

# FROM DECISIONS TO CHANGES

Reforming the Government's Steering Framework  
– Report and recommendations of the OHRA Project



Report of the OHRA Project group

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# Executive summary

## of the recommendations of the OHRA steering framework project

The key idea of the OHRA Project is that the Finnish Government would have one strategy process. This strategy process would be consistently supported by information and evidence. When the Government's goals are clear and other processes are steered to support them, it is possible to obtain the resources and powers to achieve real changes. A key recommendation of the OHRA Project is new type of strategic coherence to be pursued by the Government. The Government's strategy would be formed in two steps: 1) the compilation of a strategic Government Programme and 2) a phase where a more specified Government Action Plan is formed, also including the General Government Fiscal Plan. The content and timeframes of the Government Action Plan and the General Government Fiscal Plan would be integrated.

The support and monitoring group of the OHRA Project has not taken a position on all the details of the project group's report, but the support and monitoring group gives its backing to the main idea behind the recommendations: "The Government has one strategy process, which is consistently supported with information and evidence. Other processes are steered to support this process, so that the key objectives of the Government are achieved."

The OHRA Project's recommendations are:

1. The Government Programme would be more strategic and would avoid specifying detailed actions that would be binding during the entire parliamentary term.
2. The Government Programme clearly states the Government's key political objectives (3-5). So-called policy packages are built on the basis of the objectives. The monitoring of the programme concentrates on these packages in particular.
3. To support the preparation of the Government Programme, a concise situation awareness summary is prepared (coordinated by the PMO and the MoF).
4. When the Government starts its work, a three-month preparatory process for formulating the Government Action Plan is immediately launched. In this preparatory process, political and civil service leaders will together translate the Government Programme into a Government Action Plan, to be implemented during the parliamentary term. This preparatory process and the General Government Fiscal Plan will be integrated. The Government Action Plan will go to the Parliament as a report from the Government.
5. The Government steers the preparation and review of the Government Action Plan with an agreed number of its members.
6. On the civil service level, the owner of the action plan process is the coordinating general secretariat, led by the Prime Minister's State Secretary, in cooperation with the Permanent State Secretary of the Ministry of Finance. The role of the Meeting of Permanent State Secretaries in consolidating issues that come from different ministries is strengthened. In the future, the Permanent State Secretary of the Ministry of Finance

will act as the Deputy Chair of this meeting. The Chair of the meeting is the Prime Minister's State Secretary.

7. The Government conducts an annual review of the Government Action Plan in the spring. This is simultaneous with a review of the General Government Fiscal Plan. The review of the Government Action Plan will go to Parliament as a Government report. Regular events (at least once a year at the beginning of the autumn session) will be held to maintain the joint situation assessment (situation awareness),
8. In addition to the statutory Cabinet committees, ministerial working groups will be appointed for the policy packages of the Government Programme. Other ministerial working groups will only be established in exceptional circumstances.
9. During the next parliamentary term, the Futures Report to Parliament model will be updated to meet present-day needs and will be connected to the National Foresight model.
10. The emphases of the Government Action Plan will be taken into account in the ministries' and expert organisations' data production, especially in research plans and performance management.
11. A major part of the funding of research and review functions that support Government decision-making (so-called TEAS function) will be allocated to the information needs of the Government Action Plan's policy packages. In this, ex-ante policy evaluation will be emphasised. Similarly, it will be ensured that the Government has an opportunity to genuinely influence the choice of TEAS topics.
12. Maintaining the Government's situation awareness will be supported by collecting for the Government's disposal information that concisely describes the situation in the economy and society. In this, indicator information on society's development, information from TEAS work and information produced by strategic research will be used.
13. The annual report by the Government to Parliament will be consistently developed to describe the Government's key policies, putting an emphasis on the perspective of policy impacts and outcomes.
14. A systematic ex-ante impact evaluation, also producing choices, will be taken up as a necessary prerequisite particularly for the preparation of the policy packages of the Government Action Plan. An expert unit will be set up in the centre of Government. The key task of the unit is to ensure that the Government and Parliament have at their disposal proper evaluation information for making decisions on key structural and other reforms. This regulatory impact analysis unit will first be set up as a temporary experiment.
15. The number of strategy documents separate from the Government Action Plan will be reduced significantly during the next parliamentary term. When the parliamentary term changes in 2015, strategy-type documents will no longer be valid, unless decided otherwise. Valid strategies will be available from the same location.
16. The Government Action Plan's policy package objectives will be taken into account in the Government's Draft Budget and in the performance management system as the Government's joint societal impact objectives.
17. The Government's internal corporate objectives e.g. premises, personnel, ICT, procurements will be defined in another process and their preparation will be coordinated by the MoF together with corporate actors.

