

Chair
Cabinet State Sector Reform and Control Committee

PAPER 1 – BETTER PUBLIC SERVICES PRIORITIES FOR 2013

Proposal

1. This paper sets out the Better Public Services (BPS) reform programme priorities for 2013 to ensure that we focus on driving tangible actions in key areas. It also provides an overview of three proposals, contained in accompanying papers, to support the ambition and pace of reform. These papers are: *Paper 2: Speed up BPS reforms with BPS Seed Fund*; *Paper 3: Ministerial expectations for NGO Contracting, Optimise HR and Optimise Finance*; and *Paper 4: Better use of data to improve outcomes for New Zealanders*.

Executive Summary

2. Delivering markedly better public services to citizens and businesses is one of our key priorities. The BPS reforms are focused on driving practical changes, including:

- a. *A focus on results* – shifting from outputs to achieving results that benefit families and communities (eg the *Prime Minister's 10 Results for New Zealanders*)
- b. *People-centred service design and delivery* – designing services *with* people and businesses around *their* needs (eg Christchurch Shared Front of House, Results 9 and 10)
- c. *Strengthening system leadership* – new system level roles to drive better performance (eg Head of State Services, Result leaders, functional leaders)
- d. *Building capability to deliver services in the best way*, whether from public, not-for-profit or private sectors (eg Welfare reform, Public Private Partnerships)
- e. *Delivering effective spending and efficiencies* – leveraging scale across common functions and ensuring agencies are positioned to meet future challenges (eg functional leadership, four-year planning).

3. BPS is about driving change in the way the State services do business. For example, the results approach is already starting to shift the focus from reacting to the 'symptoms' of complex problems to trying to better tackle the underlying drivers. Another example, is how agencies are now striving to 'get ahead of the curve' through their four-year plans. Public services will have to deliver within or with fewer resources in future. We have provided certainty through clear fiscal parameters, which is making agencies think harder about how their business models must change to adapt to the challenges ahead of them.

4. For 2013 we need to focus on practical action that delivers tangible change on the ground. This requires: strong and committed leadership – from Ministers, the Head of State Services (together with Corporate Centre chief executives) and all State

services leaders; a focus on priorities and clarity about what needs to be achieved; and overall lift in the ambition and pace of reform.

5. BPS Priorities for 2013 are:

- a. *Delivering results* – By the end of 2013 we expect to have greater confidence that targets for the 10 Results will be achieved, demonstrated by:
 - i. improved inter-agency collaboration, not only through joint governance arrangements, but also through greater use of joint funding arrangements; joined-up front line service delivery for businesses and citizens and closer work with non-government organisations and local government.
 - ii. mobilisation of resources, in particular the capacity and capability of organisations outside the State services to deliver services.
- b. *Achieving efficiencies and system wide improvements* – we expect through functional leadership to see observable changes which step us toward better management of services and delivering efficiencies for example:
 - i. agreement to a five year ICT Strategy and Action Plan which presents the case for change, key priorities and a clear picture of what will be different in future
 - ii. completing the Christchurch Central Business District office accommodation case to help progress the rebuild
 - iii. a significant number of agencies reducing their accommodation footprint thereby reducing cost, and
 - iv. agencies that undertake the highest value and most complex procurement undergoing capability reviews to focus on the skills and capability required.

6. To support the lift in pace and ambition, three proposals (detailed in accompanying papers) are outlined including:

- a. *Paper 2: Speed up BPS reforms with BPS Seed Fund* – proposes a seed fund to enable business case development and design work for collaborative BPS initiatives, in order to cut through real and perceived funding barriers.
- b. *Paper 3: Ministerial expectations for NGO Contracting, Optimise HR and Optimise Finance* – clarifies expectations for agency participation in three initiatives proposed to be funded through the Seed Fund, being NGO Contracting (led by Ministry of Business, Innovation and Employment (MBIE), Optimise HR (led by the Department of Internal Affairs) and Optimise Finance (led by Treasury).
- c. *Paper 4: Better use of data to improve outcomes for New Zealanders* – proposes to establish improved arrangements for the sharing of anonymised ‘person-centred’ data and a new Corporate Centre capability to carry out system-level analysis of such data to improve the value of government interventions.

