

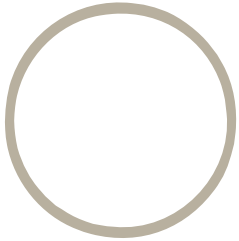


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Strategic service planning for the ACT Government

Components, principles and processes



Prepared for

ACT Chief Minister and Cabinet



*Centre for International Economics
Canberra & Sydney*

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Canberra

Centre for International Economics
Ground Floor, 11 Lancaster Place
Majura Park
Canberra ACT 2609

GPO Box 2203
Canberra ACT Australia 2601

Telephone +61 2 6245 7800
Facsimile +61 2 6245 7888
Email cie@TheCIE.com.au
Website www.TheCIE.com.au

Sydney

Centre for International Economics
Suite 1, Level 16, 1 York Street
Sydney NSW 2000

GPO Box 397
Sydney NSW Australia 2001

Telephone +61 2 9250 0800
Facsimile +61 2 9250 0888
Email ciesyd@TheCIE.com.au
Website www.TheCIE.com.au

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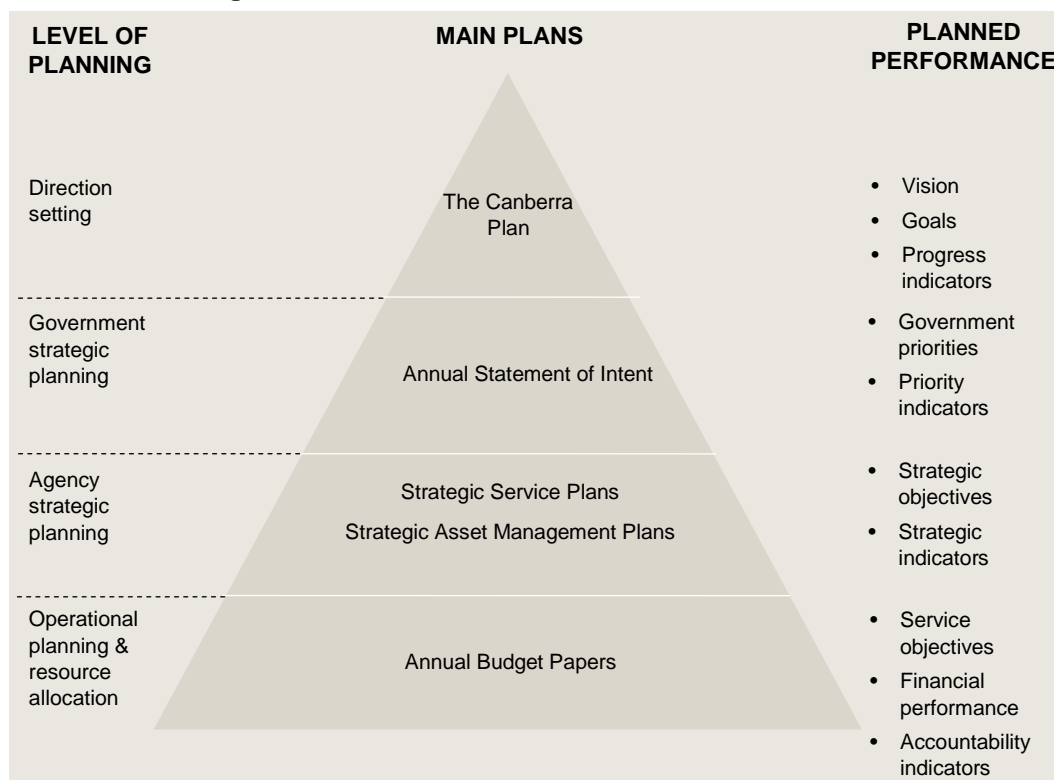
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1 Introduction

This document is intended to assist ACT Government Directorates to develop their strategic service plans which have been identified as a key reform under the updated ACT Government Performance and Accountability Framework. Chart 1 provides an illustration of the planning hierarchy and where these strategic plans link in with the other planning documents that are currently in place. The strategic service plans (SSPs) sit 'above' the Strategic Asset Management Plans (SAMPs) – that is, the SAMPs are guided by the SSPs.

1.1 ACT Planning Framework



Data source: ACT Government Chief Minister's Department (August 2010).

It is important to recognise that while the individual Directorates have the primary role in the preparation of their SSPs, they are reliant on central government Directorates (and the Strategic Board) to provide input particularly in areas where goals and objectives are influenced by a range of Directorates' actions.

The nature and aims of service planning in the ACT

Services are the outputs of the ACT Government's various Directorates. Strategic service planning will improve organisational performance and accountability to deliver more appropriate, efficient and effective public services. The clients for these services can comprise:

- community members (individuals, households, businesses, non-government organisations, interstate and international visitors);
- other Directorates; or
- the Government itself.

These services can range from those delivered directly to individuals (health treatment, schooling, waste removal, disabilities assistance measures, transportation etc) through to interpretation and implementation of government regulation and laws (planning and development decisions, judicial rulings) to services delivered directly to the Government as client (policy advice and assistance in the formulation of policy).

In delivering these services, each Directorate must make annual operational plans that reflect immediate resource constraints and output prioritisation within the Directorate. However, there is an opportunity to strengthen medium to longer term strategic planning to account for both within and across-Directorate dimensions. This planning process needs to encompass both existing and new services.

The Government has endorsed a process that requires Directorates to prepare strategic multi-year SSPs along with supporting SAMPs which will be used to inform the annual priority setting process of government. These plans will fit into a wider planning hierarchy as illustrated in chart 1.1.