## Foreword

The goal of the OHRA Project, aimed at reforming the Government's steering framework, was to enhance the impact of the implementation of the Government's strategic insight. This calls for defining the principles of the steering policy from the perspective of steering frameworks as a whole. Previously, steering frameworks have been developed separately from each other. Now the goal is to strengthen the strategic steering of government, to make policy, regulatory and resource steering more integrated, and to strengthen their information base and implementation capacity. The recommendations of the OHRA group deal with steering overall. The goal is for the Government's policy, resource and implementation steering to form a more integrated picture. Steering overall should serve the joint work and political steering of the Government.

Reform of the steering framework is a part of the central government reform (KEHU). The deadline for the work was the end of November 2014. The recommendations have been prepared in a civil servant-level project group. The project has also had a support and monitoring group, chaired by State Secretary Olli-Pekka Heinonen. The support and monitoring group's task has been to discuss and react to the material produced by the project group, to give expert support and ideas to the project group, and to comment and remark on the recommendations prepared by the project group. The secretariat of the project consisted of personnel from the Ministry of Finance and Prime Minister's Office. During its work, the project group has been in touch with many other development projects in which the OHRA recommendations have already been partly taken into account.

After the publication of this concise report, the recommendations of the OHRA Project will be reviewed in different forums and particularly with the political parties. The project will present a plan on the further action needed to implement the recommendations before the parliamentary elections.

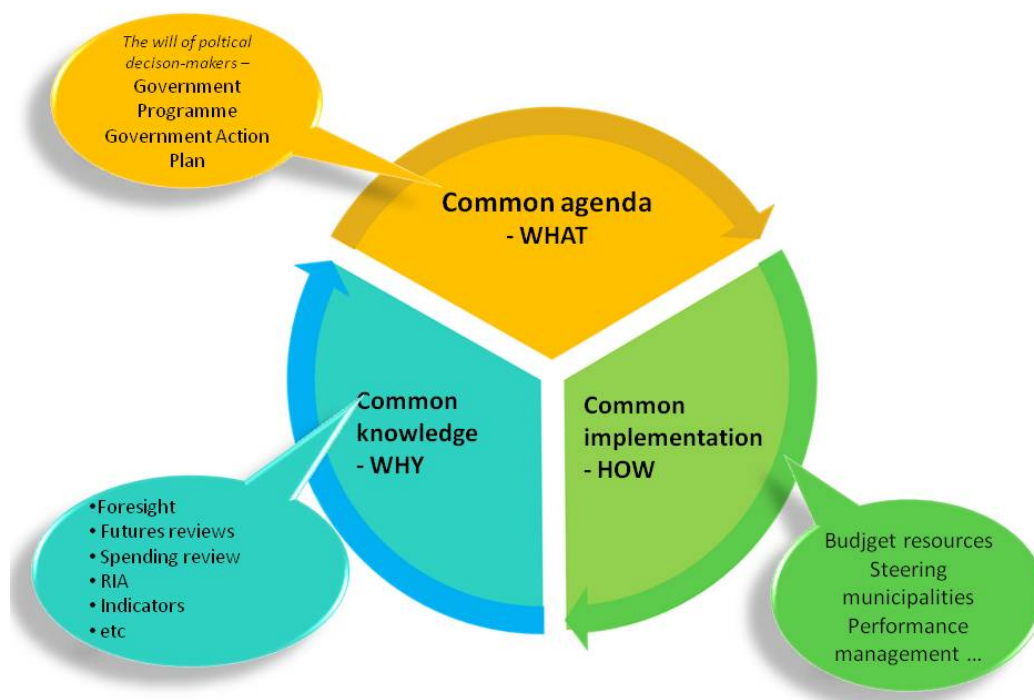
### **Why does current policy-making not produce the desired and needed outcomes?**

Governments want to support constructive development and promote positive changes in society. Ministers are supported by policy bodies, the civil service, and a host of experts. For planning policies and decision-making, there is a large group of organisations and processes that in themselves work very well. But, as a whole, the system does not always produce the best possible outcomes from the overall perspective of the Government. The Finnish Government is currently efficient in producing decisions, but not necessarily changes.