7. This paper and the accompanying papers sets out the direction for BPS reform programme in 2013 and largely (with the exception of legislative changes currently being progressed) completes the range mandates, tools and enablers that State services leaders need to deliver on our goals.

Background

8. Delivering better public services to citizens and businesses within tight financial constraints is one of our key priorities. New Zealand’s public services face long-term fiscal constraint (compounded by the effects of the global financial crisis), increasing public expectations for improved service design and delivery, and a demand for improvements in addressing the complex, longer-term, issues that matter to New Zealanders. To meet these challenges public services will need to do more with less.

Significant progress in 2012 – BPS underpinning State sector reform

9. The BPS reforms are about driving a step change across the State services through:

- a. *A focus on results*: shifting the focus from delivering outputs to achieving results that benefit families and communities. This is an important goal for Government; and communities benefit when good outcomes are cost effectively achieved. Put simply, what's good for outcomes is good for the books. For example, the *Prime Minister's 10 Results for New Zealanders* lift effectiveness through agencies working together and reorienting resources and decision-making around the delivery of results. We have backed up our commitment to the achievement of Results with clear accountabilities for delivery, explicit targets, clear action plans, agreed measures and a commitment to regular public reporting of progress.
- c. *People-centred service design and delivery* – driving more efficient and responsive services, designed *with* families and communities and businesses and organised around *their* needs. For example, Christchurch Shared Front of House so that the public can access key government services from one location, get answers quickly, carry out a range of transactions, and be encouraged to use online channels to self-manage their government interactions in the future.
- b. *Strengthening system leadership* – establishing new system level leadership roles to drive changes and lift performance across the State services. For example the Head of State Services, Result leaders and new functional leadership roles (i.e. Government Chief Information Officer (GCIO)), Property and Procurement).
- c. *Building capability to deliver services in the best way*, whether from the public, not-for-profit, or private sectors and testing new models of service provision. For example, Welfare and social housing reforms, Vocational Pathways in Education and Public Private Partnerships such as Wiri Prison, Hobsonville Schools and Transmission Gully.
- d. *Delivering effective spending and efficiencies through agencies*:
 - i. sharing resources, services and taking a whole of system approach for common functions to leverage scale and expertise. For example, procurement functional leadership has identified potential savings of \$350 million (depending on agency uptake) and a potential for between \$180-\$300 million per annum additional savings.
 - ii. being better positioned to meet future challenges. For example, agencies identifying \$3 billion in savings over four-years through the four-year business planning process.

10. Additionally, work has been progressed to address barriers, implement new tools (eg Result and four-year plans) and enablers (e.g. mandates and incentives) to speed up progress on new ways of working across agencies. Additional tools and enablers are also being progressed through proposed amendments to the State Sector, Public Finance and Crown Entities Acts. The Corporate Centre (comprising the State Services Commission, Treasury and Department of Prime Minister and Cabinet, outlined further below) is also strengthening its assurance role over implementation and delivery in critical areas (e.g. ICT, large Crown entities).

BPS in practice...

11. The BPS emphasis on practically focused changes is aimed at driving, deeper, consequential shifts that are necessary if agencies are going to be successful in future. For example, the results approach and the challenging targets that we have set is

starting to shift the focus from reacting to the 'symptoms' of complex problems to trying to better tackle the underlying drivers. This in turn has highlighted the potential value of our underutilised performance information and the insights it can provide us to improve the quality of our investment decisions and achieve better results.

