

# Place Management As a Core Role in Government\*

By John Mant\*

## Abstract

*Place Management can have a central role in government, particularly at the level of local government. For this to occur, fundamental organisational change is required. Instead of professionally based Divisions (or Departments) designed to deliver specialist outputs, the structure of government is designed around its core operating objectives – effectiveness, efficiency and transparency, or, Outcomes, Services and Standards (regulation). Places can be a key responsibility of an Outcomes Division, leading to the appointment of Place Managers to every area of the jurisdiction.*

## Introduction

“Place management” has been practiced in various parts of government in Australia<sup>1</sup>. Mostly, place managers have been appointed in *ad hoc* and essentially short term positions to deal with crisis situations – such as an area with a high crime rate. However, several organizations have undergone fundamental restructure with a view to making place management a central responsibility and putting place managers at the core of the organization, rather than the periphery.

## Place Management is a species of Outcome Management

*Inputs produce outputs, which lead to outcomes*<sup>2</sup>. Organizations should strive to be efficient in the production of outputs and ensure that the resultant outcomes are effectively achieving the longer-term objectives sought by the organization and its stakeholders.

Outcomes can be divided into either *system* or *place outcomes*.

System outcomes are public policy outcomes that do not have a strong place focus – catchments, economic development, learning, healthiness, accessibility and the like.

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<sup>1</sup> Thompson et al provides a good summary of the place focused initiatives in Australia in recent decades.

<sup>2</sup> An objective (outcome) to increase accessibility between activities may be achieved by joining them with a road, or by putting them together in the first place. These two strategies require different outputs (a road, or a new set of land use regulations) and therefore different inputs (engineers, or statutory planners).

*Places* are where the consequences of systems finish up. A place manager is an officer who has been given clear responsibility and accountability 'to do what is needed' to achieve the outcomes for a place<sup>3</sup>. Place management is a species of outcome management.

Allocating responsibility for place management provides an officer who can mediate the consequences for places of the application of system policies.

### **Contrast with Input and Output Responsibilities**

In Australia, State and local governments were organised and funded to provide specialist inputs or outputs. Most State and local government organizations were designed in colonial days<sup>4</sup> to facilitate the employment of particular professionals. This is why they have been described as 'guild' or 'silo' organizations. Until recently, entry into these organizations was restricted to those with the particular professional qualification - foresters in the Forest Commission, road engineers in Roads, town planners in planning departments, and so on. The professional qualification was 'essential' rather than merely 'desirable'.

Although managerial positions now are advertised to permit people with a wider range of skills to apply, the guild cultures tend to live on, which is not surprising given there has been relatively little fundamental change to the nature of the traditional organizations and their traditional outputs.

In governments organised and funded to produce inputs or outputs it is difficult for anyone, other than a central government agency, to be responsible for the achievement of complex *outcomes* – such as the functioning and quality of a place. Each guild organization will tend to pursue solutions that reflect its particular specialised output. The road agency will push a road solution to accessibility; whatever the issue, the town planning agency will usually suggest the making of a new plan or set of development controls.

The inability to allocate clear responsibility for outcomes tends to lead to a proliferation of top-down interdepartmental committees and reports. Unfortunately, this type of '*joined-up government*' tends to exist only at the top and probably only for as long as there is strong political support.

In the end, someone will be needed to take responsibility for achieving recommendations reached by report writers or '*co-ordination*' meetings<sup>5</sup>. In the absence of real authority for

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<sup>3</sup> Although they may have some similar characteristics, a distinction can be drawn between a place manager and a project manager. A place manager is a permanent position with on-going responsibility for an area. The issues will change over time but the responsibility remains. A project manager usually has a design to achieve on time and on budget. When the project is complete the job is done.

<sup>4</sup> Australia only became a nation in 1901. Before that government was by separate sovereign States, ultimately responsible to the Crown and the British Colonial Office. The tasks of the colonial governments were to hold and distribute the 'Crown Lands' and other natural resources, build the infrastructure, provide education and health services and maintain law and order.

<sup>5</sup> Co-ordinating meetings usually result in solutions at the margin as each guild organization represented vetoes solutions that would result in a loss of power for their agency

implementation, anything that requires complex solutions tends not to happen. More paving can be achieved, but significant community building is difficult to sustain.

