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Ensuring a world-class Australian Public Service: delivering local solutions

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Ensuring a world-class Australian Public Service: delivering local solutions

An ANZSOG research paper for the Australian Public Service Review Panel

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SECTION 1: CONTEXT AND TERMINOLOGY

The Independent Review of the Australian Public Service (the APS Review) has commissioned research to examine the capability, culture and operating model of the APS. This research seeks to galvanize the APS to deliver local solutions to ensure that it is ready over the coming decades to best serve Australia.[1]

Of the five areas that the Review will report to the Prime Minister, three broadly relate to delivering local solutions, including:

1. Delivering high quality policy advice, regulatory oversight, and programs and services;
2. Tackling complex, multisectoral challenges in collaboration with the community, and businesses and citizens; and
3. Improving citizens' experience of government and delivering fair outcomes for them.[2]

To deliver on these areas, a number of aspirations have been identified that revolve around the APS serving the public, the government of the day, and that importantly, 'puts citizens at the centre of everything they do'.[3]

Terminology

APS local solutions delivery means different things to different people.

A range of terms is used to describe the nature of various arrangements. These include place-based policy, community engagement, collective-impact, inclusive development, locality commissioning, place management and decentralized governance, among others. The literature and practice sphere is huge and discursive, and spans multiple disciplines, policy domains and sectors. In assessing literature and practice we adopted an inclusive approach to terminology. We accept the validity of a wide suite of applicable terms and approaches. Our intent is to put the citizen and their communities at the heart of the solution.

No single recipe or one-size-fits-all definition exists to define community. We acknowledge this fluidity. For the purpose of this report when we refer to community, we include both:

- Communities of place (acknowledging that communities are often classified as being urban, rural, or remote, and that this classification makes a difference as each has unique needs and strengths); and
- Communities of identity or interest (for example, people with disability).

In preparing this report, we noticed the APS tends to define and enact local solutions delivery predominantly as service delivery and infrastructure provision in local communities. With this perspective, we note that local service delivery has evolved over time from direct service provision by Commonwealth departments and agencies through to contracted third parties, and a myriad of models in between, including the voluntary action and resources of civic society itself.

The APS employs over 150,000 people working across Australia, comprising 18 departments with 105 agencies and authorities responsible for a wide array of services[4]. Nearly 60% of APS staff work outside Canberra. Australian Government expenditure in 2017-18 was $460.3 billion, representing 25% of GDP[5]. This includes offices across Australia and overseas, with more than 419 million Medicare services provided and over 700 million digital, online and telephone self-service transactions[6].

In simple terms, we observe that there are four basic parts to Commonwealth local service delivery activities:

1. *Direct service provision* by Commonwealth departments and agencies such as Centrelink, Medicare and the Australian Tax Office (ATO). The most significant APS presence is through Department of Human Services (DHS) with its 340 service outlets across the country. DHS also engages 349 agents and provides 238 access points with free self-service facilities, which, together perform services in regional and remote areas of Australia. We note that the Australian Defence Force (ADF) is a major presence in many communities, but the ADF is not part of the APS and is beyond the scope of this report;
2. *Funded arrangements* between the Commonwealth and state and territory and local governments for services which have everyday impacts within communities, such as schools, hospitals and what has been called soft and hard infrastructure;
3. *Commissioned and contracted arrangements* between the Commonwealth and non-government organisations (NGOs) or private sector providers for services delivered into communities to address issues such as mental health, employment services, and aged care;
4. *Networked arrangements* where a number of APS Departments have state and territory networks, some involved in service delivery and managing grants as well as directly liaising with state and local governments.

The National Disability Insurance Scheme (NDIS), as an emerging approach to empowering communities to make their own choices about service delivery, spans categories 2-3 above.

SECTION 2: CURRENT STATE OF PLAY

There is a vast APS footprint that exists across the country. Our assessment of the current state of play in APS local solutions delivery is distinguished according to: (i) supporting architecture; and (ii) initiatives and innovations.

1   Architecture supporting local solutions

The APS architecture supporting delivery of local solutions is predominantly agency and program centred. For example, there is a significant DHS presence structured through a programmatic approach, and customers have a variety of ways to interact with DHS. APS architecture includes:

1. Face-to-face, through service centres and access points;
2. By telephone;
3. Online, through MyGov, Health Professionals Online Service (HPOS) and Provider Digital Access (PRODA); and
4. By using Express Plus mobile apps.

Over time, this programmatic approach has experimented with place-based initiatives. But we note that local solutions are not just about place-based policymaking. Sometimes, local solutions are delivered by paying attention to communities of identity or interest. For example DHS has services structured around the needs of students or migrants, and these communities span geographic locations around the country.

Some limited dedicated structures also exist to support regional growth. For instance, the Regional Development Australia[7] (RDA) Network is a national network of 52 committees made up of local leaders who work with all levels of government, business and community groups to support the development of regions. It is administered by the Department of Infrastructure, Regional Development and Cities. Each RDA receives a small funding envelope to support regional development. The total program funding as at 2017-18 comprised $18.3M.

The Building Better Regions Fund[8] (BBRF) comprises funding opportunities of up to $641.6M to create jobs, drive economic growth and build stronger regional communities. Round 3 comprises $200M, with up to $45M earmarked to support tourism-related infrastructure projects. There are two streams available: an infrastructure projects stream, and a community investments stream.

Another example of architecture supporting regional growth is the Office of Northern Australia, which is taking a lead on implementing the northern Australia agenda in partnership with more than 20 state, territory and local government agencies, industry and community bodies.