The OHRA Project has looked at the how Government processes could best contribute to effective politics. The assessment is that these processes are too disconnected from each other and that their relationships to each other is not clear enough. Also the political and administrative systems have earlier been seen as two separate elements. To enhance impact it would be necessary to look at the processes in the future from the perspective of the whole politico-administrative system. Only by looking at the whole of the system can we ensure, for example, the clarity of the different roles of the actors and

the good functioning of the political-administrative interface. With the latter, we refer, for example, to the dialogue between politicians and high-level civil servants. Already in 2010, the OECD public governance review of Finland it stated that one of Finnish administration's weaknesses is the weak connection between financial and strategic steering. The same message is repeated in the review that will be published in February 2015, where the message is "Just do it!".

Recent Governments have been criticised for having too many objectives and the overall policy picture being unclear. According to the critique, major reforms have been started without systematic planning, and the means of how to carry out the needed changes have been chosen too early on without a sufficient information base and reasoning about alternative ways of solving the problem.



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It is thought that one source of the problems is the way in which Government Programmes have been written in Finland in recent times. They have become rather detailed lists of actions that do not give the civil servants who prepare the reforms a clear enough signal of what the key objectives of the Government are. The means of how to achieve the goals are defined only in political discussions and therefore insufficient use has been made of expert advice from civil servants during the preparation of the programme. A lot of evidence is produced to support decision-making, but it is not channelled into the right areas of the preparatory process.

The idea behind the OHRA Project is that the Government would have a one strategy process that would be consistently supported with information, When the Government's key objectives are clear and the processes are steered so that they support the achievement of these objectives, then resources and powers are obtained to carry through the required changes.

The questions that Governments need to find answers to are complicated, and dealing with them from the perspective of one administrative branch does not always lead to the best possible result. Solving one problem can cause another elsewhere. Therefore it is necessary to ensure that steering processes and actions are directed in the same direction to common goals.

### **Analysis and recommendations**

A key recommendation of the OHRA Project is a new type of strategic coherence to be pursued by the Government. The Government's strategy would be produced in two stages: when the strategic Government Programme is prepared and when the Government Action Plan is formulated, which would also include the General Government Fiscal Plan.

Instead of current steering on two separate rails (the Government Programme process and the budget framework process), the Government would have a steering process in which substantive political objectives would be reconciled with the financial framework. The steering process would be based on dialogue between political decision-makers and civil servants, specifying how to turn objectives into actions. If the Government clearly states its most central objectives, numerous government structures, processes and means can be steered to support the realisation of these objectives.

### **A joint strategy process – a joint agenda**

The OHRA Project proposes that the Government Programme be written more strategically than has recently been the case and that it would not include detailed measures that would be binding for the whole four-year parliamentary term. The Government Programme would clearly state the Government's key policy objectives (3-5) and these would also be taken into account when specifying ministerial responsibilities.

To steer the implementation of the Government Programme, which will be ready sometime in late spring, a Government Action Plan would be formulated. This action plan would reconcile the Government Programme's financial and political objectives, including the General Government Fiscal Plan. The Government Action Plan would be confirmed in August, at the same time as the 2016 Draft Budget. The Government Action Plan will flesh out the implementation of the goals and it will be reviewed once a year in spring simultaneously with the preparation of the budgetary frameworks.

**Picture 2. Government Strategy Framework**



### **An integrated politically-steered process**

The OHRA Project proposes that when the Government starts its work after the negotiations on the Government Programme, a three-month politically-steered Government Action Plan process will start. In this process, political leaders and senior civil servants will together translate the Government Programme into a plan to be implemented during the parliamentary term. The Government would verify the preparatory assignment in a plenary session. This would include the assignment relating to the MoF's budgetary frameworks preparation (General Government Fiscal Plan) and guidelines for the preparatory work on the policy packages to be included in the Government Action Plan. The assignment would include the confirmation of the themes, responsibilities and organisation.

The OHRA Project proposes that the Government steer the preparatory work of the Government Action Plan and review with a combination of participants agreed by Government. The participants may be different in the preparatory and monitoring phases of the Government Action Plan. The options may be, among others, the chairs of the Government political parties, the Cabinet Committee on Economic Policy or the Government evening sessions.