12. Another example is the increasing number of agencies striving to 'get ahead of the curve' through their four-year plans. We have provided clear fiscal parameters that provide chief executives and agencies with greater certainty to enable them to focus on improvements. While more needs to be done, agencies are starting to think much harder about how their business models need to change to anticipate and adapt to the challenges ahead of them.

Actions are the focus for BPS in 2013

13. In 2012 we established the critical foundations for reform. Practical action that delivers tangible change on the ground is our focus for 2013. This requires:

- a. committed leadership from Ministers and chief executives
- b. a focus on what matters and clarity about what needs to be achieved
- c. a lift the ambition and pace of reform.

14. These elements establish the direction for the BPS reform programme priorities and associated work streams for 2013. This paper and proposals in accompanying papers largely (with the exception of proposed legislative change) completes the mandates, tools and enablers that are required to deliver on our goals. It provides a clear mandate for State services leaders to take action and minimises the need for further recourse to Ministers.

Committed leadership...

15. In 2012, we made a public commitment to being judged by the achievement of results and tangible evidence of improvements on the ground. In turn, we were clear that the Head of State Services, result leaders, public service chief executives and Crown entity chairs would be held to account for delivering on our goals.

What is required of Ministers

16. For our part, we must continue to provide leadership and clear messages about the change we want to achieve. We need to step up our efforts through joint action and unequivocally back the mandates we have all signed up to. It is important that we stay the course, particularly once the new mandates (eg functional leadership) start to "bite" and cut across areas of decision-making that were previously the exclusive preserve of individual Ministers, chief executives and Crown entity boards.

17. We have a key role in challenging and supporting chief executives, Crown entity board chairs and their respective agencies to make the changes they need in a timely way. We must also exercise discipline to ensure that we reduce low quality spending and direct investments to areas of highest value and priority. At the same time we have a responsibility to set clear expectations for senior leaders in the State services to shift the focus for 2013 and drive the actions that deliver on our goals.

What we expect from the Corporate Centre...

18. A strong and active centre is critical to ensuring State sector leaders are supported, challenged and more effectively held to account for their performance. We therefore established a clear expectation that central agency chief executives (State Services Commission, Treasury and Department of Prime Minister and Cabinet) must

work together closely and their respective agencies collaborate, as a 'Corporate Centre' to lead the State services.

19. The Head of State Services and the Corporate Centre have a key role in driving the BPS reforms. In essence this means:

- a. having overall accountability for delivering the BPS programme
- b. providing leadership from the centre to ensure agencies and chief executives are able to resolve matters with minimal recourse to Ministers
- c. a more active role in providing support, brokerage, resolution of issues and earlier intervention to address system level risks
- d. a harder line on holding chief executives to account for performance (including stronger use of performance management levers).

20. The Corporate Centre will play a key role in ensuring agencies are positioned to meet future challenges, including: using four-year planning processes to highlight action and transform business models, reassessing progress on capping of core administration, deploying leadership and specialist capability more flexibly, strengthening assurance on delivery in critical areas (e.g. ICT, Crown entities) and progressing legislative change to support the overall BPS agenda.

21. A critical role for the State Services Commissioner will be establishing clear expectations of chief executives that align with the reforms. The Commissioner is already emphasising expectations in relation to sector and system level responsibilities. Expectations will also be set in relation to legislative changes currently being progressed (e.g. new stewardship responsibilities).

A focus on what matters...

22. Our aims are ambitious and to achieve them we need to be clear about what we expect to see at the end of 2013. While BPS is a broad reform agenda, we need a concerted effort and clear progress in two critical areas:

- a. Delivering results – ensuring that by the end of 2013 we have full confidence that we are on track to meet or exceed targets, if not, clear remedial actions have been actioned
- b. Achieving efficiencies and system wide improvements – we expect through functional leadership to see observable changes which step us toward better management of services and delivering efficiencies.