City Deals provide another partnership approach to place-based regional growth. *City Deals* aims to develop a cohesive 5-20 year vision of economic and societal growth at the city level, requiring cooperation between local, state and Commonwealth governments tied to funding[9]. There are currently eight City Deals in Townsville, Launceston, Darwin, Western Sydney, Hobart, Geelong, Perth and Adelaide. While it is too early to determine whether the aspirations of any of the *City Deals* are having the positive impact hoped for[10] and there is debate over what is driving the program and justification of these program objectives, there is merit in attempting long-term interjurisdictional collaboration in urban contexts[11].

There is a variety of concepts that underpin the APS' vast local service delivery architecture across Australia. Some concepts are aimed at place-based service delivery, others at customer-centric service delivery at a population level, others again at regional growth.

As a result, we believe at the strategic level, that no guiding set of administrative principles or coordinated, holistic architecture either within the APS, or across the APS and other levels of government currently exists in Australia to fully support and enable local delivery solutions.

There are often constrained finances and/or resources available to ensure local solutions work, especially when scaled up and out across the country[12]. Moreover, service delivery is often viewed as a 'poor cousin' in the APS – policy ideas tend to be rewarded rather than coherent implementation and service delivery competency[13]. Attempts at joined-up government have seen some successes (often in the areas of disaster management such as cross-government responses to a majority of the many floods, cyclones and bushfires across Australia) but have tended to remain locked within jurisdictional boundaries and agency siloes[14]. The achievement of a coordinated 'total picture approach' at local levels remains challenging.

A number of political considerations are important to the state of the APS local solutions architecture. First, there is no ministerial representation for service delivery in Cabinet. Second, successive governments tend to replace programs of their predecessors, even when the initiatives are showing signs of promise. Third, regional emphasis tends to ebb and flow as a key priority depending on the priorities of the government of the day. Fourth, there is often a reluctance on the part of politicians, and hence public servants, to learn by doing (as distinct from traditional program evaluation) for fear of the adverse public impact of failure[15]. These forces further prevent the APS from developing a robust, systematic and 'deep' architecture to support coordinated local solutions delivery. These are tensions that require the APS to provide a national stewardship function.

2   Initiatives and innovations

The Australian government has a long history of trialling different decision-making arrangements, attempting decentralisation, and establishing place-based initiatives[16]. Some of these are now outlined briefly.

When place-based collaboration comes to the fore

Australian government interest in place-based approaches has been evident, particularly in the post-war period[17]. The Department of Social Services (DSS) has played a significant role in this area, including place-based welfare trials and, more recently Try-Test-Learn. A variety of place-based approaches have been trialled through APS programs, with the latest innovation coalescing around collective impact.

Advances have been made to overcome the challenges of delivering local services in the complex web of arrangements that apply in Australia. The collective impact movement, such as expressed in *Logan Together*[18] and *Grow21 Geelong Regional Alliance*[19], provide promising improvement in putting community first and aligning the operations and objectives of service delivery programs across many layers of government.

Service delivery in times of disaster response

There are times when APS service delivery works well. These are often in times following disasters, where barriers to collaboration and positive risk-taking fall away[20]. In part, this is because operations take on collaborative characteristics where the entire administrative apparatus (at all levels of government) places the citizen and local communities front and centre, and where bureaucracy is personalised.

We know that local citizens view first responder workers with a high degree of trust in their perceptions of government.[21] Moreover, operations and service delivery during times of crisis become centres of strength and

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creative problem solving: those tasked with delivering local solutions are liberated to challenge traditional processes, frame problems and identify solutions cooperatively and take calculated risks.

This is because the system – inclusive of politics within and across jurisdictions, the media, and public opinion – is somewhat more forgiving when local providers demonstrate they are trying to make a positive difference in often unknown and difficult circumstances. Clear lines of authority for disaster response are established within a clear principle of subsidiarity, such that a higher level of government should only intervene if a lower level or the household or individual can't solve the problem at hand. An exemplar case study of service delivery during a crisis is the Centrelink action taken as part of an Australian cyclone response[22].

A major question then becomes: why can't these type of approaches be the default position?

The same APS staff are in situ through the year in 'non-disaster' times. In an ongoing sense, their considerable skills and knowledge of local needs are not being sufficiently leveraged.

Primarily, we heard on many occasions how the usual resource constraints applying to local solutions disappear during times of disaster response. There is a willingness to collaborate and spend whatever it takes to meet the immediate task at hand. We were advised that this is an expensive model but very much appreciated in times of hardship. There is political alignment, system leadership alignment, and an emphasis on speed and agility which empowers local expertise and frontline experience.

This is not routine practice, because of the expense and the fact that interjurisdictional coordination is more challenging during everyday operations.

Yet we know that even outside of disasters, evidence suggests the need for increasingly localised solutions in genuine partnership with communities to achieve best social, economic and environmental outcomes. Top-down policymaking is no longer sufficient alone to deal with community expectations or the complexity of challenges faced in community settings[23]. Communities themselves need to be part of the solutions, right from problem conception to design, implementation and evaluation. There is a creative tension between strong authorisation and local initiative.

Shifts towards citizen-centric

There is increasing awareness that individuals and the communities that they live in need to play a meaningful and leading role in how local solutions are conceptualised. The most recent APS *State of the Service* Report acknowledges that 'genuine citizen-centric' approaches to policy and service delivery require more than just consultation to elicit information and opinions[24].

There are various moves towards more citizen-centric approaches, such as the Department of Veteran Affairs (DVA) 'MyService' trial. Following in-depth engagement, there was a shift in philosophy that included a co-designed approach. This resulted in reduced processing times from 117 to 33 days for veterans[25].

The ATO has made significant progress in moving its organisation to a new culture and citizen-centred practice through co-design processes. It deploys online platforms, automation, education, and face-to-face community outreach in creative ways to simplify tax demands and move from a top-down ATO assessment process to bottom-up self-assessment by citizens.

