QUEENSLAND TREASURY

Cross-Agency Funding Framework

Guidance for funding cross-agency initiatives

October 2020

Queensland Government

ISSN 1837–2848

Translating and interpreting assistance

Contents

1.0 Overview

1.1 Background

The appropriation framework in Queensland allows departments to receive appropriation funding to deliver services. Historically, each department lodged a Cabinet Budget Review Committee (CBRC) submission based on the funding requirements to deliver their own services, with minimal cross-agency collaboration.

Agencies are now increasingly engaging in cross-agency initiatives, including place-based initiatives. Recent examples include the *Advancing Queensland Priorities, Logan Together, Aurukun Four Point Plan, Tackling Alcohol Fuelled Violence* and *North Stradbroke Island Economic Transition Strategy*.

Under these initiatives, multiple agencies are provided with Government funding to each contribute to delivering the service or outcome. A coordinated cross-agency funding approach (i.e. funding joint initiatives via a single CBRC submission) provides full visibility of initiatives, clear agency accountabilities, improved coordination, and a shift in focus from individual agency performance to initiative performance.

The necessary level of cross-agency interaction varies depending upon the initiative (scale, complexity, etc). More complex arrangements may require an inter-departmental committee to share decision making; whilst other less complex arrangements may allow each department to work independently to deliver their part of the initiative.

There are several different ways that cross-agency initiatives could be funded. However, within the current legislative framework funding must continue to be allocated to individual departments via the Appropriation Bills.

1.2 Purpose

The purpose of the Cross-Agency Funding Framework (the Framework) is to outline the options available to Government and departments to fund cross-agency initiatives. Specifically, the Framework provides alternative models for how funding can be distributed to agencies, i.e. how best to get funding from the centralised Consolidated Fund out to departments (who then distribute funds to other entities where required). The models can be applied whether an initiative is funded from internal sources, from a reprioritisation of existing funding, or by new funding. Several agencies already utilise the Framework's models, albeit on an informal basis.

The Framework provides for three broad types of funding models:

- Lead agency funding
- Multi-agency funding (simple), and
- Multi-agency funding (complex).

The funding approach adopted will depend upon the complexity surrounding the initiative, particularly the number of agencies involved. A cross-agency funding model decision tree is enclosed at **Appendix A** to assist agencies in determining which of the three models to adopt.

1.3 Scope of the Framework

The Framework is high-level, principles-based, and operates within current legislative settings. The Framework applies to cross-agency work involving departments and other government entities (e.g. statutory bodies).

The Framework does <u>not</u> include:

- models that would require amendment to the current legislative provisions, or
- consideration of how agencies engage with, or fund, external service delivery bodies (e.g. non-government organisations).

It is <u>not</u> the intention of the Framework to provide for matters beyond how funding can be distributed to agencies. Notwithstanding, there is an <u>expectation</u> that:

- Agencies develop a robust governance framework, appropriate to the complexity of the given initiative (where appropriate, agencies could utilise existing governance mechanisms).

- Agencies undertake all processes necessary to ensure CBRC is provided a complete overview of all facets of the proposed initiative, such as:
  - the governance framework
  - results of consultation
  - resourcing requirements, division, and sharing (including agency capacity factors)
  - treatment of joint costs
  - initiative aims
  - performance monitoring, assessment and reviews
  - reporting, and
  - compliance with all relevant legislation, policies and procedures.

1.4 Application

The Framework is to be read in conjunction with all legislation, policies and guidelines that apply to the initiative.

An agency engaging in a new cross-agency initiative (whether it be internally funded, a reprioritisation of existing funding, or requires new funding) **must have regard** to the Framework. An agency complies with this requirement by considering the contents of the Framework, deciding if they apply in the circumstances, and where so, applying the relevant contents.

In some instances, it may not be appropriate to adopt one of the outlined funding models. These circumstances should be assessed on a case by case basis, with agencies seeking guidance from Treasury's Policy and Partnerships – Line Agencies Team.

Where an existing initiative's funding arrangements are working well, no change is required. Notwithstanding, the Framework provides a basis for thinking about and making changes to existing arrangements to improve efficiency and effectiveness.

Note: for all models outlined in the Framework, agencies can utilise Treasury's BudgetPlus system for their submission. Agencies can use either the:

- Whole of Government Proposal (i.e. single proposal with multiple agencies), or
- Program Header, where multiple agencies can submit their own bids on a linked topic.