Consistent preparation calls for tighter cooperation between the Ministry of Finance and the Prime Minister's Office. The OHRA Project proposes that on the civil servant level the preparatory process would be steered by a general secretariat led by the Prime



Minister's State Secretary together with the Permanent State Secretary of the Ministry of Finance. In the general secretariat, experts from both ministries would also be represented. Cooperation between these two ministries could be strengthened further. One way to ensure this would be if in addition to the current model of the Meeting of Permanent State Secretaries, where the Prime Minister's State Secretary is the Chair, the Permanent State Secretary of the MoF would also become the Deputy Chair of this meeting. The secretariat of the Meeting of Permanent State Secretaries meeting would come from both the Prime Minister's Office and the Ministry of Finance.

In preparing the Government Action Plan, the outlines of the General Government Fiscal Plan and a concrete implementation plan (3-5 policy packages) for the Government's key political objectives would be specified. The packages should not be very extensive (such as welfare) and not too narrow, project-like in nature. In addition the Government Action Plan will include other measures which are important to the whole Government and which the Government particularly wants to promote and monitor. It will also include a list of the reports that the Government plans to submit to Parliament during the parliamentary term. The Government Action Plan itself will be brought to the Parliament as a Government report.

**At the beginning of the parliamentary term, clear plans will be made on how to go ahead with the Government's most important goals (policy packages )**

Each policy package would be assigned to a ministerial group that would steer its implementation (a minister with main responsibility and other participating ministers). Each package would be prepared by a civil servant group that would include the permanent state secretaries from the same ministries as the ministers in the "package group", experts from these ministries, and representatives from the Ministry of Finance and the Prime Minister's office.

Each package would have a description of the starting situation, the resources, the actions needed, their timetables and responsibilities, as well as indicators of success and information needs. The work on the civil service level would be led and coordinated by the permanent state secretaries. Based on systematic information, alternative models for implementation will be produced by the experts. The permanent state secretaries would also be responsible in the preparatory process for ensuring that the proposals contained in the General Government Fiscal Plan and the Government Action Plan are coordinated by each administrative branch and between administrative branches.

**The OHRA Project proposes that Government Action Plan would consist of the following parts:**

1. Possible general outlines relating to steering policy
2. The main content of the General Government Fiscal Plan
3. Policy packages (3-5)
  - description of the starting situation
  - resources
  - actions and their timeframes and responsibilities
  - indicators of success

- information needs
- 4. Other important actions of the Government Programme
- 5. A list of reports planned to be given to Parliament during the parliamentary term.

In the outline of steering policy, the Government would define the general principles to be followed in the steering of Government policy, such as consideration of possible regulatory alternatives, strengthening a behavioural science approach and promoting a culture of experiment.

### **Integrated preparatory work on a political and civil service level**

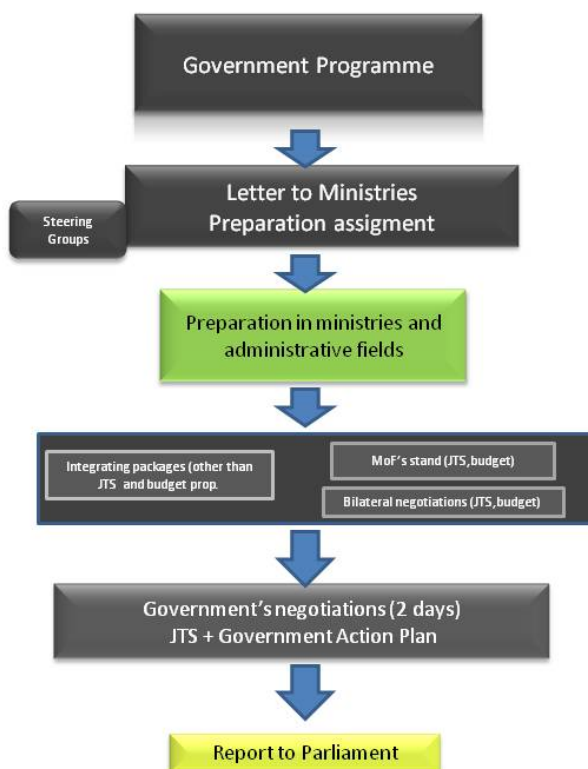
It is essential for the success of the process that preparation is also integrated inside each ministry and not just between the ministries. Nowadays, financial planning can be separate from the monitoring of the implementation of the Government Programme and, moreover, separate from the administrative branch's performance management and regulatory policy coordination. The Permanent State Secretary has in his/her own administrative branch the responsibility for coordinating the preparatory work. Supporting the Meeting of Permanent State Secretaries and the general secretariat of the strategy process would be a civil servant group of representatives responsible for the ministries' strategy preparation (strategy leaders) e.g. based on the current HOT-network).

