

Excellent Public Service

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Chapter

05

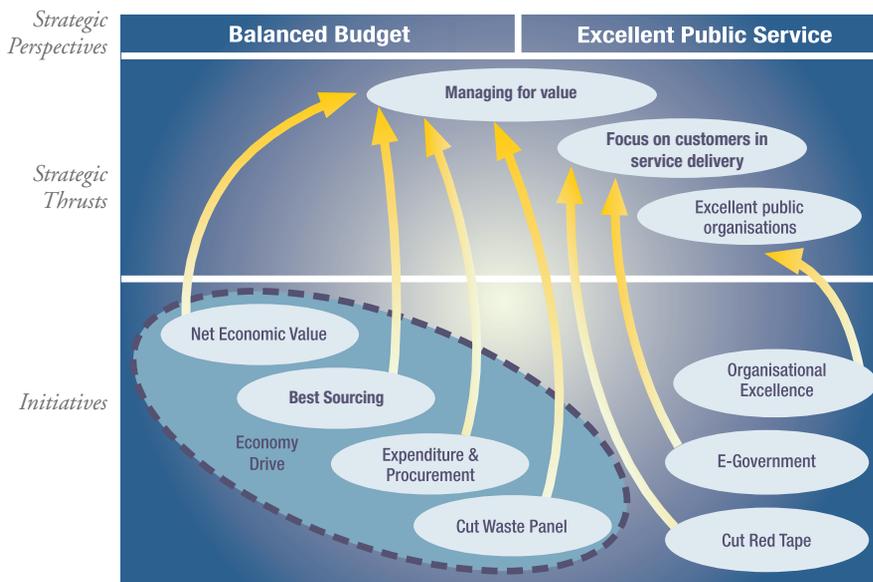
MANAGING FOR EXCELLENCE (MFE)

The Managing for Excellence (MFE) movement in the Ministry of Finance guides public agencies to build a trim, efficient and excellent public service. We formulate policies and frameworks on organisational excellence, outsourcing, e-government and government procurement; and provide tools and resources to help public agencies pursue total organisational excellence.

We have three strategic thrusts:

- a. **Managing for value,**
- b. **Focus on customers in service delivery, and**
- c. **Excellent public organisations.**

To achieve these three thrusts, we have put in place eight initiatives. The diagram below illustrates the relationship between the strategic thrusts and the corresponding initiatives.



Managing For Value

How do we ensure that the public sector gives value-for-money service to the public?

In delivering services that are economical, timely and responsive, our approach is:

- There is never enough money to fund all the things that we would like to do.
- The spending departments always know more than the Ministry of Finance about their operations, their real needs and where they can improve.
- Process is critical. Good processes lead to sustained good results, whereas good results by themselves cannot assure sustainable performance.

Two principles thus underpin the managing for value approach:

- ***Measure costs.*** To know their true costs, public agencies regularly reprioritise their functions and activities according to the best cost-benefit ratios for economic, social or security outcomes.
- ***Pursue excellence.*** To get the most out of their pre-assigned budgets, departments regularly reprioritise their functions and activities to meet new needs and rising demands, through a process that drives continuous improvement and innovation, pursues economy and excellence, and maintains morale and motivation.

These principles are put into action through the Economy Drive movement.

Economy Drive

The Economy Drive (ED) is a civil service-wide drive that sets out to:

- reinforce in every public officer, at every level, key values which will help the government manage the public purse; and

- mobilise every public officer to think of more ways to stretch every public dollar to maximise the social or economic benefits from our work and services for the public.

The Economy Drive is not a budget cutting exercise. Instead, it requires agencies to review public programmes and expenditure to scale back or remove those which are less useful or not cost-effective. Every dollar saved through the Economy Drive is then channelled into newer, more important or more pressing projects. This means that the effectiveness of public service will not be compromised, and that agencies can continue to deliver quality public service.

The Economy Drive is not a standalone campaign but integrates other aspects of PS21 (Public Service for the 21st Century) and government administration to make our government more effective (doing the right things) and efficient (doing things right). It puts under one framework all the relevant values, strategies, tools and actions to give greater prominence to the value-for-money imperative.

Some of the service-wide tools the Economy Drive uses to measure true costs, and encourage the pursuit of service excellence are:

Economy Drive through Net Economic Value

Net Economic Value[®] (or NEV[®]) allows public sector agencies to understand their total cost structure and maximise the resources they are given to achieve their desired outcome.