The rationale for a Strategic Service Planning Framework: capturing the 'consistency dividend'

Why strive for a common framework underpinning Directorate-level strategic service planning?

The adoption of *common* service planning principles and practices will provide community wide gains in the form of a 'consistency dividend'. Common planning principles and practices will:

- align the outcomes of programs of individual Directorates with government priorities (vertical consistency of plans); and
- reduce overlap, and possibly conflicting objectives across Directorates (horizontal consistency).

Adoption of a common framework enables a consistent approach to synchronising Government priorities and Directorate objectives, and to achieving cost effectiveness in service delivery and outcome progress.

Achieving a 'joined up' approach to service delivery requires *across-Directorate consistency* in planning and a community-wide perspective that places increased community net benefit at the core.

Adoption of a common Strategic Service Planning Framework in a whole of government context is a means to these ends.

Formulation of SSPs in a systematic way with elements common across government will, among other things:

- enable better informed, co-ordinated, and longer term Government decisions on service and infrastructure prioritisation and investment; and
- allow for the early identification of emerging service demand pressures.

What this Strategic Planning Framework Document does

This document sets out the components, principles and process to guide strategic service planning in the ACT.

- *Components* are the separate parts that make up service planning.
- *Principles* are a set of high-level rules or guidelines about how these components should be put together. These principles are broad enough to be applied to the full range of ACT Government activity.
- The *process* is a step-wise set of actions to be taken by Directorates and the Strategic Board to implement effective strategic service planning that incorporates the planning principles.

The focus of this document is *strategic* service planning. *Operational* service planning is Directorate-specific and not subject to the same need for consistency across Directorates or with higher level decision-making. Strategic planning, on the other hand, requires *across* Directorate planning to ensure an optimal mix of different programs to achieve specified higher level goals.

The role of the Strategic Board is central to the implementation of strategic service planning in the ACT. It is a key institution in delivering across-Directorate consistency.

2 *Components of service planning*

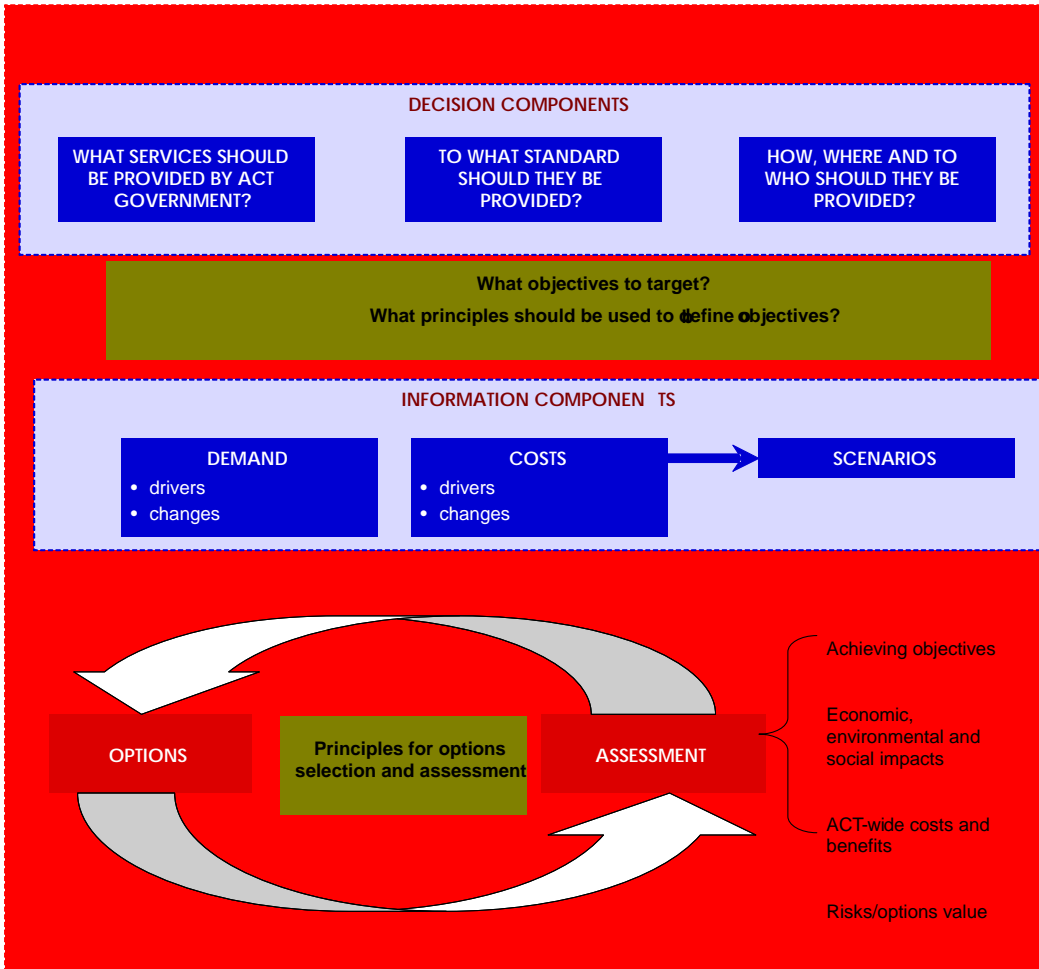
The components of service planning are set out in chart 2.1. They include the following.

