

Driving Performance through Center of Government Delivery Units

Several governments around the world have recently established 'delivery units' at the center of government to drive performance improvements.¹ This development may be in addition to whole-of-government reforms to improve performance, such as citizen charters, service agreements, or performance reporting. Given rising interest in public sector performance innovations, this note provides an overview of center-of-government delivery unit arrangements, including key factors for success, with a particular focus on one of the first incarnations of a central 'delivery unit' - the United Kingdom's Prime Minister's Delivery Unit (PMDU).

I. Types of Public Sector Agents Driving Performance

A number of agents/units within various governments are generally tasked with the mandate to drive performance improvements in critical service delivery areas. Such agents/units may be in addition to broader reforms to improve performance, such as restructuring civil service terms, performance-based contracts or delegation of financial management. They exist in different forms at different levels of government, reflecting the peculiarities of administrative traditions and variations in the performance management approach taken by countries. They are often embedded in a network of other systems and units tasked with monitoring and evaluation, planning, strategic development, statistics and data collection, policy coordination, audit and budgeting. Depending on the context, these units are either more formal (with legal mandates) or informal structures, but they require sufficient formal or informal authority from the center of government to be able to convene key officials across government to remove obstacles, improve coordination, and obtain timely information.

Less formalized examples of such units include the UK's Prime Minister's Delivery Unit, the Cabinet Secretariat for Performance Management in India,² Indonesia's Presidential Unit,³ Malaysia's Performance Management Delivery Unit (PEMANDU), and South Africa's 'Delivery Unit,' which falls under the planning commission in the Premier's Office. See Box 1 for an overview of Malaysia's PEMANDU. Examples of formal bodies tasked with a similar mandate are the US Office of Management and Budget or Thailand's Office of the Public Sector Development Commission.

Other times the mandate to drive performance is folded into the functions of the Ministry of Finance, Cabinet, or Monitoring and Evaluation Unit, among others. Similar units also exist at sub-national levels,

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¹ Examples include the UK Prime Minister's Delivery Unit (PMDU), Malaysia's Performance Management Delivery Unit, South Africa's "Delivery Unit etc...

² <http://www.performance.gov.in/>

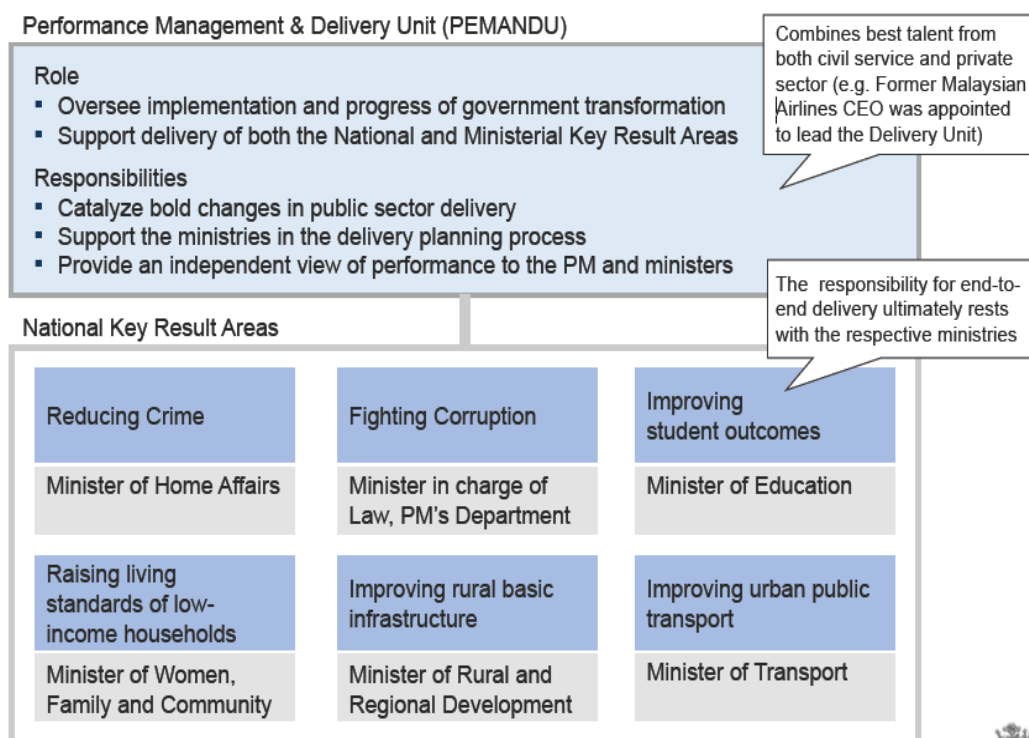
³ <http://www.reuters.com/article/idUSTRE59J1FN20091020>

such as the Strategy Development Units in Turkey or the US state of Maryland’s Governor’s Delivery Unit and associated StateStat, a performance management unit. In general, the performance/strategy units analyzed in this note are less formalized and situated at the center of government close to executive power. Such delivery units also have a distinctive role – generally undertaking all or a combination of the following five functions:

