Australian National University

HC Coombs Policy Forum

Workshop summary Accountability structures for citizen-centred public services

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Agenda

A small high-level workshop was convened by the HC Coombs Policy Forum on 28 February 2011 to discuss issues and options concerning organisational structure and accountability arrangements that might best promote the delivery of citizen-centred services'. The issues included:

> how best to ensure responsiveness to citizens/clients and to local community needs and preferences

> how to achieve integration of service delivery around clients and local communities

> how to promote professional management of services

> how to maintain close links between policy and administration in each of the relevant policy spheres, and

> how to ensure responsiveness to government and accountability to parliament

Purpose

> To explore options for public sector organisational structures which promote accountability and high quality, citizens-centred services.

> To contribute to the Government's review of financial accountability frameworks

The participants included present and past senior practitioners of the Australian Public Service central and line agencies, who have been and are extensively involved in policy and service delivery to citizens; some State Government practitioners; and academics with a particular interest and expertise in these issues. The agenda had been scoped through a reference group containing the same mix of participants convened in advance of the workshop.

A background paper, 'Organisational Structures and Service Delivery Reform', by Andrew Podger was circulated to participants before the workshop to help guide and inform the discussions.

Summary of workshop presentations and discussion

1. How important is structure?

The workshop commenced with discussion about the underlying framework for accountability structures. The FMA and CAC Acts form the main legislative basis for accountability structures in the Commonwealth. They were the culmination of a decade and a half of financial management reform from the early 1980s. The general view seems to be that they have proven successful in promoting good performance, and in clarifying and simplifying accountability arrangements, based essentially on a distinction between agencies which are financially dependent on government and those with a significant degree of independence.

A major strength of the current legislation, it was suggested, is its clarification of the traditional responsibilities to ministers and the role of 'chief executive officers' in agencies directly responsible to ministers. On the other hand, the CAC Act is perhaps rather clumsy and less clear, encompassing a wide range of agencies with different structures including different board arrangements. This weakness became apparent during and after the Uhrig Review of Statutory Authorities and

Statutory Office-holders in the mid-2000s, though action on that Review's recommendations was arguably too simplistic and rigid in applying just two templates for agency structures.

There are also gaps in the current legislation, particularly about the management of risks and the possible sharing of risks across agencies and with third parties, an issue that is particularly relevant to the priority now being given to 'citizen-centred services'. A key question therefore for the current Finance review of the legislation is to identify the accountability framework most suited to agencies providing such services.

Andrew Podger elaborated on the section of his background paper on 'sign-posting the zoo'. He suggested an alternative approach to the Uhrig templates, recognising a wider range of structures and the different strengths and weaknesses of each. Using the list of competing principles of good administration set out in the paper, he presented the following matrix of possible strengths (S) or weaknesses (W) – or neither (M) – of a range of structural options:

Possible mapping of service delivery structures to different key principles*

Competing Principles	Structural Options							
	Ministerial Department		Exec Agency	Stat. Auth.	Govt company	Specially created non-govt company	Third party under contract	Third party in partnership
	Mainstream Program	Separate Office/ Agency						
Importance of democratic/ ministerial oversight and control	S	S	S/M	W/M	W	W	W/M	W
Independence of administration	W	W/M	M	S	S	S	S/M	S
Ability of citizens/ communities to influence services	W	W/M	W/M	M	M/S	S/M	M	S
Importance of specialty/niche service	W	M	S/M	S	S	S	S	S
Linking policy and administration	S	S	M	M/W	W	W	M	M/W
Relevance of commercial principles	W	W/M/S	W/M	W/M	S	M/S	M/S	M/S

*See similar table in the 2004 MAC Report on Connected Government identifying different 'connectivity' challenges and the strengths and weaknesses of different possible structures and processes.

