

The Treasury

Implementation Unit Establishment Information Release

August 2021

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Briefing

IMPLEMENTATION UNIT DESIGN PARAMETERS

To: Hon Grant Robertson, Deputy Prime Minister

Date	14/01/2021	Priority	Medium
Deadline	18/01/2021	Briefing Number	DPMC-2020/21-352

Purpose

1. You are meeting with Anneliese Parkin, the Deputy Chief Executive in the Department of the Prime Minister and Cabinet (DPMC) and Struan Little, Deputy Secretary in the Treasury on 19 January at 9.00am to discuss a Budget 2021 proposal for an Implementation Unit (the Unit). This briefing identifies key issues for discussion at that meeting.

Recommendations

- | | |
|--|----------|
| 1. Note the contents of this report. | YES / NO |
| 2. Provide feedback on the following design parameters of an Implementation Unit | |
| i) The number of projects you wish to monitor. | |
| ii) The number of staff in the Unit (also a proxy for total cost). | |
| iii) The amount of time you are able to devote to the work of the Unit on an ongoing basis. | |
| iv) The lifespan of the Unit. | |
| v) The process for engaging with the work of the Unit to advance delivery (i.e. ministerial meetings or your office acting as your proxy). | |

- vi) Unit establishment date and whether to commence recruitment prior to Budget 2021 decisions being finalised (i.e. seeking a pre-Budget Cabinet funding decision).

<p>Anneliese Parkin Deputy Chief Executive, Policy Department of the Prime Minister and Cabinet</p>	<p>Struan Little Deputy Secretary, Budget and Public Investment The Treasury</p>
<p>...../...../2020</p>	<p>...../...../2020</p>

<p>Hon Grant Robertson Deputy Prime Minister</p>
<p>...../...../2020</p>

Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Anneliese Parkin	Deputy Chief Executive, Policy, DPMC	[35], [39]	✓
Struan Little	Deputy Secretary, Budget and Public Investment, The Treasury		
Paul O'Connell	Director, Strategy Unit, DPMC		

Minister's office comments:

- ☐ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to

IMPLEMENTATION UNIT DESIGN PARAMETERS

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Background

2. On 10 December, as part of the Budget 2021 process, you wrote to the Associate Minister of Finance to indicate your wish to submit a new initiative to fund an Implementation Unit within DPMC. The Associate Minister of Finance responded, inviting you to submit an initiative.
3. In preparation, DPMC has been completing the relevant Budget 2021 initiative template. To inform its analysis, DPMC has contracted with Delivery Associates for advice on setting up an Implementation Unit.
4. Delivery Associates was founded and is chaired by Sir Michael Barber, who created and led the Delivery Unit in the United Kingdom under the Prime Ministership of Tony Blair. Delivery Associates specialises in setting up delivery-focused functions for governments across the world. Delivery Associates' advice to DPMC is provided at Attachment A.

Key Implementation Unit design issues for discussion

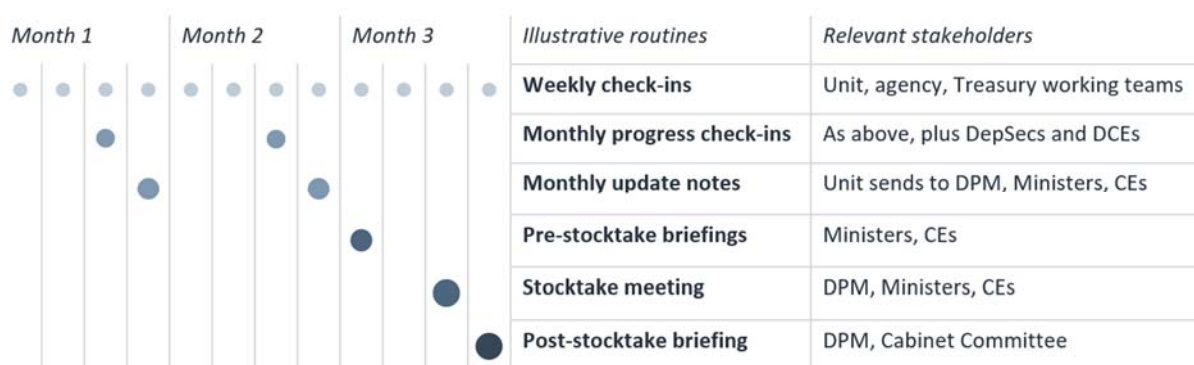
5. We have worked closely with Delivery Associates to convey our understanding of what you wish an Implementation Unit to achieve in the New Zealand context. Delivery Associates has recommended the Unit sets its core purpose to be:

Ensuring that the Deputy Prime Minister, responsible Ministers, Cabinet, Treasury, and other stakeholders know, accurately, at any given moment, whether selected, highest-priority projects are on track to deliver their intended benefits in their intended timeframes – and, if they are not, to work with the responsible agency to identify what needs to be done to bring the project back on track and follow up to ensure these actions are taken

6. The detailed advice from Delivery Associates provided at Attachment A identifies key design parameters that need to be kept relatively proportionate to enable the Unit to succeed. These parameters are:
 - a) The number of projects you wish to monitor.
 - b) The number of staff in the Unit (also a proxy for total cost).
 - c) The amount of time you are able to devote to the work of the Unit on an ongoing basis.
7. Broadly speaking, the more projects you wish to monitor, the larger an Implementation Unit will need to be, and the more of your time will be required to leverage the efforts of

the Unit at a ministerial level. You have choices about all these parameters, but we advise keeping them broadly in proportion with one another.

8. We would like to discuss your views on each of these parameters as this will enable us to finalise a Budget 2021 new initiative template for submission by 29 January.
9. The following figure reproduced from Delivery Associates' advice outlines the routines and reporting for tracking progress on one project and provides a sense of their recommended operating model for the Unit and its implications for ministerial and agency time:



The number of projects you wish to monitor

10. The volume of projects you wish the Implementation Unit to monitor (and at what depth) drives subsequent design considerations (including the impost on your time, and the number of staff required).
11. Treasury reporting on COVID-19 Response and Recovery Fund (CRRF) initiatives provided data on approximately 120 projects and is an example of a “wide and shallow” approach. While this reporting approach provided good coverage across many projects, the in-depth analysis was necessarily limited, and the volume of material was challenging to engage with and act on.
12. Our starting assumption has been that an Implementation Unit would monitor fewer projects at a greater level of depth and with more in-depth analysis. The attached advice from Delivery Associates goes into some detail about what the process for creating, and content of, such analysis would look like.
13. [33]
14. We note the inherent variability in what constitutes a ‘project’. In practice two (or more) closely related initiatives might be combined into a ‘project’ for the Unit’s purpose, especially if they are aiming to deliver identical or similar outcomes. We provide some indicative examples of what might constitute a ‘project’ at Attachment B. [33]

15. We would value your feedback on whether this scope and scale is consistent with your intentions for such a Unit.

The number of staff in the unit (also a proxy for total cost)

16. If you wished for a larger number of projects to be monitored in depth by the Unit, it would be possible to increase the size of the budget proposal by adding more staff, [33]
17. Delivery Associates note in the attached advice that a Unit with five senior staff members would be small by comparison to international comparators, where 10-15 might be more typical. However, we consider that a smaller Unit is a reasonable starting point, so long as it is designed to succeed with reasonable expectations about the number of projects it can monitor. If a larger Budget bid was tenable, we could increase the size of the proposal and the number of projects that could be monitored.
18. [33]
19. [33]

Option	Number of senior staff / Projects monitored	Indicative ongoing annual / four year cost
Option currently used for planning	Five senior staff [33]	\$2.6m / \$10.4m
Scaled down option	Four senior staff [33]	\$2.2m / \$8.8m
Scaled up option	Ten senior staff [33]	\$4.8 m / \$19.2m

The amount of time you are able to devote to the work of the Unit on an ongoing basis

20. The advice from Delivery Associates indicates that one critical success factor for an Implementation Unit is the extent of the time the responsible minister is able to dedicate to it. A large Unit monitoring lots of projects may still have limited success without sufficient time in your diary for regular 'set piece' meetings between you and responsible delivery ministers.
21. The following table provides some sense of the time requirement to effectively drive delivery of different volumes of projects. In addition to the 'set piece' meetings noted above, time will be required for activity such as reading briefing material, ad-hoc engagements with selected ministers at key moments, and deep-dive sessions on selected topics as needed.

