



A Cross Jurisdictional Study of Policy Capability in the Australian and NZ Public Sectors

Scoping Report 1: National and international perspectives on enhancing strategic policy capability

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National and international perspectives on enhancing strategic policy capability

Executive Summary

This is the first report for our ANZSOG-funded project *A Cross Jurisdictional Study of Policy Capability in the Australian and NZ Public Sectors*. It provides an overview of the scoping work we have conducted so far on national and international responses to enhancing strategic policy capability, and observes that:

- There are common drivers both nationally and internationally prompting governments to get more evidence into policy-making and overcome common institutional obstacles to its achievement.
- In keeping with international practices in Westminster style democracies, Commonwealth, State and some local governments are all responding to these drivers through the adoption of new, better policy-making frameworks with a particular emphasis on creating and delivering direct benefits to citizens encompassed in terms such as 'public value', 'public benefit', 'social benefit', 'social capital' and 'political capital'.
- The more enlightened of these governments have underpinned these processes with new Learning and Development frameworks to both enhance the policy-making capabilities of public servants and to improve the evidence-base informing decision-making. These have included the development of better policy-making frameworks and new capability development processes to underpin them. Initiatives to enhance the evidence-base underpinning decision-making through the creation of communities of practice including knowledge institutions and other partners in governance have also been established. In addition, expert centres in areas such as service design or citizen-centric governance have been created to develop new ways of working and sharing better practice. These often deploy a design philosophy.

1. Definition of terms

The latest rediscovery of evidence-based policy-making may be viewed as part of a longer historical search for usable and relevant knowledge generated through rational scientific methods to help address and resolve social problems. This quest dates back to the enlightenment but finds its modern expression in the rational model of decision-making developed by Herbert Simon (1945) in the seminal *Administrative Behavior*, and Herbert Simon and James March's (1958) *Organisations*. Simon attempted to develop a theory of policy formulation which dealt with the processes of decision as well as with the process of action (1945, p. 1). Simon argued that:

...rational decision-making involves the selection of the alternative which will maximise the decision maker's values, the selection being made following a comprehensive analysis of alternatives and their consequences.

It must be noted, however, that rational decision-making of this ideal-type form has long been viewed as untenable given the role of politics in ultimately determining public goods and allocating resources in a liberal democracy. The rational model remains important in compiling the evidence base but politics informs the decision process over the policy course to be adopted. In the lexicon of policy analysis; rational policy-making is subject to 'bounded rationality'. As Brian Head (2008, p. 2) notes, in more recent times, the aspiration for evidence-based policy-making in Australia is to produce the knowledge required for fine-tuning policy proposals and programs and constructing guidelines and tool-kits' for dealing with known problems. Hence, the currently famous phrase that defines much of the movement – 'what works?' In addition, evidence-based policy-making has been used to help win the war of ideas in acceptance of big policy reforms in Australia such as Working Nation or the Child Support Scheme.

2. Domestic and international contexts

There are a number of key international drivers which are prompting governments across the world to re-consider the way they organise themselves, manage service delivery, work with stakeholders, engage with citizens and hold themselves accountable. These drivers can be summarised as: changes in community requirements of government; changes in community attitudes towards government; changing central government expectations of other governments; and, the changing nature of government work including the emergence of new partners in governance. These drivers have had a significant impact on all levels of Australian and New Zealand government.

The 2009 KPMG Benchmarking Australian Government Administration Performance report identified two areas in which it claimed that the Australian Public Service (APS) performs comparatively poorly or has an opportunity to strengthen:

...its capacity for coordinated, informed and strategic policy; and its tools, methods and institutions for integrating external expertise and the views of citizens into the policy development and service design process.

In the subsequent report on the Reform of Australian Government Administration, *Ahead of the Game*, Terry Moran couched this problem in terms of the need to enhance policy capability, 'the APS needs to strengthen its capacity to undertake rigorous research, gather and analyse data

and provide the highest-quality strategic policy advice'. Paradoxically, the evidence base underpinning this report was far from 'evidence-based'.

As Jonathan Lomas notes (2000 and 2005), this problem is not confined to Australia but appears to be a general malaise in Westminster style democracies. Indeed his own organisation, the Canadian Health Services Research Foundation, emerged in response to the failure to integrate research and innovation into Canadian governance and politics and rising concern with the observation that many management and policy decisions were not based on research evidence. Claudia Scott (2008) reports similar concerns in the New Zealand context in her paper delivered to the IPS Futuremakers Series in Wellington.

The Blair government's 1999 *Modernising Government* White Paper represented an acknowledgement of the need to modernise policy and management at the centre of government. It argued that Government must produce policies that really deal with problems; that are forward-looking and shaped by evidence rather than a response to short-term pressures; that tackle causes not symptoms (Cabinet Office, 1999). The UK Government's aspiration was given institutional expression through the creation of the Centre for Management and Policy Studies, which had a clear mandate both to establish more productive relations between government and academia in order to generate high quality evidence-based research to inform practice and to consider the broader training needs of the civil service. In 2001, the Cabinet Office's *Better Policy-making* mapped out an evidence-based approach to policy for achieving the former based on: reviewing existing research; commissioning new research; consulting relevant experts and/or using internal and external consultants and considering a range of properly costed and appraised options (CMPS, 2002). Finally, the Cabinet Office's (2005) *Professional Skills for Government* program dealt with the skills and training requirements of the civil service.