1. Focusing political pressure for results through progress-chasing on behalf of the head of government;
2. Providing a simple and direct monitoring mechanism for key government priorities;
3. Signaling key government delivery priorities within and outside of the public sector;
4. Providing a clear signal that government is holding ministers and senior staff to account for delivering the government's key priorities; and
5. Supporting innovation, coordination by various ministries, and providing a forum for problem solving when needed.

Box 1: Malaysia’s Delivery Unit—PEMANDU

In Malaysia the Performance Management & Delivery Unit (PEMANDU) was formally established on September 16, 2009 as a unit under the Prime Minister’s Department. PEMANDU’s main role and objective is to oversee implementation and assess progress of the government transformation program, facilitate as well as support delivery of both the National Key Results Areas (NKRAs) and Ministerial KRAs (MKRAs). Responsibility for end-to-end delivery of NKRA and MKRA outcomes ultimately rests with the respective ministries, PEMANDU has been mandated to catalyze bold changes in public sector delivery, support the ministries in the delivery planning process and provide an independent view of performance and progress to the Prime Minister and ministers. To allow PEMANDU to carry out its responsibilities effectively, it combines the best talent from both the civil service and private sector.



FUENTE: Malaysian Government Transformation. Equipo de trabajo

Source: McKinsey Chile, 2010

II. United Kingdom’s Prime Minister’s Delivery Unit

The UK’s Prime Minister’s Delivery Unit (PMDU) was established in 2001 to help strengthen and monitor progress on the Government’s delivery of public service priorities through a sustained focus on the performance of key services and public sector management. The PMDU is located next to the Cabinet and Her Majesty’s Treasury (HM Treasury), reporting directly to the Prime Minister and the Chancellor. Sir Michael Barber was the first head of the Unit under former British Prime Minister Tony Blair.⁴ Over

⁴ Michael Barber, *Instruction to Deliver: Fighting to Transform Britain’s Public Service*. (2007)

time, the PMDU has been molded to reflect the priorities of politicians and the PMDU described here operated under Prime Minister Gordon Brown government (2007-2010) performance orientation.

Through the use of Public Service Agreements (PSAs), which detail the aims and objectives of departments for a three-year period, the PMDU was tasked with monitoring whether government priorities and corresponding targets remained on track. A lead secretary of state (cabinet level position) in each ministry was accountable for the delivery of each PSA, supported in turn by a lead Department (board level official) and a Board composed of other department heads. The new 2010 UK government is balancing a focus on outputs with some increased focus on efficiency and transparency, but the essential principles of the PMDU are likely to remain unchanged.

The PMDU works in partnership with Departments to:

- Drive delivery of the top priorities of the Prime Minister and Chancellor;
- Assess and report on the performance of Government against a full range of cross-cutting PSAs and Cabinet Priorities;
- Provide analytical support and recommendations to overcome key delivery challenges;
- Provide support that accelerates delivery capacity in departments and sustains continual improvement- helping remove or resolve obstacles to delivery; and
- Develop the performance management framework and policy on PSAs.

The PMDU’s work program is developed through six month reviews of progress whereby selected issues are identified that require attention. A key role of the PMDU is accelerating ‘lagging’ programs. The process of unblocking selected delivery outputs entails an eight week process, with a team comprised of both internal and external members, and the production of a confidential report to the Prime Minister.

Working with ministries to design effective and efficient delivery systems by better ‘streamlining’ services to improve performance from a citizen’s perspective is another important PMDU initiative. This involves understanding ‘delivery systems’ and the chain of actions customers/users must take to receive public services or benefits. One tool the PMDU employs to reveal performance bottlenecks is customer journey mapping. From a citizen-centric point of view maps are made of customer interactions with public services. Examples include passport services, marriage certificates, home buying etc.... Customer journey mapping can streamline processes, expedite service delivery, reduce administrative costs, and improve customer satisfaction.