- **Decision components** – these are areas that the ACT Government has as its ‘levers’ in service planning. They comprise the choice of:
 - what services to deliver;
 - at what standard; and
 - to what clientele.
- These decisions are (or can be) constrained by many factors, including budget, historical precedent and intergovernmental agreements. Good service planning requires clarity on what choices are available and what the limits to choice are.
- **Information components** – inform service planning and include: information on costs and demand and drivers of these (such as population and demographic change). Information components may also involve the development of scenarios related to cost and/or demand drivers to allow assessment of risk.
- **Options for services** – involve a specific set of decisions. These will include, the status quo, or ‘business as usual’ provision of existing services; but also doing more, doing less or doing things differently.
- **Assessment of options** – this involves assessing the options (as set out above) for possible strategic change to services against defined criteria - such as community-wide net benefit, using the best available information.

These components are essential to strategic service planning. They are typically combined in an iterative fashion, with the outcomes from status quo decisions being assessed (a situation analysis), further options being developed and so on.

Accompanying these components is a set of *principles* that govern *how* the ACT Government should undertake service planning. These principles are discussed in chapter 3. In chapter 4 the step-wise process of strategic service planning is set out for the ACT based on these principles.

2.1 Components of service planning



Source: The CIE.

3 *Principles for strategic service planning in the ACT*

Enabling principles

To achieve consistency and comparability across Directorates' planning, and the benefits this brings, a set of enabling principles should be adopted. In summary they are:

- **Principle 1** Demonstrate a 'line of sight' from top level goals/objectives of the Canberra Plan and supporting high-level plans through to Directorate objectives and to Directorate services and costs.
- **Principle 2** Define Directorate strategic objectives in terms of outcomes with clear links to measurable outputs and verifiable indicators of progress.
- **Principle 3** Adopt a 'top down' and 'bottom up' approach to formulating Directorate objectives and Government priorities
- **Principle 4** Consider community-wide costs and benefits in evaluating options.
- **Principle 5** Work together to identify and resolve potential conflict in Directorate objectives.
- **Principle 6** Clarify the limits to both Directorate responsibilities and Directorate scope for action imposed by mandated standards and COAG-type agreements.
- **Principle 7** Further enhance an evidence-based approach using common data sources.
- **Principle 8** Develop and expose options that remove barriers to innovation.

The rationale behind each principle

Principle 1

Demonstrate a 'line of sight' from top level goals/objectives of the Canberra Plan and supporting high level plans through to Directorate objectives and to Directorate services and costs (see chart 3.1).

- This is consistent with recommendation 34 of the Hawke review. Strategic service planning will support individual Directorates in aligning their own outcome-based, medium term objectives with explicit government priorities and goals.

Such a line of sight requires:

- focusing Directorate-level strategic planning on the individual and collective contribution of Directorates to the Government's priorities and long-term goals; and
- priorities and goals which take account of community views.

Rationale

- A clear line of sight from government goals through to individual Directorate services and costs is needed to:
 - determine effectiveness and efficiency of service delivery;
 - determine if modification of strategic Government goals and Directorate objectives is necessary;
 - enhance 'Horizontal consistency' (with the planning activities of other directorates) so that Directorates will look beyond internally generated objectives to reduce the likelihood of conflicting priorities or duplication;
 - clearly link Government priorities to the stated high level goals under each of the seven Strategic Themes of the 'Canberra Plan: Towards our Second Century' (described as 'objectives' in the Plan) and Future Focus areas (strategic directions); and
 - clarify the strategic relevance of Directorate service plans.

Principle 2

Define Directorate strategic objectives and Government priorities in terms of outcomes with clear links to measurable Directorate outputs and verifiable indicators of progress

Rationale

- An evidence based approach encompasses outcomes which are measurable, or at least verifiable.
 - *Outputs* are the individual services delivered, but both vertical consistency with higher order plans and across-Directorate planning consistency requires an *outcomes* focus.
 - Outputs of Directorates – the services they produce – are the subject of Operational Service Plans. Directorate-level *outcomes* (the changes produced for the client community) provide the link between operational and higher level strategic planning.
 - Meaningful results and assessment of progress can only be established through observation of verifiable outcomes.

- Performance *indicators* tracking output changes should be able to be aggregated or translated to Directorate-level outcomes indicators.
- Directorates *influence outcomes but control outputs*. Accordingly, it is necessary to pragmatically recognise the limits of influence of any one Directorate in assigning accountability for meeting outcomes-based objectives.
- For consistency the Strategic Board should help set, and be responsible for outcomes-based objectives in those cases where achievement will depend on implementation of multiple Directorate plans. Individual Directorates should set objectives in terms of 'lower level' Directorate- specific outcomes or impacts that reflect their degree of control.

Principle 3

Adopt a 'top down' and 'bottom up' approach to formulating Directorate objectives and Government priorities

Rationale

- An approach is needed that minimises the risk of government priorities:
 - going unaddressed; or
 - failing to reflect Directorate capabilities for delivery.
- This approach involves:
 - **top down measures** to translate Government stated Priorities / high level goals (expressed in the Canberra Plan, the Social Plan, Sustainable Transport Plan, 'Weathering the Change' etc) into Key Outcome Areas and related specific Outcomes and Outputs of individual Directorates;
 - **bottom up measures** to inform Government on the feasibility of meeting stated priorities and refine and develop Government priorities;
 - this will be achieved by a gap analysis and systematic feed-back from Directorates to Government on demand drivers, cost drivers, constraints, risks and time frames
 - formulating specific strategic objectives for jointly delivered outcomes linked to individual Directorate outputs through this two way process.

Principle 4

Employ community-wide impact analysis in evaluating strategic options

Rationale

- It is necessary to use a community-wide impact analysis to evaluate strategic options to:

- identify and quantify wider impacts of major acquisition or redeployment of assets or personnel – these may have cost or benefit impacts reaching beyond the Directorate’s immediate responsibility.
- At the strategic planning level joint evaluation of the community wide benefits and costs may be required, for example, for programs spanning multiple Directorates with the jointly determined outcomes depending on the combined outputs (and costs) of individual Directorates.

