High-Performing Corporate centres

Key features of high-performing Corporate centres

a) Clearly Defined Role, Services and Operating Model

- ***Role*** – Corporate's role, the scope of activities, outcomes sought, accountabilities and the nature of relationships between Corporate and Delivery branches are clearly defined and agreed.
- ***Services and service standards*** – the nature, level, quality and timeliness of services to be provided are clearly defined and agreed so that Corporate and Delivery branches have shared expectations about what will be provided and received. This should be documented at a high-level[1], with more detailed specification if needed and kept current by Corporate's Business partners who operate at the interface between Corporate and Delivery.
- ***Support for services not provided*** – where a Delivery branch requires a service that Corporate does not provide, Corporate supports Delivery branches to access alternative service arrangements.
- ***Operating model*** – the way in which Corporate services will be delivered, teams involved, how priorities are set, and how Corporate and Delivery branches will interact is established via a whole-of-organisation governance process and communicated across the department.
- ***Business partners*** – in most situations, Business partners are the best way for Corporate and Delivery branches to ensure business needs are fully understood and tailored advisory support and services are provided in an agile way. Business partners are often located in Delivery branches while continuing to maintain reporting lines to the relevant Corporate group.

b) Effective Governance of Corporate Services

- ***Governance*** – this is most commonly achieved through a cross-agency committee which comprises a mix of Tier 2 and Tier 3 leaders and is supported by a secretariat. Depending on the context, the chair could be from a Delivery branch or from Corporate. To be effective, such groups require regular attendance and professional management of agenda-setting, sufficient technical support, preparation and timely circulation of papers and follow-through on agreed actions.
- ***Key roles*** of the Corporate governance function include:

[1] Service level agreements (SLAs) or service catalogues are generally not used because these tend to be bureaucratic, create unrealistic expectations, and emphasise contractual rather than partnership relationships.

Agree

  - Role, services and operating model for Corporate services;
  - Services and service standards for each financial year (often these will only change incrementally from one year to the next);
  - Corporate charging/cost allocation model; and
  - Corporate priorities, budget, cost allocations and charges for each financial year.

- Monitor performance by bringing together Corporate and Delivery branch perspectives on the delivery of services against agreed service levels and standards.
- Strengthen partnership relationships between Corporate and Delivery branches and business unit managers
- Build acceptance of the Corporate centre processes and benefits across the organisation.
- Support Delivery branches to leverage Corporate capability and get the best from Corporate services.
- Review risk settings to streamline or remove unnecessary or overly risk-averse compliance requirements.
- Provide a focus on the disciplined implementation of medium-term plans (e.g. People, Communications and Property strategies).
- Prevent the development or operation of duplicate or 'shadow' Corporate services.
- Resolve disputes which have been escalated to the Corporate governance function.

- ***Clear decision rights*** on the annual Corporate budget, cost allocations and charges and a ***meaningful Corporate governance role***. Decision rights can be held by the executive leadership team or by a separate Corporate governance function. Whatever arrangements are adopted, it is important that decision rights are clear, and that the Corporate governance role is meaningful (this strengthens the accountability and incentives on members of the Corporate governance function).

c) Well-structured Processes

Well-structured annual processes are set for agreeing service levels, prioritising resources, setting budgets and charges, managing changes and reviewing service performance. One model is a six-part annual process, set out below. These steps are not sequential, and decisions are made iteratively.

- ***Agree services*** – the level and quality of services to be delivered to all parts of the organisation are agreed jointly between Corporate and Delivery branches prior to the start of the financial year. Decisions will depend on available resources, costs and the extent to which existing services meet the needs and expectations of the organisation.
- ***Prioritise resources –*** resources and funding within the Corporate branch are limited and the Corporate governance function will need to make prioritisation decisions on

which Corporate services are important and deliver the most value for the organisation. This will include judgements on where there is opportunity (e.g. enabled by new technology) or need (because of service gaps) for change.

- ***Set Budgets*** – Corporate budgets need to be set prior to the start of the financial year. This requires a process for Corporate teams to bid for funding based on demand for services, and for the Corporate lead to propose an overall budget after considering available resources, funding, demand for services and priorities. The Corporate governance function should consider and agree the Corporate budget.
- ***Set Charges*** – Corporate charges need to be agreed prior to the start of the financial year so that they can be included in Delivery branch budgets. The charges will largely flow from the Corporate charges/cost allocation model which should be approved in advance by the Corporate governance function.
- ***Manage Changes*** **–** there are likely to be changes in demand for services and costs during the year. Changes in Corporate charges/cost allocations should be made twice a year as part of the October and March Baselines updates each year. Other than these twice-yearly changes, Corporate charges and budgets should be fixed, and are not used as a default mechanism to manage in-year cost pressures.
- ***Review*** **–** Corporate service performance should be reviewed during the year to resolve issues as they occur, build on what has gone well, and identify changes or areas for improvement. An end of year review should provide input for agreeing the level and quality of services for the next financial year.

d) Working in Partnership

Leaders across the organisation operate in partnership with Corporate and Delivery branches working collaboratively to improve services and resolve issues when these occur. Key features of an effective partnership include:

- ***Active engagement*** between Corporate and Delivery branches increases understanding that leads to changes in perceptions, behaviours and performance.
- ***Strategic all-of-department*** approach to the provision of Corporate services and to the demands and expectations placed on the Corporate centre.
- ***Mutual respect*** between Corporate and Delivery branches and an understanding of their inter-dependence and the contribution of each party.
- ***Understanding and acceptance*** of the two roles of Corporate (delivery of services and keeping the organisation safe).
- ***Partnership behaviours*** - Senior leaders and managers across the organisation have a key role in modelling partnership behaviours which enable issues to be resolved in a collaborative way.
- ***Executive team support*** **–** the executive team supports and owns a high-performing Corporate centre in order to provide the services and support the organisation needs.

Benefits of high-performing Corporate centres

a) Reduced costs through:

- Economies of scale, which include spreading fixed costs of corporate across multiple business areas (e.g. shared ICT infrastructure, single FMIS, payroll and HRIS systems), reusable platforms (e.g. for CMS applications), and meeting the compliance and reporting accountabilities of public entities.
- Standardising and automating high-volume activities, enabled by standardised processes and scale, and self-service for repeat activities.
- Active management of a rationalised set of third-party service providers (mainly IT, but also Property, Legal, HR, Communications).

b) Improved services through:

- Effective engagement with Delivery branches to support improved service to external customers.
- Building of centres of excellence that can be leveraged across the organisation (this could extend beyond core Corporate functions to such things as service design, revenue recovery) so that subject matter experts are providing in-house services and procuring outsourced services only as required.
- Streamlining or removing unnecessary or overly risk-averse compliance requirements.
- Consistency of project governance/management methodologies and disciplines and life-cycle management.
- Building internal capability where there is ongoing critical mass of internal demand.

c) Improved organisational performance through:

- Development and disciplined implementation of medium-term organisational strategies (e.g. People, Communications and Property strategies).
- Stronger internal relationships and focus on shared outcomes.
- Improved customer services to the NZ public through better connections across Delivery units.

d) Enhanced financial sustainability through effective organisational leadership and advisory capability to manage resources, costs and processes.