Of course much of this is not new – the quite ambitious engagement reforms to hardwire the citizen's voice into the service delivery fabric of Centrelink in its early days trod this ground, but similar approaches have emerged as if for the first time.

The NDIS is a new variation on the theme of citizen-centric policymaking. The NDIS provides individualised packages of support to eligible people with disability. When fully implemented, it will assist around 460,000

Australians. Its objective is to enable people with disability to exercise the same choice and control in pursuit of their goals as people without disability.

Different approaches to community autonomy

The *Empowered Communities* program[26] is a bipartisan attempt that starts with the recognition that community empowerment and co-design are critical to how Indigenous communities and governments could work together with a philosophy of being 'designed by Indigenous for Indigenous people'. There are currently eight self-selected regions involved in the program (Cape York, Central coast, Inner Sydney, Goulburn Murray, East Kimberley, West Kimberley, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Lands and North East Arnhem Land), seven of which have nominated backbone organisations and completed the first stage of reporting.

The Federal government has committed $14.4 million over three years to 30 June 2019 to fund backbone organisations to develop first priority agreements (during 2016-17) – and then 5-year regional development agendas for each of the regions. Some regional communities will involve state governments, along with the Federal government. The role of not-for-profit organisation Jawun as a critical partner in *Empowered Communities* is noteworthy. No evaluation has yet occurred on the program, given it is still in the development phase. While there is promising progress in this program, supporters are quick to note that *Empowered Communities* is not a panacea and won't by itself address all challenges facing Indigenous peoples. Given funding expires this year, it will be interesting to test ongoing bipartisan support with meaningful resourcing for the communities involved.

There are also various efforts to strengthen the community engagement skills of APS senior public service leaders (SES Band 2) through 'Community Visits' initiatives to learn from communities[27]. Through listening to diverse community members, the visits revealed how there is often a disconnect between the policies agencies are trying to 'push down' and what citizens and communities are trying to 'push up'[28].

Where does the current state of play in the APS leave us?

Overall, local solutions architecture is siloed across APS agencies, revolves around programs, often trialled without follow-through, and is somewhat personality-driven. Success in local solutions can sometimes be linked with the presence of champions, but reliance on a champion runs the risk that real change is not sustainable or institutionalised and success can dissipate when the champion moves on.

Ongoing attempts to innovate and experiment with local solutions can largely be described as ad-hoc and not yet fully integrated.

This is not surprising. Fundamentally, bureaucracy is primarily designed to deliver universal standards to large populations. It does so through a complex variety of agencies, using a multitude of tools from coercive force to shaping norms and expectations, in order to create order from uncertainty[29]. While a range of customer-centric and bespoke tailoring has occurred, the reality is that the hierarchy of bureaucracy, by default, attempts to scale bespoke solutions towards universal standards. Of itself, bureaucracy was never intended to allow for a multitude of diverse communities to make decisions for themselves in their own way. It applies equal, impartial and universal rules and standards to provide consistent outcomes across a big population – a worthy endeavor.

The test for programs like the NDIS and *Empowered Communities* will be whether simultaneous goals can be met. Can communities achieve the solutions that meet their diverse needs, while withstanding the inbuilt bureaucratic resumption of control aimed at impartial equity for the entire population?

SECTION 3: WHAT'S THE PROBLEM?

The core problem facing local solutions delivery is that despite the APS investing significant amounts of money and resources over a long period of time, Australia has not seen a similarly significant lift in key economic and social indicators for many communities. Nor has it delivered a coherent service delivery system to citizens and local communities who are still seeking seamless, coordinated responses to their needs.

Embedded in this general problem is a set of more discrete dilemmas:

- the APS appears to have no agreed understanding of what local solutions means, and how its current services are deployed;
- the APS lacks joined-up coherent architecture across its own agencies, as well as with other jurisdictions and sectors;
- decisions tend to be imposed from a central programmatic view, instead of prioritizing frontline perspectives and local communities' experiences and expertise;
- experiments and lessons don't appear to be systematically captured or sustainably hardwired into the APS, because governments and service leaders change semi-regularly.

Why is this the case? To help find out, we held over 50 review discussions with an array of current and former practitioners as well as those in departments charged with designing policy and program delivery. This spanned APS, state/territory and local government levels. A range of community sector leaders also gave their perspectives. Their feedback has been captured to give a sense of the problems and opportunities that exist, which we outline thematically below.

There is a range of intersecting factors which contribute to a flawed picture of local service delivery focus by the APS. We have organised these problems under five domain headings to help inform our subsequent recommendations.

1   Leadership and stewardship

The APS, as the national steward operating on government mandates, has a unique role to play to provide a comprehensive and overarching vision for service delivery across the country. In addition, APS local delivery is often dependent on the deep community knowledge of local and state/territory governments, as well as third sector or private sector service delivery agents. Opportunities exist for the APS to both improve its stewardship role and capitalise on its existing insights.

A lack of national stewardship for service delivery

There are two key dimensions to national stewardship. At some times, the APS should provide direct service delivery. At other times, it should not play an active delivery role itself, but must recognise when others (state/territory, local, third sector, private sector or communities themselves) are better placed to deliver.

As such, the APS as national steward would play a key enabling[30] and assessment role, determining capacities, knowledge, resourcing, service delivery footprints and opportunities that could be leveraged to enhance local service delivery outcomes. There is currently no single point of contact for communities in dealing with the APS in delivering local solutions. There are multiple agencies in similar locations, who are unaware of each other's activities.

The state of play (outlined above) demonstrates a strong APS presence, but with room for improvement, particularly around strategic planning and the APS taking on a more active national steward role in service delivery. The state of play currently lacks Cabinet representation and equivalent attention to the importance of service delivery as a priority equal to policy.