This paper argues that moving from the traditional input or output forms of management to outcomes management, while useful for all levels of government, can especially advantage local government. Being a single corporate body with a wide range of functions, local government can improve its effectiveness and efficiency by moving, firstly, to identify clearly the core outcomes it is pursuing and, secondly, to arrange its resources so that the achievement of those outcomes is managed.

### **The Recent Reform Agenda in Government**

Over the last twenty years, largely driven by managerialist theories, there have been some significant changes in the functioning of government, especially in the State of Victoria and in New Zealand (Chapman and Duncan).

There has been a shift in budgeting from funding *inputs* (engineers and tarmac; teachers and buildings) to funding *outputs* (roads; schools and student places). There has been some talk, but little action, about budgets based on an *outcomes* format.

Some changes in the structure of government have occurred, with organizations separating into purchaser and provider divisions driven by demands that the provision of services be market tested. Generally the purchasers have been seen as contract administrators rather than outcome managers.

The concept of outcome management, which includes place management, builds on these purchaser/provider changes but not necessarily for the purpose of compulsory contracting out the provision of services. Services can still be provided from within the organization, even through an outcomes approach has been taken<sup>6</sup>.

### **The Advantages of Outcome Management**

As mentioned above, outcome management can be seen as either system or place management.

The advantages in shifting to an outcomes form of management include:

#### Governing Rather Than Just Supplying Services

Allocating responsibility for outcomes recognises that government is about more than merely contracting for the supply of certain services or administering regulation. It recognises that government is not just a series of nationalised businesses and that the regulated are not 'customers'.

#### Wider Range of Solutions Likely

The effective achievement of an outcome is likely to require the responsible outcomes officer to 'do whatever it takes' to fulfil his or her responsibilities. This may require a wide range of initiatives; consultation, empowerment of local communities, facilitating, planning,

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<sup>6</sup> For example, the outcomes structured Fairfield City Council (see below) has had a long standing policy of providing in-house services when possible.

programming, lobbying other agencies of government, improving regulation, as well as arranging for the supply of services. Unlike the member of a 'guild' organization, an outcomes officer is freed from the institutional imperative to pursue only guild solutions.

For example, an organization funded and empowered to achieve *accessibility outcomes* (rather than, say, roads) should be freer to explore a wide range of transport and other connecting solutions, as well as land use policies that assist in encouraging different uses to locate together and thereby reduce the need for travel.

#### Regulation as a Means to an End

With an outcomes approach the role of regulation as a means to an end is clearer. Regulation can be seen as only necessary if other solutions will be ineffective.

#### The Outcome Manager Cannot Dodge Responsibility

With an input or output organization structure, the community can find it difficult to identify who in government is responsible for dealing with a problem. Complex issues in particular can fall between cracks in responsibility or rest with several officers who may 'buck pass'.

An outcomes officer finds it difficult to deny responsibility in the first instance. The task of the outcomes officer is finding a solution and ensuring that those who are responsible for providing the relevant inputs or outputs carry out those responsibilities.

The outcome officer is visible. This is especially so with place managers whose position and area of responsibility are clear to members of the community.

#### Outcomes Management Enhances Strategic Planning

Effective outcomes management demands good strategic planning if the outcomes selected are to be realistic and of real concern to government and the stakeholders. Given the flexibility of the outcomes approach, the organization can be adjusted easily to suit the outcomes being sought. An outcome officer can be appointed to take responsibility for each of the outcomes identified.

By contrast, the main driver for input and output organisations is the continuation of the provision of inputs and the production of outputs. Strategic planning therefore tends to be an *ex post facto* rationalisation of what is being done. The planning process firstly defines what the organization is designed and funded to produce and then seeks to explain why.

Strategic planning for an outcomes organization should closely involve elected officials and stakeholders as it is intended both to inform and to involve them and so increase their ownership of the outcomes and their commitment to the process.

#### An Outcomes Budget Increases the Power of Elected Officials

Most input or output budgets leave little to the discretion of elected officials and interested stakeholders when it comes to budget decisions. Much of the budget is already allocated to keep the inputs employed and the traditional outputs produced. Budget decisions may involve only 5-10% of the available expenditure and be limited to marginal increases and decreases of expenditure under various headings and the selection of new projects from a list provided by the various input and output managers.