Ray Shostak, the current the Head of the Prime Minister’s Delivery Unit, identified the key ingredients for a successful system as: (1) leadership, clarity of vision and strategy across the system, (2) departments working together and building coalitions, (3) knowledge about what works in the delivery system, (4) effective performance management, and (5) good data/metrics.⁵

⁵ Seminar at the World Bank: The UK Public Sector Performance Regime: The Politics, the Practice, and the Impact held on May 28, 2009, <http://intresources.worldbank.org/INTECASUMEC/SPE/Resources/WorldBankMay28.pdf>

III. Key Issues in Establishing a Delivery Unit

By their nature, creating a delivery unit suggests the current governmental performance system is not delivering results quickly enough or perhaps in the desired areas. This may be because objectives are: (i) not being adequately monitored to the satisfaction of the chief elected executive, (ii) there is no progress towards achieving key objectives, and (iii) there is an imperative to make more rapid progress on a few selected policies and objectives. This may derive from the fact that existing public policy, planning, and administrative systems are not producing results or are not responding to new objectives (for example, existing systems may be encrusted with excessive controls and out-dated procedures).

Central delivery units require a whole-of-government perspective and sufficient formal or informal authority to convene key officials across government to remove obstacles, improve coordination, and obtain timely information. These units have tended to play a distinctive, pragmatic problem solving role in many countries. As a fire-fighting unit, they are not intended to replace the existing bureaucracy, and need to be small, lean, with highly-skilled staff. For success, the units need to cultivate a service mentality, helping ministries resolve problems, providing advisory services to program managers (for example, an internal management consulting unit). Units that rely solely on formal authority, punishment, policing, and negative incentives will be resisted by the bureaucracy, elicit data gaming and evasion, and not be able to improve performance or deliver on key priorities.

Delivery units are generally comprised of a small cadre of highly skilled staff, often with a combination drawn from the public and private sectors, that seeks to work in partnership with ministries/agencies. One of the largest delivery units is the UK's PMDU, with approximately 40 staff covering delivery across Government, while the Governor's Delivery Unit in the State of Maryland in the US has only five full time analysts. In Malaysia, all PEMANDU staff are on three-year contracts with the aim of preventing them from becoming "jaded" (Head of PEMANDU, 2010).

Box 2: The Governor's Delivery Unit in Maryland

In 2008, Governor O'Malley of Maryland in the US created a Delivery Unit to work with state agencies to align state and federal resources around 15 strategic goals to improve the quality of life in Maryland. The goals are broadly categorized into four key areas – *skills, security, sustainability, and health*. The unit is comprised of around five full time staff.

Through a process of continually evaluating state performance at the highest levels, opportunities to improve coordination and formulate strategies are ongoing - not just during annual budget reviews. At bi-weekly meetings, State managers meet with the Governor and his executive staff to report and answer questions on agency performance and priority initiatives. Each week a comprehensive executive briefing is prepared for each agency that highlights areas of concern. Briefings are based on key performance indicators from a customized data template submitted biweekly by participating agencies. Data is carefully analyzed, performance trends are closely monitored, and strategies to achieve improved performance are developed.

Source: GET Note, “Ten Observations on Statestat,” December 2009. Available from:

<http://intresources.worldbank.org/INTPSPGET/Resources/TenObservations.pdf>

The experience of the Governor's Delivery Unit in Maryland demonstrates that with a relatively lean analytical support unit (five full time analysts) they were able to effectively leverage the presence of the

Governor, his executive staff, and agency leadership during bi-weekly management meetings to develop improved strategies for delivering key public services effectively and efficiently. As such, delivery was fully integrated with the chief executive’s management system. See Box 2 for more information.

On the location of delivery units it seems that direct access to the political leadership is important in order to be able to initiate authoritative and binding problem-solving meetings of senior policy makers and senior civil servants. For example:

- In the UK, the PMDU was first established in the Prime Minister's Office, but has gradually relocated toward the Treasury (and is now jointly controlled) and focuses on 30 Public Service Agreements;
- In Indonesia, the Delivery Unit - the Presidential Working Unit for Supervision and Management of Development (UKP4) - is located in the Vice President's Office and focuses on delivery of the 11 major priorities of government;
- In Malaysia, the Delivery Unit is located in the Prime Minister's Office, reflecting the implementation and service delivery leadership role of the PM, focusing on the KRAs.
- The equivalent unit in Chile is being developed in the President's Office.

The factors generally regarded as critical for success include: (a) a limited number of explicit, public government priorities, that the unit will maintain and help improve;⁶ (b) light, nimble data collection and reporting systems that are not expensive or onerous to operate and maintain; (c) systematic, regular monitoring of performance to assure responsible ministers maintain a continual focus on the objective (quarterly or six monthly, versus every 2-3 years), (d) some value to add to ministries/agencies, in terms of removing obstacles, helping resolve coordination problems, and/or offering sound advice to enable performance. On this last point, if one of the objectives of the unit is to support ministries/agencies in accelerating the progress of reforms, then it will be important for the delivery unit to help build capacity and find approaches to unblocking delivery obstacles.

