



# PATHFINDER

## Guidance on Outcomes Based Management

Building Block 9:

Interagency Collaboration towards Outcomes

Version 1.0

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This 'living document' provides guidance for results-driven agencies developing outcome information to inform their decision-making. The document has been produced by the Pathfinder Project, and will be updated as new, relevant material is developed. Updates will be published on <http://io.ssc.govt.nz/pathfinder> as they become available.

## BUILDING BLOCK 9: INTERAGENCY COLLABORATION TOWARDS OUTCOMES

### Purpose Statement

- 1 This building block describes good practices in collaboration or coordination between agencies in pursuit of common or sector outcomes.
- 2 This target audience of this chapter are chief executives and second tier managers as this material is focussed upon managing their department's outputs towards sector outcomes. The majority of government agencies work towards outcomes that are common with other government and non-government organisations. The New Zealand public service management system stresses management accountability of outputs, which in turns creates a strong "silo" effect, or an apparent disincentive for agencies to work collaboratively towards outcomes. Some departments have learned to overcome this potential barrier and work constructively towards sector outcomes. This building block draws from their experiences.
- 3 This guidance suggests processes and success factors that agencies should consider as they collaborate towards sector outcomes, without blurring accountability for outputs. These processes and success factors have been gathered from the work of both New Zealand and other government agencies that have successfully collaborated in the pursuit of common or sector outcomes.
- 4 Finally, interagency collaboration can be subdivided into two types: *sector* outcomes in which agencies collaborate in a well-defined sector to maximise outcomes (eg health, education, or justice) and *common* outcomes in which agencies may collaborate across sectors (eg health outcomes may be partially driven by education outcomes or housing outcomes). For both subtypes the processes and success factors remain the broadly the same.

### Management Overview

- 5 The primary purpose of interagency collaboration is the maximisation of benefits to New Zealanders from Government services and activities. This raises the question of "when and how should departments work together to maximise common or sector outcomes"? In answering this question management should gain clarity about their agency's:
  - i accountabilities and roles
  - ii strategic planning and the prioritisation of outputs
  - iii demonstration of departmental effectiveness
  - iv agreements with other agencies
- 6 Agencies in sectors that are currently collaborating well towards sector outcomes have identified a range of factors covering good management necessary to increase the chances of success:
  - i get your own house in order – clarify your own outcomes and interventions first
  - ii ministerial and stakeholder "buy-in" – collaboration is difficult without their support Stakeholders that could be considered include service recipients, employees, and service providers.
  - iii agreeing outcome(s) – both sector or common outcomes must be agreed before agencies can collaborate effectively

- iv sector leadership – a range of technical (sector expertise), and facilitative or group leadership skills are required
- v roles and responsibilities – each agency must know its role and responsibilities to the sector
- vi time – effective collaboration takes time to develop
- vii terms of reference – must explicitly define roles, accountabilities and scope of work
- viii culture – participating agencies should be receptive and committed to the collaboration process
- ix size – large groups with poor terms of reference just become “talk-fests”
- x common terminology – should be agreed early in the process.

7 Collaborating in a formal sector “coalition” is expensive. It can absorb significant time, not just in meetings, but also in preparation, analysis, and organisational and system design. Choosing when and where to collaborate is a decision that should not be taken lightly. In general, agencies should only collaborate together in sectors if:

- i they produce net benefits,
- ii they have clear accountability for services or actions,
- iii there is an agreed and understood rationale that justifies the inclusion of all participants,
- iv outcomes for citizens can be improved by better planned government action

8 Experience of state sector management, in both New Zealand and internationally, consistently identifies several management processes that produce successful interagency collaboration:

- i formation of a guiding committee
- ii representation by those with the power to make decisions
- iii early engagement
- iv engagement at multiple levels
- v alignment of outputs

9 Once management have commenced the process to agreeing sector or common outcomes (including informal agreements) they will have some significant internal issues to consider:

- i engagement with the relevant parts of the agency
- ii distribution of information that is held centrally
- iii co-ordination of initiatives
- iv measurement and evaluation strategies
- v remaining flexible
- vi overcoming barriers to engagement

### **Management Applications of Interagency Collaboration**

10 The primary purpose of interagency collaboration is the maximisation of benefits to New Zealanders from Government services and activities. However, New Zealand’s public management system focuses accountability on the delivery of departmental outputs. This raises the question of “when and how should departments work together to maximise common or sector outcomes”?

11 In answering this question management should gain greater clarity on their agency’s:

- a *accountabilities and roles* – in particular how the activities and services of your agency mesh with those of others to maximise the sector or common outcome(s), and in the process make explicit departmental accountability for outputs delivered towards sector outcomes.

