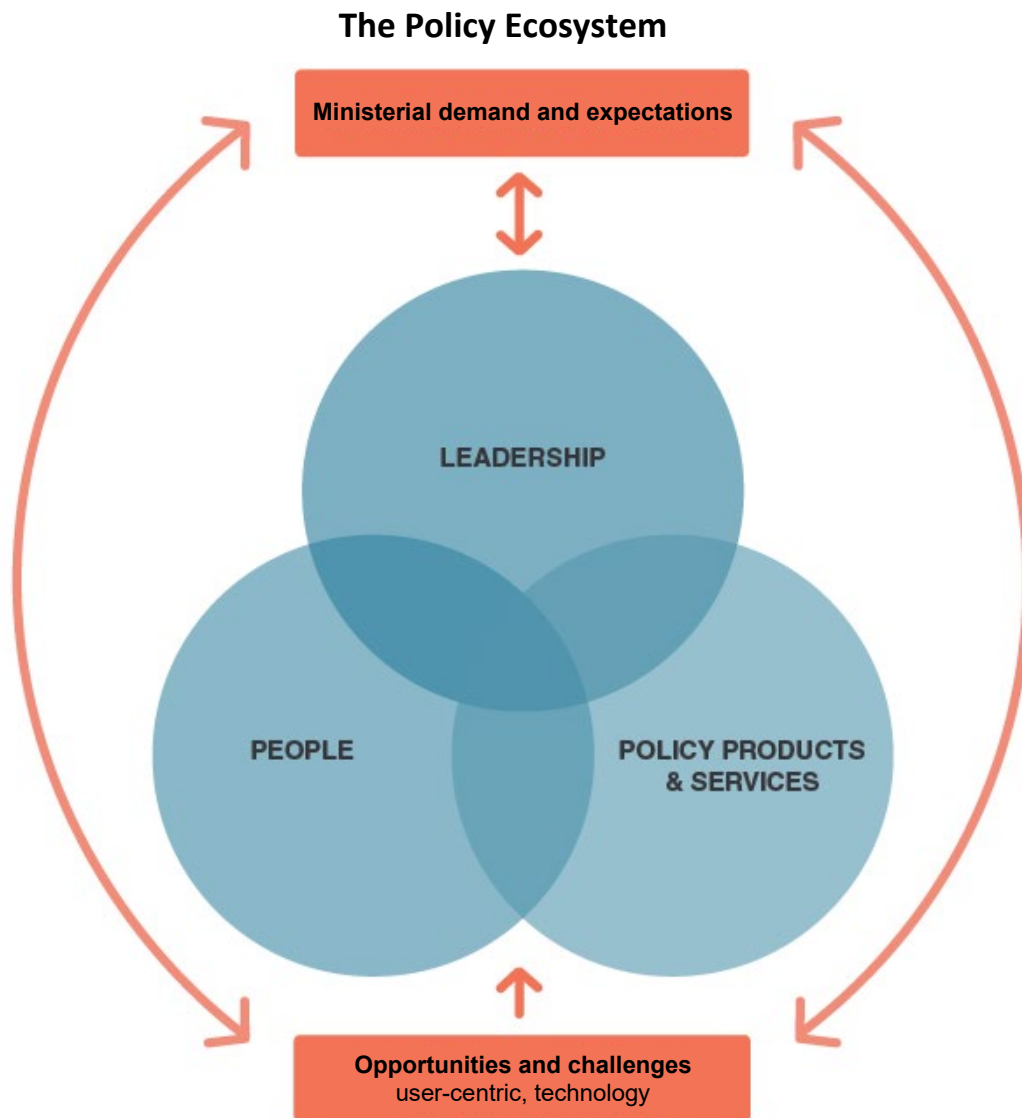


The Policy Project

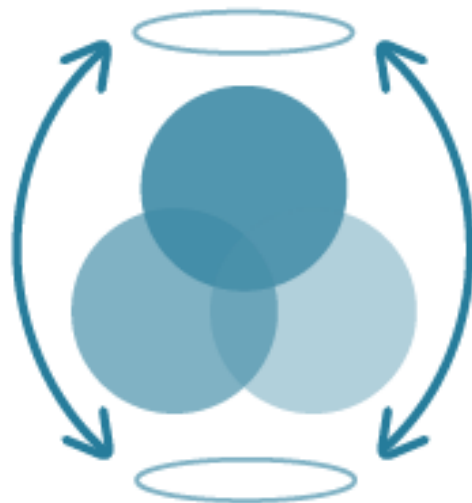
– Narrative and direction of travel



July 2014

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The Policy Project:
Responsive today,
shaping tomorrow

Purpose

This paper outlines the current state of our policy system and suggests a direction of travel for ensuring our policy services are responsive today, help shape the future, and ultimately add value to the lives of New Zealanders. It is designed to support a discussion about our capability and performance and where our improvement investment and efforts are best directed. It proposes a broad programme of work, with a number of projects/work streams. It is intended to stimulate debate.

Quality policy advice underpins effective decision-making and the policy context is becoming more complex

The quality of policy advice is the foundation of effective decision making. Good policy advice underpins the performance of the economy and the wellbeing of all New Zealanders.

The quiet revolution in service delivery, based on better insights about customer needs and new and innovative delivery methods, has not been matched in the policy world. Increasing expectations from citizens and business that they will be involved in public policy decisions and technologies that enable that engagement provide new opportunities to reinvigorate our policy system, policy processes and the policy profession.

How we develop policy needs to adapt to the changing context by incorporating new skill sets that enable us to confidently draw on user/citizen insights and be effective at networking, relationship management, commissioning, brokerage and facilitation. These complement the traditional policy skills of problem identification, rigorous analysis of options, trade-offs and risks, the application of methodologies that assess costs, benefits and regulatory impact, and building in feedback loops (including from the frontline) through evaluation.

The changing policy environment challenges policy analysts to balance a range of apparent contradictions; privacy and transparency, managing risk and enabling innovation, and responding to increasing demand for services within fiscal constraints. In addition, Better Public Services reforms have introduced strong expectations of cross-agency collaboration to achieve results. Changes to the State Sector Act (section 32), charges chief executives with responsibility for the “capability, and capacity to offer free and frank advice to successive governments”, setting expectations of responsiveness today and investment for the future.

The diagnosis of our ‘policy problem’ has been static over decades

Despite decades of inquiries and central agency programmes (see box and annex 2) to improve the overall quality of our policy advice, the diagnosis of the ‘policy problem’ remains fairly static.

The problem is perceived as:

- ▶ policy is of variable quality within agencies and across the system
- ▶ we have a shortage of skilled senior policy advisors who agencies compete for
- ▶ our policy advice is sometimes short on evidence, and poorly informed by the needs of users and by evaluation or feedback on what has worked (or not)
- ▶ we meet Ministers immediate demands but don’t invest in policy capability for the future
- ▶ we have weak cross-government systems for collaboration, alignment and prioritisation.

A number of commentators have recently argued that there is a diminution in the convention of free and frank advice¹ and that the growth in managerialism constrains the nature of policy discussions between Ministers and officials.² This suggests a need for a deeper shared understanding of the conventions under which officials work and how the official/Ministerial advisory relationship operates. Changes to the State Sector Act (section 32) create a framework for that and may need to be reinforced by active engagement in how the conventions and newly legislated behaviours are applied.

The policy system is not broken but there is ample scope for improvement and we need to up our game to meet future policy demands.

1997–99

Improving the Quality of Policy Advice (IQPA)

Comprehensive project with many components, responding to concerns of MoSS on quality of advice, and emphasising the importance of skilled policy professionals. SSC published a suite of guidance docs on its website, covering essential ingredients, human resource issues, policy evaluation (among others).

1991–95

Policy Advice Initiative

SSC reviews the purchase of policy advice to improve cost-effectiveness. Resulted in The Policy Advice Initiative guide for policy managers, focused on improving policy performance including measures/quality characteristics. OAG reviews the purchase of policy advice as specified in purchase agreements, and makes a number of recommendations.

2000–09

Policy managers network

SSC convenes a policy managers network focusing on policy capability development (particularly at a senior level). The network developed a workspace and ran policy manager meetings, biannual policy leaders workshops, policy forums, and a policy conference. Use of NZIER and other external providers for assessing the quality of policy advice at an agency level increased over this period. In the latter part of this period, improving quality of policy advice was also on the central agency work programme.

2010 onwards

Scott review of expenditure on policy advice

Prompted by Government concerns about increasing expenditure on policy advice, as well as about quality. Led to several initiatives, including better definitions for policy appropriations and requirements on relevant agencies to report on quality, timeliness and ministerial satisfaction.

¹ For example, Rt Hon Sir Geoffrey Palmer and Dr Matthew Palmer in Rethinking the State Sector Act, PSA and Fabian Society 2013 seminar series.

² Dr Matthew Palmer Ministerial Responsibility and Chief executive Accountability: The Implications of the Better Public Services Reform Programme, Address to the Institute of Public Administration of New Zealand, 23 April 2013.

What's the current state?

The following information is based on initial engagement with senior policy leaders and other stakeholders and recent research conducted by Treasury (especially the pilot Policy Measurement exercise), and State Services Commission (SSC) (Human Resources Capability (HRC) data and a survey on the policy workforce following analysis of Four Year Plans).

Our people – in a knowledge industry workforce capability is crucial

To create a high-performing policy profession we need to be able to recruit, train and deploy a professional policy workforce. Currently agencies largely operate as silos and compete for policy talent. We have no common view of what a great policy analyst/senior/principal analyst/advisor or manager looks like and we have a multitude of different role descriptions and competencies. Even the size of the policy workforce depends on which definition is chosen and the survey tool used.³ Human resources capability (HRC) data puts the number at 2800 analysts and 400 manager FTEs.⁴

Attracting talent: Policy leaders say their main pain point is finding top talent.⁵ The symptom manifests itself in complaints that the salaries of policy analysts are ratcheting up and agencies have to pay more and more for skilled policy staff. This is important given that salaries account for about half of all expenditure on policy advice. The reality is that while agencies are having difficulty recruiting senior policy staff – the more senior the analyst role, the harder it is to recruit (see box) – salaries have not increased extraordinarily.⁶ But there is significant variation in remuneration rates between agencies.⁷ Some agencies complain they are constantly outbid. Other agencies may be appointing staff to levels above what they are ready for. 'Title creep' is an issue.

Policy vacancies 12 months to Dec 2013	Advertised	Filled	% Filled
Policy Analyst	120	95	79%
Senior Analyst	76.5	57	75%
Principal Analyst	38	20	53%

³ Treasury's number includes policy advisors that come under the policy advice appropriation (from the 14 largest policy shops in the Public Service) and accounts for 95% of expenditure on policy advice under that standard definition of policy advice (MFAT and CERA are included in the 95%, but are then excluded from the measurement exercise).

⁴ <http://www.ssc.govt.nz/hrc-survey-2013>

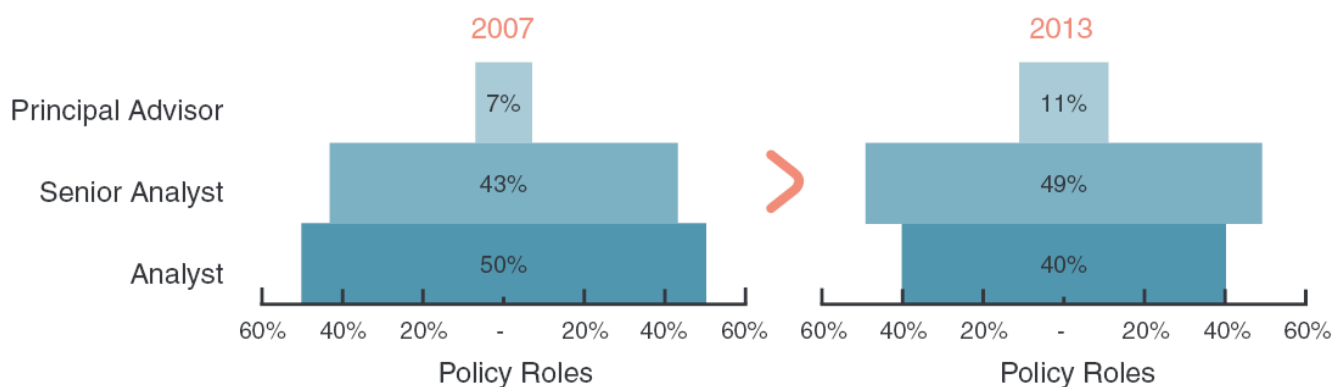
⁵ Based on discussions with Tier 2 Policy leaders and other senior policy staff. Workforce capability issues dominated initial discussions on how we could lift policy performance.

⁶ Over the period 2009–13, Principal advisors salaries have increased by just over 5%, seniors by less than 5% and analysts by 8%. In contrast policy managers salaries increased by 20% (Tier 3) and 17% (Tier 4 and below).

⁷ Treasury analysis shows a range of pay per hour between agencies from \$59 - \$172 for Principal analysts, \$45 to \$107 for senior analysts and \$34 to \$77 for analysts. Treasury estimates that it costs on average \$174 an hour to produce policy advice for Ministers (TBC).

Workforce profile: The overall policy workforce is top heavy; about one in five policy staff is in a management or leadership role. The profile of the policy advisor cadre has changed considerably over time and no longer reflects the pyramid shape we might expect. While we could debate the numbers of policy staff, data from both SSC and the Treasury confirm that the policy cadre in most agencies reflects this shape.⁸

Figure 1: The change in composition of the policy analyst workforce between 2007 and 2013



Source: Human Resource Capability Survey, SSC

The changing profile of the policy cadre raises many questions: are agencies deliberately recruiting more senior staff because the environment is more complex and a greater level of skill and experience is required, or is there an incentive to buy in more senior staff rather than to grow junior policy staff given the current cap on staff numbers? Treasury analysis⁹ suggests that managers are spending more time than they should on the actual production of policy outputs rather than on management activities to support the delivery of outputs by more junior staff. With the distortion in the proportion of Senior Analysts, this seems counter intuitive. The reason behind the top-heavy policy cadre is undoubtedly a combination of factors, but it warrants further inquiry to test whether it is desirable and sustainable.

Capability: We can expect a growing capability problem: most agencies appear to have a ‘buy not grow’ workforce capability strategy. The relatively small analyst pool, and patchy graduate recruitment and development, suggests a future pipeline issue. An SSC survey found that only two of the 19 agencies included in their survey had a formalised new graduate programme, and concluded that only about one in five (22%) of new graduates have a formal, structured start to their careers in the Public Services.¹⁰ Similarly, other policy training and development appears to be largely ad-hoc and driven by self-identified career development rather than by agencies consciously sustaining and building policy capability. With some exceptions¹¹ agencies tend to go it alone when it comes to the provision and procurement of policy-related training. Taking the policy workforce as a whole, such an

⁸ Principal advisors are undercounted in the HRC survey mainly because MFAT job role classification makes it difficult to identify principal advisor roles. Other sources suggest the principal advisor percentage could account for between 20 and 30% of the advisor category.

⁹ Based on utilisation of managerial staff on outputs versus managerial activities.

¹⁰ Discussions with recruiters suggests that many agencies are not interested in taking on graduates for policy roles, yet graduates are lining up to get in.

¹¹ For example, the Ministry of Transport has taken a lead role in policy analysis certification delivered by VUW and a fledgling policy exchange programme.

ad hoc approach to training and development will inevitably produce variable quality with gaps in knowledge and experience.

Policy labour market: We also know that the labour market is largely an internal one: for vacancies in 2012 only about 3% of policy staff was recruited from the private sector and a further 3% from local government. Eleven percent were graduates. The rest came from the Public Service (48%) and the wider state sector (35%). We are operating a ‘people go round’; some talent pools are relatively untapped.

Turnover: Policy leaders complain about ‘churn’ in the pool of analytical staff. Yet recent data suggests turnover is not higher than usual at senior and principal analyst level (15% and 12% respectively). The slightly higher turnover at analyst level (17%) is partly related to the younger age profile and greater mobility of that group. Overall, the policy workforce is the second youngest occupational group in the Public Service. Turnover however is higher than expected at management level and the trend is upward (tier 4 at 15% in 2013, up from 6% in 2010, and tier 3 at 12%, up from 7% in 2010).

Products and services – there is no common view of what great policy advice looks like, what goes into it, and how to match supply with current and future demands

A similar fragmented system story can be told for policy products and services. Policy quality frameworks are many and varied. While one size does not necessarily fit all, an initial look¹² at a number of agencies’ policy quality standards and processes suggests some obvious commonalities. There is considerable anecdotal evidence that agencies are each reinventing the wheel rather than drawing on and building on one another’s policy quality systems.¹³ There is very little joint work to co-produce standards and processes for common purpose. There is no system for identifying, joining up, or scaling up good practice. At its core, policy analysis is policy analysis and common standards with variations for specialty areas should be the norm. This is not currently the practice.

Building new capabilities: It is generally recognised in the policy community that we need to improve the evidence-base of our policy advice and to design policies and programmes around the needs of users. That means augmenting our policy toolkit with capabilities in user insights (understanding the needs, behaviours and diversity of the people who will eventually be affected by policies), making better use of research and science, using meta-data, feedback loops and input from frontline operational staff and various forms of evaluation. We need to be able to ‘walk in the shoes’ of those affected by public policy and go beyond consultation to real engagement that might even extend to ‘walking alongside’ non-governmental actors to co-produce policy and delivery options. That will require facilitation, brokerage and collaborative leadership skills. It also requires innovation capability, a culture of experimentation and a new tolerance for bounded and informed risk.¹⁴

¹² The Tier 2 Policy leaders workshop held on 8 May compared a number of individual agency quality frameworks.

¹³ There have been efforts to develop cross cutting substantive policy frameworks (as opposed to quality systems), for example the Natural Resources Framework and the Treasury’s living standards framework.

¹⁴ A range of countries have innovation labs, see: http://nyc.pubcollab.org/files/Gov_Innovation_Labs-Constellation_1.0.pdf and design methods are being used to reframe issues and develop fresh policy

The policy system needs to be responsive to the various communities across New Zealand. Auckland is a case in point. Auckland is fast emerging as having a mix of cultures and issues that differ from the rest of New Zealand. The centre of gravity for policy is always going to be Wellington, yet we need to be confident that policy designed in Wellington incorporates the voices of diverse communities. This requires a different way of working. The population that Auckland represents provides the scale and opportunity for policy experimentation and innovation. Auckland, like Christchurch following the earthquakes¹⁵, could serve as an ‘innovation zone’ where new policy and delivery approaches can be designed to meet the needs of the local people and businesses and also serve as prototypes to be tested for scalability to the rest of the country. The proposal to establish a policy design lab in Auckland provides an opportunity to develop this innovation capability.

Building new capability into the policy infrastructure requires effort and some thought about breadth and depth; do we need across the board capability, more specialisation, and/or deep centres of expertise with capability that can be shared across the system as and when it is needed? In bringing in new capabilities we need to make sure we maintain and refresh core policy frameworks and analytical tools that have served us well and continue to be essential to quality policy analysis and advice.

Place-based policy capability: Auckland

Auckland’s growth and diversity drives distinct policy challenges and opportunities. Migration will fuel a higher rate of growth there than in the rest of the country. The city is expected to grow by 30,000 people each year and is changing demographically. Already one in four Aucklanders identifies as Asian, mostly Indian or Chinese. Two thirds of Pacific Islanders live in Auckland.

Public Service presence in Auckland is significant but not optimally configured to meet the unique needs of that population or to translate them, and the operational expertise held by Auckland officials, into policy and decision processes in Wellington. Auckland officials need to be able to engage with local government, businesses and social sector partners to deliver nimble and innovative policy responses, but there is also a need for strategic policy capability so that the Auckland dynamic is integrated into the policy community and policy processes in Wellington. What works for Auckland might work elsewhere but the reverse is unlikely to be true.

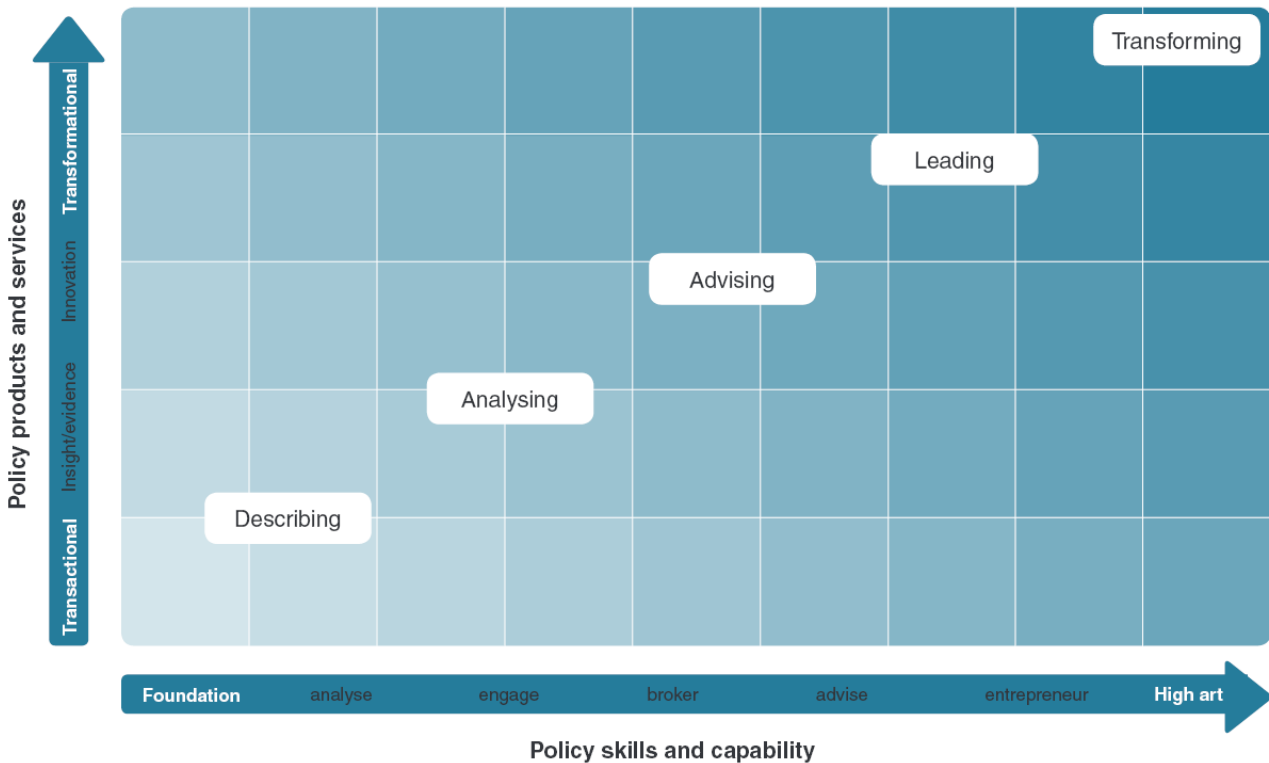
responses. For a discussion, see:

http://www.nesta.org.uk/sites/default/files/design_in_public_and_social_innovation.pdf

¹⁵ John Ombler and Sally Washington, “Seismic Shifts: the Canterbury earthquakes and public sector innovation”, in Future-proofing the state: Managing risks, responding to crises and building resilience, Boston, Wanna, Lipski, Prichard (eds), ANU Press, Australia, 2014 p.277
<http://press.anu.edu.au/wp-content/uploads/2014/05/21.-Seismic-Shifts-The-Canterbury-earthquakes-and-public-sector-innovation.pdf>

No excellence horizon: We also have no common view of what great policy advice or a great policy shop looks like. The Treasury’s common policy unit indicator set¹⁶ forms the basis of a capability maturity model. But there is some way to go to develop robust quality measures: to date our technical quality indicators are mainly limited to periodic reviews of policy papers (typically by NZIER¹⁷ or internal agency reviews) and service quality is limited to indicators of Ministerial satisfaction. We are not alone internationally in facing the challenge of developing measures of the quality and impact of policy advice (on decisions or final outcomes) and of improving the overall quality of policy advice.¹⁸ Policy teams will add greatest value when the capabilities within the team represent a mix of complementary skills. It is naive to assume that each member of a team needs to display the full set of skills that only the collective can provide. The following figure illustrates the nature of skills required in a high performing policy team (refer also to Annex 2 for an expanded version of this figure) to deliver policy services – from the transactional to the transformational.

Figure 2: Professional policy services – value adding model



Addressing demand-side factors: Past efforts to improve the quality of policy advice have concentrated on the supply side, much of which is addressed in the preceding discussion. We also need to look at the demand side. How do Ministers communicate with officials about what they want to achieve, and the advice they want from officials, to ensure that they get the most out of the policy services available to them? How do Ministers and their agencies prioritise work and discuss and agree

¹⁶ The Treasury’s annual policy measurement exercise aims to develop a view of the cost, efficiency and effectiveness of larger policy functions across government.

¹⁷ There is variation in the way agencies select papers for NZIER review, some deliberately select papers, some give a random sample for review and others a mix of both.

¹⁸ For example, the UK is actively trying to improve its policy capability and quality. A plan, “Twelve Actions of Professionalise Policy Making” was endorsed by Permanent Secretaries and Heads of the Policy Profession (in October 2013). A contestable policy fund and a network of “What works policy research centres” are part of the Civil Service Reform Plan relating to the overall policy infrastructure.

on multi-year work programmes? How do the stewardship responsibilities of Chief Executives fit into this equation? While it is difficult to determine whether there has been a change in the provision of free and frank advice, the State Sector Act 2013 makes it clear that free and frank advice is required even when it isn't always welcomed.

Ministerial appetite for 'blue-skies' discussion will vary according to personal style and can fluctuate over the electoral cycle depending on the space for new directions and initiatives; fresh ideas and new approaches are likely to fall on more fertile ground when there is room for the policy agenda to be shaped, not when the direction of travel is already fixed. Agencies have indicated¹⁹ an interest in sharing strategies, techniques and successful models for 'commissioning' and for developing great 'Ministerial relationship management'. The nature of the relationship between Chief Executive and Minister is a critical one for the success of the policy enterprise. Approached with due sensitivity, efforts to address the demand side of the policy equation would appear to be a useful avenue to explore further.

Cross-government policy leadership is also crucial in an increasingly complex policy ecosystem

We need agencies to be working together on policy issues to achieve results. Better Public Services reforms, in particular the BPS Results approach has shown policy targets can be a powerful motivator for joint action and achieving results. We need to extend that approach to other policy areas that cut across agency boundaries and Ministerial portfolios, or are place-based (such as the Auckland question), where too commonly the experience has been churn due to differing levels of commitment and unclear accountabilities. Working across boundaries demands collaboration, from identifying big policy challenges, to designing policy responses, to implementation and delivery. We need to showcase exemplars of what has worked well so that others can emulate best practice and avoid pitfalls.

We need capability at system, sector and agency level to anticipate future policy challenges and to prioritise and align policy responses across agencies, sectors and the overall system. And we probably need some way of deploying talent – pooling our top minds – to tackle policy conundrums. Given our lack of 'think tanks' do we also need some arm's length strategic policy capability? Is our policy infrastructure fit-for-purpose and agile enough? We need to be able to sustain and continuously improve the policy system. New models of externally sourced advice such as the Land and Water Forum, the Tax Working Group and the Welfare Working Group challenge the place and role of the public sector policy workforce. As the policy advice environment becomes more contestable, the policy cadre needs to be best in class if it is to remain relevant.

¹⁹ Ministerial relationship management was listed by the most agencies (10 out of 14) as a high priority for improving management practices, as reported to the Treasury's policy measurement project.

Where to from here?

Lifting policy performance requires action on multiple fronts. Previous attempts to improve the quality of advice and policy capability across the system concluded the same and recommended a range of improvement initiatives. The response to the Scott review, as the most recent comprehensive tilt at these issues, was only partial.²⁰ We now have a common definition of policy advice²¹, and policy appropriations have been largely aligned to this common definition. There is more pro-active release of data and information (including Cabinet papers), we have ‘heads of profession’ (in practice if not in name) in economics, law, accounting and science. Other recommendations have been covered by initiatives such as BPS Results (clear government policy goals), Four Year Plans (multi-year work programmes), the development of ‘sectors’, and changes to chief executive performance agreements (to encompass stewardship). But recommendations related to building analytical capability (core competencies, pathways for career development, programmes of professional learning and education, centralising professional standards), and investing in capability to identify and address big cross-portfolio and long-term issues remain ‘live’.

The case for change has been well rehearsed. Earlier attempts at improving the quality of policy advice across the system were strong on diagnosis but weak on implementation²². So, if previous programmes haven’t made a seismic shift, what will make a difference this time?

The Policy Project – seeking excellence

There is no quick fix or silver bullet. We need to achieve excellence in core policy work and stretch ourselves to be agile and innovative in order to keep pace with the future. We need to create a culture of learning and continuous improvement– doing things better and doing better things. Part of that is reframing the question from ‘what is the policy problem?’ to ‘what does policy excellence look like?’ We need to have a vision for what great policy advice, great policy services and great policy advisors look like and design and implement improvements to achieve that future state. The box below is a ‘starter for 10’ on that vision.²³

²⁰ Review of Expenditure on Policy Advice 2010. Agencies have been required to align their appropriation to a common definition of policy advice. Treasury also initiated a Policy Measurement Project as an attempt to provide a picture of policy advice expenditure, time allocation, and management practices and has recently delivered its first draft report.

²¹ The Treasury, Reorganisation of Appropriations for Policy Advice (which includes the common definition of policy advice, August 2011, http://www.treasury.govt.nz/publications/guidance/mgmt/rapa/06.htm#_toc3.2

²² SSC published a suite of occasional papers in the late 1990s which still have currency.

²³ This has been presented to a Tier 2 Policy Leaders workshop for comment and review.

Future state: What does policy excellence look like?

- ▶ Policy creates public value to improve the lives of New Zealanders.
- ▶ Free, frank, fearless, joined-up advice supports effective decision making by identifying the ‘big cross agency policy challenges’, finding the ‘game changers’, and ensuring prioritisation and alignment across government.
- ▶ Policy is informed by evidence and user needs – using proven and state-of-the-art tools and frameworks (user insights, meta data), evaluation and feedback loops (citizens/business/frontline staff).
- ▶ A high performing policy ‘profession’ provides a core function of government, attracts top talent, provides foundation training and professional development, identifies and grows policy leaders, and has a capacity to deploy capability to where it is needed most.
- ▶ Quality advice is the product of quality processes from analysis to advice to implementation – from transactional services to the transformational “high art” of policy leadership.
- ▶ Policy stewardship :
 - Policy capability – we act in the collective interests of government and have the capacity to offer free and frank advice to successive governments, constitutional conventions are clear and understood
 - Policy performance – we deliver fresh ideas, using innovative approaches, we use evidence by default, we know what interventions work and we work together and with others to achieve results/collective impact now and for the future
 - Policy system – we work together to sustain and continuously improve the policy system.

Leveraging system change

The Policy Project will work with initiatives already underway, or latent, and also drive new initiatives to get a system-wide shift in the quality and performance of policy advice. It takes a collaborative approach, working with the policy community to co-produce rather than impose ‘solutions’ on them.

Working with the system

Policy champions: “Lifting the policy game across the system” is one of Department of the Prime Minister and Cabinet’s (DPMC) “Top 10 Challenges”. Sponsored by the CE of DPMC, the Deputy CE Policy is working with a group of policy leaders (leveraging an existing network of Tier 2 policy managers) to collectively address policy capability and quality. Formalising a leadership role in this space through a Head of Policy Profession will provide the system-wide focus and mandate needed to promote change.

Capability improvement activity in the system: There is considerable activity, both at agency²⁴ and sector level that can be joined-up and scaled-up.

²⁴ Most, if not all Tier 2 Policy leaders report some concerted ‘policy improvement’ programme or activities in their agencies.

Synergies with other system work: Connecting with other initiatives will extend the reach and impact of policy improvement efforts – these include SSC’s Leadership Capability Development and Deployment programme (LCDD), Performance Improvement Framework (PIF) ‘user as a customer’ up-grade, SSC Continuous Improvement programme, joining with the other Heads of Profession to get a better sense of how to “professionalise” the policy workforce, and new ‘evidence’ generation and methods (behavioural economics, design thinking, big data, policy evaluation).

A pre-disposition for change: State sector reform initiatives, such as the BPS Results focus, Functional Leadership and wider expectations of stewardship have changed the public management environment. They challenge us to shift from our silos to a world characterised by collaboration and collective impact, where ‘system trumps agency’. There is more of an appetite for, or at least an acceptance of, more standardisation and centralisation in functional areas, especially in relation to capability. We can draw on and contribute to analysis about the success of various strategies for building system capability in functional areas (examples: Government Legal Network (GLN), Government Economics Network (GEN), Cabinet mandated Functional leaders, HR, science, finance) as we apply a system view to the policy function.

Table 1 – Interface and synergies with other system improvement programmes

SSC	<ul style="list-style-type: none"> ▶ LCDD – developing policy leaders, graduate programme (focus on policy leaders and grads) ▶ Workforce capability – state of the policy cadre, Four Year Plan assessments ▶ HRC – unpicking the data on the policy cadre ▶ PIF – Up-grade of system-level design ‘user as a customer’, stewardship and strategy to guide longer term policy capability ▶ Continuous Improvement programme (proof of concept in policy environment)
Treasury	<ul style="list-style-type: none"> ▶ Policy Measurement project – efficiency, policy unit management indicators ▶ Regulatory quality – and capability ▶ Behavioural insights – scoping project
DPMC/ Cabinet Office	<ul style="list-style-type: none"> ▶ Role of officials committees ▶ Cabinet office challenge: “Ensuring Ministers are well equipped to carry out their roles and functions”.
Other ‘functional leadership’	<ul style="list-style-type: none"> ▶ Finance, HR, Cabinet mandated Functional leadership, Government Legal Network, Government Economics Network, SuPERU research and evaluation, Science Advisors Network: shared approaches and substantive links
Performance Hub	<ul style="list-style-type: none"> ▶ System operating model (stewardship, roles and behaviours) ▶ Analysis and Insights – big data and application to policy problems/opportunities/investment
Other policy related initiatives	<ul style="list-style-type: none"> ▶ Result 10 – customer insights/service design ▶ Auckland innovation/design lab proposal
Agencies/ sectors	<ul style="list-style-type: none"> ▶ Individual agency or sector policy and capability improvement programmes

Leading change

In addition to leveraging existing reform initiatives, the Policy Project will lead system change. Through DPMC's Top Challenge No: 5 – "Lifting the Policy Game", a leadership role has been assumed in the policy space. Already this attention from DPMC is shaping conversations and stimulating pockets of change. Formalising this leadership function, with endorsement from the Head of State Services would give extra weight to this leadership role and provide a strong mandate for driving improvement activities. A Head of Policy Profession would:

- ▶ Set a vision and direction for the policy system.
- ▶ Build an active community of practice and network of policy leaders (a key group in this context is the Tier 2 Policy Leaders network).
- ▶ Develop policy as a profession (role expectations, career framework, development and deployment of policy talent).
- ▶ Facilitate, broker and catalyse change – provide a focal point for sharing information, tools, approaches, identifying good practice and opportunities for common standards (products, processes and people development). Identify where good practice can be joined-up and scaled-up.
- ▶ Influence and leverage wider improvement activities – initiatives already in train that interface with and impact on the policy system.
- ▶ Build relationships with thought leaders and institutions outside government and in other jurisdictions to stimulate, support and influence policy conversations and system improvements e.g. VUW, local and international experts/'wise heads'.
- ▶ Identify system gaps, how they can be filled and seeking policy leaders to lead the change on behalf of the system.

Considerations for choice of any Head of Profession role include personal attributes and the leverage provided by whatever role they currently play in the system. While there are contestable options for who should take on the Head of Profession role²⁵, the CE of DPMC as Sponsor for the Policy Project recommends the Deputy CE Policy should be confirmed in the role in the first instance. This is also consistent with the Finance Head of Profession in Treasury and in people capability (Government Chief Talent Officer) in SSC.

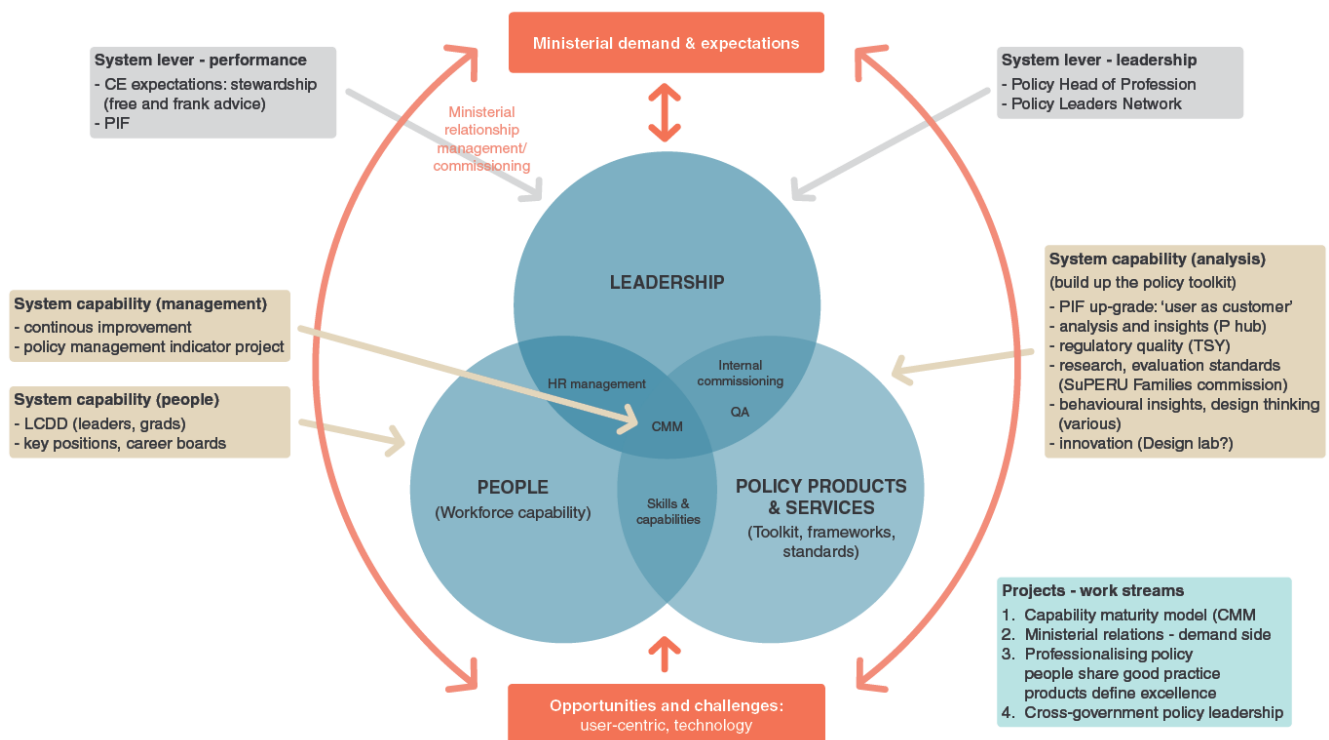
²⁵ The UK's overall Head of the Policy Profession is the Permanent Secretary of the Department for Education, Chris Wormald, who chairs a Policy Profession Board. Departmental Heads of the Policy Profession have been appointed in UK departments since 2008. A strengthened Policy Profession Board, funded by a levy on departments, is part of the UK's plan, "Twelve Actions to Professionalise Policy Making". <http://www.civilservice.gov.uk/wp-content/uploads/2011/09/Twelve-Actions-Report-Web-Accessible.pdf>

The work programme

A detailed programme of work will be iterated and confirmed with Policy Deputy Secretaries. The main components of the work programme will reflect key component of the policy system: people, products and services, and leadership.

The following draft framework of the policy ecosystem (see picture below) depicts the system, the demands and opportunities impacting on the context in which policy is developed, and where there is activity/capability already in the system that can be leveraged.

Figure 3: The Policy Ecosystem



We have identified some targeted projects/work streams which we think will shift the overall quality of policy advice:

Policy shop capability maturity model – this would build on the CMM indicators in Treasury’s policy unit measurement project and earlier SSC work on “high-performing policy units”²⁶, to potentially develop a profile of an aspirational ‘great’ policy unit and the process for getting there. It would take an integrated approach covering people capability, policy quality, management, and understanding the context, including Ministerial demand. It would include links and references for digging deeper into aspects of capability or change management (a potential web-based resource – the Policy Portal?) and act as a diagnostic tool for self-assessment, peer or external review (options for operationalising the model would be included in the design). The development model could be scaled from policy unit to system capability.

²⁶ High-flyers: developing high-performing policy units, Occasional paper 22, SSC, 1999, is still used including by NZIER for agency policy capability reviews. <http://www.ssc.govt.nz/op22>

The demand side – enabling and supporting Ministers to get the most out of policy services available to them. This would canvass successful models, strategies and tools for developing excellent relationships with Ministers, including policy commissioning, articulating free and frank advice and how it is offered (even when it isn't requested) and early engagement in policy design and development. It would dovetail with another DPMC Top Ten Challenge (Ensuring Ministers are well equipped to carry out their roles and functions), and support the HoSS' ambition to enhance CE/Ministerial relations. This could include a systematic inquiry into Ministers' perceptions of 'excellent policy services' – the voice of the customer.

Policy leadership: This work stream would explore whether our policy infrastructure is fit-for-purpose and would include a range of initiatives designed to build and grow policy leadership (substantive policy conversations, centres of expertise and communities of practice). It would:

- ▶ Build processes for identifying and addressing big policy challenges and facilitate improved policy alignment and prioritisation. This would canvass options for facilitating cross sector dialogues between Ministers and Chief executives/senior officials (New Zealand version of the function played overseas by national security councils, and in New Zealand in previous eras in the form of 'front-bench' discussions or Premier House sessions); developing collective conversations to anticipate big policy challenges and develop joined-up whole-of-government responses. What mechanisms do we need to incentivise, enable and support collaboration and the pursuit of collective results?
- ▶ Identify gaps in the ecosystem and how they might be filled, for example, to build openness/design methods/experimentation into policy design and execution, to bring new ideas and voices into the policy system, and to provide genuinely contestable advice, innovation, and an enhanced futures capability.
- ▶ Provide a platform for existing and emerging policy leaders through policy forums and networks to share ideas and resources and learn about new developments. Examples include: Tier 2 policy leaders network workshops, policy seminar series, an on-line policy resource (Policy Portal?).

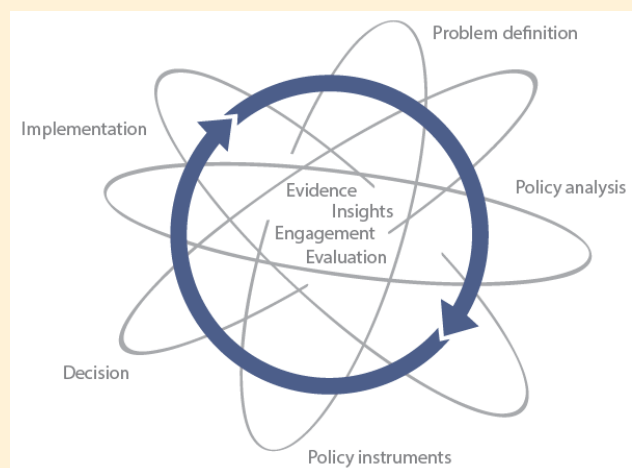
Professionalising policy and the policy workforce –This would focus on sharing and up-scaling good practice and defining excellence in terms of both people capability and quality policy services/products. It would highlight new frameworks and tools for 21st century policy services. A Policy Award system (leveraging IPANZ Awards?) would shine a light on policy innovations and showcase best practice.

- i Developing people capability: Adopting the attributes of a profession. Developing aspirational role descriptions, career pathways and building overall capability – What does a great policy analyst/senior/Principal/ Manager look like (potential typologies and personas?) and how we develop and deploy talent. The goal is to:
 - ▶ Identify new skills for policy excellence (collaboration, innovation, brokerage, engagement, negotiation).
 - ▶ Give clarity to policy staff on skills, competencies and knowledge required of them at each level (analyst to senior manager) and critical experiences required to move between levels.
 - ▶ Grow the pipeline and signal career pathways.
 - ▶ Support greater consistency between agencies (to reduce competition and churn based on title creep).
 - ▶ Identify and develop generic training options (building on some promising initiatives eg a-PAD Applied Policy Advisor Development Programme, fledgling sector graduate recruitment programmes).
 - ▶ Grow future policy leaders.
 - ▶ Deploy talent to where it is most needed (some new options/experiments? – deployable tiger team, shared analytical pool etc.).
 - ▶ Build overall system capability (building on experience of other leaders in ‘functional areas’ to find the right mix of incentives and initiatives).

- ii Products and services: Developing a common understanding of what excellent policy advice looks like, and what are the essential ingredients of quality policy advice. The goal is to:

- ▶ Build and socialise the future-focused policy toolbox: user insights, evidence, design thinking, analytical frameworks, feedback loops (linking policy and operations) and evaluation.
- ▶ Update the traditional policy cycle to a new dynamic policy cycle reflecting more collaborative policy processes.
- ▶ Develop shared quality standards and processes – from transactional to transformational policy advice, foundation quality criteria to innovation/transformational policy shifts.

The Dynamic Policy Cycle



- ▶ Highlight and celebrate policy/process exemplars – and uncover critical success factors.
- ▶ Build and deploy system capabilities – analysis and insights, evaluation, innovation, user insights, design thinking. Do we need broad capability or deep centres of expertise? How do we grow and make specialist capability accessible across the system?
- ▶ Build and maintain a repository of accessible resources (web-based) to provide a place to access resources, guidance and exemplars.

Next steps – a Roadmap to 2017

We think that these work streams provide an ambitious platform, which together with a Head of Policy Profession adequately resourced to drive the work, will make lasting improvement in the policy system. Efforts to improve the craft of policy won't have effect without the commitment and engagement of the policy community. Improving the quality of policy advice is a journey not a destination. Continuous improvement and innovation in policy will only be sustained by ongoing improvement effort across the system.

The Policy Project sets a multi-year path and programme of initiatives. The following roadmap sets a direction of travel. We invite debate and a broad conversation about that roadmap and how the journey towards policy excellence can be sign-posted and shared.

Roadmap to 2017

2014/15

Reset the foundations

- Establish Head of Profession
- Build communities of practice
- Develop career framework
- Policy quality standards
- Capability maturity model
- Ministerial/advisory 'bargain'
- Policy 'conversations' processes

2015/16

Reframe products and practices

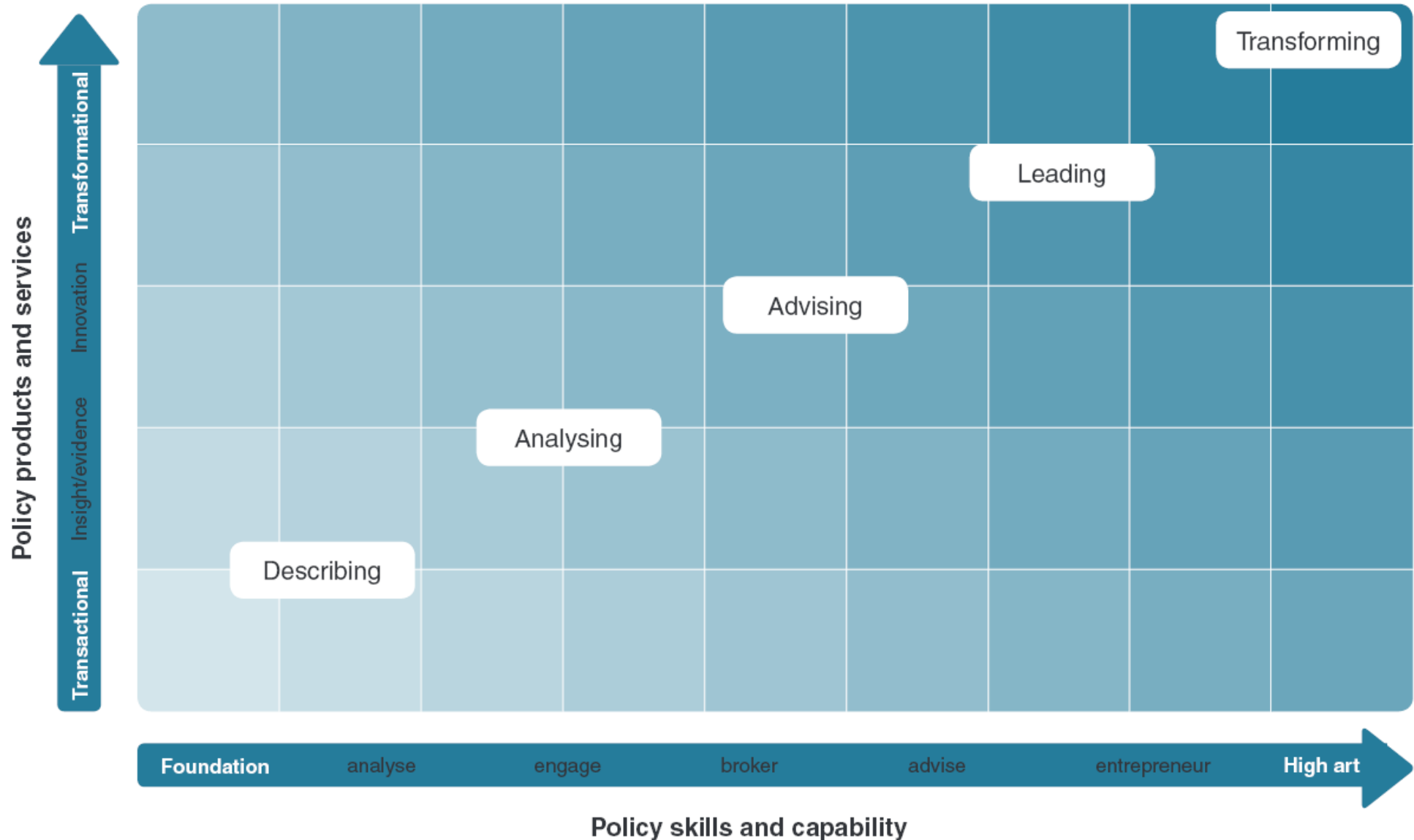
- Key positions, leadership, deployment
- Consolidate communities of practice
- Role descriptions, pathways, training and development
- Build resources, policy toolkit, centres of expertise
- Build development model – policy shop
- Best practice: commission/relationship management
- Experiments and exemplars, policy awards

2016/17

Reinvigorate the policy system

- Right people/right place
- Self-generating policy communities
- Re-generating policy communities
- Innovation, 'what works', diverse voices, user-centric
- Up-scale development model – policy system
- Effective, free and frank policy services
- Policy dialogues – futures, alignment, priorities

Annex 1 – Professional policy services – value adding model



Annex 2 – The ‘Policy Problem’ – Common themes from past reviews

Improving the quality and value of policy advice (Scott, December 2010)

Key findings:

- ▶ Huge variability in the quality, effectiveness and efficiency of policy advice – very few agencies are good on all three measures.
- ▶ Cost – spending on policy advice grew by 6% (in real terms) between 2005/06 and 2010/11. Most of this growth is attributable to MFAT. If MFAT is excluded, spending on policy advice by other agencies declined by 0.6% in real terms (note – conservative estimate). Policy advice expenditure is generally not well planned, managed, monitored and executed efficiently.
- ▶ Efficiency – there are wide variations in the efficiency of agencies policy functions and scope for improvement (cost varies from \$1,000-\$11,000 per unit of production).
- ▶ Alignment with govt. priorities – variable performance across agencies (agencies self-reported that 70% of their policy work is focused on ministerial priorities). Despite clear demand from ministers, agencies are not doing enough to inform the policy agenda. Some ministers lack confidence that their agencies are able to provide advice on the big policy questions. Connections between agencies’ work programmes and the wider government agenda are not clear.
- ▶ Quality – quality varies widely. A key area of concern; that policy analysis has been weakened in favour of systemic focus on policy processes and presentation. Quality assurance processes increasingly manage the risks stemming from the presentation of policy advice rather than ensuring the analytic rigour of the options presented.

PIF: Getting to Great (SSC, April 2013)

- ▶ Operational agencies tend to be more effective at their core businesses than the ministries with policy and sector leadership roles.
- ▶ With few exceptions, agencies with strong policy and sector leadership functions tend to struggle with their sector leadership roles. Agencies can get along, without really having to resolve differences of view. Moreover, processes are not well enough developed to ensure that policy development takes sufficient account of operational implications. This can occur even when the policy and operational functions are part of the same agency.

The role of evidence in policy formation and implementation (Gluckman, September 2013)

There is an inconsistent range of practices and attitudes toward the use of evidence in policy formation across government agencies. There is not always the culture and capability to seek out and analyse appropriate evidence and to critically appraise and apply it to a policy question. There are examples of good practice, but also evidence of disappointing attitudes and, in some cases, ignorance:

- ▶ There is no culture of systematic evaluation. Some agencies assume their primary mandate is to implement political decisions. As a result, funding for evaluation is frequently trimmed or diverted. There are major gaps in approaches to programme monitoring and evaluation of policy initiatives. A number of agencies do not systematically undertake post-implementation evaluations of effectiveness.
- ▶ There is variable understanding of how evidence plays into the policy formation process, along with diverse attitudes toward the use of evidence. There was rather broad ignorance about how science could inform policy.

- ▶ Capability – Capability in basic policy analysis disciplines has been degraded in favour of increased expertise in risk and process management. The capability gap extends to all aspects of analysis and advice. Few policy managers have the capability to manage both policy analysis and the planning and managing of the processes necessary to deliver advice required to an appropriately high standard. There is an imbalance between intellectual leadership and management. The variation in policy advice performance among agencies seems partly attributable to the quality of management.
- ▶ Coordination – mechanisms for coordination across agencies on significant cross-portfolio issues are weak, making the commissioning and management of such issues more difficult. As a result, inefficiencies are created and there is a reduced capacity to evaluate/respond to the big challenges facing the country.

The above are persistent issues and were first identified by SSC in 1991. ‘Eighteen years later the same questions have arisen again for the same reasons’.

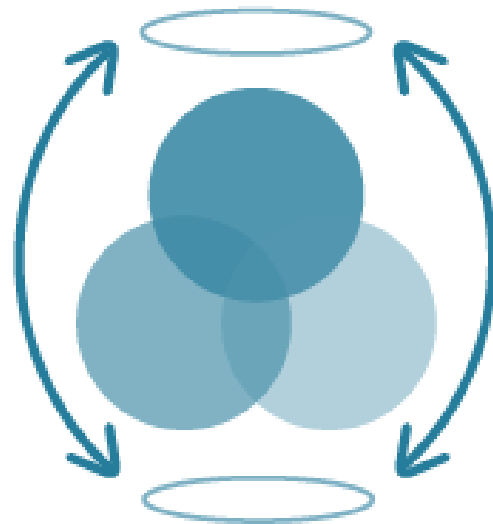
Link:

<http://www.treasury.govt.nz/statesector/policyexpenditurereview>

- ▶ Many agencies do not appear to have a formalised protocol for conducting research or obtaining evidence for policy and programme development and evaluation.
- ▶ There is a lack of simple and whole-of-government guidelines or protocols for obtaining expert scientific advice.
- ▶ Few agencies look ahead 10 to 30 years to ascertain how the world will change, and what policies should be put in place now, in order to reach that point or to adapt to foreseeable changes.
- ▶ There is variability in the capacity and capability across departments to engage with science and critically assess and employ scientific input. There is generally a lack of current scientific expertise.

The above findings point to ‘a dire need to build some basic competencies in research methodologies and critical appraisal skills across the Public Services, and to bolster the leadership ranks with people formally trained in the relevant disciplines’.

Link: The role of evidence in policy formation and implementation report - Gluckman 2013



The Policy Project:
Responsive today,
shaping tomorrow