2.0 Cross-Agency Funding Models

2.1 Lead agency funding

Whole-of-Government Submission

Under this model, a lead agency is responsible for delivering the initiative with limited services purchased from partner agencies to assist in delivering the initiative. The lead agency submits a whole-of-government CBRC submission which includes:

- the programs or services to be undertaken by the lead agency
- services to be purchased from partner agencies involved in the initiative, and
- funding request and/or proposed reallocation of funding within the agency. Funding is for programs or services by the lead agency and services to be purchased from other agencies involved in the initiative.

CBRC will assess the submission and approve total funding to be allocated entirely to the lead agency. This will include funding for the programs or services undertaken by the lead agency and those purchased from the partner agency(s).

Governance

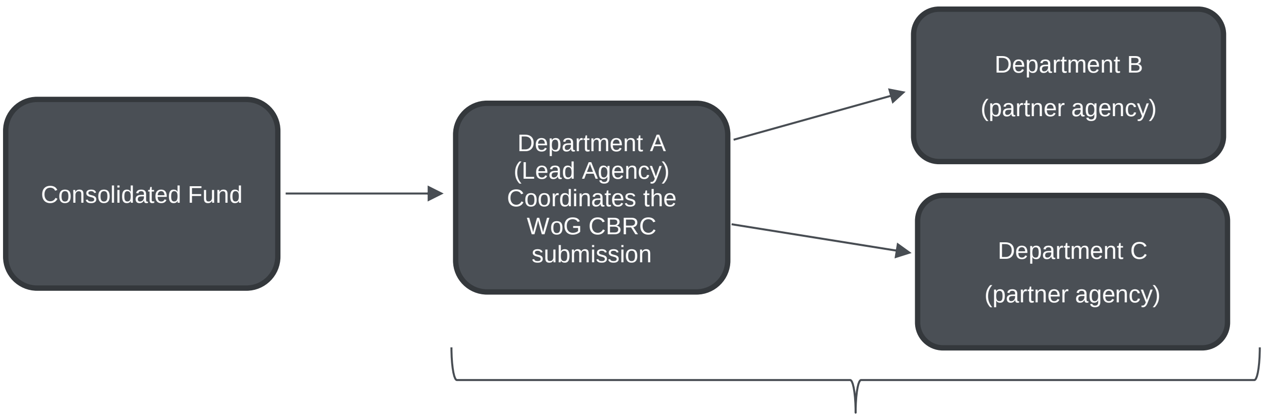
In terms of governance, a memorandum of understanding or agreement between the lead agency and the partner agency(s) must be set up to outline the services to be purchased and performance requirements for all agencies. It is best practice for said agreement to be finalised prior to the CBRC submission. At a minimum, the CBRC submission must outline the intended governance arrangements and timeframes for entering/establishing them. Further, inter-departmental invoices must be raised for all goods or services purchased.

When to Use

This funding model is most suited to when the lead agency is undertaking the majority of the programs or services for the initiative with limited services to be delivered by other agencies. The outlined approach will enable better control and oversight over program delivery by one lead agency.

Note: it is possible that a partner agency may submit a separate funding request to establish or further its capacity to deliver the services being purchased by the lead agency. However, this would be a separate funding request as it would not be directly associated with delivery of the broader initiative. Where capacity issues impacting the initiative are known they should be outlined in the lead agency whole-of-government CBRC submission.

Diagram 1: Lead agency funding model



- Funding for the whole initiative is allocated to the lead agency (Department A)
- A memorandum of understanding or agreement between the lead agency (Department A) and the partner agencies (Departments B & C) is set up to outline the services to be purchased and performance requirements for all agencies. Inter-departmental invoices must be raised for the goods and services purchased.

Advantages of adopting this funding model

- Provides CBRC with full visibility of the initiative.
- Aligns Ministerial accountability with the individual submission.
- May be preferred by agencies where there is disagreement on services provided, as lead agency is responsible for the initiative with other services purchased at arm's length.
- The agreement between the lead agency and the partner agency(s) – outlining services to be purchased, the responsibility of the partner agency(s) and performance requirements for each agency – acts as a single source of accountability.
- Lead agency will have better control/oversight over program delivery.
- Post implementation of joint initiatives (i.e. across agencies), barriers will ideally be broken down and cultural change brought about, building trust across agencies and leading to more collaborative, client-centric and place-centric service delivery.