Implicit in this benefit is the concept of a “sector intervention logic”. Each agency in the sector should learn more on how their activities and services each contribute towards sector or common outcome(s) and be able to identify areas of synergy.

- b *strategic planning and the prioritisation of outputs* – planning of your agency’s services and activities will be improved through agreement with other departments about future roles, services and activities.
- c *demonstration of departmental effectiveness* – well-defined and planned interagency collaboration to maximise outcomes should enable management and Ministers to better demonstrate the effectiveness of policy and operational decisions.
- d *agreements with other agencies* - clarity of respective agency roles and agreed outputs facilitates clear agreements between agencies providing either contractual services or aligned activities towards sector outcomes.

12 This building block provides good practice answers to both questions (when and how). The guidance offered is simply that - guidance. Agencies working together will have to find solutions that suit themselves and their sector best. No two sectors will be alike, and no two departments are alike.

### **Success Factors for Managers**

13 Agencies in sectors that are currently collaborating well towards sector outcomes have identified a range of factors covering good management necessary to increase the chances of success:

*Get your own house in order* – Collaborating with other departments will be more effective when your agency has its own outcomes and intervention logic well defined. Collaborating towards common outcomes is less likely to be successful when participating agencies are not clear about their own outcomes and intervention logic<sup>1</sup>.

*Ministerial and Stakeholder “buy-in”* – All agencies should consult their respective Ministers as they progress interagency collaboration to maximise outcomes. Ministers should be comfortable about the proposed roles and outputs of individual agencies, and how these outputs link to the sector outcomes. Significant stakeholders should at least be kept informed. Effective interagency collaboration is difficult without the support of these two groups.

*Agreeing outcome(s)* – Government agencies within a sector may have defined their sector outcomes differently. Collaboration towards outcomes fits broadly into 2 subgroups:

- a *Sector outcomes* – are normally defined as being outcomes of a recognised area of activity eg justice, education or health, and
- b *Common outcomes* – in which agencies working towards common outcomes (ie those not in the same sector).

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<sup>1</sup> *Doing Cross Agency Outcomes Better*, Unpublished paper, MfO Steering Group, 2003

Management of all sector agencies should collaborate in defining outcomes and performance indicators that gains the approval of each agency. Sector agencies may need to refine their own outcome definitions to produce agreed sector outcome(s). Working to different objectives (outcome goals or targets) is liable to lead to future conflict. The outcomes agreed need to be strongly linked to the mission or “vital few” outcomes of each participating agency, and linked back to the outputs of each agency – in short, each agency should agree to a “sector” intervention logic

*Sector Leadership* – without an open and consultative style of sector leadership there is a risk that the agencies will split into factions because partners do not know whom to trust. The particular leadership skills needed are<sup>2</sup>:

- a analytical skills - sectoral buy-in is improved through consensus on the analytical underpinnings of the sector intervention approach(es).
- b facilitation - the ability to create an informal and unthreatening atmosphere.
- c influencing and communication - the ability to convince others there are no hidden agendas, and
- d organisational and planning skills.<sup>3</sup>

*Role and Responsibilities* – each agency working towards sector outcomes should be clear about its own role and responsibilities, and those of other agencies. Such clarity facilitates departmental accountability to the sector and minimises wasted time, effort and resource.

*Time* – building trust, knowledge and commitment across agencies and at several levels of management takes months or years, and requires great persistence.

*Terms of Reference* – clarity is essential for any sectoral working group of managers focussed on building interagency collaboration towards sector outcome(s). Terms should specify roles, responsibilities, resources to be committed, decision-making processes, information sharing processes, process management, and dispute resolution processes.

*Culture* – participating agencies should be receptive and committed to the collaboration process. This includes:

- a working together to build a coherent sector intervention logic that enables prioritisation of sector systems, approaches, and outputs to maximise outcomes.
- b organisational behaviours and attitudes should reflect the commitment to the sector approach.
- c seeking the inclusion of other agencies that are not represented but have a legitimate role in the sector.

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<sup>2</sup> Adapted from *Companion Guide – The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives*, Treasury Board of Canada, June 2002, [http://www.tbs-sct.gc.ca/eval/tools\\_outils/comp-acc-PR\\_e.asp?printable=True](http://www.tbs-sct.gc.ca/eval/tools_outils/comp-acc-PR_e.asp?printable=True)

<sup>3</sup> *Joining Up to Improve Public Services*, Report by the Comptroller and Auditor General, HC 383 Session 2001-2002, 7 December 2001, p 81, “Key Lessons”.