Principle 5

Work together to identify and resolve potentially conflicting objectives

Rationale

- To avoid unresolved conflict of objectives, Directorates need to specify outcome-related objectives and options in a way that enables identification of possible across-Directorate conflict. This will include:

Directorates identifying influential stakeholders, including other Directorates, the private sector etc, with the potential to impact materially on their targeted outcomes.

- using the Strategic Board to identify potential conflicts and recommend solutions to resolve trade-offs implied by the adopted strategic objectives of individual Directorates and their preferred delivery options.

Principle 6

Clarify the limits to Directorate responsibilities and Directorate scope for action imposed by mandated standards and COAG-type agreements

Rationale

- Both the Government and its Directorates need to identify and communicate the limits to feasible change and independent government action.
- Limits to action and to the ability to meet community expectations and government priorities are partly determined by external factors. These include:
 - COAG and other intergovernmental agreements. The Government should make any COAG-drivers or other changes to regulatory requirements transparent in statements of priorities.

Principle 7

Further enhance an evidence-based, approach using common data sources

Rationale

- Evidence-based policy and service provision is central to the ACT Government Performance and Accountability Framework
- Where Directorates deliver services direct to the community they should use a customer-relevant approach to planning decisions which incorporates evidence on community priorities and preferences, with evidence to be communicated to government.
- Use of common data sources in formulation of objectives and strategic options contribute to inter-Directorate consistency. This involves supply of inputs to, and use of, a common information base and agreed sources through reference to the Government Information Office.

Principle 8

Develop and expose options that remove barriers to innovation

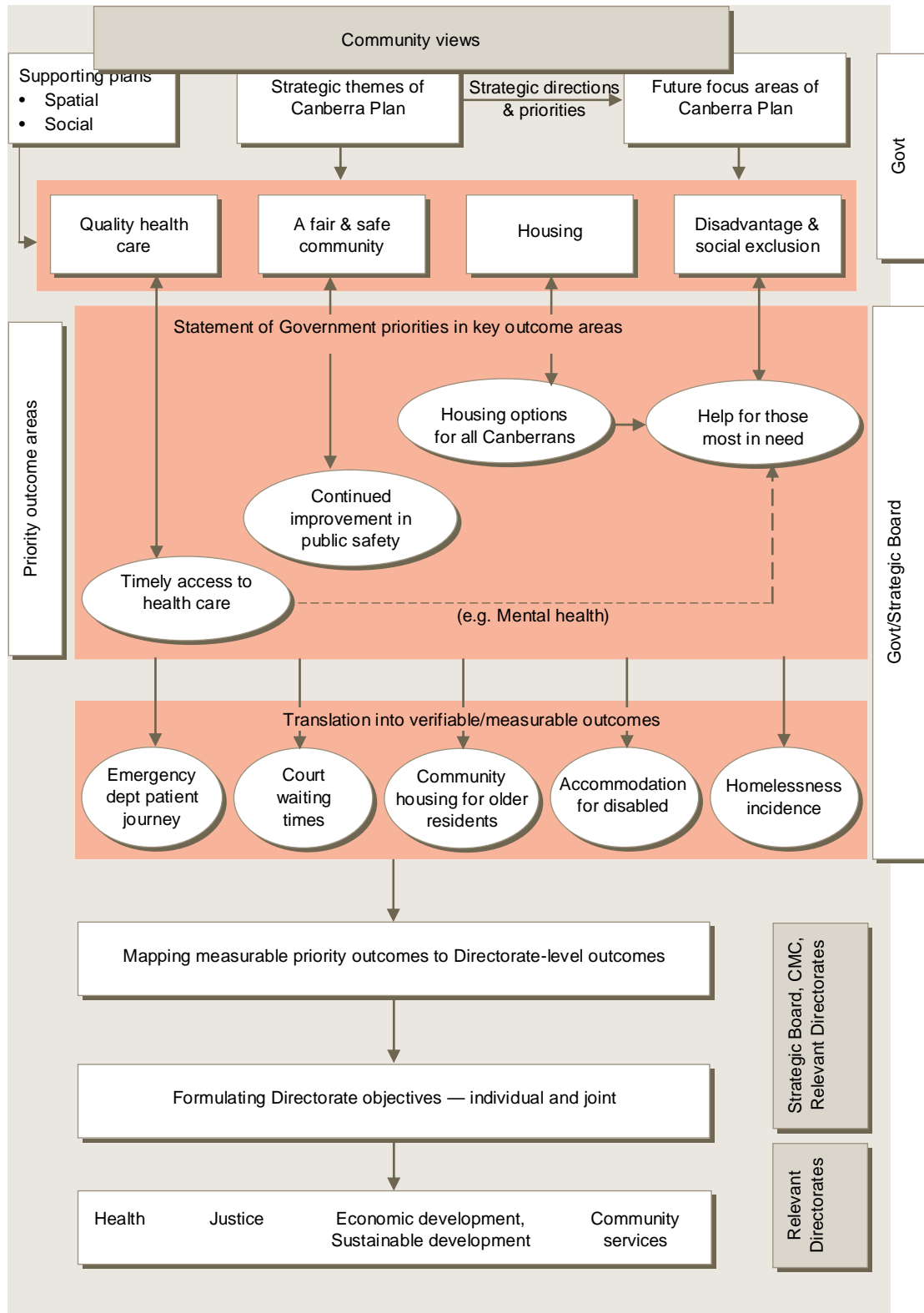
Rationale

- Innovation in service provision will have attached risks. But risk *management* rather than risk *minimisation* should be the endorsed approach, allowing innovative but possibly riskier options for evaluation on their merits.