Points to note when adopting this funding model

- There may be increased administrative burden, as inter-departmental invoicing and a memorandum of understanding or agreement would be required between the lead agency and the partner agency(s).
- Clear responsibilities and outcomes are to be included in agreement(s) between lead agency and partner agency(s) otherwise the partner agency may have limited control over program outcomes and may have limited control over how their services are being utilised to achieve their portfolio objectives.
- It is best practice for the agreement between lead and partner agency(s) (for services to be provided) to be finalised prior to lodgement of the CBRC submission, as failure to reach agreement may impact on timing and quality of program delivery.
- If whole of initiative performance and evaluation measures are not included in the CBRC submission, performance contributions by partner agency(s), especially if significant, may not be reflected (i.e. may be a focus instead on the lead agency's performance and evaluation measures).

2.2 Multi-agency funding (simple)

Whole-of-Government Submission

Under this model, a lead agency lodges a whole-of-government CBRC submission on behalf of all agencies that will be involved in delivering the initiative.

The CBRC submission should outline:

- the programs or services to be undertaken by each agency
- governance arrangements for joint decision making (e.g. inter-departmental committee (IDC)), and
- funding request for each agency (or proposed reallocation of funding within each agency or across agencies).

CBRC will assess the submission and approve total funding to be allocated to the initiative. All agencies will receive a copy of the CBRC outcome which will include a breakdown of the funding allocated to each agency.

Governance

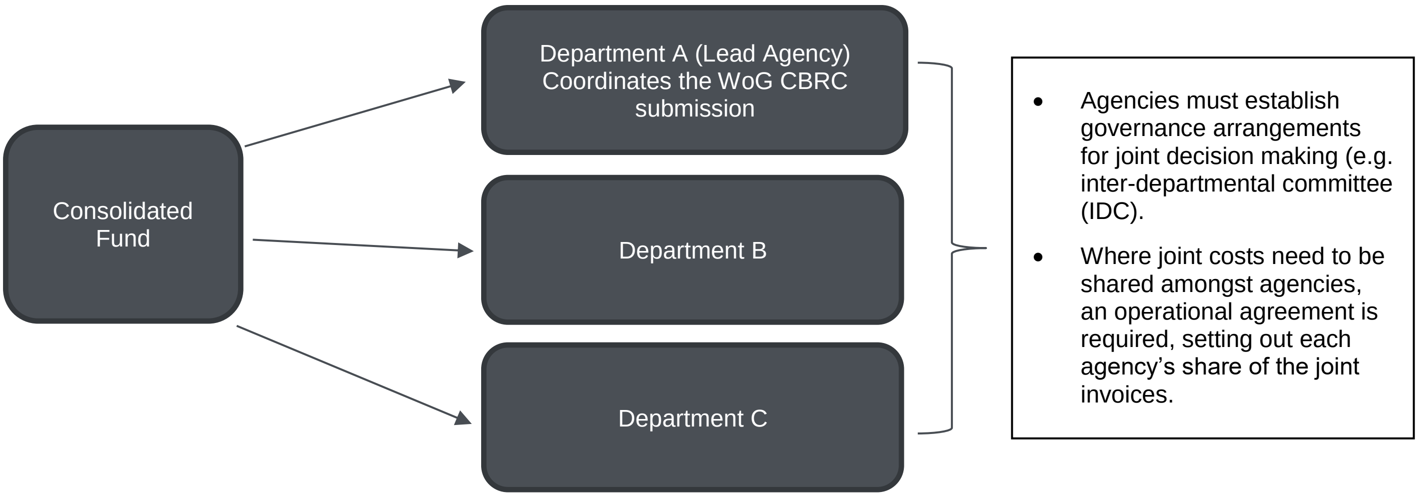
Where joint decision making is required an appropriate governance arrangement must be in place. It is best practice for this to be finalised prior to the CBRC submission. At a minimum, the CBRC submission must outline the intended governance arrangement and timeframes for entering/establishing it.

In situations where an initiative incurs joint costs that need to be shared amongst agencies, an operational agreement is required. This will set out each agency's share of the joint costs (i.e. use of joint staff or share of rent on shared office accommodation). It is best practice to have this agreement finalised before the CBRC submission. At a minimum, the CBRC submission must outline the intended agreement and timeframes for entering/establishing it.