Not yet capitalising on frontline perspectives

APS local staff have deep community knowledge, but there does not appear to be a method by which to holistically capture this knowledge for the APS. It is difficult to find evidence of how their experiences and knowledge informs policy or revision to practice. As such, the current APS features relationships with communities that are comparatively 'thin'.

Currently, the direct relationship between the APS and the communities it serves is largely carried out through national agendas, or through more independent arms-length agencies such as the ATO. We note that DHS functions previously carried out through more independent agencies in the past are now mainstreamed into departments. Ministers with service delivery responsibilities are also not always members of Cabinet, and therefore the Executive can continue to develop policy in a vacuum of the need to ensure national policies have the necessary tight (for accountability and consistency) and loose (for responsiveness) properties[31].

Nevertheless, DHS is effectively the 'go-to' agency on the ground as it has stronger connections with the community and the largest presence. Examples were cited of the Department of Jobs seeking DHS local intelligence to help frame input to a new policy proposal on regional Australia because they did not have the data. Similarly, we understand the Department of Defence sought DHS assistance to help with community engagement around the PFAS (poly-fluoroalkyl substances) affecting various locations.

Local service delivery agents (be they community members or public servant staff or third providers) are at the bottom of the programmatic funnel. They directly live out the consequences of impersonally-generated policy. And they experience repetitive requests for the same information, as well as the dissonance, overlaps and gaps in programmatic imposed solutions which have been designed (or in many cases over-designed) elsewhere.

Frontline staff can tweak and improve local solutions – and would like to do so – but this type of innovation too often occurs 'under the radar' and on a 'what can we get away with' basis. Frontline APS staff are not empowered to directly serve communities and take positive risks. Top down policy making, commonly described as a disconnect between Canberra policy staff and service delivery networks, often does not involve front line staff or recognition of local problems which do not fit programmatic constructs. There is a lack of understanding and value placed on the respective roles and contributions of policy and delivery staff and the importance of the feedback loop in any policy development and review process.

2   Mapping, data and ICT

We heard from many agencies and stakeholders how it is extremely difficult to build a holistic picture of what the APS delivery footprint is, with respect to local solutions. Systematic data collection and sharing is weak, and poor knowledge retention leads to citizens and communities feeling the greatest impact.

A fragmented and uncoordinated picture

Promising experiments (such as the collective impact sites) have tended to be the exception rather than the rule. We cannot easily map the level and coordinated disbursement of monies spent through APS activities, or staffing. While each department may be able to tell their own story of action, there is no holistic view that depicts APS engagement with local solutions, let alone the public service delivery footprint across all levels of government.

Duplication of government effort, often presenting as an extreme overload of disconnected programs[32], remains a reality that is observed acutely at the local level.

Rather than a more consistent and streamlined approach, repetition persists with a myriad of committees and consultative mechanisms in place within departments.

Information and Communications Technology (ICT), if fully optimized, should go a long way to allowing individuals to help themselves, thus freeing up APS resources to invest in the more complex end of service delivery. That has been the theory but often savings are harvested instead. Real improvements could be made in service delivery if the APS, state and territory, and local governments combined ICT efforts to provide seamless, behind-the-scenes improvements so that the back office dimensions to service delivery are invisible, and it becomes irrelevant to the citizen as to with whom they are dealing.

Knowledge and data systems

In the APS, data footprints, population analysis, political geography analysis and sophisticated deployment of data are critical to the effective delivery of local solutions – yet current systematic collection and sharing is weak. Rich data sets exist which are not shared between agencies, let alone between levels of government and NFP and private service providers. A plethora of design hubs spring up and experiments abound, but lessons are often not shared, and replication is rife. From the community perspective, the lack of data sharing is often because the narrative is based on deficit, and communities are sick of being diagnosed.

Knowledge retention is also critical. At present, there is a state of amnesia in the APS. Corporate memory lost as employees churn or depart, and from the lack of a dedicated and integrated learning repository at any institutional level[33]. Community members, including in Indigenous Affairs, seek stability and consistency in their interactions with government. Their usual experience is a fly-in, fly-out approach, coupled with constant reinvention of policy initiatives and institutional memory loss.[34]

There is no one within government who holds accountability for memory retention. This is felt acutely at the local level, with often the same representatives bearing the burden of having to engage with multiple department and levels of government simultaneously.

3   Working with others

Local service delivery is conducted within a necessarily complex national and federal system. In this complex system duplication exists and there are overlaps in services within the APS and across jurisdictions. And despite the good intentions of third sector and private providers in service delivery, the problems of fiscal instability are compounded across the country, particularly in Indigenous programs.

Multi-jurisdictional and collaboration challenges

The APS does not attend to local solutions in isolation, but works through:

1. The decision making and authority of those elected in our democratic systems;
2. Other levels of government and other sectors of society; and
3. Communities themselves, including NFP and private sectors.

There are numerous examples of interdepartmental efforts and collaboration, such as *City Deals,* involving negotiation between different levels of government including communities and tri-government delivery arrangements[35].

Within this complex system, APS culture is seen as competitive and siloed, with ministers and senior officials seeking credit for pet programs. Too often, this culture precludes the sharing of successes or even harder, sharing responsibility for failure. This in turn leads to a tendency to recreate the same solution, or 'throwing the baby out with the bath water' in response to failure, instead of sharing the design hubs and data analytics which could have wider benefits than for a single department.

Moran and Porter[36] provide more detailed nuance to the story. They explain, starkly, that a 2012 Australian National Audit Office report found that:

> … the three largest Federal Government departments administered more than 2,000 funding agreements to more than 900 Indigenous organizations through 2010-11. The average duration of these grants was 15 months. The 820 Indigenous organizations funded under just one grant system were required to submit 20,671 performance, financial and acquittal reports over this period. The then Department of Families, Housing, Community Services and Indigenous Affairs funded the largest number of organizations, and more than half of these were less than $55,000 in value, and a not insubstantial proportion were for less than $1000. The Audit was unequivocal: the administrative burden imposed by the high number of short-term and small-value grants, and the insecurity of ongoing funding, adversely impacted the capability of Indigenous organizations.

