Brief summary

Integrated Portfolio Management of Public Services

Government Office

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Brief summary of the study "Integrated Portfolio Management of Public Services"

The study „Integrated Portfolio Management of Public Services" was commissioned by the Government Office and was carried out in October 2013 – March 2014 with the support of the Foundation of Smart Decisions that operates at the Government Office and is funded by the European Social Fund. Study partners were Estonian Information Systems Authority, Ministry of Economic Affairs and Communications, IT and Development Centre of the Ministry of Interior, Estonian Association of Information Technology and Telecommunications. The study was conducted by AS PricewaterhouseCoopers Advisors.

It is recommended that all public sector organisations (including local governments) study the results of the survey who are defining or plan to define public services or processes.

Study background

The provision of public services is based on the need to fulfil state functions (e.g., national defence) or specific objectives (achievement of certain performance capacities). The state must provide and offer a wide spectrum of services in very different sectors, while doing it cost-effectively and efficiently, keeping in mind the preferences of citizens and balanced development between different sectors. The expectations of citizens and enterprises to the choice, access to and quality of public services (including user-friendliness) are high.

Public services are classified into general benefits (e.g., national defence, rule of law) and services that the state offers a person, including entrepreneurs, on the initiative of the person (incl. Possible initiative) for fulfilling its legal obligations or enabling to use the rights, i.e. transactional services. This study focuses on transactional services in which the service user addresses or has reason to address, typically on own initiative, to the service provider or mediator. The study focuses on central government public services and not on public services provided by local governments.

Public services can be provided either as over-the-counter services and via electronic channels. Although the overall trend is to move services into electronic channels (e-services) and to develop background services (proactive services), it is necessary to have a variety of channels for ensuring access to services. This is due to the special nature of services and the consumers of services, their preferences and possibilities, because the data of Statistics Estonia shows that approximately 215,000 people in employable age still have no access to Internet in Estonia. This means that these services will be delivered to customers both by electronic and physical channels also in the future.

For implementing the objectives and solutions for increasing the quality of state-planned public services, several tasks were solved in the course of the survey that were based on the following needs:

1. The need for an integrated development of the „portfolio" of public services, i.e. to manage the services in a uniform manner, always considering certain elements, in mutual joint influence and by taking into consideration the best manners for providing services.
2. The need to direct the development of e-services for fulfilling the objectives set for public services and measuring the results.
3. The need to develop provision of public services in various channels, both electronic and physical channels, by choosing the best channels for each service.

Management of services as a "portfolio"

Portfolio management of service is a methodically standardised approach in describing services that is the precondition for developing services. If institutions that are responsible of services (service owners) describe information about the provision of public service in a uniform manner and in the agreed language, it can lead to various benefits over time. For instance: services are developed in a more balanced way because this enables to better assess the impact of developments; overlapping services are decreased because they can be identified; service development is better coordinated and organised because one effort benefit several institutions; finally, developing services by portfolio management helps to make their functioning more cost-effective and more transparent.

Measuring the benefit of public service and choice of channel

To enable portfolio management, the following components were developed in the course of the study: single principles and method on how to describe public services (vocabulary of public services or meta-database, its data model and technical architecture); framework based on single vocabulary (benchmark model) for creating an integrated dynamic portfolio of public services; the concept of the catalogue and architectural alternatives, comparable assessment about their IT, organisational and legal implementability.

Benefiting from portfolio management requires methods that allow to assess the **benefit of various public services** to the society.

Provision of public services requires informed **choice of a channel**. This requires a method and corresponding benchmarks that can assess the suitability of a specific channel for meeting the expectations for a public service.

In the course of the study, a benchmark model of assessing the choice of public services and channels and the method for assessing the model. The method includes both the performance of provision of services and a wider social influence as well as the efficiency of providing and use of services. The method enables to make decisions about the need and development of public services – which services and in which directions to develop so that they would function most efficiently. The method is based on single and generally used benchmarks or performance indicators aimed at supporting the development of portfolio-based services (incl. comparison of services). The model is liked to various national strategic benchmarks. The model takes into consideration that due to the national/social need, it is also necessary to offer so-called vital public services that may have low benefit if measured by performance indicators.

The model for the choice of channel was created on the basis of service assessment model. This means that a similar set of benchmarks can be used both in assessing the impact of services and the choice of channel. A universal model enables to implement it in a cost-effective way. The method allows to objective assess the performance of various channels, including provision of e-services. It is possible to calculate the cost of providing the service in different channels which enables to set a price that could be the basis for making choice between alternative channels.

Implementing recommendations

Implementation of the method was tested on seven services. The objective of the case-study was to test the developed method on a variety of services to ensure that the method is suitable and to highlight problem areas which requires further development of the method. On the basis of results, recommendations were drawn up for implementing the model.

Implementing recommendations drawn up on the basis of the study include, among others, recommendations on implementing the method and the organisational aspects of administration of an integrated portfolio of services

(responsibility, motivational systems, sufficiency of the existing organisational system vs. further development, etc.).