To steer the common agenda and to keep it joined-up, the OHRA Project also suggests that in addition to the four statutory Cabinet committees, ministerial working groups should be set up only for the policy packages included in the Government Action Plan. In addition to these, ministerial working groups will only be set up only in exceptional circumstances.

The OHRA Project proposes that the whole Government annually in the spring conducts a review of the Government Action Plan. This would be simultaneous with the review of the General Government Fiscal Plan and would be submitted to Parliament as a Government report. At the review stage, the focus will be on how well the packages have advanced in light of the indicators chosen. Also, necessary bigger decisions linked to budgetary frameworks will also be made. Otherwise, the packages are steered continuously by their specific ministerial working groups.

The Government will arrange regular events to maintain joint situation awareness. The Government's evening sessions will be developed as one possibility. At least once a year, there will be a Government joint strategy seminar. To development of joint situation awareness will be supported with systematic information, for example using information produced by the Government's joint research plan as well as strategic research information..

**Picture: The central steps of the joint process**



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## Shared knowledge

Knowledge is a strategic resource for the development of society and political decision-making. From the perspective of the steering framework, an essential objective should be to guarantee that decision-makers have the best and the most reliable information at their disposal when decisions are made. As part of the new strategy process, the Government needs a knowledge base specifically prepared for this

- a) when preparing the Government Programme
- b) when preparing the Government Action Plan and
- c) when reviewing the Government Action Plan each spring and in the autumn situation awareness session

In addition, the Government naturally needs a knowledge basis to support political leadership.

## **A systematic knowledge base will be provided for the preparation of the Government Programme**

In the process of preparing the Government Programme, politicians need knowledge concerning the future development of the society and the situation at hand. The Ministry of Finance regularly produces information related to the state of the economy. Other instruments of the Government's future work include the Future Report to the Parliament, issued once per parliamentary term, the joint description of the changing operational environment prepared by the ministries, the individual future reviews by each ministry, and national foresight work, which is currently being enhanced. A new instrument that will be available in future is research supported by the National Council for Strategic Research, whose timeframe is longer than a parliamentary term.

The idea of a more strategic Government Programme would be supported by a systematic knowledge base coordinated by the ministries that would restrict itself to strategic issues only. The OHRA Project proposes that the Prime Minister's Office and the Ministry of Finance jointly take the lead in preparing a concise summary of situation awareness information for use in the Government negotiations. This background material would summarise the findings of all the foresight material mentioned above. For example, the ministries' 2014 futures reviews would be further elaborated to provide a cross-sectoral situation picture of key phenomena.

The OHRA Project proposes that in the next Government term the Government's Future Report procedure be revised and updated to correspond to the needs of today. The system should be better integrated with the overall reform of the foresight model in Finland.

## **New financing instruments provided by the reform of the sectoral research system**

Themes for strategic research are currently under preparation by the newly established Council for the Strategic Research. The Government will, in future, have the opportunity to take a position on the direction of research supporting handling of the longer term challenges of the society, as the strategic research programme will be decided on annually. The Government Action Plan will be supported by the new financing instruments for research. In the preparation phase of the Government Action Plan, the Government will have access to the foresight and situation awareness information. In addition, the Government will have information on policy options and ex-ante policy evaluations at its disposal both during the preparation of the Government Action Plan and its annual review of the plan. The Government needs knowledge on both the ex-post and ex-ante impacts of policies. Much of this knowledge is produced in a decentralised manner by various ministries and expert institutions. The new financing instrument, available since 2014, for research supporting the Government's policy-making will also be important in this. (so-called TEAS activity).

The OHRA Project proposes that the key objectives of the Government Action Plan will be taken into account in the information production of the ministries and research institutes, particularly in research plans and performance management. The project also proposes that a significant part of funding for research activity supporting Government decision-making be directed to support the information needs of the Government's policy packages. In addition, it is important that the Government's opportunity to influence the choice of research themes will genuinely be in the hands of the Government.