If this is the case for such significant outlays in Indigenous organisations and programs, it begs the question of how this would play out more broadly across the country.

The introduction of well-intentioned third sector and a range of private providers into service delivery (as 'quasi-agents' of the state) often compounded problems of fiscal instability. This also further crowded out Indigenous self-determination and economic growth options[37]. This is not isolated to Indigenous affairs, but might apply generally in service networks, where the original local APS footprint was substituted by external providers, but also because of commercial interests and contracts, these providers are not always able to harness the knowledge and needs of local communities.

The success or failure of APS co-location initiatives, including with state and territory service delivery networks, is often dictated by office property lease constraints and the personalities of staff, rather than an empowered commitment to joined-up approaches.

4   Image, pride and institutional memory – learning from success and failure

Place-based or community focused initiatives can be an important way to deliver local solutions and effective policy outcomes [38]. Yet, assessing local solutions is piecemeal and timebound.

A lack of local solutions assessment and support for place-based policy

Various success stories and failures can be identified, but common lessons are difficult to establish because cases are often individualized to particular communities; the ability to make generalisations is challenging.

Additionally there are disincentives which preclude front line staff from pursuing useful initiatives to assist clients, because it is not deemed as core business and crosses jurisdictional boundaries.

Moreover, success stories can often turn to failure after a key charismatic leader leaves, or after a particular period of time. Sustained and coherent approaches to assessing progress, including ongoing learning, are needed. Latest thinking promotes the deployment of iterative evaluation approaches such as AGILE or Try-Test-Learn methods within a long-term framework focused on intergenerational sustainability[39].

Theoretically, there is an absence of firm conclusions regarding place-based policymaking from the dominant discourse of economics[40]. This absence of support means that local solutions approaches have suffered from a lack of technical championing within the APS[41].

5   Capabilities and culture

Declining trust in public institutions[42], radical populism[43], integrity scandals, rising racism[44], and citizen disengagement, coupled with dramatic policy issues such as climate change,[45] pose serious challenges to contemporary public sector institutions. Generally speaking, the public trust picture (expressed in Edelman barometer statistics) shifted 20 years ago from being conveyed top-down, vertically, to locating horizontally through peer-to-peer systems ten years ago, to being highly personalised today. According to the Edelman barometer, at present the public only have trust in those who are close to them, that which is local.

Our practitioner discussions revealed a number of opportunities that could be exploited by the APS to improve outcomes in local solutions, thereby promoting trust. We heard of various examples where APS funding rules are stifling effective and creative practices in resourcing to support local solutions.

Funding rules and capabilities constraints

Unanimous agreement in literature and practice states that standard APS funding arrangements usually serve national agenda policies rather than facilitate local solutions, primarily because more flexibility and autonomy is required to incentivise parties and enable tailoring and positive risk-taking. But this approach is over-simplistic and requires greater nuance in a federated system such as Australia. Turf wars and competing priorities between agencies also often prevent joined-up approaches from operating with any success. Risk aversion and a tendency towards centralised delegations can stymie local solutions innovations.

These are complex, interrelated issues that transcend service delivery, but affect the whole APS system. Through our consultations, we heard of four key areas of constraint:

a. **Block funding:** while block funding has potential flexibility, the rollover of funding can often occur at the last minute, having the negative implications of sectoral providers having to disruptively go through processes of retrenchment and rehiring of workforces. Much depends on the rules around block funding as to whether incentives stifle or encourage creativity and the application of local knowledge.

b. **Grants hub dilemmas:** the existing APS system of grants hubs is intended to streamline grant processes across agencies. The intention is to achieve back-office efficiencies, but the trade-off is subject matter and local expertise, because the hub is not located in the agency where the grant is administered. Indeed, we heard that some grant administration is now being outsourced to external parties who are needing to scale up learning and delivery in areas that are not their core business. Overall, it is unclear whether the cost efficiency evidence outweighs the service delivery impacts. Like shared services, generally, savings shouldn't be harvested upfront but it often happens. As a result agencies are not incentivised to identify improvements because they are not allowed to keep these funds and reinvest them into downstream improvements.

c. **Budget rules of full offset:** Early assessment of the investment approach is looking promising, but if savings are harvested before sustainable success is generated, timing plays a part. We heard that the system can allow both late investment as well as taking savings out ahead of success, which results in double negative impact on the service delivery agency involved. Furthermore, arguments supporting welfare offsets can be difficult to prosecute.

d. **Appropriations systems:** existing budget appropriation systems are often tied, operate on a single year basis, and have inflexible accountability arrangements. As such, they can stifle creative flexibility and positive risk-taking in local solutions service delivery.

We believe this requires more detailed investigation than we are able to perform in this report. It seems there is merit in investigating how the funding system supports, rather than complicates or impedes, improvements to local solutions delivery.

For funding rules for Indigenous Affairs in Australia, Tanya Allport[46] outlines a helpful list of the general experience of funding in health and social care, concluding that self-determination does not yet play a part. Allport states that improvement to funding systems is needed to authentically underpin self-determination, including: enabling flexibility, rewarding good performance, maintaining predictability, recognizing differing provider characteristics, and is population-structured based on relative health and wellbeing of each community.