IV. The Role of Delivery Units in Broader Institutional Reforms

Delivery units are created as extra-bureaucratic or special SWAT teams to achieve results. As such, they are not a permanent, systemic solution to public sector performance problems. It would be important to also diagnose and attend to systemic problems that impede public sector performance or that may enhance performance. This task may or may not be assigned to a central delivery unit. However, delivery units are uniquely placed to note consistent or recurrent issues that arise across government as barriers or problems, to advise top governmental officials of these issues, and potentially foster or craft solutions (e.g. a provision of a procurement law preventing timely contracting or problems in budgeting and cash management that prevent programs from starting full operations on the first day of the fiscal year).

In order to prevent duplication, or their focus being diverted either to more long-term issues or overwhelmed by the plethora of Government activities, delivery units generally:

⁶ Over a five year period, the UK moved from 600 to 30 priorities with an increasing emphasis on devolution and customer engagement.

- Do not tackle broader civil service reform or budget process issues. While a delivery unit might be well placed to make observations on either of these, their focus is on removing specific bottlenecks. As discussed below, broader public service reforms are important but often take time and require a wider set of stakeholders;
- Do not substitute for the planning or policy functions elsewhere in government—both line ministries and the executive have separate units focusing on these upstream processes, while a delivery unit's focus is more downstream;
- Do not operate complex monitoring and evaluation systems— a delivery unit requires a more high-frequency and selective monitoring and reporting framework; and
- Do not reopen discussions on the annual budget, as this would likely undermine the main budget process by opening up the possibility of an "end run" around the overall planning and budgeting exercise.

The focus of delivery units is on "just enough change." They tend to select a few performance indicators, with simple regular tracking mechanisms. Given their proximity to the center of government (the President, Vice President or Prime Minister), they can convene political coalitions to problem solve or take tough action around problem solving.

Some of the public sector systems that, if working well, would make it easier for delivery units to operate, or may need to be corrected to improve systemic performance, include:⁷

I. Foundations for planning and approving the annual budget and work program:

- i. A good budget classification (allowing funds available to be allocated on the basis of administrative units, economic purpose and functions or programs).
- ii. A multi-year orientation, in other words a widespread recognition that deferring problems to the next year (or the next administration or management team) is unsustainable – noting that the exact form of this multi-year approach can vary significantly and there is a significant risk of ritualism in which the medium term perspective is provided on paper, but is not reflected in the mindset of senior staff.
- iii. A process for preparing the budget that is seen to be reasonable and during which the views of the spending departments are recognized.
- iv. The wage bill does not crowd out investment or other important recurrent expenditures.

II. Foundations for implementing the annual budget:

- i. Confidence on the part of the spending units that they will get the funds that they were budgeted.
- ii. Good recording and management of cash balances, debt and guarantees to prevent unwelcome end of year surprises.
- iii. Effective payroll controls that minimize the usual sins of ghost employees and double-dipping, with salary payments which are made on time.
- iv. Competition, value for money and controls in procurement.

III. Foundations of accountability - reasonably comprehensive internal and external audit

IV. Foundations of "institutionalized watchfulness" ensuring that there is clear accountability for ensuring that:

⁷ See Improving Performance: Foundations of Systemic Performance, <http://intresources.worldbank.org/INTPSPGET/Resources/ImprovingPerformance.pdf>

- i. The public have access to key financial/fiscal information and performance information.

V. Limitations

Delivery units do not naturally open dialogue concerning broader reforms. Delivery units generally start from the premise that there is at least reasonably solid inter-ministerial collaboration, at least at the senior civil service level, around centrally-led objectives, achieved through a robust program budget and cabinet system.

Moreover, delivery units do not link better results with additional resources, keeping discussion of the budget separate from problem solving in delivery. Without this the discussion about performance often focuses narrowly on inputs, and particularly resource availability.

For countries interested in implementing the idea of the ‘delivery model,’ there is a crucial choice between developing a new organization at the center of government or allocating the function to an existing institution/department. As noted above, delivery units are often positioned so as to regularly advise senior policy makers, and potentially foster or craft solutions (e.g. a provision of a procurement law preventing timely contracting or problems in budgeting and cash management that prevent programs from starting full operations on a timely basis). It is important that the unit is given the full support of the highest level of the executive, with most located close to, and enjoying the direct patronage of, the President or Vice President.

Resources

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