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Option	Number of Projects monitored	Time requirement
Option currently used for planning	[33]	About two hours per week.
Scaled down option		About 1.5 hours per week.
Scaled up option		About four hours per week.

22. Another approach that would minimise the time imposition on you personally would be to have your office acting as your proxy on some of these matters. We understand that this may be your preference. This could lead to regular, but less frequent (e.g. six monthly), progress check-ins with responsible ministers and the Unit (perhaps also with the Prime Minister as appropriate).
23. Ideally the amount of time you and/or your office are prepared to devote will be proportional to the size of the Unit and the number of projects that are monitored.

Other considerations for discussion

24. The attached advice from Delivery Associates also identifies some other design choices that it would be helpful to receive your reaction to:

a) [34]

[34]

- b) **The key ‘set piece’ meeting.** The attached advice recommends that regular ‘stocktake’ bilateral meetings between you and responsible ministers would be the main vehicle for ensuring project delivery (which could be modified by using your office as proxy if you thought appropriate, as discussed above). This can be contrasted with using the Cabinet Priorities Committee (CPC), which Delivery Associates identified as being less likely to encourage the frank and detailed discussions required to support delivery.

We understand that the purpose of these two meetings would be different – and that the CPC meeting would be more about updating Cabinet as a whole on progress towards the Government’s goals on a collective basis, rather than driving delivery forward on an individual project basis.

- c) **Establishment date.** While there is significant preparatory work that can be undertaken, the appointment of a Unit head or acting head is a critical step in establishing the Unit. If pace of establishment is critical, then an appointment process could commence prior to Budget 2021 decisions being finalised, although this comes with attendant funding issues if the new initiative is not agreed to (i.e., DPMC cannot meet the costs of the Unit from within its baseline).

There are two possible approaches to addressing the funding issue. The first is to prepare a paper seeking Cabinet agreement to funding before Budget 2021 decisions are made. An earlier Cabinet approval (e.g. mid-February) may enable establishment in March or April, while awaiting Budget decisions would push this out to May or June. The second approach would be to second staff into the Unit at other agencies' expense, noting this would limit the choice of staff for the Unit when compared to an open recruitment process.

Regardless of what approach is taken, recruitment timelines are likely to be the most time-consuming part of Unit establishment.

All these timelines are aggressive and require the initial prioritisation process to identify projects for Unit monitoring, and the establishment of routines and processes, to be undertaken in parallel with Unit recruitment (i.e., other resources will have to undertake this work).

Next Steps

25. Depending on your response to the questions raised in this paper, next steps include:
- a) Finalisation of a Budget 2021 template and supporting materials for submission to the Associate Minister of Finance by 29 January.
 - b) Drafting Cabinet submissions seeking establishment funding outside of the Budget process.
 - c) Seeking secondments (without reimbursement) within the public service to staff the Unit.
 - d) Production of a shortlist of possible projects for detailed monitoring by an Implementation Unit for testing with you.
 - e) Development of timeline options for Unit establishment with an assessment of pros and cons.

Consultation

26. This paper has been prepared in conjunction with the Treasury.

Attachments:	
Attachment A:	Advice from Delivery Associates to DPMC on the establishment of an Implementation Unit.
Attachment B:	Indicative package of three projects for a senior Unit staff member.

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ATTACHMENT A

Advice from Delivery Associates to DPMC on an Implementation Unit

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ATTACHMENT B

Indicative package of three projects for a senior Unit staff member

The following projects are provided only to give a sense of what scope a senior Unit staff member might be able to cover and are not necessarily projects identified as a priority for monitoring. The example projects have been identified for a range of reasons, [33]

1. [33]

2. [33]

3. [33]