An example

The chart below provides an illustration of the link in the strategic planning framework from the Canberra Plan that establishes a high-level vision to the Directorate objectives level. It provides an example of a policy area where the optimal solution is likely to involve a combined approach across a number of Directorates. It also highlights the roles and responsibilities of Government, central Directorates and 'line' Directorates as well as the community in the planning framework.

3.1 From Canberra Plan to Directorate objectives: an example



Source: The CIE.

4 *The step-wise process of the strategic planning cycle*

The value of strategic planning is as much in the planning *process* as in the plan itself. The process, if adopted with common elements across Directorates offers opportunities to identify improved cost effectiveness in existing programs and superior co-ordination of Directorate's efforts in delivering against government goals.

Key parts of the roles and responsibilities of parts of the ACT Government are set out in chart 4.1. These are discussed in more detail below.

Step 1: Where are we now?

The meaning of 'priorities'

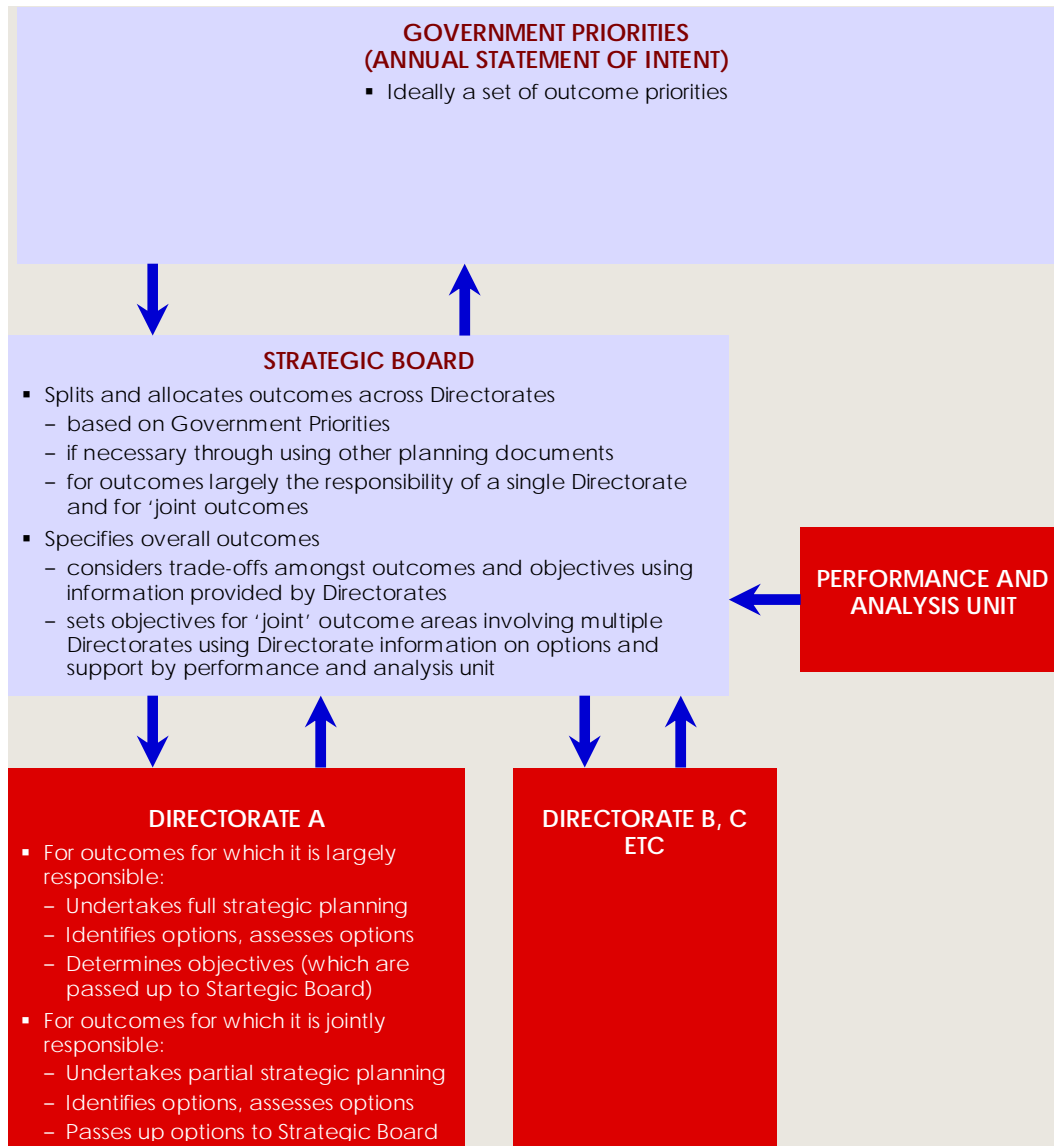
Setting strategic objectives at the Directorate level is a process to capture and address government priorities and the need for greater coherence and a joint approach to deliver on cross-cutting objectives.

These requirements – of specification of Directorate level strategic objectives that better reference government priorities and of enjoying the efficiency dividends of greater consistency and less fragmentation – necessitate a systematic approach from Government in stating priorities. As Principle 3 above notes, they must be offered in a way that is amenable to translation into objectives for Directorates that can drive individual programs and jointly formulated options.