*Size* – Collaborative fora (see Guidance below) should limit their size. Canadian experience<sup>4</sup> has shown that 6 – 10 individuals is often ideal, and this is supported by successful practice of New Zealand agencies (The National Road Safety Committee contains 7 chief executives)

*Common Terminology* – Agreement on the use of technical terms and criteria should improve communication and help avoid future misunderstandings<sup>5</sup>. Terminology should be agreed early in the collaboration process.

### **Good Practice Guidance**

14 Guidance on “when and how” agencies should collaborate has been gathered from many sources. New Zealand agencies have, to varying degrees, worked together reasonably well. Much of the following is not new. What is different is the explicit focus on sector outcomes now being encouraged by Government and central agencies.

*When should agencies collaborate?*

15 Collaborating in a formal sector “coalition” is expensive. It can absorb significant time, not just in meetings, but also in preparation, analysis, and organisational and system design. Choosing when and where to collaborate is a decision that should not be taken lightly.

16 Collaborate by choice, not chance<sup>6</sup>. In general, agencies should only collaborate together in sectors if they meet these criteria:

- a *Value*: the benefits to New Zealanders outweigh the costs
- b *Accountability to Participant Agencies*: all participating agencies can be held accountable for their services or actions
- c *Rationale*: there is an agreed and understood rationale that justifies the inclusion of all participants
- d *Impact*: outcomes for citizens can be improved by better planned government action

*How should agencies collaborate?*

17 Experience of state sector management, in both New Zealand and internationally, consistently identifies several management processes that produce successful interagency collaboration. The success factors for these processes have been previously identified, and these should be considered in conjunction with the following good practice in interagency collaboration:

*Formation of a guiding committee* – This committee should comprise the chief executives of the participating agencies. A good example of such a committee is the National Road Safety

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<sup>4</sup> *Companion Guide – The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives*, Treasury Board of Canada, *ibid*.

<sup>5</sup> *Companion Guide – The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives*, Treasury Board of Canada, *ibid*.

<sup>6</sup> Adapted from *The Federal Government as Partner: Six Steps to Successful Collaboration*, November 1995, Treasury Board of Canada.

Committee (NRSC)<sup>7</sup> composed of the participating sector agencies. The committee has a very clear role and purpose:

- a *Specified outcome based objective(s)*<sup>8</sup> – the NRSC is responsible for the Road Safety Strategy and Road Safety Outcomes
- b A clear Memorandum of Understanding or Terms of Reference
- c *Formal links to other committees* such as stakeholders and user groups (eg The NRSC links to the Industry Consultative Group<sup>9</sup> and National Road Safety Advisory Group<sup>10</sup>)
- d *A clear role* – eg the NRSC:
  - i communicates with Minister(s) quarterly,
  - ii guides the Management Group
  - iii sets performance standards and reviews performance against outcome targets quarterly,
  - iv oversees development programmes

An example of a detailed, systematic approach to documenting interagency collaboration agreements is the Canadian SUFA template.<sup>11</sup>

*Representation* – The power to make decisions and commit the organisation. Agency representatives should be senior enough to make decisions on behalf of their agency. Guiding Committees should not be composed of middle level managers or analysts who are not usually empowered to make decisions on behalf of their organisation. Chief Executives should represent their agencies in these committees.

*Early engagement* – The formation of a guiding committee to oversee interagency collaboration should occur early in the outcome development processes of participating agencies. A good example of this is the ongoing development work by agencies in the “justice” sector. The Secretary for Justice has convened a Chief Executives Group (and other working groups) early in the Managing for Outcomes (MfO) process and this group is working towards<sup>12</sup>:

- a agreeing sector goals and priorities,
- b developing a prioritisation process for new [sector] initiatives,
- c aligning agreed outcomes and priorities in agencies’ Statements of Intent (SOIs).