This assessment appears to suggest that citizen-centred services are more likely to be achieved in structures with a degree of independence from ministers. However, no structure is without its weaknesses. Accordingly, Podger also presented the following list of processes that might be adopted to strengthen any inherent weaknesses of particular structures:

Possible mitigating processes to strengthen inherent structural weaknesses

1. Democratic/ministerial oversight and control may be strengthened by:
   a. Ministerial approval of strategic directions etc
   b. Uhrig-style 'statements of expectations' etc
   c. The nature of contracts and agreements between ministerial departments and agencies

2. Administration may be made more independent by:

    a. Statutory obligations including in program legislation

    b. Delegated authority

    c. Decision-making and reporting frameworks and processes (including public reporting, advisory committees and boards)

3. Citizens/communities' capacity to influence may be strengthened by:

    a. Advisory committees etc

    b. Reduced legislative prescriptions

    c. Delegated authority

    d. Budget flexibility, funds pooling

    e. Appropriate agency culture, staff continuity, career paths etc

4. Expertise in particular fields may be strengthened by:

    a. Identified specialist units and advisers in departments

    b. Public reporting

    c. Staff continuity, particular career paths, interchange with external specialist organisations

5. Links between policy and administration may be strengthened by:

    a. Regular committee processes, joint task forces etc

    b. Formal protocols about reporting experience and initiating policy proposals

    c. Purchaser/provider agreements with the policy departments

    d. Other suggestions in ANAO/PM&C guidelines on implementation

6. More 'commercial' approaches to program management may be strengthened by:

    a. Separate decision-making and reporting processes for identified programs

    b. Appropriate financial incentives and budgetary flexibility.

Thus, agencies under more direct ministerial control might improve their citizen-centredness by using such arrangements as advisory committees, delegated authority, funds-pooling or other budget flexibilities etc. That is, to promote citizen-centred services, the tendency towards strong top-down control in ministerial departments needs to be constrained, if not by formal structures then by the processes used within the agency.

In discussion, it was noted that politics can and should never be taken out of the equation, and that at times political will can overcome structural inertia. There are also limits to political acceptance of a client or citizen focus, one participant suggesting that one of the factors behind the establishment of the Department of Human Services was political concern that Centrelink was not firm enough in pressing client responsibilities, particularly to look for work.

Integrating services was also identified as critical to the citizen-centred agenda, and that this is not always made easy with separate, specialist agencies even when using connected ICT. Moreover, integration of service delivery requires integration of policy, and good links between the two, suggesting dangers if the service delivery is too far removed from ministerial departments.

The culture of those delivering the services is also critical, with some suggesting non-departmental agencies are more likely to have lower staff turnover and therefore have greater ability to develop and nurture external relationships with clients and with third party providers of services.

2. The goals and implications of citizen-centred services

The case of WA's disability services was described to illustrate the meaning and potential of a more citizen-centred approach, and the implications for public management. A few years ago disability services were taken out of the WA Health Department and placed into a separate agency with the aim of better addressing the principles of personalisation of services and 'co-production' with the families and communities concerned, than had been achieved through Health's more functional or organisational approach to service delivery. Individuals rather than organisational units were funded, focussing on what

they and their families desired for a 'decent, good life'. This focus went beyond the support services they would like, to the family and community relationships they wanted. The approach involved the agency complementing family and community support, recognising the rights and preferences of clients and their own personal relationships.

The new approach required time for staff to get to know the people concerned and the development of new capabilities. Staff each work directly with around 50-60 clients only, there being about 10,000 clients state-wide. The organisation was also restructured, with oversight by a board with community representatives.

WA is now reflecting on the success of this experience and its possible application to mental health services. Again, they are looking to develop a direct relationship with each client or customer, with individual-based funding of services to complement the family's own arrangements. The approach requires considerable tolerance for the risks associated with co-production, and there remain significant challenges including around the pooling of funds to facilitate joined-up services.