The level of priorities guiding objective setting

Government 'priorities' as published in annual statements of intent may potentially vary from highly specific itemisation of immediately required actions or expenditure intentions – on individual road projects for example – through to quantitatively specified targeted outcomes – e.g. patient throughputs – to very broad intentions for the development of policy options. Whilst highly detailed short term priority *actions* need to be made transparent in annual statements of intent, their relevance to Directorates is often at the *operating* plan level and the actions that comprise those plans.

4.1 Roles and responsibilities



Source: The CIE.

It is desirable that government statements of priorities which inform Directorate strategic planning contain a systematic clear distinction between a) medium term key outcome areas and b) immediate detailed output targets or required actions. The first of these may be relatively stable from year to year allowing relatively stable medium term strategic objectives to be set by Directorates. The components of b) will only be relevant to the strategic plan formulation if they imply changes to the Directorates' existing strategic objectives or to the options/programs for delivering against them, or to the extent that they provide effective performance indicators.

Situation analysis

Prior to developing SSPs a preliminary evaluation of current strategic planning elements is required. This involves the following.

(A) For the Strategic Board in collaboration with Chief Minister and Cabinet

- *Assembling a set of clearly stated high level goals from existing high level plans* (Canberra Plan, Sustainable Transport Plan, Social Plan, Canberra Spatial Plan) which should be assessed for overlap and/or incompatibility. These should be available to Directorates before they frame their strategic plans
- *Translating current Government stated priorities* in relevant priority areas ('housing options for all Canberrans' 'timely access to health care' 'continued improvement in public safety' etc), into relevant *outcome focuses* for Directorates, both individual and collective. For Directorates, outcomes are the areas of impact that can be targeted through their Directorate strategic programs – existing or new.
 - Examples of Directorate-relevant intermediate outcomes from their operations might include impacts on 'land release,' on 'access to elective surgery' on 'waiting times in ACT courts' etc which connect to the broader Government specified priority outcome areas – 'housing options for all Canberrans', 'access to health care', 'improvement in public safety' etc. Directorate level strategic objectives are formulated in terms of these intermediate outcomes.
- *Identifying overlaps in key outcome areas* (affordable housing/urban renewal etc) and scope for inter-Directorate co-ordination in devising strategies to deliver in these priority areas.
- Using this process to *identify agreed broad roles for individual Directorates* in contributing to cross cutting goals, recognising each one's limits of influence under the functions assigned under the Hawke Review reforms.

(B) For Directorates

- Individual Directorates developing a 'diagnostic impact statement' setting out their current strategic objectives stated in terms of outcomes and describing how existing programs are designed to deliver against these under 'business as usual'.
- Individual Directorates identifying demand drivers and cost drivers behind a 'business as usual' path; and projecting cost outcomes of this path.
- Identifying any emerging service delivery changes implied by responding to 'customer-first' feed-back ('Time to Talk: Canberra 2030' dialogues, etc).
- Directorates conducting 'gap analysis' that identifies (a) any divergence between stated government priorities and the 'business as usual' path for the Directorate; (b) divergence between meeting 'bottom up' pressures for modification to service outputs and 'top down' pressure for change stemming from government priorities.
- Directorates communicating the gap analysis results to the Strategic Board and Chief Minister and Cabinet (CMC).

Step 2: Where do we want to go?

Setting feasible objectives and time frames

- *Where there is predominant single Directorate responsibility in a priority outcome area* (e.g. Timely access to health care = Health Directorate) the Directorate would be responsible for framing its outcomes-based objectives that would drive its medium term Directorate strategic plan.
 - Note: where specific quantitative targets have already been laid out by Government ('a provision of x elective surgery episodes within y months'), these would need to be treated as specific objectives within a more broadly defined strategic objective based on more broadly defined outcomes – e.g. 'accelerated access to elective surgery'.
- *High level strategic objectives* that cut across Directorate responsibilities are the prerogative of government with feedback from the Strategic Board, CMC and Directorates themselves. To set an objective such as 'reduction in homelessness' – targeting this key outcome area would require complementary objectives be set by a range of Directorates (those responsible for Government Accommodation/ Housing, Community Services, Mental Health, Economic Development/ joblessness etc).
 - This requires recognition of the interdependence of priority outcome areas. If homelessness incidence were set as a measurable key outcome and a reduction in homelessness a priority, it would require identification of other contributory areas - affordable housing, access to health care, job readiness etc. This is the alignment of effort referred to in the Hawke report.
 - In turn, objectives relevant to these areas would need to be specified.
- Once developed, Strategic Objectives from individual Directorates need to be evaluated for consistency / conflict by the Strategic Board. They need to be accompanied by explicit proposals on accompanying strategic indicators.
- The time frame of 3 to 5 years for the currency of Directorate strategic plans will help to determine what indicators are most meaningful.

Step 3: How do we get there?

Developing options and budget implications

- Having conducted situation analysis and the framing of Directorate strategic objectives – both individual and complementary objectives - strategic options consisting of existing, modified and new programs can be put up for evaluation. These would outline broad resource shifts within Directorates, resource augmentation requirements and implications for SAMPs.

- A strategic option could consist of a packaged sequence of measures including:
 - proposed changes to (or persistence with) a bundle of services (outputs) targeting specific outcomes;
 - major resource shifts or changes in delivery methods for these service bundles and three to five year funding implications;
 - any necessary accommodating policy/regulatory change; and
 - identified change to outputs of other directorates to allow targeted outcomes to be realised.
- *Scenario analysis* to test the robustness of options should be applied to options comprising broad service delivery programs and to policy options. This is an essential part of the process for risk evaluation. Where cross cutting objectives have been formulated with the input of CMC and the Strategic Board and individual Directorates roles in delivery have been agreed, common scenario analysis should apply.
- Each developed strategic option with a medium term (3 to 5 year) perspective should include an *articulated community engagement strategy*.