The benefits of early engagement are highlighted by these sentences from Justice’s Post Election Briefing 2002:

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<sup>7</sup> Comprised of: Accident Compensation Corporation, Land Transport Safety Authority (Chair), Local Government New Zealand, Ministry of Transport, New Zealand Police, Transit New Zealand, Transfund New Zealand, <http://www.ltsa.govt.nz/about/partner.html>

<sup>8</sup> <http://www.ltsa.govt.nz/about/who.html>

<sup>9</sup> [http://www.ltsa.govt.nz/about/partner\\_03.html](http://www.ltsa.govt.nz/about/partner_03.html)

<sup>10</sup> [http://www.ltsa.govt.nz/about/partner\\_02.html](http://www.ltsa.govt.nz/about/partner_02.html)

<sup>11</sup> *SUFA Template*, Treasury Board of Canada, 11 April 2000, [http://www.tbs-sct.gc.ca/rma/account/sufa-ecus/temp-mod\\_e.asp](http://www.tbs-sct.gc.ca/rma/account/sufa-ecus/temp-mod_e.asp)

<sup>12</sup> Post Election Briefing, 2002, Ministry of Justice, <http://www.justice.govt.nz/pubs/reports/2002/post-election-brief-2002/chapter-1.html>

*“This framework would assure Ministers that a sector perspective had been applied to the development of outcomes and priorities. It would facilitate communication and enable the recognition of links and interfaces, thereby improving the coordination of the sector. It would also enhance the implementation of sector strategies.”*

*Engagement at multiple levels* – Both the Road Safety Sector and the Justice Sector have engaged at the chief executive level to oversee direction and progress, and at a managerial level to collaborate on design process work and implement co-ordinated activities, research, and services.

*Alignment of Outputs* – Agencies collaborating in mature sectors (existing for several years and have agreed outcomes, agreed intervention logic, and clear roles and accountabilities) will be able to start to align their respective outputs towards specific outcomes. The joint planning and reporting around well-defined outcomes is evident in both LTSA<sup>13</sup> and Police documentation<sup>14</sup>.

### **Management Issues Going Forward**

18 Once management have commenced the process to agreeing sector or common outcomes (including informal agreements) they will have some significant internal issues to consider. Appendix 3 of The Department of Labour Joint Outcomes Framework raises some internal alignment and implementation issues:

*Engagement with the relevant parts of the agency.* If interagency collaboration is to succeed then the relevant parts (both policy/analytical and service delivery units) of the agency should be engaged early in the process. This is necessary not only to gain early internal “buy-in”, but to also ensure that outcome models and logic are the most suitable for these units.

*Information required by collaborating agencies is held centrally or made readily available-* Access to outcome and performance information should be accessible not only to the relevant units, but also made available freely to managers responsible for maintaining relationships and reporting performance to collaborating agencies, whilst remaining within good practice guidelines for the protection of privacy.

*Co-ordination of initiatives-* Agencies with a diverse range of activities in more than one sector, or even multiple initiatives in the same sector, will have to manage internal complexity. Management will need to co-ordinate internal decision-making, resource allocation, and strategic planning to minimise conflict and maximise any synergies arising from multiple initiatives.

19 Finally, as agencies progress collaboration towards sector or common outcomes they will have to consider a range of implementation issues:

*Measurement and evaluation strategies* – Sector managers will have to develop a measurement and evaluation strategy which outline parameters for the measurement and evaluation of the key performance indicators. For each indicator, the measurement strategy should clearly indicate through what method the information will be collected, by whom, and how often. Consideration should also be given to whether there is a need for baseline information to be

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<sup>13</sup> See Table 4, *New Zealand Road Safety Programme, 2001 – 2002*, Land Transport Safety Authority, [http://www.ltsa.govt.nz/publications/nz\\_rsp/nzrsp01\\_02.html](http://www.ltsa.govt.nz/publications/nz_rsp/nzrsp01_02.html)

<sup>14</sup> “Output Class 12”, NZ Police Annual Report, 2002. <http://www.police.govt.nz/resources/2002/annualreport/annualreport.pdf>

collected for any indicators at the outset. Estimated costs for data collection and analysis should also be identified in these strategies.<sup>15</sup>

*Remaining flexible* – Each agency should be prepared to reconsider their range of outputs to ensure that services do not conflict, duplicate or clash with the activities of other sector agencies. A sector intervention logic should enable agencies to be clear about the services they deliver and where or when services may need to change. Being responsive and flexible to improving the delivery of government services for greater impact on citizens is the end objective of interagency collaboration.

*Overcoming barriers to engagement.* – Some agencies do find engaging with others difficult due to an apparent lack of interest. The issue is not one of non-engagement but of relative prioritisation. An outcome that is a high priority (vital few) for one agency may not be a high priority in another agency, resulting in an apparent reluctance to engage. In these situations agencies could try to engage on an *informal* basis, ie without formal documentation or agreement – but moving forward on an understanding to work together wherever possible.

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<sup>15</sup> *Guide for the Development of Results-based Management and Accountability Frameworks*, Treasury Board of Canada, August 2001, [http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/rmaf\\_cgr\\_e.asp](http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/rmaf_cgr_e.asp)