Delivering results

23. While much foundational work has been undertaken (refer paragraph 9(a) above), progress on achieving BPS Results is mixed, with a positive start, but significant work needed before we can be certain of achieving targets. The results are at different stages, with some based on existing initiatives with cross-agency arrangements and others starting from scratch. Agencies will need to operate in different ways if the results are to be achieved:

- a. agencies will need to step up to improve their collective impact. For example achieving the:
 - i. rheumatic fever target depends on more effective work between Health, Ministry of Social Development and housing agencies on poor housing conditions, particularly overcrowding
 - ii. skills target will require input from policies and programmes outside the education sector

- iii. interaction with government target will need the joint work done at the centre of government by Result 9 and 10 agencies to be translated into working *with* businesses and New Zealanders.
- d. Joint funding – as results cross agency and Vote boundaries, joint funding arrangements are needed. Venture funding arrangements have been developed by agencies in Results 9 and 10 and we expect these arrangements to be strengthened through operation of the BPS Seed Fund (decisions to be made in accompanying paper). More permanent funding arrangements will depend on Ministers agreeing to shift Vote resources to new joint priorities, using the new provisions of the State Sector Public Finance Reform Bill (eg Multi Category Appropriation) as necessary. In the interim, funding pool arrangements (such as used by the Justice sector) will be needed.

24. While there is evidence of moves towards jointly funded initiatives across Results 1-6 (e.g. Social Sector Trials, Vulnerable Children's Contingency Fund) there is room to do more (including greater use of the approaches and tools outlined above).

25. Changes to the front line are essential if targets are to be achieved. For example in the Vulnerable Children Result, joint agency expertise will need to be combined in Children's Teams. We can only be confident that the results approach is working when families and communities experience agencies changing how they operate on the ground.

26. For many results, targets will not be achieved unless agencies mobilise resources beyond the State services, in particular the resources of non-government organisations (NGOs) and local government. While there has been focus on linking with NGOs in some result areas (particularly in the Vulnerable Children result area, and in reducing crime), we should expect to see more. In Auckland there has been an effort to align the Auckland Plan with BPS Results in order to achieve greater collective impact for families and communities in Auckland, but we are yet to see evidence that this is bearing fruit.

What we want to see – end 2013

27. By the end of 2013 we expect to have greater confidence that targets will be achieved on the back of improved inter-agency collaboration, evident not only through joint governance arrangements, but also through:

- a. joint funding arrangements
- b. joined-up front line service delivery for businesses, families and communities, including closer work with NGOs and local government.

28. For their part, the Corporate Centre, working closely with chief executive result leaders, will strengthen the support and challenge role of central agency teams responsible for BPS Results, with a particular focus on lifting the game in the areas outlined above.

Achieving efficiencies and better management of services...

29. In the last year we have established three functional leaders to drive better management of services and efficiencies across the system. We took steps:

- a. directing, authorising and funding the GCIO to drive better management of the Government's \$2 billion annual investment in ICT.
- b. directing all departments and strongly encouraging Crown Agents to comply with detailed standards, tools and processes about how agencies will develop and implement their property strategies and agreeing a mandate for the Property Management Centre of Expertise (PMCoE), whereby agencies must seek approval for their strategies, and final decision on tenure prior to implementation.

- c. agreeing the functional leader for Government Procurement:
 - i. strengthen and accelerate the current government procurement reform programme – providing stronger and broader uptake of initiatives
 - ii. introduce stronger leadership based on a centre-led model
 - iii. provide clear accountability for delivery of procurement commercial results
 - iv. support greater collaboration across state services agencies
 - v. improve oversight and support for agency procurement.

Observable changes are taking place....

30. We are seeing examples of progress. The Wellington Office Accommodation Strategy business case shows a 20% cost avoidance for the five agencies involved (Crown Law and the Ministries of Social Development, Health, Business Innovation and Employment, Education). Almost all of this benefit will accrue to chief executives to assist them to meet their efficiency savings targets. Without PMCoE's work, agencies would be managing significant property cost pressures themselves in coming years. This was possible because agencies are operating differently, working with PMCoE – agreeing common goals, engaging PMCoE as expert rather than doing it themselves, abiding by the standards and being flexible in how the end goal is achieved.