With an outcomes budget the total amounts being spent on achieving the core outcomes are exposed. This potentially provides elected government with an enhanced scope for reallocating expenditure and resources in accordance with the outcomes identified in the strategic plan. Compared to the traditional guild organisation, a structure based around outcomes responsibilities can make it easier to realign staff resources to the new priorities.

### **Models for Outcome Management**

Two models of outcome management are presented:

- Where there has been a substantial change from a guild structured organization, such as the traditional local government body, to an outcome focused organisation<sup>7</sup>,
- Where an ad hoc place manager position has been added to a traditional guild structure.

#### ***A Substantial Change to Create an Outcomes Focused Organisation***

##### Structure

An organisation designed to achieve outcomes will have four main organizational components:

- Governance

Responsibility for strategic and corporate planning, the Budget process, audit of performance and servicing of elected government.

- Effectiveness

This is the Outcomes responsibility. The Outcomes Division should be a flat structured organization with a series of outcome officers, each with no more than one assistant and some support staff. Positions should have generalist qualifications with broad banded positions, which permit a wide salary range.

In local government, place managers would be appointed to take responsibility for every part of the council's area, not just the commercial centres. The size of each area would reflect the available staff and the complexity of the issues in the various areas.

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<sup>7</sup> The website of Fairfield City Council (an outer Sydney local government body) describes the outcomes focused organization structure of the Council, one devised by the author in co-operation with staff and councillors using the process described in this article. This structure has operated for over 15 years fundamentally unchanged from when it was established. The website also contains the outcome focused strategic plan which provide the outcomes for which managers have been made responsible and an outcomes based budget (The Management Plan). See: <http://www.fairfieldcity.nsw.gov.au/>

- Efficiency

The Services Division is the location for a wide range of specialists producing inputs or outputs. It consists of a series of what are essentially small businesses each invested with as much self-management as possible.

Depending on the extent to which *best value* or tendering is used to encourage efficiency, so the relationship with the Outcomes organization can be a negotiated partnership or a contractual relationship. This, in turn, will determine if the budget allocations go direct to the service organizations, or whether the outcome responsibilities will be funded in the first instance.

If the budget allocations go to the service units then the outcome officers have to negotiate with those units to adjust priorities to achieve their outcomes. The allocation of some small amounts of untied funds for each outcome officer can assist these negotiations.

- Transparency

This Division is responsible for the exercise of regulatory responsibilities. An outcomes officer 'doing whatever it takes' to achieve the desired outcomes would have a conflict of roles if he or she was also to be responsible for the administration of regulatory powers. And as regulation is not a 'business', the regulatory responsibilities also should be separate from the Services side of the organization.

### Performance Measurement

Given that their mode of operating is quite different, so the performance measures for the Outcomes, Services and Regulatory organizations are different:

- Outcomes – performance measures relating to the achievement of outcomes – the quality of the place, the assessment of design qualities, safety/crime figures, economic performance, level of literacy, quality of the water at the end of the pipe, mode share, travel times, etc. What the community thinks of the organisation's performance?
- Services – performance of contracts, returns on assets employed and other financial and human resource measures.
- Regulatory – level of complaints, appeals results, satisfaction surveys of the regulated and the beneficiaries of regulation, and, provided care is taken as to what judgements are to be drawn, cost and timeliness.

It is likely that the performance of the Governance organization will be reflected in compliance with legislation and financial performance and in election results.

### Organisational Change Implications

Moving from a traditional input/output structured organization to an output-focused organization does not require great upheaval, although the manner in which the parts of the organization operate may change significantly. Most staff should stay more or less in their existing positions.

The Services and Regulatory organizations will not change greatly, but there might be rearrangements of the separate units. Some service units should have greater autonomy of action. It should be possible to reduce levels of management.

In the Outcomes organization the positions will all be new but there will not be many, given that there will be a flat organization with few supporting staff<sup>8</sup>. These new positions should not lead to an expansion of the numbers of total staff as there could be savings possible overall.