There has subsequently been an explosion of intellectual and discursive activity around the evidence-based practice approach in the UK, including the establishment of the ESRC UK Centre for Evidence Based Policy-making and Practice at Queen Mary College, University of London and even an academic journal (*Evidence and Policy*). The Australia and New Zealand School of Government has recently followed suit with the launch of a new peer-reviewed journal, *Evidence Base*, under the editorship of Dr George Argyrous at the University of New South Wales.

It would be wrong, however, to suggest that no progress is being made in the Australian and New Zealand public services on these issues. *Ahead of the Game* was preceded by the former Prime Minister, Kevin Rudd, stating soon after he was elected that evidence-based policy making is at the heart of being a reformist government (2007). *Ahead of the Game* has sharpened thinking on the institutional conditions necessary to facilitate an evidence-based culture in policy-making and operational delivery. And, of course, this requires strong linkages with reforms which attempt to inspire public sector innovation. Moreover, as we shall see later, there have been several initiatives in Commonwealth, state and local government to address this issue.

One recent attempt in New Zealand to diagnose policy capability weaknesses and recommend improvements is the work of the Committee on Policy Expenditure commissioned by the Government of New Zealand in 2010 and chaired by Graham Scott. The Government has accepted the Committee's recommendations and implementation is underway. In addition, the Ministry of Environment has developed *A guide for developing the craft of policy analysis*, aimed at professionalising policy-making, and a *Local Futures 2008* project has been launched to

enhance strategic policy and planning capability in New Zealand Local Government.

3. Barriers to the provision of evidence-based policy-making

So what are the main barriers to getting evidence into policy?

Four central barriers loom large in national and international discussion (Banks, 2009; Cabinet Office, 1999; DIISR, 2009; Edwards, 2010; Evans, 2007&2011; Head, 2008; IDRC, 2008; LSE, 2008; NSO, 2003; Nuttley, 2007):

- Institutional constraints on the use of evidence in policy-making arising from the electoral cycle and the failure to mainstream evidence-based policy-making in political behavior (Banks, 2009).
- *What gets measured gets counted* – the focus on narrow economic cost benefit analysis of policy options stifles innovation and creativity and does not provide an accurate understanding of the potential value of social interventions (Evans and Edwards, 2011).
- Inability to utilise existing capacity, learn from the front-line and share evidence of better practice (DIISR, 2009).
- Failure to attract the best and the brightest (RAGA, 2009).
- The absence of strong productive working relationships between government, knowledge institutions (Edwards, 2010) and appropriate communities of practice.

It is important to note that these barriers are not omnipresent – there are examples of departments and agencies achieving successes in removing such barriers. What is evident is that such practices have not been mainstreamed into the culture of the public service. Each of these barriers is assessed in greater detail below together with a range of strategies for circumventing them.

4. Achieving strategic, innovative, outward-looking, evidence-based policy beyond the electoral cycle – towards public value management

The 'OzMinster' system is particularly vulnerable to charges of short-termism as the electoral cycle means that the window of opportunity for policy change is rarely open for more than two years at a time and the next election campaign is always on the horizon. Moreover, the effectiveness of public services in Australia and New Zealand have traditionally been measured against financial performance, with limited reflection on public value or social return on investment. While this can be effective in measuring the quality of 'hard' services such as 'roads, rates, and rubbish', the approach does not adequately recognise the fundamental basis of a government's existence – to support and build sustainable communities that are responsive to the needs and aspirations of the citizenry.

In keeping with NPM thinking, management models underpinning Australia and New Zealand governments have focused on ensuring that service delivery is 'economic', 'efficient' and 'effective'. In the interests of efficiency, governments have sought to control costs and have explored a range of new methods to deliver quality management, such as 'best value', 'doing more with less', and 'total quality' customer service. Table 1 describes the range of administrative reforms delivered under the banner of NPM – a short hand term for describing the raft of reforms geared around issues of 'economy', 'efficiency' and 'effectiveness' which were introduced in the 1980s in a big bang response to global economic crisis, and

incrementally thereafter. These can be organised around market inspired reforms, governance reforms, deregulatory/regulatory reforms and competency reforms. Australian and New Zealand governments have been regular plunderers of the NPM toolkit.

Table 1. The four dimensions of New public management reform

<p>New Public Management – market-inspired reform</p> <ul style="list-style-type: none"> ✓ <i>Privatisation</i> of state assets, and certain services ✓ <i>Internal markets</i> - separating purchasers from providers within the Public Sector to create new markets e.g. care for the elderly ✓ <i>Performance budgeting</i> – results oriented, target driven budgeting ✓ <i>Performance Contracts</i> and <i>Pay-for-performance</i> – establishing performance targets (PSAs) for departments and individualised pay scales for public employees ✓ <i>Program Review</i> – systematic analysis of costs and benefits of individual programmes ✓ <i>Compulsory Competitive Tendering</i> – services delivered by the private or voluntary sectors ✓ <i>One-stop-shops</i> – coordination of programmes through one delivery system to eliminate duplication ✓ <i>Invest to save Budgets</i> – venture capital for oiling the wheels of government 	<p>New Public Management – governance reform</p> <ul style="list-style-type: none"> ✓ <i>Quality Standards</i> – applying principles of quality management e.g. Citizens Charters, 'Best value' or 'Comprehensive Performance Assessments', Public Service Agreements ✓ <i>Decentralisation</i> – moving responsibility for program delivery and delegating budgetary authority from central government to provincial or local governments or neighbourhoods or through 'total place' ✓ <i>Open Government</i> – freedom of information, E-Governance and public engagement mechanisms– e.g. Citizens Juries and other deliberative forums ✓ <i>Collaborative governance with stakeholders</i> ✓ <i>Co-production with citizens</i>
<p>New Public Management – deregulatory/regulatory reform</p> <ul style="list-style-type: none"> ✓ <i>Personnel Deregulation</i> – open competition in recruitment, performance related pay and elimination of civil service controls over hiring, firing, promotion, etc. ✓ <i>Purchasing Deregulation</i> – permits individual organisations to make decisions about procurement, rather than using centralised purchasing organisations ✓ <i>Creation of new regulatory bodies to supervise privatisation and collaborative governance</i> ✓ <i>Standards in Public Life</i> – constituting effective public administration frameworks (e.g. executive machinery, departments, planning and coordinating mechanisms); ✓ <i>The development of codes of ethical practice</i> (e.g. codes of conduct, transparency, accountability, effective audit, monitoring and evaluation). 	<p>Competence reform – increasing the capacity of public servants to act</p> <ul style="list-style-type: none"> ✓ <i>Staff audits</i> to determine what personnel is on hand; ✓ <i>Getting the right people into the administration</i>, partly by stronger incentives to attract and retain them, partly by changing objectives and procedures in an effort to make the work situation more challenging and rewarding; and, ✓ Establishing <i>integrated training programmes</i> through the establishment of a civil service college/schools of government and professional skills for government/occupational skills frameworks ✓ Coaching and mentoring ✓ Capability reviews

