies of scale. Changes include:

State Sector Act 1988

- strengthening the State Services Commissioner's role in leading the state services;
- extending chief executives' responsibilities to considering the collective interests of government and longer-term sustainability, rather than focusing on single departments or agencies;
- adding a new organisational arrangement – departmental agencies – to the options available for delivering public services (operational agencies will be set up within a department to carry out a specific function and their chief executive will report directly to a minister);
- improving governance across the system;

- improving financial flexibility to support innovation and different ways of working within government;
- providing more meaningful information to Parliament about what the government is spending and achieving;
- encouraging more strategic reporting on future intentions, and reducing related compliance costs;
- specifying the governance regime for Public Finance Act schedule four companies.

Crown Entities Act 2004

- supporting sector-wide leadership by strengthening the alignment of Crown entities;
- supporting leadership of particular functions across entities by expanding the scope for the use of whole-of-government directions;
- simplifying, streamlining and improving planning and reporting provisions;
- formalising the role of the monitoring department and the Minister of State Services' ability to request information;
- improving the operation of the legislation.

International interest

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reforms of the 1980s attracted wide interest and have made an impact on government systems in other countries. The United Kingdom, according to information published in its Civil Service Reform Plan (HM Government, 2012), is following an existing model of civil service accountability: that is, civil servants are accountable to ministers who are in turn accountable to Parliament – a 'well established system' that 'underpins the effective working of government'. Currently they are having a wider debate on accountability, and the House of Lords' constitutional committee has launched an inquiry into which the government will give evidence. As part of this, their government is looking at other models that exist and evaluating the potential application of our New Zealand model of commissioning (a contractual relationship between ministers, who set clear outcomes, and heads of departments who are accountable for delivering them) (HM Government, 2012, p.20). While this model is one that we are in the process of enhancing through the Better Public Services programme, it has served us well leading up to this point. Perhaps they will soon be mirroring our Better Public Services programme too.

Looking at ways to improve the public service is not only happening here and

in the United Kingdom. On 16 March 2012 the Victorian state government in Australia established the Better Services Implementation Taskforce² to oversee a range of improvements to its public services. It is my privilege to join many experienced executives on that taskforce, providing expert advice and guidance to departments as they work towards developing and implementing reforms to drive more efficient and effective services through improved operations. This taskforce is a great example of collaboration across not only public services, but cultures and countries.

Our public management system

New Zealand's public management system is generally well regarded internationally, and individual agencies tend to perform well within their responsibilities. However, the current lack of collaboration around, or ownership of, the bigger issues that cross agency boundaries is an ongoing source of challenge.

One reason for this state of affairs is that the strongest incentives in the system are for vertical (top-down) funding to individual agencies who focus only on their particular objectives. This often occurs at the expense of working horizontally across several agencies: for example, when there are opportunities

for making joint policy decisions (why reinvent the wheel when it would be more cost-effective and easier for agencies, and ultimately customers, to adopt the same principles). By changing or removing incentives through lines of accountability and reporting requirements, for instance, removing barriers to collaborative behaviour within the system could free people to be more innovative.

The Better Public Services programme provides an environment to take opportunities and introduce long-lasting and effective enhancements across all agencies.

Coming up

This is a busy programme in its early stages and one that has already seen some big changes. There is a lot to achieve within the two–five-year-plan, with a big focus on engagement and collaboration throughout. We not only want, but need, the public sector and New Zealanders to join us on this journey to building a better public service, and we will be providing updates and opportunities for engagement along the way. The Better Public Services webpage (www.ssc.govt.nz/better-public-services) is a good source of information.

¹ <http://www.ssc.govt.nz/bps-results-for-nzers>.

² <http://www.dpc.vic.gov.au/index.php/featured/better-services-implementation-taskforce>.

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