### **Government Action Plan to be reviewed annually and situation awareness of the Government to be systematically maintained**

The Government Action Plan will be revised annually in the spring, simultaneously with preparation of budgetary frameworks. The information base for the revision will primarily consist of monitoring information on the implementation of the plan. Implementation of the Government Action Plan is part of the regular political leadership, but decisions indicating changes in budgetary frameworks will be made each spring as part of the revision process.

Forums for the continuous updating of the situation will be organised systematically, at least once a year at the beginning of the autumn session. This autumn retreat will be supported by indicator information and other information on the development of the economy and otherwise on society as a whole. Here, the results of the centrally financed sectoral research can be utilised. Analysis of the situation will be reported in a form that can easily be updated later.

The annual report by the Government to the Parliament on Government policy will be developed into a report focusing on the key objectives of the Government, underlining the effectiveness of the policies. The focus should be on the prioritised policy packages, and the undertakings of the ministries should also be reviewed against this background. Evaluation of effectiveness will be strengthened.

### **Regulatory impact analysis will be strengthened**

The need to improve the quality of regulatory preparation is widely acknowledged in Finland. Various attempts to improve the situation have so far been based on information steering and light follow-up. They have not been successful and have not resulted in any significant changes. The conclusion is that if real change is desired, then there should be an institutional arrangement for this.

In the countries at the forefront of developing regulatory preparation, a dedicated expert unit has been established to review and develop regulatory impact analysis. This does not mean undermining the main responsibility for impact assessment that rests with individual Ministries. Centralised regulatory impact analysis institutions have in many cases extended their role to the overall promotion of better regulatory policies and also to ex-ante impact analysis of other policy instruments. If the impact analysis is good quality, it brings

with its other good aspects to regulatory preparation such as an improved knowledge base, examination of alternatives and implementation analysis and support.

The OHRA Project proposes that a systematic ex-ante impact assessment of the Government's major regulatory and other reforms will be set as a necessary requirement for the handling of these by the Government, particularly concerning issues related to the Government's policy packages. An expert unit should be set up for this within the Government. Its key function would be to help ministries prepare impact assessments that are adequate in terms of information content and that conform with guidelines.

An expert unit for regulatory impact assessment would support the ministries with advice, guidelines, by disseminating best practices, and through training and review assessments. The objective is to ensure that the Government and Parliament have adequate assessment information when they make decisions on necessary structural and other reforms. Also stakeholders and the third sector would profit from good quality impact assessment. To be successful, the unit needs to represent a high level of expertise. It should be independent in relation to various administrative sectors and interest groups. Political support for the unit is critical.

The unit should concentrate on major regulatory reforms and function in an interactive manner providing process support. In Finland, focus should be on economic impacts, including the economic impact on municipalities and the administrative burden. The OHRA Project proposes that an expert unit for regulatory impact assessment be first established on a temporary basis.

### **Structure of knowledge concerning the public sector itself will be standardised**

A part of stronger evidence-based policy-making would be better capability to form a general view and summarise decentralised information. The OHRA project proposes that the compatibility of information structures used by the Government in strategic management be improved. Further preparation of the issue would be carried out by the Ministry of Finance. At present, decentralised information structures result in a situation where the same information is reported several times for several needs and transferred manually instead of utilising automation.

The information referred to covers at least the following:

- a. objectives (Government Programme, various strategies, performance targets etc.),
- b. actions (projects, working groups, processes etc.)
- c. resources (organisations, financial and human resources etc.)
- d. capabilities (know-how etc.)

Without standardised knowledge structures, it is impossible or complicated to form an overall view of where the centre of Government itself stands in terms of the issues mentioned. This is a hindrance to affective leadership of the Government administration as a single unit.

## Joint societal impact targets for performance management

In recent years, there has been ongoing work in Finland to extensively reform the performance management system. The goal has been to make the system more strategic, its administrative burden lighter, and the system more horizontal and joined-up. In this reform work, attention has been paid to linking the performance management system more closely with other steering systems. This has been evident in efforts to integrate the process more closely into the Government Programme and Budget processes.

The challenge of this reform work is that there have not been clearly expressed joint performance targets. As there has not been a process by which joint targets would be introduced into the performance management process, it has been difficult to increase the horizontality of performance management. If the OHRA proposal about the Government Action Plan and its policy packages were to be implemented, the required joint targets would be obtained. In this way, performance management would be strengthened and the desired changes actually implemented. The OHRA project proposes that the Government Action Plan's policy package targets be taken into account in the ministries' performance management as the Government's joint impact targets.