The process of change should adopt the following principles:

- An assurance that everyone will remain employed although his or her job description may change.
- An assurance that internal applicants will have first go at any new positions, with external advertising only if there are not adequate internal applicants.
- The advertising of all positions in Outcomes, rather than lateral transfers. Outcome jobs should not be restricted to members of particular professions.

#### Problems with the Outcomes Model

There can be consequences for staff in the Outcomes Division, due to the nature of their positions in a flat structured organisation: These include:

- As holders of the outcome positions do not directly manage staff, a key experience requirement for high-level management positions may not be available to outcome managers. After some time in an outcome position, to gain the necessary experience, officers may need to be placed in a services or regulatory role where there are line staff to manage.
- Even if the outcome manager positions have a deep range of salary points that permit a holder to be rewarded for service over a period of time without having to apply for a higher-level position, eventually the holder has to move on. The writer's experience is that many outcome officers achieve rapid promotion given the excellent understanding of the business of government that such positions provide. Officers should be encouraged to move on and the temptation should be resisted of trying to retain officers by creating a level of management between the outcome officer and the manager of an Outcomes Division.
- Being full time on the job over several years can provide a place manager with too high a profile with the community and lead to friction with the elected officials for the area. Close watch needs to be kept on any tendencies to become the *de facto* mayor of the area. The flexibility of the outcome positions should enable officers to be transferred to another outcomes position if need be.

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<sup>8</sup> Outcome officers should not have any more than an assistant. The object is for them not to do but to arrange others to do.

### ***The Appointment of Ad Hoc Place Managers***

An alternative to a fundamental restructure along outcomes lines is to appoint Place Managers as *ad hoc* positions in the central part of government. This has occurred in recent years within the Government of the State of New South Wales.

The advantage of the appointment of *ad hoc* Place Manager is he or she can be appointed to an existing structure without the need for fundamental organisational change. The disadvantage is that the positions seldom survive for long.

#### Structure

Most Place Managers have been appointed in response to a crisis. Essentially the input/output structure remains unaltered and an outcome manager is appointed to 'project manage' particular outcome, such as a place.

There are a number of issues to be resolved:

- To which of the existing divisions/departments is the place management responsibility allocated

For example, in local government the case can be made for the Place Managers to be with the Planning, the Engineering/Works, or the Community Development Divisions. Even a Corporate Services Division could be considered as it could provide more of a professionally neutral home.

The problem is that, whichever division/department the Place Manager is allocated to, the other professional divisions will see that person as representing that particular input or output and will seek to limit his or her role accordingly.

The Place Manager can be made directly responsible to the head of the Premier's Department, but if there is more than a couple then there will be a need to employ a Manager of the Place Managers. This leads inevitably to an 'Outcomes Division' and the kind of significant change described in the section above.

- If there is not to be a restructure, but merely the appointment of a few place managers, which places will have managers appointed to take responsibility for them?

What are the selection criteria? The places that have special problems, the places with major upgrading projects....?

Places that do not get place managers may well feel that they are being neglected. Communities may seek to over-dramatise their situation in order to have a place manager appointed. Those that have a place manager because of special problems may work hard at *not* solving those problems so as not to lose their place manager.

- The life of an outcomes officer can be a difficult in an organization designed around specialist input and outputs.

If the officer overly interferes with input/output priorities, or is seen to be highly successful, the rest of the organization is likely to resent him or her and work to sideline or abolish the position.

If the officer works quietly behind the scenes, letting the line officers take the credit, then the organization may start to question the worth of having a position that does not seem to add value.

Experience tends to show that a couple of outcome officers in a traditional input/output organization structure have an effective life of around two years, unless they are clearly responsible to, and constantly supported by, the CEO.

While there can be significant achievements in that time, it has to be recognised that this form of organisational reform is unlikely to be sustainable. Paradoxically, the greater the success the more likely it is that it will not be sustainable.

## **Conclusion**

A move to outcomes management for places can be part of a fundamental change to the design of government, or as an 'add-on' to a government with a traditional input and output structure.

The 'add on' experiments are easy to achieve and can assist in addressing a crisis situation or managing a particular program of regeneration to a place. But only fundamental change to an outcome-focused organization can achieve effective, efficient and transparent government, where there are clear responsibilities allocated for achieving, over the long term, excellent system and place outcomes.

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