31. Elsewhere we have seen tangible steps toward securing greater efficiencies and the strengthening of capability in relation to procurement with the establishment of a Commercial Pool of expertise to assist agencies with high value, high risk and complex procurements. And of course we have seen the work of the GCIO in the information security work of late [SEC(13) 2/6 refers].

... a relentless focus on making progress on goals and learning how we evolve the system ...

32. We want a coherent approach and directive leadership from functional leaders. Last September they outlined their plans for how they would drive change, through for example:

- a. setting policy, direction and standards
- b. improving investment management system-wide
- c. establishing and managing more all-of-government services/contracts where it makes sense
- d. shaping, sourcing and developing capability
- e. tracking and assuring benefits delivery.

33. Looking forward we believe our expectations are clear. We expect to see observable changes which step us toward measurably better management of services and delivering efficiencies across the system. Practical things we should see include:

- a. agreement to an ICT Action Plan which paints a case for change with clear prioritisation – what should be different in 6 months, in 2 years etc. We fully expect some business redesign required which will involve ensuring skills and capability for change management and business transformation skills along with ICT and information management capability.
- b. completing the Christchurch Central Business District office accommodation case to help progress the rebuild
- c. a significant number of agencies reducing their accommodation footprint thereby reducing cost

- d. agencies that are undertaking the highest value and most complex procurement undergoing capability reviews to focus on skills and capability required to support this work to a high standard.

34. There will be some areas where choices about direction and investment in the system will take precedence over specific sector or individual agency choices. These decisions will need to be transparent. Leadership and expert advice may in some areas come from outside these agencies and sectors. The default position is everyone works to the standards and common capabilities and systems being promulgated by functional leaders.

35. Support for these changes will be required from time to time and but more importantly will require all chief executives, the Corporate Centre and functional leaders to work differently and evolve the model over time. This level of change requires openness and honesty. We are changing how the system operates and inevitably there will be challenges. Those involved will need to learn from each other, understand each other's relative capabilities and operating constraints, but above all find ways through.

36. In addition we expect to push the principles underpinning this approach further through greater use of ministerial expectations in future, including emerging opportunities in the areas of human resources and finance functions (see *Paper 3: Ministerial expectations for NGO Contracting, Optimise HR and Optimise Finance*, summarised below).

Progressing legislative change

37. Proposed amendments to the State Sector, Public Finance and Crown Entities Acts will provide additional tools to support BPS reforms. This includes additional organisational forms, appropriation types and expanded whole of government directions. Such tools would enable, for example, the Ministers of Finance and State Services to issue directions to certain Crown entities and may seek advice from functional leaders on the Crown entities that such direction should apply to.

Lifting the ambition and pace of reform...

38. This section provides an overview of three proposals (detailed in accompanying papers) to further accelerate and support the directions of change outlined above. These proposals serve as critical enablers for lifting the ambition and pace of the BPS programme. They also largely complete the required mandates, tools and enablers required to deliver on our goals.

BPS Seed Fund (Paper 2: Better Public Services Seed Fund refers)

39. As a key enabler we propose to establish a BPS Seed Fund for development of BPS collaborative initiatives. We have tried to make collaboration work through club funding. The experiences are that it takes too long and momentum is lost, especially at development stages. We need to speed up and cut through real and perceived funding barriers. We expect the BPS Seed Fund to:

- a. speed up the development of BPS reform collaborative initiatives
- b. reduce disincentives that lead and early adopter agencies face
- c. reduce transactions costs for the agencies involved.

40. The BPS Seed Fund supports delivery of our BPS priorities in the result areas and new functional leadership roles. Result 9 and 10 and ICT all-of-government are the key priorities to be considered for the BPS Seed Fund. In addition, we propose appropriations to enable immediate action in: Optimise Finance, Optimise HR and NGO contracting. This will enable Optimise Finance and HR business cases to be

developed by November 2013, and enable a phased transition to the new NGO contracting framework over three years.