It is our public sector equivalent of the private sector's Economic Value Added accounting, and augments conventional accounting by considering the opportunity cost for the capital and resources as well.

NEV is the ‘revenue’ of the department less the operating cost less the cost of capital. ‘Revenue’ is the expenditure budget of the department plus fees and charges collected. Public agencies’ NEV are typically negative. Our focus is thus on the change in NEV from one year to the next (the delta NEV). To get positive deltas, public agencies have to increase ‘revenues’ (which is not easy as budget, fees and charges are tightly scrutinised and regulated), reduce operating costs (which requires a sustained efficiency drive) or reduce capital costs (which requires prudent capital expenditure).

Economy Drive through Best Sourcing

Best Sourcing allows public agencies to benchmark the cost of delivering their services against the private sector. Public agencies now “market test” their non-core services by comparing the cost of providing these services in-house against the cost of having private sector vendors provide them. If a private sector vendor can deliver the services more economically, it will be engaged to do so. The public sector agency will then discontinue the function, and either redeploy or release the affected staff.

For a start, we target to market test at least 5% of the value of non-core functions. We will gradually extend the Best Sourcing programme to include all non-core functions.

The public sector is also adopting a new approach to increase private sector involvement in the delivery of public services. This new approach is Public Private Partnerships (PPP), which is a model under the Best Sourcing framework. PPP is used when a project is asset-intensive and requires substantial investment in developing a new asset or enhancing an existing asset. Through PPP, the public sector seeks to bring together the expertise and resources of the public and private sectors to provide services to the public at the best value for money. With PPP, the



public sector will move away from owning and operating facilities, to purchasing services directly from the private sector. For a start, the government will apply PPP to large value projects whose capital value exceeds S\$50m and in sectors where there are successful PPP examples in other countries. These sectors include:

- Sports facilities
- Incineration plants, water and sewerage treatment works
- Major IT infrastructure projects
- Education facilities, including student accommodation facilities
- Hospitals and polyclinics
- Expressways
- Government office buildings

Economy Drive through Expenditure and Procurement

Our government spends a substantial amount of money annually when it purchases goods and services. Value for money in procurement allows us to live within our means by (i) redesigning internal processes to cut the administrative costs of buying these goods and services, (ii) widening the reach to more suppliers, and (iii) consolidating the purchases of different government agencies to achieve economies of scale.

Cut Waste Panel

Set up in August 2003, the Cut Waste Panel seeks feedback from the public on how the public sector can reduce wasteful practices, remove frills and reap savings when delivering public services. Its creation shows how determined our government is in continuing to deliver excellent public services despite increasing fiscal pressure. The Panel consists mostly of individuals from the people and private sector.

We need consensus on what spending represents good value for money and meets the needs of our people. In some cases, waste can be quite obvious. In many instances, however, it is not clear-cut. What are excessive frills to one, may be just a satisfactory level of service to another. When the public gives feedback, the Panel examines the public agency's proposed reply. If the Panel is not satisfied with the agency's reply, it will ask the agency to reconsider the suggestion or revise its reply to better explain its justification. It can also ask public agencies to review their costs, expenditures and programmes in response to the public feedback. This helps our government get good value for money by delivering services which meet the needs of the public at an acceptable standard.

Focus On Customers In Service Delivery

E-Government

E-Government requires that we fundamentally rethink all aspects of governance and service delivery to see how we can take advantage of technology and new business models to improve the efficiency of internal processes, and change how the government interacts with individuals and businesses. E-Government will also increase the IT savviness of the public and enhance Singapore's economic competitiveness.

MOF works with the Government Chief Information Office of the Infocomm Development Authority of Singapore and all public sector agencies to spearhead the public service-wide infocomm technology initiatives. It oversees the implementation of the e-Government Action Plan to realise our e-Government vision.

Since the launch of the first e-Government Action Plan in June 2000, we have successfully put online practically all feasible e-services, seen a large majority



of those who use these e-services expressing satisfaction with their quality, and achieved commendable rankings in independent benchmarking studies.

Subsequent e-Government Action Plans will provide even better and faster online services by integrating services not only across different public sector agencies but also across private sector organisations, to meet citizens' needs in a holistic manner.