What does the evidence tell us about the performance of New public management?

Although NPM continues to provide important tools within the public management toolkit, these tools are no longer sufficient to meet the challenge of public service provision in an era of governance. This is because NPM tends to privilege the role of public servants as the arbiter of the public good. NPM takes the politics out of public policy deliberation and its market orientation is at odds with the concept of public service, sitting more easily with the language of the consumer than the language of the citizen. In an era of governance, citizens' engagement in policy and delivery has become crucial to the achievement of social progress, not least because all that public organisations do requires co-production and adaptive behaviours from citizens and often stakeholders. Moreover, the critical challenges confronting government in a complex, fragmented world require the most adaptive form of power to enable local interests to blend their capacities to achieve common purpose. This is called soft power or *the power to persuade*. The most difficult problems confronting government tend to require soft power solutions rather than managerial ones. In consequence, the success of any attempt to enhance strategic policy capability partly rests on the development of inclusive governance structures which can meet the demands of both representative democracy and the efficient delivery of public services. From the research findings outlined in the governance literature, it is possible to identify the key problems confronting public managers in an era of governance. These include:

- the problem of steering networks of governmental and non-governmental organizations outside traditional organisational boundaries;
- the absence of operational rules (e.g. establishing lines of command through, for example, the establishment of publicly-driven performance targets);
- limited policy instruments for managing governance performance (e.g. monitoring and evaluation systems);
- the dangers of governance decision structures being subject to interest capture and the consequent risk of their ability to resist and/or dilute government aims; and
- associated problems of weak democratic control and confused accountabilities.

What is public value management?

Mark Moore (1995), who coined the phrase 'public value management', basically argues that public services can add value to society in the same way that private for-profit organisations create value for their shareholders and other stakeholders. By implication, public intervention should be circumscribed by the need to achieve positive social and economic outcomes for the citizenry.

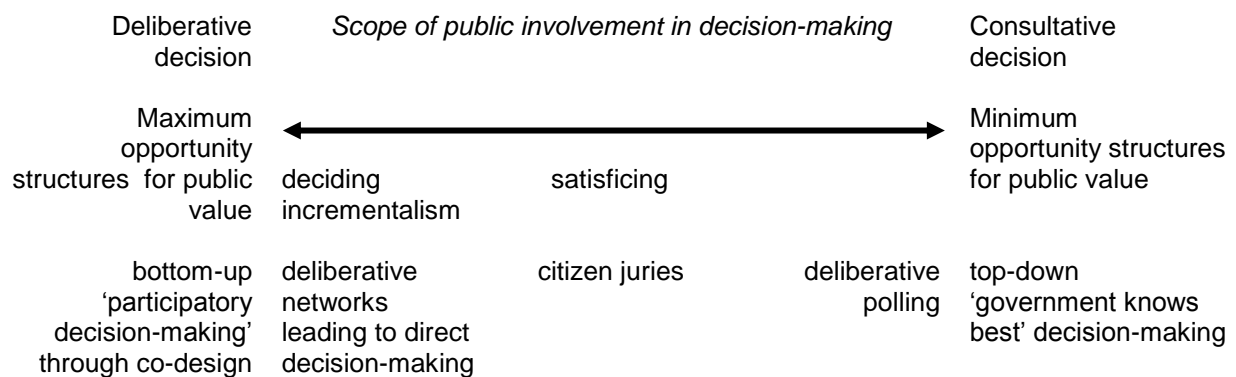
What is and what is not public value should be determined collectively through inclusive deliberation involving elected and appointed government officials, key stakeholders and the public. Conceptually the notion of public value resonates with other modernisation discourses that seek to address the limits of the liberal democratic model in meeting the requisite needs of the citizenry such as the New Localism, social capital and deliberative democracy.

In the same way that in 1995 Christopher Hood identified the emergence of an international NPM movement, a similar observation can be made with regard to PVM in the new millennium. A small number of centrist UK think tanks such as the IPPR, the Work Foundation, Demos, Involve and the Young Foundation have adopted public value as their modernisation concept of

choice for reinvigorating the public sector and bringing it closer to the people.¹ In addition, several state centred public value projects have emerged in Australia (e.g. the Australian Government Information Management Office), Germany (e.g. the Civil Service Commission and the 'Red Tape' movement), and France (e.g. the Ministry of State Transformation and the French decentralisation process). Moreover, civil/public service training organisations such as the Australia and New Zealand School of Government, the Kennedy School of Government at Harvard, the China Academy of Governance, and the National School of Government in the UK have all begun to integrate the concept of public value into their executive training courses.

There have already been several governmental flirtations with the concept of public value. For example, in the UK during the Blair premiership (following the publication of *Creating Public Value* by Gavin Kelly and Stephen Muers in the Strategy Unit in 2002), several high profile government spokespeople included references to achieving public value in policy papers and public lectures (see Balls, 2002; Raynsford, 2003 and Turnbull, 2002). Indeed, according to the Work Foundation several British public organisations have operated public value assessment frameworks since 2006, including the BBC, the Department for Culture, Media and Sport, the Victoria and Albert Museum, and several local authority recycling schemes such as the London Borough of Lewisham.

Figure 1. The scope of public involvement in public value decision-making



However, on closer inspection it is evident that public value experiments tend to be characterised by different models of decision-making underpinned by different conceptions of democracy and reflecting different modes of public engagement. Figure 1 situates these models of decision-making along a continuum in which 'bottom-up' deliberative decision-making and 'top-down' 'government-knows best' consultative forms of decision-making can be found at each end of the spectrum. The further you move towards the deliberative end of the continuum, the greater the ability of the citizen to affect policy outcomes. But what are the implications of public value management for attempts to enhance strategic policy capability? As Stoker (2006, p.16) observes, the public value paradigm demands a commitment to broader goals than those envisaged under traditional and NPM management regimes, as managers are tasked with steering networks of deliberation and delivery as well as maintaining the overall coherence of the system (see Table 2). It offers, in Stoker's terms, 'a different narrative of reform', in the sense that it centres:

¹ For example, for the Work Foundation see: <http://theworkfoundation.com/products/publicvalue.aspx> and for the IPPR see: <http://www.ippr.org.uk/research/teams/project.asp?id=876&pid=876>.

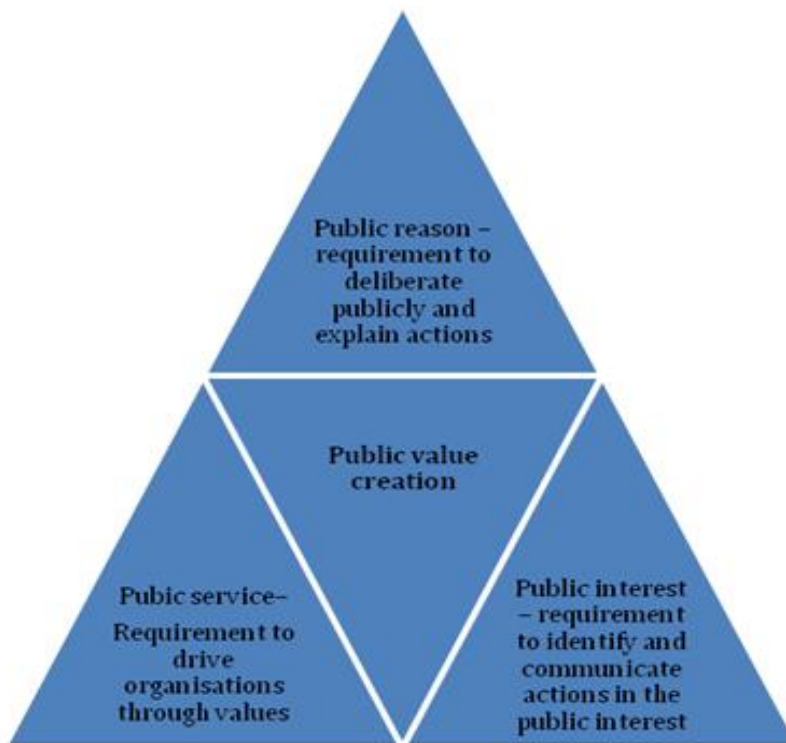
...on a fuller and rounder vision of humanity than either traditional or NPM. People are, it suggests, motivated by their involvement in networks and partnerships, by their relationships with others formed in the context of equal status and mutual learning. Some will find its vision attractive but the realists or cynics may prefer to stick with traditional public management or NPM.

Table 2. Changing administrative culture

New public management	Public value management
<ul style="list-style-type: none"> • Informed by private sector management techniques • Services delivered more flexibly with more managerial autonomy & tailored to the requirements of consumers • Enabling ('steering') • Certain services to be delivered through collaborative partnerships with public, private and voluntary sectors • Service delivery audited to measure economy, efficiency and effectiveness 	<ul style="list-style-type: none"> • The overarching goal is achieving public value that in turn involves greater effectiveness in tackling the problems that the public most care about: stretches from service delivery to system maintenance • Public managers play an active role in steering networks of deliberation and delivery • Individual and public preferences are produced through a process of deliberative reflection over inputs and opportunity costs • No one sector has a monopoly on public service ethos; shared values is seen as essential • Emphasis on the role of politics in allocating public goods

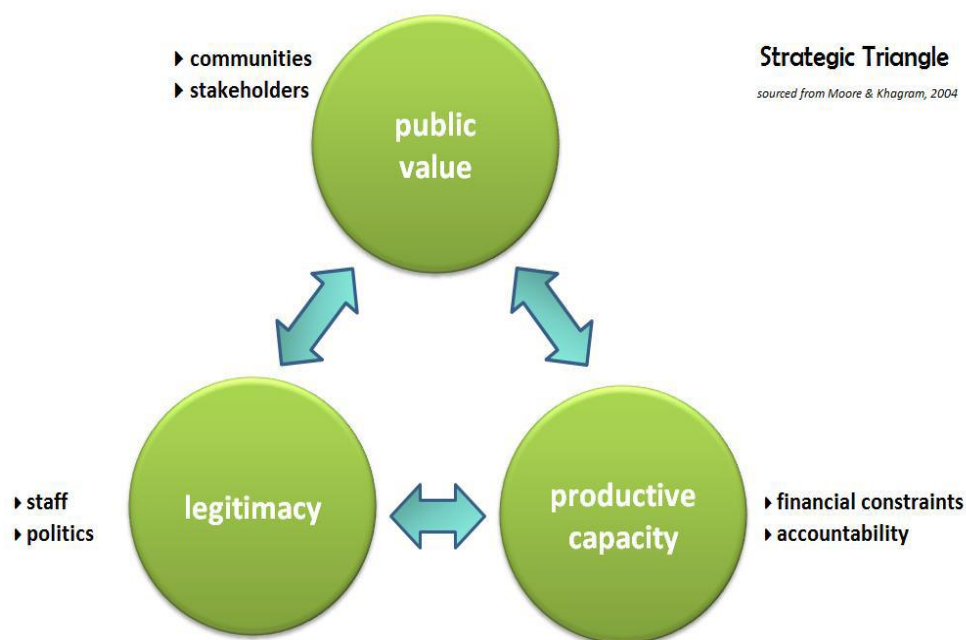
This is because it necessarily involves sharing and sometimes delegating power to citizens and stakeholders. Hence, public value management reform would require new values and practices and in certain instances the rediscovery of old ones. For example, Quirk (2011), in the seminal *Reimagining Government*, emphasises the centrality of notions of public service, public interest and public reason to the creation of public value (see Figure 2).

Figure 2. The public triangle (Quirk, 2011)



Public value has also been developed into a strategic device for enabling public managers to build communities of practice as collective instruments for problem-solving and social entrepreneurship. Moore (1995) developed the notion of the strategic triangle for this purpose (see Figure 3). The strategic triangle can be used by public managers to understand and mediate the relationship between the 'authorising environment' (those who give you legitimacy), the 'task environment' (what you are asked to) and 'productive capacity' (those who give you organisational capacity). This allows for public managers to reflect on four key governance problems: what can we do to add value to this service, project or program? Whose resources do we need to get the job done? How does this service, project or program create public value for our communities? What do our target communities value when they are well informed about the choices they are making?

Figure 3. Mark Moore's strategic triangle



What are the benefits of a public value approach?

There are both instrumental and democratic benefits to adopting a public value approach to enhancing strategic policy capability. The search for public value – *all that we do should be aimed at enhancing the quality of life for our citizens and future generations* – helps to focus public servants and other partners in community governance on solving the problems that the public care most about, and this stretches from policy formulation to service delivery and system maintenance. It allows for efficient targeting of resources to community needs, the identification of new patterns of need caused by the widening gap between rich and poor, and changing social and demographic patterns (e.g. longer life expectancy, smaller sized families), providing for longer term thinking on community futures and more creative management of rising citizen expectations. For politicians, it is simply good politics as it gives voice to the preferences of the silent majority who are essential to electoral success.

In an era when the integrity of government has often been questioned by an assertive citizenry, the emphasis on the development of a values-driven public service should capture the political as well as the administrative imagination. Integrity in public administration requires values driven approaches. This requires common ownership of community problems and inclusive forms of governance in policy and delivery. Once again this should not undermine the role of elected representatives; quite the contrary, it should enhance their capacity to make the fundamental changes necessary to make a difference to people's lives. Nor should it undermine the expert role of public servants as the search for public value enhances the need for provision of objective, evidence-based advice to inform better decision-making.

In sum then, public value management meets the challenges that governments are facing in an era of governance – the need for broad ownership of governance problems and solutions to provide the conditions for accountability, legitimacy and sustainable futures as well as the NPM

appeal for 'value for money'. Table 3 provides an overview of recent attempts to measure public value and apply public value management approaches.

Table 3. Measuring public value and applying public value management approaches²

Measuring public value	
ACT triple-bottom line assessment	http://www.cmd.act.gov.au/__data/assets/pdf_file/0006/217392/TBL_Assessment_Framework_Discussion_Paper.pdf
Accenture public service value model	www.accenture.com
Competing values framework	www.theworkfoundation.com
Public value scorecard	www.papers.ssrn.com
Outcomes scorecard	www.raguide.org
Applying public value management	
BBC Trust public value model	www.bbc.co.uk/bbtrust
City of Melville	www.melvillecity.com.au
Just Communities	www.clg.uts.edu.au
Porirua City Council 'Livability' strategy	www.pcc.govt.nz
UK National Health Service public value lens	www.institute.nhs.uk
Social Return on Investment framework	www.thesroinetwork.org

Source: adapted from Banks-McAllister et al (2011), *A Guide to delivering Public Value – A Local Government Perspective*, pp. 15 and 17.

5. Achieving strategic, innovative, outward-looking, evidence-based policy – utilising existing capacity

The RAGA discussion paper identifies a number of barriers impeding the ability of the APS to develop and deliver high quality policy advice to government (2009, p.21). While there is considerable scope to strengthen the APS's overall policy capability, what is not canvassed are some of the barriers to better using strategic policy advice skills that already exist within the APS, learning from the front-line and sharing evidence of better practice.

At the 2009 IPAA National Conference, David Borthwick informed the forum that a bigger question than that of the quality of policy advice provided by the APS is the quality of the decision making process itself. The possible reasons for the lower than desirable quality of decision making include:

- the sheer workload arising from many more cabinet submissions than in the past and frequent COAG meetings (and consequent paper preparations and briefings) taking key

² It is worth noting that many 'Triple' or 'Quadruple' bottom-line measurement tools can be encompassed within a public value approach as they also proceed from the recognition that narrow economic cost benefit analysis does not provide an accurate understanding of the potential value of social interventions.

- strategic thinkers away from their main game (the 'crowding-out' effect);
- the speed with which some policy decisions are made, especially those which involve Ministerial policy advisers asking for shortcuts in process. This prevents a more strategic and evidenced-based policy approach being adopted (the 'hasty-decision' effect); and
- insufficient understanding of government priorities (identified in the KPMG report as the third area of comparatively poor performance).

In addition, the poor quality of the decision making process could reflect the fact that public servants in contact with ministers or their offices at the time the KPMG data was gathered (2005-07) frequently found it difficult to be apolitical, impartial, professional, accountable and at the same time actively engage with government without facing potential or actual conflicts of interest (see: KPMG, 2009, p.33; RAGA, 2009, p.15).

It should also be noted that the RAGA paper puts considerable emphasis on policy integration. Missing from this observation is recognition of the possible (and often inevitable) tension between different policy objectives, including the core objectives of a policy area and its impact on other policy objectives. For example, in social housing policy under the Rudd government we saw housing programs being used to achieve economic and employment objectives arising from the global economic crisis. This led to an emphasis on new construction. However objectives for social housing include having housing well located in relation to transport, employment and services. Purchasing existing housing will often achieve these objectives better than new construction. Similarly concern with the environment can lead to requirements for housing to meet energy use requirements and so on, however these are likely to increase the cost of housing and thus may inhibit achieving the housing policy objective of providing affordable housing.

The above observation points to the need for a balance between achieving the core objectives of a policy area, and integration with objectives from other areas. The RAGA paper's suggestion of creating a streamlined, unified leadership cadre at the pinnacle of the APS, with a clearly articulated role to consider and progress cross-government strategic priorities (2009, p.19) would not be likely to encourage the development of such a balance unless concerted attempts were made to identify potential consequences of action. This requires the use of evidence.

Finally, as we are constantly told by public sector innovation gurus, the most enduring innovations tend to emerge not from policy wonks but from the front-line (Mulgan and Albury 2003). Capturing evidence and sharing better practice from the front-line must therefore be a crucial component of any reform attempt to get evidence into policy. Notably, the ANAO provides a rich reservoir of learning in this regard but is the evidence being integrated effectively into decision processes?

6. Achieving strategic, innovative, outward-looking, evidence-based policy: building strong productive working relationships between government and knowledge institutions

Jonathan Lomas (2000) identifies four key aspects of this barrier to evidence-based policy-making (see also Edwards, 2006 and Evans, 2007):

- Separation, mistrust and poor understanding between the worlds of ideas/research and action/practice;
- A static view of academic research as a product and system decision-making as an

event vs dynamic view of both as social processes that need to be linked in ongoing exchange;

- Few skills or incentives in universities to do applied research; and
- Few skills or incentives in the system to use research.

Crucially, he sees the problem as lying both with government and knowledge institutions. For many decades now there has been much discussion about how to obtain a better match between the kinds of research that governments want (the demand side) and the kinds of research that researchers undertake (the supply side). Indeed, there appears to be some disconnect between the two. Peter Shergold, in launching an Academy of Social Sciences book on *Ideas and Influence* (2005) referred to the fragility of relationships between public policy and the social sciences. He saw “(t)he relationships between social science and public policy, and between academic and public servant”, as ones of the utmost importance. But he went on to say: “They are not, I think, in particularly good shape” (ASSA, 2005, p. 2). He elaborated little but could have gone on to mention, as others have, that academic research often deals with issues that are not central to policy and management debates, and can fail to take the reality of people’s lives into account in setting research questions. Conversely, when research tries to be relevant, it can be seen as being driven by ideology dressed up as intellectual inquiry. And a frequent complaint is the lack of timeliness in academic research. Such are the frustrations of many policy makers (Edwards, 2010, p.55).

The perspective of academic researchers has been well put by Saunders and Walter, in the introduction to their book *Ideas and Influence* (2005, p.13). They describe a lack of attention by policy practitioners to the subtleties and qualifications of their research findings and a fear that those driving policy are seeking to justify actions already decided by ‘cherry-picking’ from among the available evidence with little regard for the robustness or validity of the material selected. They go on to point out that those involved in policy development often have little idea of how or where existing research can contribute, or what is needed to help resolve outstanding issues (2005, p.13). To this could be added an anti-intellectual approach sometimes formed within governments; a risk-averse attitude by public servants to findings that could embarrass the Minister; the short time-frames under which governments operate; and a lack of both respect for the independence of researchers and of incentives needed for researchers to produce policy-relevant material (Evans and Edwards, 2011).

So, while few would disagree that there is a profound problem with the research-policy nexus, the complex nature of the relationship complicates the development of practical next steps. A strengthening of strategic policy capability could be assisted in the ways suggested in the RAGA Discussion Paper (2009, p. 25). There would appear much merit in trying out Strategic Policy Hubs, in particular the creation of a Charter of policy making principles including better practice approaches; developing relevant learning and professional development arrangements; and engaging in action based research activity which brings together the best of theory and the best of practice in a creative fusion.

Evidence is also emerging about the considerable value of interactive mechanisms for enhancing the use of research in government. The traditional linear relationship of the separate processes of research and policy formulation is being seen as generally inferior to an interactive and ongoing relationship between policymakers and researchers covering both the production and take-up of knowledge.

Recent interviews with senior officials across Australasian jurisdictions (ANZSOG, 2007 and 2011) pointed to a strong demand for facilitative or interactive research related mechanisms that

would assist practitioners to address their current policy and management challenges. By far the most commonly favoured mechanism mentioned by senior officials was for 'innovation intermediaries' such as ANZSOG to facilitate roundtables or workshops involving both public servants and expert academics. This was deemed to be especially important for emerging and 'wicked' issues, and also wherever there was an interest in practices in other jurisdictions and an interest in the 'how-to' questions, for example, jurisdictional comparisons of certain aspects of service delivery. Four possible models were identified which could operate under the ANZSOG umbrella:

- (a) An academic working from a university who acts as a collaborative research entrepreneur (such as under the Emerging Issues Program in NZ (KPMG, 2009, p. 36).
- (b) A senior ex-public servant working within a University (Executive in Residence) who would have relevant government connections.
- (c) A 'Chief Government Social Researcher' (as in the UK) or 'Chief Social Scientist' working from within government with similar functions as above.
- (d) An 'Academic in Residence' attached to a central agency – a recent practice in the Australian Public Service Commission.

A fifth additional model could be added here:

- (e) The establishment of an 'International Senior Practice Fellowship Scheme' on the lines recently proposed by the ANZSOG Institute of Governance, in which senior practitioners from overseas would be invited to Australia on a six month secondment to support reform processes.

7. Achieving strategic, innovative, outward-looking, evidence-based policy – recruiting and retaining the brightest and the best

Recruiting and retaining the brightest and the best is fundamental to enhancing strategic policy capability. However, this aim largely rests on improving employment conditions, providing internationally competitive salaries, empowering individuals in the workplace and ensuring that the public service commands social respect in society. The RAGA paper stresses the importance of mobility of personnel, both within the public service and between the private and the third sectors and the public service. There is also an evident need for movement between staff working at different levels of government to build the type of trusting working relationships which can make cooperative federalism more than an empty slogan. But again a balance is needed, this time between the degree of mobility required and the element of stability and expertise within an area. Too much mobility can lead to a lack of policy expertise for an area and diminished corporate knowledge. Openness to new ideas and an understanding of relationships with other areas and organisations are valuable, but effective policy making also requires an in-depth knowledge of the policy field. For in-depth policy knowledge to exist some personnel need to have lengthy experience in the area. Such people, if they are to stay, need to have promotion opportunities within an area and feel that their expertise is valued and rewarded; this will not be the case if the appointment of outsiders (whether from outside the service or another area of the service) is preferred as a matter of policy.

Having staff with significant experience in a given area can also assist with citizen centred

government and the transition from policy to administration. The effective involvement of citizens in administration and policy requires that citizens deal with officers who can easily explain policy and procedures to the citizen and who understand the situation and concerns of the citizen – this will require that some of the staff in an area have reasonable experience in that area. Moreover, effective implementation of policy requires a detailed knowledge of how programs are administered in the area and the circumstances that can affect their implementation – this is unlikely without a proportion of staff having reasonable experience in the area.

8. What is happening?

So how are central, Commonwealth and state governments currently responding to the challenge of enhancing strategic policy capability? It is possible to identify a range of interventions which have been launched by governments to enhance strategic policy capability crystallised around strategic, delivery, process, system interaction and capacity development innovations.

Strategic interventions

These constitute attempts to introduce new missions, worldviews, objectives, and rationales which attempt to impact directly on the nature of policy-making (e.g. the Reform of Australian Government Administration process described above). For example, in addition to 'Ahead of the Game' (RAGA, 2009) the Commonwealth Department of Prime Minister and Cabinet (PM&C) has established the Strategic Policy Network (SPN), which meets regularly to discuss strategic policy issues, including better practice methodologies. The SPN, led by PM&C, is developing an online strategic policy resource that will provide APS staff with access to practical policy development tools (DPMC, 2011). The APS 200 Public Sector Innovation Project, sponsored by the Australian Commonwealth Department of Innovation, Industry, Science and Research (DIISR), provides a further strategic initiative to enhance policy capability through promoting innovation in the Australian Public Service (APS). The project is being led by members of the APS 200 (a senior leadership group comprised of Senior Executive Service Band 3 officers and the Secretaries).

A recent attempt in New Zealand to diagnose policy capability weaknesses and recommend improvements is the work of the Committee on Policy Expenditure commissioned by the Government of New Zealand in 2010 and chaired by Graham Scott. The Government has accepted the Committee's recommendations and implementation is underway. In addition, the Ministry of Environment has developed *A guide for developing the craft of policy analysis*, aimed at professionalising policy-making.

The Queensland Department of the Premier and Cabinet has its own Policy Capability and Development Framework which is delivered by the Queensland Public Service Commission,³ as does the Victorian State Services Authority (<http://www.ssa.vic.gov.au/>). It is also worth noting that the New Zealand State Services Commission's Performance Improvement Framework (<http://www.ssc.govt.nz/pif>) and the Treasury Board of Canada Secretariat's Management

³ See <http://www.psc.qld.gov.au/library/document/catalogue/leadership-capability/Policy%20Capability%20Competency%20Framework%20Final%202024%20November%202010.pdf>

Accountability Framework (<http://www.tbs-sct.gc.ca/maf-crg/index-eng.asp>) are deemed to be the international exemplars in this area.