41. The BPS Seed Fund enables business case development as well as design work. It does not cover on-going implementation costs. It takes a medium term perspective, which enables more complex cross agency solutions to be developed (e.g. Results 9 and 10) and capability for ICT business case development. Up to \$20 million per annum for a set period of four years is proposed to be funded from departmental year-end underspends returned to the Crown. This does not require baseline re-prioritisation.

Ministerial expectations (Paper 3: Ministerial expectations for NGO Contracting, Optimise HR and Optimise Finance refers)

42. Cross-agency transformation programmes are complex, and Ministers are in a unique position to set the preconditions for success by setting very clear expectations to support successful delivery. This paper sets out expectations for agency participation in three initiatives that seek funding through the BPS Seed Fund:

- a. NGO Contracting, led by the Ministry of Business, Innovation and Employment (MBIE)
- b. Optimise Human Resources (HR), led by the Department of Internal Affairs (DIA)
- c. Optimise Finance, led by the Treasury.

43. Together with central funding from the BPS Seed fund, directing agencies lets us ensure agencies participate to demonstrate they support the best collective outcome for participating agencies and maximise benefits to the Crown.

Better use of data (Paper 4: Better use of data to improve outcomes for New Zealanders refers)

44. Delivering better results within tight financial constraints requires a new capability: one that enables agencies, sectors, and Cabinet to understand the interventions that will make a difference to New Zealanders from a person-centred, rather than service-centred, perspective.

45. During 2013, we expect the State sector to make significant progress in establishing this capability. To achieve this, the accompanying paper proposes to establish:

- a. better arrangements across agencies to support the sharing of anonymised 'person-centred' data. This will enable government at agency, sector and system levels to better decide on and monitor services and interventions that will improve outcomes for New Zealanders; and
- b. a new capability in the Corporate Centre specifically to carry out system level analysis of person-centred data, addressing a current gap in the State sector's ability to improve value across a broad range of government interventions.

46. The insights derived from this work will help government to target its effort and resources into services and interventions that will provide the best return on investment at multiple levels.

Streamlining BPS governance

47. In March 2012 a Programme Board and an Advisory Group were established to support the BPS programme. The Programme Board, consisting of relevant Public Service chief executives, was established by the State Services Commissioner to assist him drive implementation. A Programme Director was also appointed.

48. We established a BPS Advisory Group to bring a level of external advice and challenge on the strategic direction, pace, and level of ambition of the programme. We also appointed the Advisory Group members for terms to 30 September 2013, and we advised Cabinet of our proposals [CAB Min (12) 8/17 refers]. Current members of the Advisory Group are Mark Ford, Vanessa Stoddart, Jacqui Graham and Peter Hughes.

49. Both bodies have functioned as important sources of advice for the State Services Commissioner who, as Head of State Services, is accountable for the delivery of the programme. However, the context in which these bodies were established has changed. There is no longer a Programme Director and oversight of the reform programme is now much more closely aligned with the three chief executives of the central agencies. The chief executives now act as a formally constituted Executive Board, chaired by the Head of State Services, and the Programme Board and Advisory Group have been providing broadly similar, and therefore duplicative, advisory functions.

50. We propose to streamline this system by moving to a single advisory body. It is proposed that the Head of State Services will appoint members of the new advisory body, in consultation with State Sector Reform Ministers. We will advise Cabinet of proposals, including the role and membership of the new body, by end March 2013.

Consultation

51. All public service departments have been consulted on this paper, including those with functional leadership responsibilities, being the Department of Internal Affairs, and the Ministries of Social Development and Business, Innovation and Employment.

Financial Implications

52. The decisions recommended by this paper do not have direct financial implications. Financial implications associated with any decisions in the accompanying three papers are addressed separately in each paper.