Today, Singapore is a global leader in e-Government. For the future, apart from continuing to develop our infrastructure and technological capabilities in delivering public services online, we will also be using infocomm technologies as a channel for public consultation.

Cut Red Tape

Speed is key when the public service anticipates the future and responds to the fast-changing environment. We therefore mounted a comprehensive effort in 2000 to reduce bureaucracy. We are changing our rules so that they focus on describing the policy objectives and prescribing boundaries, and keeping detailed decision rules to a minimum. This means we have to express our mission and strategy more clearly, develop a higher degree of leadership, develop and communicate vision better, and tolerate greater variation in decisions and actions.

This theme is pursued under three different, but interknit, initiatives:

- PEP (Pro-Enterprise Panel): responding to private sector feedback on bureaucracy
- ZIP (Zero-In Panel): responding to the general public and people sector feedback on bureaucracy
- POWER (Public Service Officers Working to Eliminate Red-tape): responding to internal feedback by public officers on which internal processes could be streamlined and rules minimised.

Under the Rules Review Process, started in May 2002, all public sector agencies will complete reviewing all their existing rules by the end of Financial Year 2004, and thereafter every five years. A Rules Review Panel, comprising five Permanent Secretaries, oversees this process. The Panel questions not only why particular rules have to be retained, but also the approach and thinking behind the rules. The key objective is to continuously remove outdated and unnecessary rules and regulations. One-third of all required statutory declarations have since been removed.

Excellent Public Organisations

Organisational Excellence

Organisational excellence translates public sector agencies' visions and strategies into actual outcomes.

We have adopted the Singapore Quality Award (SQA) as the overall organisational excellence framework for the Singapore Public Service. This allows public agencies to be compared with the best organisations in both the public and private sectors, as the SQA is the national business excellence benchmark. Within this framework, modern management tools and techniques are chosen to help public agencies become even more efficient and cost-effective.

We also encourage and help public agencies adopt other international and national benchmarks and management tools. These include the Balanced Scorecard, Six Sigma, People Developer Standard (PDS), Singapore Innovation Class (I-Class), Singapore Service Class (SSC) and the ISO 9000. Each is an enabler, a "building block" that contributes to organisational excellence in a specific area.

Organisational Excellence Framework defined by SPRING Singapore



The Managing For Excellence (MFE) Award Scheme

The MFE Award Scheme recognises public agencies which reach specified national and international benchmarks for excellence, namely the ISO 9000 Certification, People Developer Standard, Singapore Innovation Class (I-Class), Singapore Service Class (SSC) and the Singapore Quality Award/Class (SQA/SQC). No organisation can reach and sustain such standards without superior commitment and motivation on the part of all its people. The agencies who do, therefore deserve to be specially recognised. Under this Scheme, these agencies can spend extra funds on staff benefits and development to reward their staff for reaching these benchmarks.

Public Service Award for Organisational Excellence

The annual Public Service Award for Organisational Excellence is the most prestigious service-wide award for organisational excellence. It recognises public agencies which attain SQC/SQA and at least two other benchmarks under the MFE award scheme. Since its inception in 2000, more than 100 awards have been conferred.



MANY AGENCIES, ONE GOVERNMENT

The common theme that undergirds our initiatives is the concept of a networked government. A networked government enables public sector agencies and officers to work together as a coherent and united entity to achieve common national outcomes. The more people are involved, the more creativity we can harness from the talent in the public sector, and the more innovative and agile we can expect our public service to be.

We have therefore launched a series of discussions amongst senior officials in the areas of Economic Development, Community Development, Security and Government Administration so that we can have a common vision and coordinate policies amongst ministries.

In addition, we have introduced programme budgeting to fund programmes. This requires several ministries to work together to achieve their desired joint outcomes. It enables our government to take a more integrated approach to cross-agency issues, and ensures government spending in such areas is clearer and more transparent.

We also have inter-agency teams to undertake projects on a 'network basis'. These teams study issues or problems to produce practical solutions which can be quickly implemented. This allows us to act speedily, and tap the diverse knowledge and skills within the public service.

MOF's partnerships and networks will not be limited to Singapore. We are also establishing links with our counterparts in the United States, the United Kingdom and other countries as we put in place systems and processes that enable the public sector to spot opportunities and implement initiatives with speed.