



PATHFINDER

Guidance on Outcome Focused Management

Learning Paper :
Managing for Outcomes - The Local Authority
approach and some implications for
Central Government

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This document provides guidance for agencies integrating outcome information into their decision-making processes. The document was produced by New Zealand's Pathfinder Project. More Pathfinder guidance documents are available on <http://io.ssc.govt.nz/pathfinder>.

We hope other outcome-based initiatives continue to develop the material presented in this suite.

Managing For Outcomes: The Local Authority approach and some implications for Central Government

Purpose Statement

1 This scoping note provides an outline of the approach to outcomes based management that is being adopted by local authorities in New Zealand, and discusses the implications for central government agencies.

2 Pathfinder's Building Blocks Summary document provides information on the basic approach that can be taken to managing for outcomes within central government. See: <http://io.ssc.govt.nz/pathfinder/information.asp>

Management Overview

3 One of the new requirements of the Local Government Act 2002 is that local authorities need to plan for social, cultural, environmental and economic outcomes (collectively "Community Outcomes") for their communities, and to consult with central government (among others) on this planning. This may have a significant impact on central government - centrally and regionally - in terms of how we focus on results, work with citizens and communities, and collaborate.

What is the local authority approach?¹

4 The Act does not prescribe a particular process, but the expectation is that local authorities will identify and/or document:

- the community outcomes for the local authority's district or region;
- how the community outcomes have been identified;
- the other parties that can influence either the identification or promotion of community outcomes (this can include central government agencies);
- how the local authority will contribute to furthering community outcomes;
- how the local authority will work with other parties to further community outcomes;
- how the community outcomes relate to other key strategic planning documents or processes;
- what measures will be used to assess progress towards the achievement of community outcomes; and
- the rationale for delivery of a group of activities (including the community outcomes to which the group of activities primarily contributes).

Although there are similarities with the central government approach to managing for outcomes, the local community focus of the Act may create some tensions as well as opportunities for managers in central government; particularly in terms of how agencies focus on results, work with these communities, and collaborate.

¹ Drawn from a presentation by Fiona Illingsworth (DIA) to the Pathfinder Working Group, 10 April 2003. Refer to <http://rangi.knowledge-basket.co.nz/gpacts/public/text/2002/an/084.html> for an index of the Act.

What are the major differences from the central government approach?

The Act is more prescriptive than legislation affecting departments. Major differences are:

- *Legislative mandate.* The Local Government Act 2002 requires councils to facilitate consultative processes for the identification of outcomes by the community, and for planning, measuring and reporting progress against these outcomes. (s. 91 and 92)
- *Prioritisation across outcome domains.* The outcomes pursued include those that are important to the community. These outcomes will encompass social, cultural, environmental and economic domains. (s. 91 (2) (a))
- *Mandated community involvement.* In the identification of and planning for the achievement of outcomes. (s. 91)
- *Focus on collaboration and working relationships.* The emphasis on consultation within the Act is reinforced by a requirement for local authorities to identify parties (including central government departments and agencies) that can influence either the identification or the promotion of outcomes. (s. 91 (3) (a) i)
- *Encourages networks and coalitions.* Regions, cities, districts or local authority coalitions can lead the outcomes prioritisation/selection process. Combined with the requirement to identify the other parties that contribute to community outcomes, this may encourage the formation of new networks and coalitions, or a greater use of existing networks.
- *Coupling of outcomes to reporting.* Local authorities must report the outcomes identified, the process used to identify the outcomes, how the local authority will contribute to these outcomes, progress measures and the monitoring and reporting regime. (s. 93)
- *Periodic review.* The Act requires local authorities to review their long-term plan every three years and that community outcomes processes are undertaken not less than every six years. (s. 92 and 93)
- *Sustainable development focus.* The purpose of local government as defined by the Act includes promoting the social, economic, environmental and cultural well-being of communities in the present and for the future. (s. 10)

What does this mean for central government agencies?

The types of approaches envisaged by the Local Government Act 2002 for identifying and planning for outcomes may have a significant impact on central government. This impact will be uneven, with some departments and agencies (for example those with a strong regional focus and/or that contribute to health, employment, educational or sustainability outcomes, or those operating with a devolved sector) being affected more.

Impacts likely to arise through the approach taken by local authorities are:

- Creating a challenge between how outcomes are defined and reported on at a national level and by individual local authorities. Effective brokerage may be required to align the interests of departments and local authorities. Where definitions are common, new reporting requirements may be warranted.

- Creating a challenge between identifying and maintaining national service standards while also developing and delivering local models that may work for local communities. Such challenges are healthy, provided the benefits of new models can be demonstrated over time. In an earlier scoping note, Pathfinder identified practices that help management redesign operational systems to enhance outcomes. Success factors included a culture that protects what works, tries new ideas and ways of working where results are less than impressive, and that tests new ideas in a disciplined, structured way.²
- Creating challenges in either the choice of intervention(s) or priorities for funding. There will be different expectations to reconcile. Outcomes identified at a community level may or may not “fit” with the priorities identified at a national or whole of community level. Similarly, logistical and funding constraints may affect the mix of interventions that are available in a given area.³
- Identifying differences between agency/organisational aims and activities. The good practice approaches used by some local authorities provide a good vehicle for interagency collaboration if all parties are clear about their rights, roles, and responsibilities. All parties need to be clear about what they do and why they do it.
- Highlighting mismatches between the geographic boundaries of local authorities and departments. Such variances may lead to complications in service planning, coordination and delivery, or in budgeting.

Opportunities for central government

- ✓ Using reciprocal pressure to shape service delivery at local/regional level.
- ✓ Matching high value interventions to clients (or areas) of high risk and likely benefit.
- ✓ Identifying resources that could be shifted to higher value activities.
- ✓ Learning about community priorities and desired outcomes. It is a chance to test if your “vital few” are in fact “vital” to all stakeholders.
- ✓ Working collaboratively to achieve commonality in outcome definitions.
- ✓ Reporting on outcomes by local authority areas, where definitions permit.
- ✓ Sharing resources to deliver improved outcomes to communities.
- ✓ Allowing flexibility in responding to local needs (within constraints).
- ✓ Identifying cross-agency outcomes and other parties that contribute to these outcomes. The good practice approaches used by some local authorities provide a vehicle for influencing events beyond a central government agency’s individual control through identifying and working in productive networks. These networks need to extend across internal and institutional boundaries.
- ✓ Sharing learning and best practice in managing for outcomes.
- ✓ Generating and testing new ideas for interventions.
- ✓ Educating communities about central government work programmes and national strategies and priorities.

² i.e. by using performance monitoring and evaluation to show that the intervention logic is ‘working as planned’. See Pathfinder’s Building Block 8.

³ DPMC, SSC and DIA are currently working to identify and assess the implications of the Act for central government.