Human Rights

53. This paper has no human rights implications.

Legislative Implications

54. This paper has no legislative implications.

Regulatory Impact and Compliance Cost Statement

55. The specific proposals in this paper have no regulatory impacts therefore a regulatory impact statement has not been prepared.

Publicity

56. Current practice is to make BPS papers publicly available on the BPS website, when ministerial decisions have been made. To ensure implementation of Ministers' decisions, the Central agencies will provide direction and guidance as needed e.g. through circulars. The "Paper 1 BPS Priorities for 2013" has wider interest in demonstrating the Government's BPS reform commitment and expectations. It will be released once potential issues, e.g. commercial sensitivity for the accompanying papers, have been addressed.

57. For the accompanying papers the main stakeholders are government agencies. The Head of State Services will inform agency chief executives of all of the papers as relevant for them. The companion papers all include elements under active

consideration by government. To not prejudice the development work in these cases public release it is most appropriate to wait until Ministers have made decisions on business cases. Business cases are due in July 2013 for “Better use of data” (Paper 4) and in November 2013 for Optimise HR and Optimise Finance (Papers 2 and 3). Pending confirmation that NGO contracting progresses to the next stage, MBIE with social sector agencies will agree appropriate external engagement that links with and leverages agencies’ other work and engagements with NGOs (Papers 2 and 3).

Recommendations

58. We recommend that the State Sector Reform and Expenditure Control Committee:

1. **note** that in 2012 we established the critical foundations for delivering on the BPS reform agenda including:
 - 1.1 *A focus on results – the Prime Minister’s 10 Results for New Zealanders* shift the focus from delivering outputs to delivering results that benefit families and communities
 - 1.2 *People-centred service design and delivery* – driving more efficient and responsive services, designed *with* people and businesses and organised around *their* needs
 - 1.3 *Delivering effective spending and efficiencies through agencies*
 - sharing resources, services, and taking a whole of system approach for common functions to leverage scale and expertise
 - ensuring they are better positioned to meet future challenges
 - 1.4 *Building capability to deliver services in the best way*, whether from the public, not-for-profit, or private sectors and testing new models of service provision
2. **note** that strong and clear leadership will be required to deliver our goals for 2013, which means that:
 - 2.1 Ministers must continue to provide leadership and clear messages about what needs to be achieved and unequivocally back the agreed mandates
 - 2.2 leadership from the Head of State Services, supported by the Corporate Centre, is critical for ensuring state sector leaders are supported, challenged and held to account for their performance and that their agencies are well positioned to meet future challenges
3. **agree** that the focus for the BPS reform programme in 2013 is to drive practical action that delivers tangible change with a focus on:
 - 3.1 *Delivering results* – ensuring that by end 2013 we have full confidence that we are on track to meet or exceed targets, if not, clear remedial actions have been actioned
 - 3.2 *Achieving efficiencies and system wide benefits* – we expect through functional leadership to see observable changes which step us toward better management of services and delivering efficiencies
4. **consider** the accompanying package of papers to lift the ambition and pace for 2013:
 - 4.1 Paper 2: Speed up BPS reforms with BPS Seed Fund

- 4.2 Paper 3: Ministerial expectations for NGO Contracting, Optimise HR and Optimise Finance
- 4.3 Paper 4: Better use of data to improve outcomes for New Zealanders
- 5. **note** that:
 - 5.1 in March 2012 a BPS Programme Board was established by the State Services Commissioner and we established an Advisory Group to support the government's programme of State sector reform, but that their respective roles now largely overlap
 - 5.2 we intend to streamline BPS governance by moving to a single advisory body and we will advise Cabinet on new arrangements by the end of March 2013
 - 5.3 the Head of State Services will appoint members of the new advisory body, in consultation with State Sector Reform Ministers.

Hon Bill English
Deputy Prime Minister

Date:

Hon Dr Jonathan Coleman
Minister of State Services

Date: