

**PLANNING GUIDELINES FOR  
ENVIRONMENTAL SCANS**

**2009-10**

# ENVIRONMENTAL SCAN

(Updated June 2008)

## Introduction

Environmental scanning is a key component of ministry planning processes and provides the foundation for the development of strategic, financial and performance plans. The scan describes empirically how demographic, political, economic, social, cultural, legal, and technological trends affect your ministry. The Environmental Scan informs decision-makers of the changing environment in which the ministry operates and issues that may emerge in the short- or medium-term.

It is expected that ministries will prepare a comprehensive scan each year as ministries operate in constantly shifting environments – generally provided to central agencies by the end of August to inform the coming year's planning and budgeting process. Scans provide a complete picture of the full environment in which the ministry is operating and the key issues that may need to be addressed through the upcoming planning and budgeting cycle. Ministries should prepare one single scan to inform all areas of a ministry's planning needs and should inform the management team of key issues facing the ministry from a policy, program, capital, and human resource (capacity) perspective.

## Creating an Effective Environmental Scan

Although each Environmental Scan can be unique, there are a number of common elements that should be included to ensure ministry scans are effective for decision making. These are summarized here, and elaborated on below:

1. **Broad external trends:** those national/provincial demographic; economic; social trends affecting many ministries. These should be supported through proper documentation and source information to aid central agencies in comparison of data across ministries.
2. **External trends specific to a ministry's programs or policy areas:** sector specific trends; inter-jurisdictional developments; client, stakeholder, interest group, or partner impacts. Trends should be presented with sufficient quantitative or qualitative data to support the trend and its impacts.
3. **Internal trends/issues:** organizational or management challenges; infrastructure/capital challenges; human resource, technological challenges.
4. **Analysis:** an analysis of what these key trends suggest for the ministry and the associated implications.
5. **Synopsis:** a succinct stand-alone document that may be provided to Cabinet or Treasury Board which is intended to capture the ministry's key issues trends, challenges/risks, and opportunities and sets the stage for the development of the ministry's plan and budget submissions for the upcoming cycle.
6. **Performance indicators to support Government's Vision and Strategic Direction:** development of a set of potential high level indicators to help government gauge progress on its broad outcomes.

## Detailed Requirements

### 1. **Broad external trends**

Every ministry should be able to identify several trends, issues or risks that may affect not only the ability of the ministry to meet its own mandate, but may also affect the ability of government, other ministries, or peers in other jurisdictions to do the same. These broad trends are external and generally include common provincial/national trends: demographic, economic, fiscal, political, intergovernmental, cultural, technological, etc.

It will be important for the ministry to carefully consider which of these trends are actually affecting the ministry and how the ministry is affected by them. Examples of broad external trends could include:

- change in demographics of our provincial population;
- rising energy costs; and,
- trends in our labour market or economy (i.e., aging workforce, strong economy, increased competition for skilled labour).

### 2. **External trends unique to a ministry's policy/program areas:**

Each ministry is faced with their own (sometimes unique) set of challenges and opportunities based on their own specific programs, policy areas, or sectors. In this case, ministries will need to examine the impact of their own existing policies and programs on stakeholders, clients, customers, interest groups, partners, community organizations, other ministries, agencies or governments. In addition, ministries will have to examine how these players impact the ministry. These might include:

- trends in post-secondary education;
- crime and policing trends;
- transportation and other economic trends; and,
- healthcare employment statistics.

### 3. **Internal trends/issues:**

These are organizational or management challenges/opportunities associated with a ministry's own capacity, program performance, infrastructure and technological challenges. It is expected that the ministry will populate its list of unique trends through discussions with program delivery partners, staff and potentially peer organizations in other jurisdictions. Some of these issues could feed into the development of separate HR, IT and Capital strategies.

Some questions to consider are:

- Are there key forces that are affecting how the ministry is operating (collective agreements, staffing issues, cultural issues, work and family balance, demographics, technological requirements, expectations of clients and staff, federal provincial relations, statutory obligations, etc.)?

- What knowledge, skills and abilities does the ministry have or lack?
- What capital and information technology requirements does the ministry have or need now and into the future?
- Are the current organizational structures and processes effective? If so, what do you base this assertion on (i.e., to what extent have programs been evaluated and what are the results?)
- What is the perception of the quality of the ministry's programs, services, products, relationships with third parties, etc.? What is being done well? What could be done better?

#### 4. **Analysis**

The Environmental Scan provides an opportunity for ministries to discuss internally (amongst staff and management) a broad set of issues facing the ministry. The Scan can then be used to make internal decisions for budget development and performance planning. The Scan can serve to communicate these issues to central agencies and to set the context for budget development. However, since the Scan provides a long-term view of issues on the horizon, it enables ministries to discuss approaches and options to manage issues over a longer period of time than is generally accommodated in the annual planning and budgeting cycle.

The analysis of the trends identified above will help the ministry to determine how these trends may affect the development of the ministry's strategic plan and budget for the coming year. By analyzing the trends and issues, the ministry can determine which, if any, will affect their programs or services in the short-term and what the program design may need to be in the long-term. The analysis should also describe which key forces in the environment need to be addressed and which ones are less critical.

In particular, this enables the ministry to discuss what programs may need to be reviewed and options that may be available to align with government's new vision, principles, goals and directions.

The analysis of trends should provide the reader with an understanding of:

- The steps taken by the ministry to understand the trend – what research has been conducted to align the trend with ministry activities and what are outcomes of that research?
- How the trend is perceived by the ministry – is it an opportunity or a threat?
- The level of influence the ministry perceives it has in capturing, addressing or mitigating the impact of the trend.
- If, or how, the ministry is positioned to address the trend in the short-term.
- How the programs, services, organization, or resources may need to be redesigned to accommodate the trend.
- How the environment might change in the future (within the planning period and longer-term) and how will the ministry's decisions and actions influence this environment.

## 5. **Synopsis**

The synopsis is generally undertaken at the final stages of completing the full scan. It is a document which is intended to synthesize and summarize the environmental scan for key decision-makers. The synopsis should include a summary of key trends in the short, medium and long-terms with a sense of prioritization that will present a clear concise picture of the environment for the ministry and the possible decisions, strategies, plans and resources that will likely be required to deal appropriately with these trends.

The synopsis should summarize and clarify whether the ministry's current strategic direction, mandate, complement of programs and services, and capacity are adequate to address the pressures of the environment in the short- and medium-terms. A key question being answered is: what would it take to better align the ministry with government's stated priorities, vision and principles?

## 6. **Performance indicators to support Government's Vision and Strategic Direction:**

As ministries undertake the development and analysis of their environmental scans they should also identify high-level outcome indicators that could be used to gauge progress on government's stated outcomes, as communicated recently by Executive Council in its June 5<sup>th</sup> memo to ministries, "*Securing the Future*". In previous years, although contained in ministry environmental scans, a number of key indicators may not have been published as part of ministry plans as they may have been seen to be beyond the ministry's direct sphere of influence. It is envisioned that high-level outcome measures could reside at a government-wide level, recognizing that there are a number of ministries that contribute to and influence these broader outcomes.

Over the coming months, Finance and Executive Council will be working with ministries to identify measures, indicators or a combination of indicators that help support government's vision and strategic direction and provide a basis upon which to monitor, assess and report progress towards these outcomes. Through this environmental scan submission to Finance and Executive Council, ministries are being asked to identify and recommend possible measures, indicators or data that could be aligned with Government's overall Vision, Principles and Goals and may better reside at the provincial level rather than within the ministry's own plan.