FAHCSIA is also developing citizen-centred approaches, particularly in its trials with 26 Indigenous communities. While the WA approach involves having a specialist agency with a single remit, in the FAHCSIA case this would not work because a number of different community and government agencies needs to be involved in addressing the challenges for people in these remote communities. FAHCSIA is putting its emphasis upon good local planning based on a common understanding with each community of the desired outcomes, with full sharing of data with communities and all the agencies concerned. Coordination across agencies is based upon high-level MOUs replicated at the local level with clear operational protocols. There is increasingly risk sharing across agencies and a degree of flexible funding, including the capacity for communities and families to contribute additional moneys for better services and facilities. Fund-holding by a single agency however is not yet part of the model.

Early observations of the challenges involved include the limited role markets currently play in these communities, despite the potential benefits for personal choice and control that markets provide. Good planning requires more time and effort to gain understanding of community and family aspirations and to strengthen capability for community participation. Shared funding also remains a challenge. It remains a challenge to get effective sharing of funding across government agencies.

Discussion highlighted the following issues:

> The need for time, and appreciation that there is no quick fix

> The different dynamics of bottom-up integrated services and the fractured dynamics of top-down program delivery

> The importance of focussing on those people – families or communities – with the highest risks in order to get the most out of the bottom-up co-production approach

> The citizen-centred approach is not just about service integration but involves a mix of self-management, case-management and place or community planning and management

> The benefits of using third parties to deliver services because of their closer and ongoing relationships with relevant high-risk clients

> The importance of sharing information

> The contribution of clients (and their representative organisations) to the high-level policy decisions and to high-level management, as well as to local arrangements.

Challenges identified include:

> The skills base of those delivering services, and the culture required to develop and nurture relationships

> The implications for federal relations particularly to define the areas where direct Commonwealth involvement is appropriate and those where the Commonwealth would do better to devolve responsibility

> The politics of devolution, local flexibility and local consultation etc, given pressures for immediate responses and close political control

> How to address responsibilities as well as rights and needs.

3. Current major Commonwealth reform directions and emerging issues

The workshop heard from relevant practitioners about some of the major service delivery agendas now being pursued, leading to discussion of some of the emerging issues involved.

The Government's Human Services reform agenda is popularly described as 'easier, higher quality, works for you'. It has a dual purpose: to identify efficiencies and to re-invest the savings involved to help those most in need, consistent with the

Government's social inclusion agenda. The new organizational structure to take effect from 1 July 2011 will formalize the bringing together of the different agencies concerned, facilitating an integrated service system operating in response to an integrated strategy. Further steps will be taken over the coming years to better integrate services across jurisdictions and to develop networks with third party service providers.

The new portfolio arrangements established at the end of 2004 have given the opportunity for political priority to be given to service delivery per se, complementing the usual political emphasis on policy in each of the relevant functional areas. It has provided more opportunity for investment in integrating technologies and processes, a key element in the strategy for services to be more responsive to individual needs and preferences. Complementing the new structure are committees and processes to ensure close links with the relevant policy departments and central agencies.

The Government's health reform agenda involves the establishment of Local Hospital Networks and Medicare Locals with considerable independence from government and links to local communities and professional health service providers. There are also new national institutions to manage funding and performance assessment. The reforms are intended to support more patient-oriented care with better integration of services, greater citizen and clinician involvement and less political and bureaucratic involvement.

The Immigration Department has the challenge that many of its clients are not citizens, and that they have considerable obligations and fewer rights than citizens. In addition, there are divided community views on the appropriate treatment of different clients, and there are many diverse stakeholders. The department has responded to this situation, and the many reviews and inquiries over the last decade, by identifying the different client groups (eg different visa applicants, people in detention centres, citizenship applicants) and establishing Global Managers for each, these usually also being state directors. Staff work to their respective Global Manager wherever they work from, and measures have been taken to improve the quality and integrity of the services provided, as well as their efficiency, after considerable consultation. Emerging agendas include the role of international information sharing and networking, and the increasing application of user-pays.

Discussion of these reform agendas confirmed many of the issues and challenges identified earlier about the goals and implications of citizen-centred services, including the need for time, appreciation there may not be a quick fix, the need to invest in skills, systems and processes, and the need to address responsibilities as well as rights and preferences.