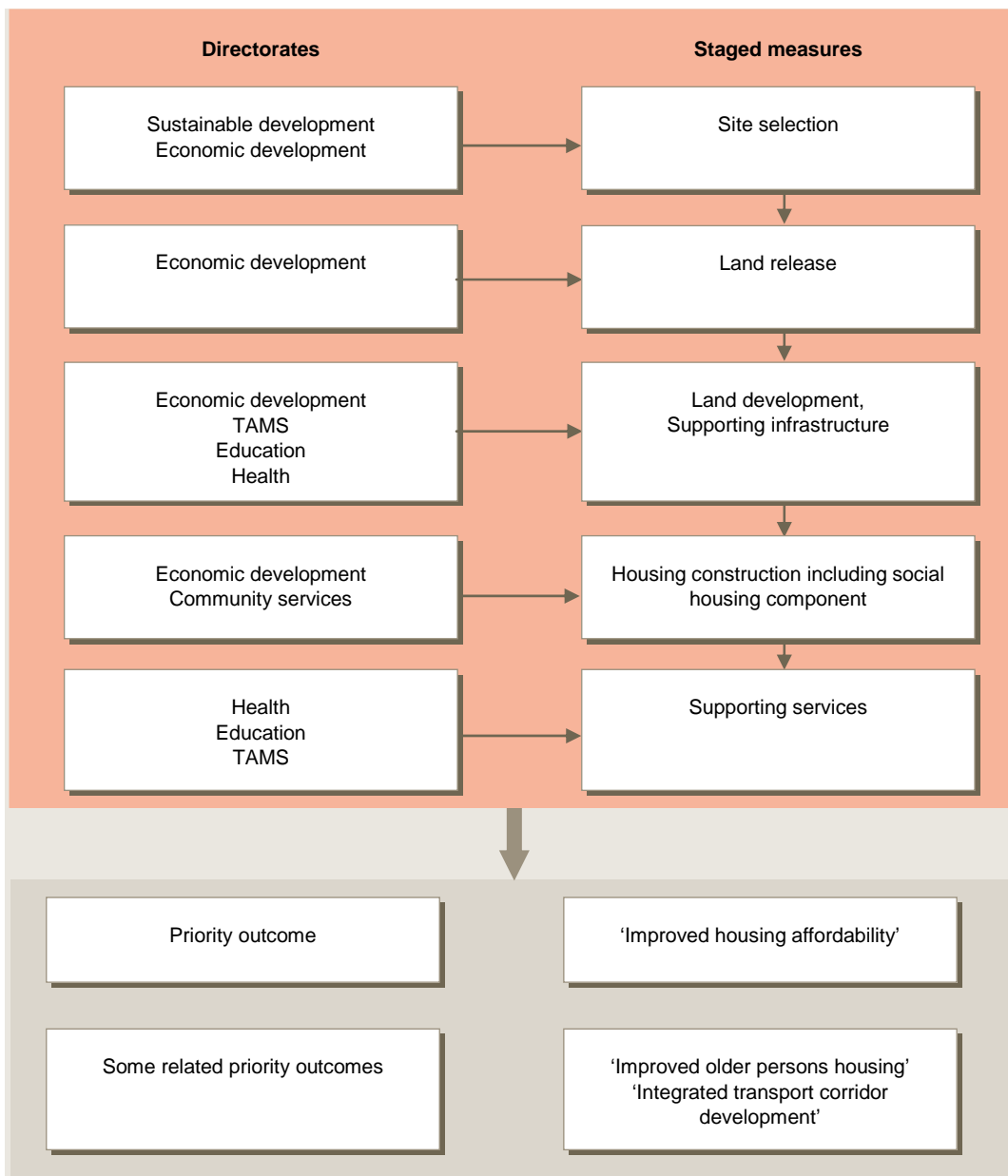
Integrating service delivery options and strategic asset management plans

- Strategic service plans necessarily work back from outcomes-based objectives to a set of coordinated actions that deliver the services underpinning those outcomes. Service delivery options canvass the different ways to deliver the outputs that influence target outcome areas.
- Physical and intellectual property assets combine with personnel inputs to deliver those services. SAMPs are a means of ensuring that the *chosen* service delivery options are cost effective by ensuring that service delivery is based on efficient asset and investment intensity.
- Based on the Treasury template SAMPs require that Directorates provide:
 - ‘a description of how your identified Directorate goals seek to deliver the outcomes and priorities for the Territory outlined in the Canberra Plan’; and
 - ‘output classes and individual outputs in place to achieve these outcomes for your Directorate’.
- To satisfy these preliminary requirements SSPs should be in place. However, initially, an SSP and SAMP will need to be developed in tandem since the SSP, to be efficient, rests on a SAMP. That is, to be demonstrably cost effective the SSP must be using available and future assets efficiently. But SSPs are developed with the intention of deploying assets efficiently *across* Directorates as well as within them. This across-Directorate efficiency requirement and the tradeoffs it involves needs to be dealt with at the Strategic Board level.

Step 4: Implementation

- Implementation of agreed strategic options is done through the operational plans of individual directorates and facilitated where necessary by changes to government policy as expressed through legislation and regulations.
- However, where priority outcomes are the joint product of multiple Directorates, implementation of strategic service plans will require ongoing input from the Strategic Board and CMC. Strategic options frequently require *sequences* of measures. Furthermore, individual components can influence more than one priority outcome. Chart 4.2 provides an example. An 'affordable housing' priority requires that the strategic service plans of a number of directorates target this priority (among others) and be synchronised and sequenced effectively. The co-ordination required would come from CMC and the Board. There are implications for other priority outcomes and high level goals. For instance, the provision of 'supporting services' could include increased childcare facilities and places which in turn addresses both 'Liveable City' and 'Robust Economy' goals.