There are further capabilities constraints when considering the public need for a more specialised APS staff response. Staffing caps and restrictions are contributing to long call centre queues, and the misallocation of staff with the best expertise at any given time. As more service is conducted online, the citizens who need face-to-face assistance are demonstrating more complex needs, which require more highly skilled interventions. This has associated implications for workforce skills and future workforce planning. A more sophisticated and empathic relational skillset is likely to be required in future, as issues become more complex and require bespoke, rather than standardised solutions. Inflexibilities in staffing caps are especially felt in regional centres.

As we respond to these various funding rules and constraints, there are some significant potential community-based options to consider. These range from shifting away from supply-side policy to incentivising demand-based policymaking and mobilising community ideas and action to address goals. For example, goodwill in the community can be mobilised to identify low-cost community-driven solutions, such as justice reinvestment[47] or water usage[48].

Lack of community trust

As conveyed in the BCG Scenarios for 2030 Report[49], the current era of decreasing trust in public institutions[50] set against Australia's strong and sustained economic growth[51] speaks to the reality that traditional performance and governance systems don't always promote community trust or lead to citizens liking government.

We know that the community seeks out authoritative leadership in crises rather than community agency[52]. Yet we know that simply adding more stringent and authoritative top-down leadership will not deliver better government in all situations; command and control leadership is appropriate for crises, but it should not be the default solution. There are different types of leadership that promote better outcomes for governance and society. Many scenarios are not about command but about dialogue; involving and engaging a broader range of voices and embracing messy and creative political navigation of competing community values[53].

There are opportunities for the APS to get closer to the communities it serves directly and indirectly (through effective partnerships with other levels of government and civil society)[54]. Importantly the issues of community trust and the sense that their needs are not recognized in the formulation of policy or problem solving are "outside-in" perspectives which need broader consideration. Key questions regarding existing APS interactions upwards with ministers and partisan staff and downwards with communities are set out in the ANZSOG Research Paper *Being a Trusted and Respected Partner: The APS' relationship with Ministers and their offices.*

Bureaucracy is built for universal, not local

As we observed in Section 2, bureaucracy is designed to deliver universal standards to large populations. When seeking local solutions, the hierarchical rules of bureaucracy expose some of the weaknesses in their design. Hierarchical rules are more suitable for meeting equality challenges and are wonderful for meeting system

challenges and procedural integrity. The vertical hierarchical strength of the APS is tailor-made to develop and roll out large-scale national agendas. However, hierarchies struggle to accommodate the simultaneous need for equality and difference. Bureaucracy's fundamental design does not incentivise or prize the unique properties of relationality and particularity. This points to the need for a different, supplementary, skill set of APS staff than is currently prized. APS capabilities must encompass deliberate new skills, rather than 'quick-fix' perfection, risk mitigation and certainty. This may encompass APS staff developing skills in co-production and co-design, relationality and diplomacy, cultural fluency, authentic collaboration, transparency, openness to ambiguity, incrementalism and ongoing delivery attention. Certain parts of the APS will need to think and act differently to act more as conduits, bridges or other forms of connection between government and communities rather than 'top-down solution bringers' often ill-informed or out of touch with what communities really want or unarmed with context and evidence to work alongside communities rather than 'at' them.

Any given community assessment might roll up to a national agenda, or it may not. Universal policy principles might be able to be derived from individual community experiences – or these personal community experiences might be so unique to the place and people involved that only a tailored government response makes sense. It is for these reasons that government attention to both national agendas and local solutions is needed. Prioritising one often comes at the expense of the other.

The APS holds incredible strength in its technical mastery and resources, but its current relational capital is patchy and is personality or situation-dependent. The APS' existing problem is that rules, rather than relationships, lie at the heart of our policymaking systems. While we need rules and our hierarchical system of bureaucracy is designed to promote equal, impartial treatment, the *good* outcomes that this system produces are not yet the *best* outcomes.

SECTION 4: WHAT IS THE END STATE FOR LOCAL SOLUTIONS DELIVERY?

Our vision is:

> *A collaboratively capable and trusted APS leading the facilitation of local solutions across all levels of government, communities, private and third sectors for the benefit of all Australians.*

We note that the definition of leadership embedded in our vision refers sometimes to the APS taking an active role and at other times not providing direct services. When we refer to the APS leading, we believe the APS has a key national stewardship role to play in coordination and identifying capacity so that all parties can play to their respective strengths on the principle of subsidiarity.

This vision seeks to implement a system where the texture of daily citizen life – exercised in their place or communities of identity or interest, and in their stage of life – is the priority around which all governments, in partnership with all sectors of society, across Australia are coordinated. This may entail securing meaningful ways of breaking through accreted siloes and systems of jurisdictional control that stifle effective coordination and community-led priorities.

For the APS, this end-state would see:

- *Adaptive alignment between skills, mindsets and community needs.* This includes public servants and structures acting as relationally sophisticated and respectful bridges/conduits between government and community;
- *APS structures* (in concert with other jurisdictions across Australia as well as with private and third sectors and communities themselves), working effectively to meet both national and localised community opportunities to benefit all Australians;
- *Empowering administrative processes* to work collaboratively with each other. And with communities to provide the best information and advice to inform ministerial and parliamentary judgements.

Our end-state would optimally build on the principles espoused by Charles Sabel in what he calls experimentalist governance[55]. These principles consist of:

1. Decentralised control and autonomy at the local level combined with central coordination of the evaluation of results. The role of the central agency is not to monitor compliance but to provide support for the front line;
2. Inculcation of a practice of learning in terms of monitoring of implementation and continuous improvement processes with transparency of practice to facilitate diagnosis and improvement;
3. Incentives built into the design to induce players to engage in information sharing and collective learning about problems;
4. Stakeholder participation to reconcile diverse interests and setting of priorities based on local knowledge; and
5. Accountability not through rigid rules but by holding local actors to account by explaining to their *peers* reasons for their choices so successes can be generalised through pooled learning. Peer learning is thus used both for learning systematically from diverse experiences as well as holding actors to account.