When to Use

This funding model is most suited to when each department has discrete functions to undertake and the sharing of services and costs can be minimised.

Diagram 2: Multi-agency funding model (simple)



Advantages of adopting this funding model

- Having one whole-of-government CBRC submission (as opposed to individual agency submissions):
  - improves the disclosure of the entire initiative to CBRC
  - clearly outlines the services to be delivered by each agency, leading to improved coordination and consultation and reducing the possibility of duplication of service delivery, and
  - shifts the focus from individual agency performance to initiative performance, by including performance and evaluation measures for the initiative.
- An Inter-Departmental Committee (IDC) or other governance arrangement for joint decision making allows for a single source of accountability thereby increasing overall efficiency (e.g. feedback and resolution of problems/issues can be dealt with more centrally).
- Post implementation of joint initiatives (i.e. across agencies), barriers will ideally be broken down and cultural change brought about, building trust across agencies and leading to more collaborative, client-centric and place-centric service delivery.

Points to note when adopting this funding model

- Given multiple Ministers would need to coordinate and cooperate on the cross-agency submission, identifying and agreeing the approach across portfolios may increase the complexity and time required for preparing the submission.
- Depending on the urgency of the initiative, there may be insufficient time for adequate consultation and agreement between Ministers and agencies in advance of CBRC processes.
- As each agency will receive funding (and account) for their component of the initiative, maintaining oversight of whole of initiative expenditure is needed which may require additional resources.
- Where joint costs are incurred, an operational agreement is required to set out each agency’s share of joint costs (e.g. rent on shared office accommodation where the lead agency pays the joint cost (the rent in full) and is reimbursed (at agreed percentage) by partner agencies). This may lead to disputes if unforeseen joint costs are incurred. Arrangements will need to ensure there is no double counting of costs.

2.3 Multi-agency funding (complex)

This funding model is a hybrid of the two previous models.

Whole-of-Government Submission

Under this model, a lead agency submits a whole-of-government CBRC submission on behalf of multiple agencies.

Each agency is responsible for its component of the initiative by delivering services or purchasing services as required.

The CBRC submission should outline:

- programs and services to be undertaken by each agency
- services to be purchased from partner agencies involved in the initiative
- governance arrangements for joint decision making (e.g. inter-departmental committee (IDC)), and
- funding request for each agency (or proposed reallocation of funding within each agency or across agencies), including funding for programs or services to be purchased from partner agencies involved in the initiative.

CBRC will assess the submission and approve total funding to be allocated to the initiative. All agencies will receive a copy of the CBRC outcome which will include a breakdown of the funding allocated to each agency.

Governance

Where joint decision making is required an appropriate governance arrangement must be in place. It is best practice for this to be finalised prior to the CBRC submission. At a minimum, the CBRC submission must outline the intended governance arrangement and timeframes for entering/establishing it.

In situations where an initiative incurs joint costs that need to be shared amongst agencies, an operational agreement is required, this will set out each agency's share of the joint costs (i.e. use of joint staff or share of rent on shared office accommodation). It is best practice to finalise the agreement prior to the CBRC submission. At a minimum, the CBRC submission must outline the intended agreement and timeframes for entering/establishing it

As part of the governance requirements, memorandum of understanding or agreements between the agency(s) and the partner agency(s) should be set up to outline the services to be purchased and performance requirements for all agencies. It is best practice for said agreement/s to be finalised prior to the CBRC submission. At a minimum, the CBRC submission must outline the intended governance arrangements and timeframes for entering/establishing them.

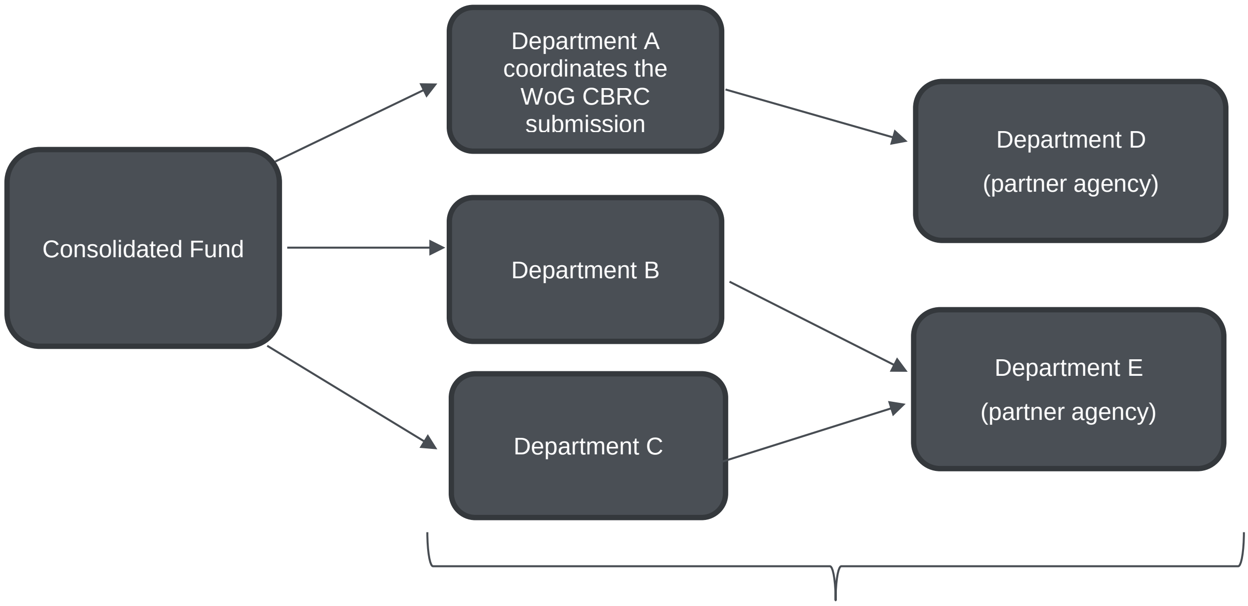
Inter-departmental invoices must be raised for the goods or services purchased from the partner agency/s.

Note: for guidance on how the governance requirements interact, see Diagram 3 below.

When to Use

This funding model is most suited to when each department has discrete functions to undertake or deliver, but with some services to be purchased from partner agency(s) involved in the initiative.

Diagram 3: Multi-agency funding (complex)



- Departments A, B & C must establish governance arrangements for joint decision making (e.g. inter-departmental committee (IDC).
- Where joint costs need to be shared amongst Departments A, B & C, an operational agreement is required, setting out each agency's share of the joint costs.
- Where Departments A, B or C are purchasing services off a partner agency (i.e. Department D or E) a memorandum of understanding or agreement must be set up. The agreement should outline the services to be purchased and performance requirements for all agencies. Inter-departmental invoices must be raised for the goods and services purchased.

Advantages of adopting this funding model

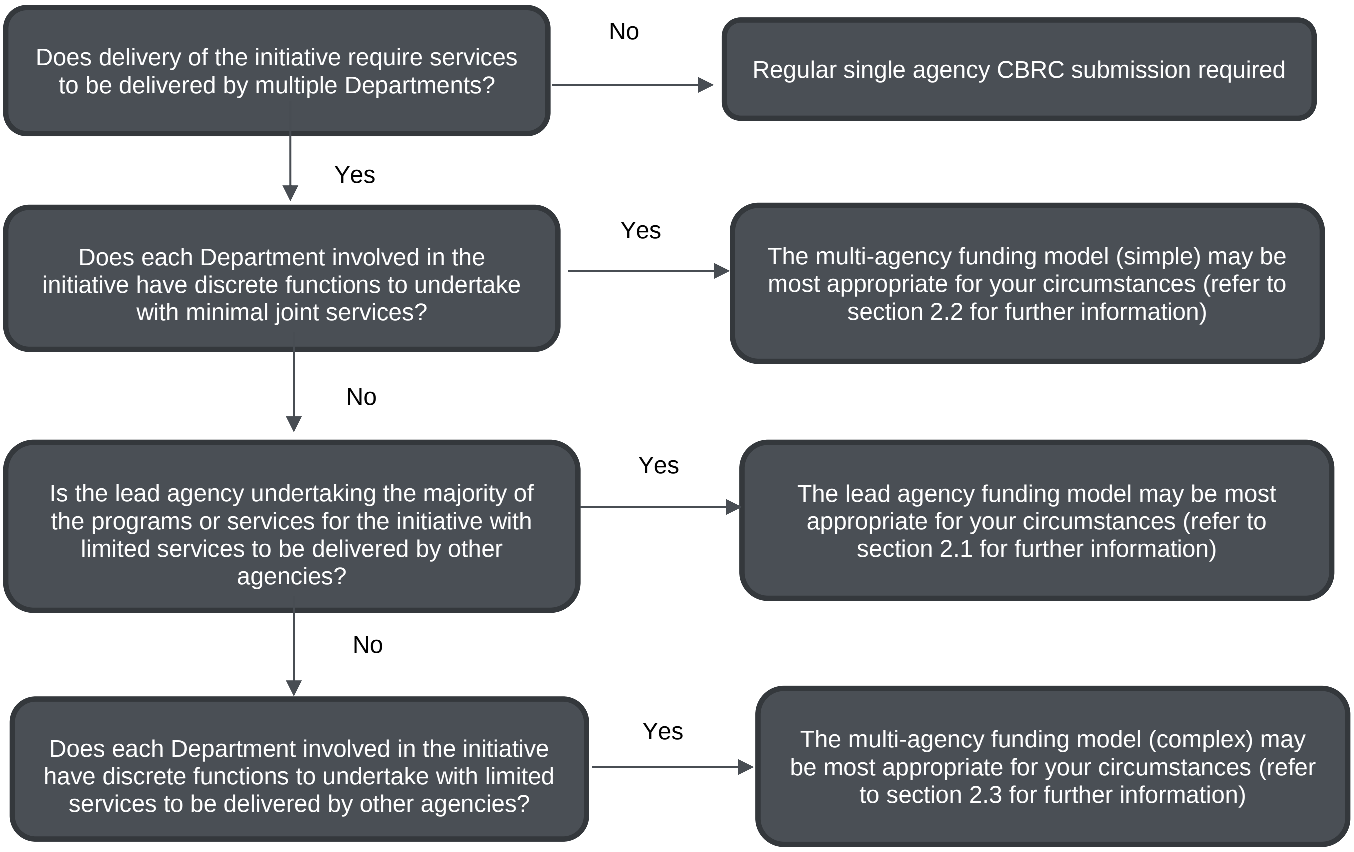
- Having one whole-of-Government CBRC submission (as opposed to individual agency submissions):
    - improves the disclosure of the entire initiative to CBRC
    - clearly outlines the services to be delivered by each agency, leading to improved coordination and consultation and reducing the possibility of duplication of service delivery, and
    - shifts the focus from individual agency performance to initiative performance, by including performance and evaluation measures for the initiative.
- An Inter-Departmental Committee (IDC) or other governance arrangement for joint decision making will allow for a single source of accountability to increase overall efficiency (e.g. feedback, resolution of problems/issues can be dealt with more centrally).
- An agreement between agency(s) and the partner agency(s) would clearly outline services to be purchased and the responsibility of the partner agency(s) and performance requirements for all agencies.
- Post implementation of joint initiatives (i.e. across agencies), barriers will ideally be broken down and cultural change brought about, building trust across agencies and leading to more collaborative, client-centric and place-centric service delivery.

Points to note when adopting this funding model

- Given multiple Ministers would need to coordinate and cooperate on the cross-agency submission, identifying and agreeing the approach across portfolios, may result in additional time required or delays in finalising the submission.

- Depending on the urgency of the initiative, there may be insufficient time for adequate consultation and agreement between Ministers and agencies in advance of CBRC process.
- As each agency will receive funding (and account) for their component of the initiative, getting oversight of whole of initiative expenditure could be administratively burdensome and require additional resources.
- Where joint costs are incurred, an operational agreement is required to set out each agency’s share of joint invoices (e.g. rent on shared office accommodation where the lead agency pays the joint cost (the rent in full) and is reimbursed (at agreed percentage) by partner agencies). This may lead to disputes if unforeseen joint costs are incurred. Arrangements will need to ensure there is no double counting of costs.
- There may be increased administrative burden as inter-departmental invoicing and a memorandum of understanding or agreement would be required between the agency(s) and the partner agency(s).
- Clear responsibilities and outcomes are to be included in agreement(s) between agency(s) and partner agency(s) otherwise the partner agency may have limited control over program outcomes and may have limited control over how their services are being utilised to achieve their portfolio objectives.
- It is best practice for the agreement(s) between agency(s) and partner agency(s) (for services to be provided) to be finalised prior to the lodgement of the CBRC submission, as failure to reach agreement may impact on timing and quality of program delivery.

Appendix A: Cross-Agency Funding Model Decision Tree



Queensland
Government