4.2 Staged implementation of strategic options components: an example



Data source: The CIE.

Step 5: Reviewing progress and renewing the cycle.

Monitoring including community engagement and feedback

Strategic service plans are constructed with the intention of sufficient robustness so as to require continual monitoring but marginal adjustment once the broad parameter of service delivery programs have been set. That is, in practice, the plans are likely to require refinement to, for example, take account of new information that might become available to inform the optimal mix of policies. New information

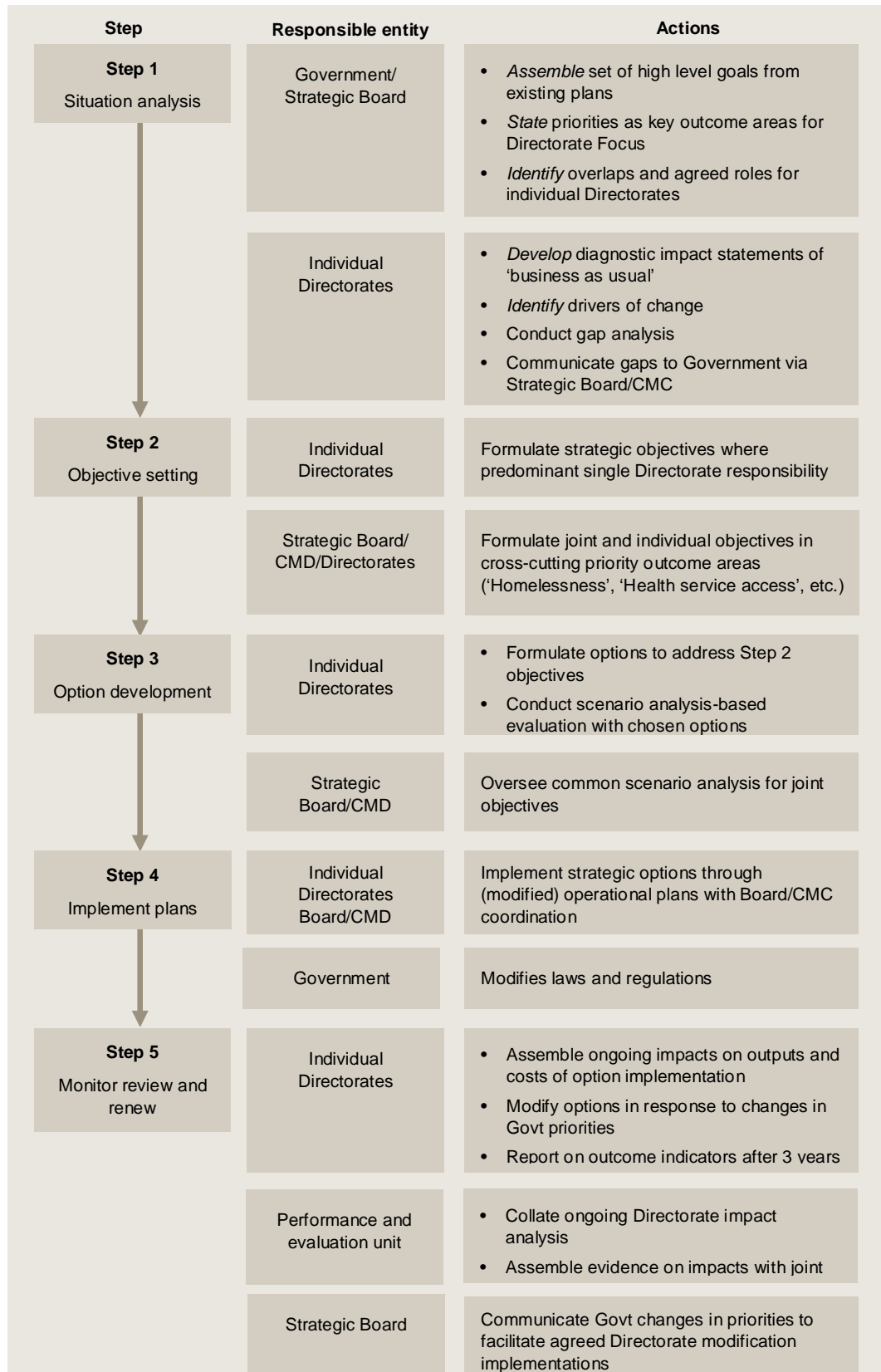
could also arise, for example, as the community provides ongoing feedback on its preferences. However, where the initial SSPs have been robustly developed, there would only require some refinement on a periodic (not annual) basis.

Strategic service plans are medium term. A reasonable time frame for outcomes-based results is required. Impacts on services and costs is more immediate and these can be transmitted on an annual basis to the Strategic Board to provide an overview of the costs of pursuing agreed objectives and those involving multiple directorates in particular.

Link to performance monitoring and budget process

In this context the Performance and Accountability framework plays a role in tracking the extent to which Directorates are meeting the stated objectives of their SSPs as well as the higher level priorities of the ACT Government. This also has links to the budget process that makes resource allocation decisions on an annual basis. For example, where performance monitoring discovers that objectives and goals are not being met there may be a case for changing the amount of resources that are being allocated to particular areas. However, as noted above, any such refinements should not be on an annual basis where SSPs have been robustly developed in the first instance.

4.3 The step-wise planning process



Data source: The CIE.