The power of this multilevel architecture and shared governance rests in the belief that bottom-up heterogeneous diversity breeds local innovation which, in turn, can percolate up and across systems.

We note that the principles have been attempted to be implemented, especially in the global setting, however, there doesn't appear to be a clear practical case where all five principles have been simultaneously applied[56]. In particular, the fifth principle of accountability through peer processes has been an elusive ideal[57].

In order to achieve the full benefits of Sabel's framework a commitment to implementing all five principles is needed. This is because it is a comprehensive framework which cannot be cherrypicked. Full development and implementation of a Sabel approach will require serious commitment and significant deliberation.

We believe the Sabel principles should be foremost in the minds of APS leaders as they seek to enhance local service delivery for citizens and communities. Whilst the principles might be aspirational at this point, we believe they offer an opportunity for the APS to be much more effective on the ground in delivering local solutions.

Our value proposition in improving local solutions is if we increase citizen and community agency as well as APS community capability, we will not only increase the potential for human and economic and environmental wellbeing, but also improve accountability and levels of trust in the APS, in government, in democracy and its institutions.

SECTION 5: WHAT ARE THE REMEDIES WITHIN THE CURRENT PARADIGM?

We have adopted a stepped approach to reform, recognizing that the task of improving local solutions involves significant long-term vision *beyond* 2030, coupled with multiple components of short-range action to get us *to* 2030.

In putting forward our proposals, we draw attention to the work of AJ Brown.[58] We are indebted to his empirical work, which shows an appetite from the Australian people for solutions – *regardless of which level of government provides them* – to the local challenges and strengths they wish to engage with[59]. Our evidence also showed that the Australian people don't distinguish between whether it is government or anyone else who delivers their solutions. They just want their needs met.

Leadership and stewardship

1. **Prioritise meaningful, coordinated and sustained architecture to support the APS assuming a national steward role**, prioritising local solutions delivery. This would include three components:

   a. **Establish lead APS community advocates** (in each region of an agreed set of regions that make sense to Australian communities and their interactions with the APS), with authorisation and mandates to work with all APS agencies and across all levels of government and sectors. This would be to provide a single APS point of contact for communities and to avoid wastage of resources in service delivery duplication. These APS community advocates will be area managers operating out of DHS. Given this is a significant lift in expectations there will need to be resource supplementation and/or reclassification of the role.

   b. **Prioritise service delivery through the APS Secretaries Board** with the APS community advocates providing advice on problems and opportunities.

   c. **Ensure service delivery has adequate prominence within Cabinet processes** through the Minister for Human Services**.** In totality, these initiatives would provide the needed strong APS national steward role in service delivery.

   This architecture would report holistically on service delivery challenges and opportunities at the most senior levels of government. Clear, new reporting lines should be implemented to track individual portfolio as well as whole-of-APS commitments to local solutions.

Mapping, data and ICT

2. **DHS to lead a comprehensive mapping exercise to identify the APS service delivery footprint.** This is so that the APS knows where the service delivery opportunities and risks may be. This would provide rich data to inform the activities and responsibilities of the APS community advocates, including their reporting to the Secretaries Board. The information would be located in a DHS clearinghouse site and be the reference point before consideration of any new APS local solutions initiatives.

   a. **Establish open, coordinated and real-time (where possible) processes for data sharing and linkages** across sectors and jurisdictions to support local efforts and allow for continuous input from frontline staff and local expertise. Enhance *Data Integration Partnership for Australia*[60] to build on geospatial systems to bring

quantitative and qualitative data together. Wherever possible, make data available and accessible to citizens, communities and regular ministerial reporting. Link data sharing and linkage activities, here, with the DHS mapping exercise and clearinghouse. This initiative may also require an assessment of the adequacy of agency ICT systems to share the data and ensure the community and service delivery focus is prominent.

Working with others

3. **APS Community Advocates will be empowered to commence discussions with their jurisdictional and sectoral counterparts** about the opportunities for co-location, one-stop-shop, delegated powers and other related mechanisms. This will enable all levels of government and sectors of society to work seamlessly together in, and with, communities and feed the intelligence back into the service delivery system to give effect to change. What we are suggesting is a significant role based on the principles underpinning the Sabel model. The APS must work with other levels of government, private and third sectors to understand how they work together to improve local solutions and overcome duplication and other structural barriers. This should be fed into the institutional memory repository (see recommendation 4(e) below. The default for assessing collaboration needs to be: if not, why not? As such, there is a need to revisit existing interjurisdictional cooperation mechanisms as they apply to service delivery.

Image, pride and institutional memory – learning from success and failure

4. **Establish institutional memory repository within the Australian Public Service Commission (APSC)** to promote capture, sharing and learning from policy practice across time, place, jurisdiction and level of government. The repository should capture lessons from success as well as failures. Introduce explicit briefing requirements into Secretaries Board processes, following all major initiatives, to share how innovations and positive experimentation works. This leveraging of memory retention should benefit all Australian policymaking and aid coordination endeavors across the federation. This aligns with learning from success mechanisms suggested in the ANZSOG Research Paper: *Evaluation and Learning from Success and Failure.* As information is captured, use opportunities with professional institutions such as IPAA to acknowledge and celebrate service delivery successes.

Capabilities and culture

5. **Recognise and capture the comprehensive specialised stream of service delivery expertise**[61] **within APS.** This will address the needs and opportunities of engaging with and enabling communities and raise the profile of these tailored mindsets and skills to future APS success[62]. The APSC should undertake a review to assess and to advise the Secretaries Board on the adequacy of existing APS workforce capability in the service delivery cadre. This assessment would include recognising that automation and online transformations have led to a need for enhanced skills for APS staff dealing with complex cases that are now presenting as the mainstay interactions of frontline delivery officers. Subsequent to this review, a UK Heads of Profession model[63] could be utilized to establish a service delivery-specific head of profession within the APS.

