

# The Treasury

## Implementation Unit Establishment Information Release

August 2021

This document has been proactively released by the Treasury on the Treasury website at <https://www.treasury.govt.nz/publications/information-release/implementation-unit-establishment>

### Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [33] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

### Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

### Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to [information@treasury.govt.nz](mailto:information@treasury.govt.nz).

## Treasury Report: Implementation Unit support from Treasury – objectives for future reporting

Date:	19 November 2020	Report No:	T2020/3361
		File Number:	PD-5-7-10

### Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p><b>Inform</b> the Treasury whether you intend to continue having an Implementation Unit within your office;</p> <p><b>Describe</b> your objectives for your involvement in the implementation of NZUP and CRRF initiatives and the mechanisms that you may use to achieve those objectives;</p> <p><b>Agree</b> to meet with the Treasury to discuss how different options for reporting could help you achieve your objectives.</p>	15 December 2020

### Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Alex Rodgers	Senior Analyst, Strategic Performance Improvement	[39]	N/A (mob) ✓
Megan Taylor	Manager, Strategic Performance Improvement		N/A (mob)

### Minister's Office actions (if required)

**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** No

# Treasury Report: Implementation Unit support from Treasury – objectives for future reporting

---

## Executive Summary

---

From July to October, the Treasury supported your office's Implementation Unit with a fortnightly report, as you commissioned. The Treasury also produced a report on projects in the New Zealand Upgrade Programme from September to October.

This Treasury Report:

- discusses lessons from that reporting cycle;
- seeks to understand your goals around delivery and value for money, and how you want to achieve those goals; and
- presents some high-level options for future reporting that might help you achieve those goals while working within the constraints of Treasury resourcing, resourcing of other agencies, and working within existing reporting systems.

## Recommended Action

---

We recommend that you:

- inform** the Treasury whether you intend to continue having an Implementation Unit within your office;
- describe** your goals for your involvement in the implementation of NZUP and CRRF initiatives and the mechanisms that you, and your IU, may use to achieve those objectives (tick as appropriate):
  - To understand which initiatives are not delivering to your expectations, so that you can arrange for the relevant Ministers to investigate and resolve;  
☐
  - To understand which initiatives are not delivering to your expectations, so you can take an active role in helping resolve issues;  
☐
  - To have a complete picture of the status of initiatives of interest, so you or your office can analyse the implementation of an initiative in detail and be involved in managing its implementation;  
☐
  - To reinforce and establish processes that ensure Ministers, ministerial groups and Cabinet Committees are getting timely information on delivery and value for money;  
☐
  - Other (specify);  

---

☐

- c **agree** to use a Finance Priorities meeting with the Treasury to discuss how the Treasury and any reporting process could best assist with your goals and mechanisms with the resources available.

*Agree/disagree.*

Megan Taylor  
**Manager, Strategic Performance Improvement**

Hon Grant Robertson  
**Minister of Finance**

## Treasury Report: Implementation Unit support from Treasury – objectives for future reporting

---

### Purpose of Report

---

1. This Treasury Report relates to the regular reports provided by the Treasury to you and your office's Implementation Unit (IU). The purpose of this report is to:
  - a. give an overview of the work that the Treasury has provided to your IU so far;
  - b. present lessons that the Treasury has learnt during the pre-election period; and
  - c. seek to understand the goals you may have for ongoing reporting.

### Background

---

2. Around June 2020, you established the Implementation Unit (IU) within your office. We understand that you did this so that you or your office could take actions where CRRF-funded initiatives were not delivering to your expectations. Also in June 2020 you asked the Treasury to support the Implementation Unit, and commissioned us to produce reports on the implementation status of select initiatives from June until the election.
3. The Treasury produced eight reports for you and your IU. These reports provided regular information on 115 initiatives that you selected (not all of which were funded from CRRF). Some reports also included 'deep dives' into a specific portfolio. The final report looked back over the whole period, and presented lessons learnt from the process.
4. The original commission was only for reporting until the election, but you have indicated a focus on delivery and the value for money achieved from existing initiatives. We therefore want to understand your intentions on this matter, including your goals for delivery, your mechanisms for achieving those goals, and what support you want from the Treasury.
5. As well as the reports on CRRF-funded initiatives, the Treasury has also been producing a report to you on the progress of New Zealand Upgrade Programme (NZUP) projects. We have produced two reports – one in September and one in October – and these reports covered every project funded through the NZUP both with overviews and highlighted risks with specific projects. Like the CRRF report, there have been no reports on NZUP since the election.
6. This paper sets out some high-level options for the shape that future reporting could take. Detailed design and resourcing implications are dependent on both your possible goals and the actions you may wish to take to achieve those goals.

### Lessons learnt from pre-election reporting

---

7. As part of our final report for the Implementation Unit in October, we looked back on how the process of gathering and presenting the requested data went. The review identified positives in the previous reporting structure, but also some issues which can be taken into account when designing any future reporting process. The relevant sections from that final report are attached as Annex One. The key lessons are summarised below.

## Summary of lessons learnt

8. The current selection of initiatives tracked may not be ideal. Many initiatives currently tracked are on schedule and performing as expected, or are not expected to report progress for some months. There may also be other CRRF-funded initiatives not on the list that are at risk of not delivering.
9. The speed in which Treasury's IU support team was set up meant there was little time to develop standardised guidance for agencies, leading to varied quality in information and language from those agencies.
10. Agencies fed back strongly that fortnightly, detailed reporting on so many initiatives was costly and was not aligned with their own and other reporting requirements. In one case an agency told us that they put their own project / programme monitoring work on hold in order to meet the Treasury's data requests. Agencies asked to be more involved in the design of future reporting to minimise the costs and ensure better quality information. Many agencies' internal reporting happens in monthly or quarterly cycles and they requested that future reporting aligns with that. They also asked to understand how the Minister will use the information, to ensure they are providing something that is useful.
11. Quality and availability of information varied across initiatives. Often, agencies could not provide fortnightly data on initiatives with long-term implementation programmes. In other cases, it was a burden to obtain fortnightly data, or the agency already had a monitoring process which was out of sync with our reporting. Most initiatives did not have an update for a given report, and it was rare for any given initiative to have a spending update each fortnight.
12. There is scope for different rates of reporting depending on where an initiative is at in its lifecycle, such as more frequent reporting in the earlier stages, then less frequent reporting when it is established. There could also be a more active shift to reporting on delivery of outcomes and outputs that show progress towards the ultimate goal. Spending was often not a good measure of progress. Categorisation of milestones may also be valuable.

## Your goals and mechanisms and options to support them

---

13. We first would like to confirm with you whether you intend to continue to have an Implementation Unit within your office, and whether you want us to develop proposals. This is because your original commissioning only sought reports from the Treasury until the election.
14. The structure and contents of future reporting depends heavily on what your goals are, and the mechanisms by which you may work to achieve those goals. Your current goals may have changed since June, and may be driven by:
  - a. the Government's priorities for this parliamentary term (such as improving employment, support for small businesses, and infrastructure improvements);
  - b. your new roles as Deputy Prime Minister and the chair of the Cabinet Priorities Committee;
  - c. lessons learnt from pre-election reporting;
  - d. the fact that initiatives are generally more progressed and so are at later stages of delivery; and
  - e. planning for Public Finance System modernisation and Budget 2021.

15. Your possible goal(s) and mechanisms could include:
- a. To identify initiatives that are not delivering to your expectations, then bring them to the attention of the relevant Minister and set out your expectation that the Minister investigate and improve performance. This may be through letters, Cabinet, or one-one-one conversations. However, as you would not be the one to take the actual actions that improve delivery of the initiatives, you would not be seeking analysis of the cause of underperformance nor devising solutions.
  - b. To identify initiatives that are not delivering to your expectations and assist the relevant Ministers in analysing the cause of the problem and in devising solutions.
  - c. To maintain a thorough and up-to-date understanding of the status of selected initiatives. This may be to allow you to answer questions on these initiatives, take an active role in the management of an initiative, or otherwise have full flexibility to act at any time.
  - d. To reinforce and establish processes that ensure Ministers, ministerial groups and Cabinet Committees are getting timely information on delivery and value for money. There are already existing reporting and monitoring processes in place that could be further leveraged, built on and/or improved to ensure agencies are identifying and reporting when initiatives are at risk of not delivering. Your new role as Chair of the Cabinet Priorities Committee could also provide an opportunity to review the process for reporting on Government priorities. The Treasury would need to work with DPMC if this is one of the goals and mechanisms you are interested in getting further advice on.
16. There are options with respect to what elements of delivery you want to focus on; for example whether delivery is on time and to budget, and/or whether delivery is achieving or on track to achieve the intended deliverables and impacts, and/or what value for money has been delivered upon completion.
17. Our proposals for reporting will depend on how best we can support your goals and mechanisms. Some goals would be better served by less frequent reports with more detailed analysis, while others might be better served by limiting the number of initiatives covered but by having deep data and analysis on those initiatives. Annex Two sets out two general options for reporting styles, depending on whether you are seeking a “wide and shallow” approach or a “narrow and deep” approach. Further work will go into finer detail on any reporting structure.
18. We also want to ensure that we use public service resources well. The Treasury does not currently have a standing resource for this reporting work. The more detailed reporting requested and the more analysis provided, the more this diverts resources – from both Treasury and other agencies – away from other work. Once we get a better understanding of your goals and mechanisms, we can better understand the cost implications and make recommendations to you that balance the cost of producing the reports with the benefits to you.

## Next Steps

---

19. We would like to meet with you to discuss your goals for ongoing reporting and how the Treasury could best support it. At this meeting we would like to discuss:
  - Whether you intend to continue to have an Implementation Unit (IU) in your office and what roles the IU would undertake;
  - What your goals are for your/your IU's involvement in the delivery of CRRF-funded initiatives and NZUP;
  - What mechanisms you have used, or may use in future, to improve the delivery of CRRF-funded initiatives and NZUP; and
  - How the Treasury and any reporting process could best assist with your goals and mechanisms.
20. This meeting would help us to undertake the detailed design, including determining the resourcing implications of the process and associated reporting that would enable you to achieve your goals.



## **Annex One: Sections from the final pre-election Treasury report on lessons learnt**

We have assessed the lessons learned across the reporting period against initial expectations set out by you in your letter to Ministers on 2 June 2020. The below may be useful to consider in any development and implementation of future reporting processes.

### **Establishing the core elements of the Budget 2020 and CRRF package in respective Minister portfolios**

The current scope of IU reporting does not reflect a complete view of the Budget 2020 and CRRF package. The 115 initiatives included in IU reporting make up 49% (\$29.4 b) of total new committed operating funding in Budget 2020<sup>1</sup>. There could be other relevant factors, such risk profile or implementation capability of the agency, that mean there may be some initiatives in scope which might not need such active monitoring, and some initiatives outside of scope which potentially should be included.

### **Setting clear timelines and deliverables across initiatives**

We reported on the timelines, spending and outputs achieved across initiatives, as informed by agency information. However, the quality and availability of this information varies across initiatives. This may be a result of:

- a. The lag between funding approval and implementation. The unprecedented nature of the pandemic required a fast and early response to COVID-19, meaning funding decisions were made quickly to support the response. However, time is needed to develop the right implementation strategies to ensure quality delivery of outcomes.
- b. Unclear guidance due to the speed at which the IU support team was set up and the top-down commissioning of reporting. There was little time to develop and provide agencies with standardised guidelines and language, resulting in varied quality and interpretation by agencies. With more time to reflect and advise on how to best provide the desired information, we could provide greater confidence on the quality of information provided and better analysis.

A more active shift towards reporting on delivery of outcomes and outputs highlights that spending to date is not a sole determinant of delivery progress. Spending across initiatives (excluding large demand-driven initiatives like the Wage Subsidy) was consistently slow. However, other activity across agency reporting has indicated progress to implement initiatives, including development of implementation plans, hiring of programme staff, ministerial approvals and committing funding.

### **Milestone setting and reporting progress against these milestones**

We reported on key upcoming initiative milestones where available, to help present a picture on upcoming delivery outputs. However, initiatives progress at different speeds, resulting in different expected delivery milestones and milestone timelines. Therefore, it may be more valuable to categorise initiatives to understand what and when reporting on them may be most valuable. For instance, existing programmes receiving top-up funding or funding for 'emergency' initiatives may require more regular reporting than those on slower delivery tracks.

---

<sup>1</sup> This includes funding as part of CRRF.

## **Outputs and outcomes New Zealanders will benefit from because of this programme**

We provided, where available, agency information on outcomes and outputs achieved against initial agency expectations. However, the ease of assessing performance is varied depending on the nature of outputs and outcomes, and there are different timeframes for these (with some not expected in the short-term).

## **Other observations**

This has been an iterative process which has required tight turnaround from agencies. A significant amount of momentum has been generated and agencies are increasingly integrating this as part of their reporting expectations. Leveraging the influence through the Prime Minister's and Minister of Finance's offices, in the setup of the Implementation Unit, has largely driven this response.

This highlights the importance of setting expectations around monitoring across agencies and the need to drive momentum to develop and implement reporting mechanisms. However, the value of high frequency reporting may diminish over time once these processes are put in place and expectations for reporting to Ministers are established with agencies.