Delivery interventions

These involve new or altered ways of solving policy problems (e.g. evidence based policy-making). For example, the South Australian government has set up a new Service Design Centre to develop alternative delivery systems, under the supervision of a Government Architect, and a similar centre has been set up by the APSC in collaboration with the National Institute for Public Policy at the Australian National University.

Process interventions

*Process interventions refer to the introduction of new internal procedures, and policies for augmenting strategic policy capability (e.g. capability reviews; triple or quadruple bottom-line assessment, or social return on investment of public value assessment). Process interventions can provide for evidence based policy-making. The ACT government, for example, has introduced triple-bottom line assessment to both enhance strategic policy capability and improve the quality of cabinet submissions. Process interventions can also allow for the outcomes of strategic interventions to be evaluated. For example, the APSC's *Capability Reviews Model* focuses on the core activities of 'leadership', 'strategy' and 'delivery'. The elements of the model (see Figure 4 below) describe the attributes against which capability is assessed. This includes:*

- Leadership (*Orange*): Set Direction, Motivate People, Develop People
- Strategy (*Aqua*): Outcome focused, Evidence based choices and Collaborate and build common purpose
- Delivery: (*Green*): Innovative delivery, Plan, resource and prioritise, Collaborating with agencies and Implement recommendations (see <http://www.apsc.gov.au/capabilityreview/index.html>)

The Victorian Public Service has a similar 'Employment Capability Framework' but the British Civil Service's Capability Review Programme remains the international exemplar in this area.⁴

Table 3 above also provides several examples of attempts to measure and apply public value management approaches to enhance strategic policy capability in policy formulation and evaluation.

⁴ See: <http://www.ssa.vic.gov.au/products/view-products/the-vps-employment-capability-framework.html> and <http://www.civilservice.gov.uk/about/improving/capability>.

Figure 4. The APSC Capability Wheel



Source: (APSC, 2012b)

Interventions via system interactions

These refer to new or improved ways of interacting with other actors and knowledge bases to enhance strategic policy capability (establishment of communities of practice, thought leadership seminars, the use of innovation intermediaries etc.). For example, DIISR works in collaboration with the Coombs Forum in the National Institute of Public Policy at the ANU to develop Mind-Labs using design methodology to solve critical public policy problems. ANZSOG was partly set up to facilitate similar activities and has a wide ranging Applied Learning program.

Capacity development interventions

These refer to, for example, the use of postgraduate training, policy skills training programs, coaching and mentoring, with the aim of enhancing strategic policy capability. An example is the APSC's Integrated Leadership System (ILS). Since 1999 the Senior Executive Leadership Capability Framework has become the 'standard' for Senior Executive selection and development within the APS. Building on this framework the ILS has been developed to provide a common language for leadership development in the APS' (APSC: 2012a): 'The ILS provides capability development guidance for individuals and agencies in the form of descriptions and behaviours for all levels in the APS. It contains practical tools for individuals and agencies to chart leadership development' (APSC, 2012a).

9. In Conclusion

If we are to increase the policy capability of government, we need to embed a culture of demand for evidence-based policy-making at all decision points in the policy process. The role of leaders, both political and permanent, in this process is crucial. They can emphasise the importance of evidence by shaping their demands for policy advice in more strategic terms, through placing an emphasis on the medium to long-term. Moreover, the increasing use of TBL, quadruple bottom-line, public value or social return on investment approaches allows for policy-makers to demand that the evidence underpinning any policy proposal would help to foster a more reflexive approach; dare we say it – a strategic learning approach to policy development in tune with the aspiration of public value creation. But if leaders do not show an appetite for long-term strategic thinking and the use of evidence then policy advisors will simply not attempt to offer such thinking, preferring a ‘quick win’ to cope with immediate budgetary concerns rather than achieving policy goals.

The key argument emerging from this report therefore is:

The integration of the world of thought and the world of action through enlightened evidence-based learning founded on strong principles of credible evidence, verifiable theory and the capacity to speak truth to power is the way forward not just because it will help to improve our understandings of administrative and policy subjects but because social progress demands it.

This report also provides an insight into the range of interventions which have been launched in recent times in an attempt to build strategic policy capability. The question that follows is how successful have these interventions been in achieving this objective? What does the achievement of strategic, innovative, outward-looking, evidence-based policy systems look like when you’ve got it?

We refer to systems:

- where policy advisors have the capacity to act and the competences to understand the choices available to them.
- that work beyond the electoral cycle.
- that utilise existing capacity.
- that are proactive to changes in the field of action.
- where there is room for experimentation.
- where innovation is incentivised.
- where the capacity to speak truth to power exists.
- where there are clear accountabilities.
- where policy is effectively integrated.
- where information systems allow for the effective flow of information from the front-line.
- where evidence is freely debated and shared.
- where better practice is shared.
- where there is access to evidence and by implication strong productive working relationships with knowledge institutions.
- where there is effective use of innovation intermediaries.
- that have demand and supply-side incentives to engage in evidence based policy.

And, what indices can be constructed to attribute values in these areas? The simplest approach to take at this point is purely to focus on indices of Reach, Efficacy, Adoption, Implementation, and Maintenance (Vedung, 2000) and to evaluate the existing repertoire of intervention using these indices. This will be the subject of our next report.

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