6. **Develop inbound-outbound staff exchange programs** across the APS and between jurisdictions to facilitate policy-service delivery learning exchange as well as cross-jurisdictional expertise transfer and collaboration. This will improve the APS National Stewardship function and develop a culture of mutual understanding and trust between frontline and policy staff with respect to service delivery. This exchange program should also include deliberate efforts to place APS staff in private sector and third sector placements as a required part of all APS SES positions to facilitate local solutions information sharing from different perspectives. Our end goal would be that such programs would foster greater respect, greater expertise sharing, greater trust between frontline and policy expertise, and the building of shared perspectives that would benefit the end-to-end policy service delivery continuum. As a result, we would expect the programs to be substantive in nature, including time and commitment for all parties involved. They would also embed structured listening and collaborative input in target setting in service delivery as outcomes.

SECTION 6: CONCLUSION

The APS has heard on repeated occasions the centrality of putting citizens and communities first. For example:

Citizens can help the APS develop a greater understanding of issues and enable the development of policies and services that will address actual, not assumed, needs[64].

Placing citizens at the centre of policymaking and service design ensures they have the opportunity to help shape policy and services in the areas that matter to them[65].
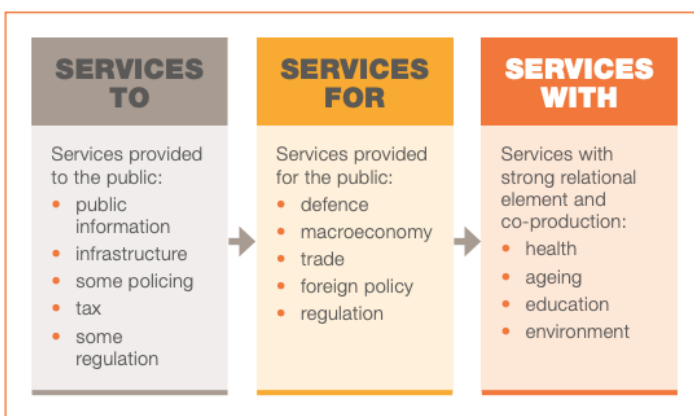
As such, delivering local solutions cannot be treated as an overhead or an afterthought.

Governance to support success must be hardwired into the APS. And cultural change to prioritise collaboration and local focus needs to become part of the bloodstream that gives life to APS service. These represent foundation stones that must be addressed by the APS into the future if local solutions are to have any chance of improvement, as we attempt to move to our proposed end-state.

This requires new approaches of cooperation as well as structural shifts to the foundations of the APS. Attending to the fundamentals of interjurisdictional cooperation, intersectoral collaboration and prioritising community voice and agency is key.

We explained earlier how bureaucracies are fundamentally designed to deliver universal standards to large populations. In the framework of Geoff Mulgan[66] we would describe these as services performed *to*, and *for*, communities.

Figure 1: Government activity to, for, and with the public

SERVICES TO

Services provided to the public:
- public information
- infrastructure
- some policing
- tax
- some regulation

SERVICES FOR

Services provided for the public:
- defence
- macroeconomy
- trade
- foreign policy
- regulation

SERVICES WITH

Services with strong relational element and co-production:
- health
- ageing
- education
- environment

Source: Mulgan, 2012, p.23

However, we know that there is a range of services that must be performed *with* communities in new, co-governed ways, if we are to see any substantial and sustained improvement in local solutions.

A traditional service delivery approach to local solutions will not provide the answer, alone. The scaling of universal standards geared to populations will, of itself, not be enough to address the intimate, personalised nature of tailored local solutions needed. These approaches should not be discarded but need to be supplemented with additional relational ways of working *with* citizens and communities.

Our report suggests a number of recommendations relevant to the APS within the current delivery mindset. We see that ongoing thinking will be needed about the very foundations of service delivery to advance local and community citizen-centric solutions into the future.

Service delivery needs to stop being viewed as a transactional effort. It is the heartland of connection between the APS and the communities it serves. The *connection* between the APS and communities should be prioritized. The APS needs to find ways to foreground its experience of the life of the citizen and communities as a valued input to policy to build the nation.

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APPENDIX 1: MINDSETS THAT IMPROVE LOCAL SOLUTIONS DELIVERY

A broad consensus exists that suggests current practice needs to be unleashed to include both a 'delivery' mindset as well as an 'enablement' mindset. While this enabling mantra and terminology has been used in different ways across different ideological backdrops in different jurisdictions over the last forty years[67], the distinctions set out in the table below are worth remembering as we discuss options for local solutions delivery moving forward for Australia.

Table 1: Delivery and Enablement Mindsets

Delivery Mindset	Enablement Mindset
Aim to maximise efficiency through process optimisation	Aim to cultivate effectiveness of self-improving systems
Outcomes the result of linear, predictable processes	Outcomes the result of complex, interdependent interactions
Customer focus	Citizen empowerment
Competitive forces and economies of scale	Cooperative relationships and principle of subsidiarity
Evidence-based policy, best practices and benchmarking	Place-based solutions, knowledge sharing and radical transparency
Alignment through hierarchies and incentives	Alignment through communities and shared values
Management expertise and authority	Professional knowledge and agency
Consistency ensures fairness and avoids 'postcode lotteries'	Diversity ensures learning and allows locally appropriate solutions
Government as a provider	Government as a platform

Source: Centre for Public Impact (CPI) (2018). Enablement: How governments can achieve more by letting go. 8 November. Available at: <https://www.centreforpublicimpact.org/the-enabling-state-how-governments-can-achieve-more-by-letting-go/>.

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