Existing reporting should be leveraged more in any future design. IU reporting currently introduces an additional manual reporting requirement which has resulted in reporting fatigue and duplication, impacting the quality of the information being reported. There are a number of existing reporting processes in place in addition to current IU reporting. This includes reporting to the Employment, Education and Training secretariat, as well as other reporting processes agencies have in place (internally and externally). This environment creates additional costs to the system, including costs associated with ensuring consistency of information across different reporting requirements that are often unaligned. We believe it may be more useful to find ways to leverage existing reporting to provide a consolidated view rather than create new reporting mechanisms and content.

## **Direct feedback from agencies**

Collaboration with the owners of this information (other agencies/departments) in designing and implementing reporting helps to maximise value whilst minimising the cost on them. As a first step in understanding the cost implications to agencies, we engaged with a selection of them to better understand barriers to reporting, if any.

This feedback is summarised below:

- a. Reporting frequency does not align with other reporting requirements, resulting in workload pressures and/or inconsistencies in the information being reported to different stakeholders. Aligning with monthly or quarterly reporting cycles is considered more practical. This alignment would better ensure information can be included in existing processes and signed off by appropriate authorities (for example, by the Chief Financial Officer); further improving the quality and integrity of information reported. This reporting frequency has also meant tight turnaround times which have been difficult for large agencies to meet.
- b. Lead time is necessary as the quality of the information is also dependant on the mode of service delivery. Projects delivered by Crown entities or third parties (e.g. partners, community groups etc.) are more challenging to monitor. Contracts under negotiations with Crown Entities/other service delivery bodies can influence the type of information (financial and non-financial) available and the frequency of reporting.

- c. Quality of information reported varies depending on the size of the agency and internal capability. Ambiguity of information request results in agency interpretation of what information is needed. Guidance on what financial information is required will be needed in the future to ensure reduced misinterpretation (for example, expenditure to date or costs can be interpreted differently).
- d. Greater visibility across how agency information is translated to and used by Ministers provides valuable insight and direction for agencies. Ambiguity of how agency information is used by Ministers to make decisions provides greater uncertainty on the value of agency reporting. Greater transparency and sharing of end-product reporting to Ministers can provide useful feedback loops to agencies and their partners whose capacity is often consumed in collating and reporting this information.

## Annex Two: Examples of what different reporting options could involve

Breadth and depth of reporting	Goals and description	What it would mean for:		Possible outputs and frequency
		The Treasury	Reporting agencies	
<b>Wide and shallow</b>	To understand which initiatives are not delivering to your expectations, so that you can arrange for the relevant Ministers to investigate and resolve	<ul style="list-style-type: none"> <li>- Establishes clear baseline information on which to assess variance to expectations</li> <li>- Collects financial (actual and forecast expenditure) and non-financial information (eg; whether on time, on track) from reporting agencies</li> <li>- Consolidates and analyses data to identify initiatives which are not performing as expected.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide regular updates of initiatives and quality assurance of information provided</li> <li>- Respond to the Treasury about the cause(s) of non-delivery and the plan to lift performance and to mitigate risks.</li> </ul>	<p><i>Monthly report could include:</i></p> <ul style="list-style-type: none"> <li>- High level overview of performance by portfolio</li> <li>- A list of initiatives which need further investigation</li> <li>- Recommendations on “back-pocket” talking points with relevant Ministers.</li> </ul> <p><i>The Treasury recommends the reporting scope focuses on a more select group of initiatives than the pre-election report and a smaller amount of data sought on each initiative.</i></p>
<b>Narrow and deep</b>	To understand which initiatives are not delivering to your expectations, so you can take an active role in helping resolve issues	<ul style="list-style-type: none"> <li>- Asks agencies to provide existing reports which answer key questions about delivery (similar to the NZUP process pre-election)</li> <li>- Analyses the causes of non-delivery and recommends actions needed to lift performance</li> <li>- May seek more information from agencies to have a better idea of what is going on with those initiatives at risk of non-delivery.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide the Treasury with existing reports</li> <li>- Work with the Treasury to figure out the causes and what the plan is to lift performance and mitigate risks.</li> </ul>	<p><i>Quarterly report could include:</i></p> <ul style="list-style-type: none"> <li>- High level overview of performance by portfolios</li> <li>- In-depth analysis of smaller groups of initiatives identified as “at risk” with recommended next steps (which have been consulted with departments).</li> </ul> <p><i>This option allows the Treasury to provide more in-depth analysis while streamlining with existing reports.</i></p>