The methods of measuring impact of public services and choosing channels can be implemented immediately in terms of services that fall under the definition of a public service (transactional services). The expectation on implementation of methods is achieving a major breakthrough in the field of administration and development of services. Needs for further study outlined in the implementing recommendations do not inhibit starting describing public services and measuring impact on the basis of proposed models.

Creating preconditions for implementing methods

In order to enable implementation of methods for describing and assessing public services, certain higher level preconditions must be created:

- **Determining the benefits of portfolio management of public services**. Before starting portfolio management of public services, it is reasonable to determine accurate cases of use of portfolio management, expected benefits of these cases of use and determine the benchmarks for assessing their benefits.
- **Organisation of ownership**. Today there are situations where ownership, responsibility and roles of public service are diffused. Such situations make service management, description and measurement more complicated.
- **Inclusion of best practitioners**. The precondition for successful implementation of methods is inclusion of the best local practitioners, key persons and models. It is recommended to constantly map success stories in service management and efficiently expand acquired useful experience as a nationwide initiative.

Portfolio management of public services

- **Development of organisation**. For managing a nationwide portfolio of public services requires division of organisational roles and responsibilities. This requires the following: agreeing a central portfolio administrator who manages all activities and is involved in training, standardisation and promotion; agree on the administrator of the central information system who will develop and administer it and is the technical partner for service provider; service providers join the system voluntarily, according to their maturity level; in determining other roles and responsibilities, guidance should be taken from proposed model for division of responsibility.
- **Development of technical infrastructure**. In developing technical infrastructure, it is advisable to build on proposed hybrid solutions, see Chapter *Vision of Technological Architecture. Implementing Proposal* in the main report.

Description of services

- **Harmonisation of definitions**. Before starting wider projects for describing or classifying services, a national agreement must be reached on definitions of public service and other services, as well as on the objectives and semantics of service description attributes. If public service is understood to be only a transactional service, the so-called other public services need to be formulated in the future.
- **Development of local classifications**. It is complicated to find counterparts to all attributes from international classifications and the wish to implement international classifications is low and needs are unclear. Most international classifications are in English which makes their daily use complicated for both administrators and users of services. There are several classifications that do not have a good benchmark model. It is necessary to appoint an administrator to every classification.
- **Development of tools**. It is necessary to create simple tools, e.g. based on widely used spreadsheet applications, that would allow also organisations with low maturity in service administration to start with the administration of services. This would ensure harmony in portfolio management of services of national importance and that the portfolio also includes services from these organisations that lack other technological means, possibilities and skills.

- **Choice of suitable service management software**. It is recommended to carry out the analysis of software required for portfolio management of services in order to identify the solutions that are suitable for meeting different needs.

Assessment of services and channels

- **Developing the capacity for assessing the impact of service**. For developing the capacity for assessing the impact of service is recommended to develop a training programme for public sector organisations with the objective of motivating the implementation of benchmarks enabling assessment of how public services function.
- **Harmonisation of motivational differences**. Since benchmarking has its costs, it is necessary to resolve the conflict between the need to measure the functioning of services for providing supra-service assessments (e.g., for taking full advantage of merging services or possibilities to cross-use services) and the lack of motivation for using it on the organizational level.
- **Creating an infrastructure or assessing services**. One important precondition for achieving success is to create the necessary infrastructure for measuring the service. Consisting of mainly automated IT solutions, it could increase the quality of collected data and decrease the effort for measuring and implementing the measuring system. Because creating many local systems is expensive, the state needs to support the development, implementation and financing of a single pan-institutional system. In creating the systems it is also important to deploy suitable accounting methods. A key would be the promotion of activity-based cost accounting and service-based management methods.
- **Optimisation of the benchmark model for assessing services and the deployment of a „starter kit"**.

Legal space

- It is recommended to supplement the statues of relevant institutions (IT and Development Department of the Ministry of Economic Affairs and Communication and Estonian Information Systems Authority - RIA) so that in addition to existing functions and areas of responsibility, they would clearly reflect the fulfilment of specific needs and objectives of dynamic portfolio management of public services.
- In addition to adding provisions on dynamic portfolio management functions in the statues of institutions and drawing up the necessary legal acts (regulations of the Government of the Republic and the Minister of Economic Affairs and Communication) that would lay the basis for introducing the necessary changes in organisational structures, we recommend to implement the following activities for amending the specific legal acts of the area:

  – To make an in-depth analysis of legal acts that regulate the activities of all institutions that provide public services in Estonia and public services provided by them with the objective of identifying restrictions and responsibility in providing public services.
  – In accordance with the results of the legal analysis, initiate, if necessary a legislative procedure for enacting a law that would establish a clear and single structure of public services and list of activities/services and provide the rights, obligations and responsibility of institutions that are involved in providing these services.
  Depending on the results of analysing legislation, it may be necessary to make contributing amendments also in other relevant legal acts such as the Administrative Procedure Act, Local Government Organisation Act, Response to Memoranda and Requests for Explanations Act, Archives Act, etc.