This discussion identified a number of additional issues for those managing large service delivery systems for wide sections of the community:

> The added importance here of new technology to facilitate integration and personalization

> The pros and cons of political involvement and more independent service delivery:

  · Human Services gaining from the priority afforded by greater political involvement such as more investment in integrating technology and support for rationalization of structures, plus political interest in service delivery as well as policy

  · Health seeing more patient-oriented care from greater independence of service delivery from policy and funding (and politics)

  · Immigration accepting the inevitability of close political involvement given the different views in the community, while still focusing on the integrity, efficiency and effectiveness of its service delivery.

> The challenge for those focusing upon entitlements with standard eligibility criteria, to have the capacity and culture needed for case management or place management.

Amongst the conclusions drawn was the importance of robust evaluations of the initiatives being taken, and the need for more clarity about the objectives and strategic directions over a longer timeframe (say, 10 years).

4. Lessons and options

The workshop discussions revealed that the 'citizen-centred services' agenda does not have a single, clear focus. It encompasses many ideas and initiatives, and it also needs to be set in the context of related agendas getting attention in Australia and internationally, such as the 'new responsibility' agenda placing emphasis on personal and community responsibility rather than government responsibility.

It presents a number of challenges to Australian orthodoxies in public policy and management including: the importance of fairness as a concept defined by national standards and entitlements, versus a more individually-tailored approach; our emphasis on vertical lines of accountability, versus the capacity to share outcomes and risks across agencies and with external players; our NPM agenda of increased emphasis on competition, versus the role of collaboration and partnerships; our approach to the nexus between policy and administration, with suggestions (mostly) of a firmer separation to improve responsiveness to citizens.

Citizen-centred service delivery also means something different when working with small numbers of people with complex problems, than when working with large numbers of people with more standard needs and preferences. In other words, size matters. Ministers also matter, even when attempts are made to give service providers more independence and discretion. The art is to keep them involved particularly in setting policy directions, but to delegate authority and involve stakeholders. If in doing the latter administration can be kept off the front page, ministers will generally be satisfied.

Incentives also matter: these are significantly influenced by structures and, in turn, they affect organisational cultures.

An important reflection was that Australia has a reasonably good record in this field, including through the Centrelink experience and the associated investments into involving clients. Initiatives now need to build on this, not dismantle our proven achievements. Those achievements were partly related to structures, but more important has been the development of supportive staff cultures through leadership, training, flexible funding and constructive cross-agency relationships. Such efforts are also part of the 'value chain' to building public trust in government.

The stated focus of the workshop was accountability structures for citizen-centred services, but the discussions went much wider than this. They also addressed how to achieve transformational change, including the importance of staff capabilities and shifting organisational cultures, and the need for wider networks of people to translate and promote the objectives of such change. The shift to more citizen-centred services will also take time, and may be better described as a journey rather than a change. It is about partnerships and, by definition, these cannot be prescribed at the start.

Nonetheless structures are important and can help to facilitate partnerships. That said, the discussions clearly rejected the idea of a single specific structure being most suited to citizen-centred services. An initial mapping of structures to different principles of good public management had been presented together with an initial list of processes that might address the inevitable weaknesses of any structure. Further development of these might prove fruitful.

5. Way ahead

Participants suggested a number of follow-up actions that might flow from the workshop:

1. the preparation and circulation of notes summarising the discussion

2. identification by government agencies of existing activities that should be informed by the deliberations of this workshop, such as any updating of ANAO's good governance guide

3. a workshop with similar participants to consider the proposed Finance public discussion paper from its review of financial management legislation (expected around end October 2011)

4. ANIPP and the H C Coombs Policy Forum to review whether ANU's survey capacity could provide more data on public attitudes towards citizen-centred services

5. consideration of a possible follow-up workshop with a broader focus (not just structures) on the lessons learned from various Commonwealth and State initiatives, to be held in 2012.

Annexes

AP Organisational structures and service delivery reform

SH Commonwealth Financial accountability

KH Current reform directions: Service delivery reform in the Human Services portfolio

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