

Finance and Public Administration Committee

10th Meeting, 2023 (Session 6), Tuesday 18 April 2023

Inquiry into effective Scottish Government decision-making

Purpose

1. The Committee is invited to take evidence from Diane Owenga, Programme Director, The Policy Project at the Department of the Prime Minister and Cabinet, New Zealand, as part of its inquiry into Public Administration – effective Scottish Government decision-making.
2. This paper provides background information on the Committee's inquiry and includes a summary of The Policy Project.

Public Administration – effective Scottish Government decision-making

3. On 6 December 2022 the Finance and Public Administration Committee launched its [inquiry into effective Scottish Government decision-making](#), which seeks to explore the following issues:

- Transparency of the current approach
- Good practice in decision-making
- Roles and structure
- Process and scrutiny
- Information and analysis
- Recording and reviewing decision-making.

4. The Committee appointed Professor Paul Cairney as an Adviser to provide support on its inquiry, which included producing a research paper on decision-making within the UK and internationally, including by Government. Professor Cairney gave evidence to the Committee on this research paper, [What is effective Government?](#) on [14 March](#). This research paper highlights that key to understanding effective Scottish Government decision-making is understanding what effective Government is. It also notes that, while Governments may set out broad principles to describe this, those principles may be contradictory in practice.

5. Professor Cairney describes the different approaches taken to effective Government, including the Scottish Government's approach (or 'narrative'). He highlights the broad lessons to be learned from other Government narratives in the UK, Wales and New Zealand – "In each case, learning *what governments would like to do* is only useful when we learn *what they actually do*."

6. Throughout his paper, Professor Cairney highlights key messages and questions for the Committee to consider as part of its inquiry. An extract of his paper as it relates to the approach in New Zealand is attached at Annexe A.

The New Zealand Civil Service

Workforce

7. In October 2022 the public sector in New Zealand employed around 448,200 people, 18.7% of New Zealand's total workforce (2,393,400), as measured by Stats NZ's Business Demography data. The majority (88%) work in either government departments reporting to Ministers or in health, education, and a variety of other crown entities (395,000). A further 12% work in local government (53,200).¹

8. There are 62,043 people working for the New Zealand Public Service (its Civil Service) who are governed by New Zealand's Public Service Act 2020 (PSA) which:

“provides a modern legislative framework that enables a more adaptive, agile and collaborative Public Service and includes stronger recognition of the role of the Public Service in supporting the partnership between Māori and the Crown.

The key enablers to this are: Public Service culture and behaviour; an updated framework for employment; effective leadership; and a greater range of options for configuring fit-for-purpose Public Service organisations.”²

9. The PSA aims to “ensure a modern, more joined-up and more citizen-focused Public Service” and replaced the previous State Service Act 1988. The PSA was needed as, whilst public service reforms in the 1980-90s had improved individual agency efficiencies, accountability and responsiveness, it had also “fostered silos that made it hard to collaborate and design comprehensive services and solutions for New Zealanders across agencies”.³

Long-term Insights Briefings

10. One of the provisions of the PSA requires government departments to develop and publish – independently of Ministers and in consultation with the public - a Long-term Insights Briefing at least once every three years. Departments choose whether to develop these regular ‘think pieces on the future’ individually or jointly, depending on the topic involved.

11. The purpose of the Briefings is to make available in the public domain “information:

- about medium and long-term trends, risks and opportunities that affect or may affect New Zealand and New Zealand society, and
- impartial analysis, including policy options for responding to those matters.”⁴

12. The Briefings provide an opportunity for the public service to look over the horizon and enhance public debate on long-term issues. This means that the public can contribute to future decision-making, helping to collectively, as a country, think about, and plan, for the future.⁵

¹ [Workforce Data — Workforce size - Te Kawa Mataaho Public Service Commission](#)

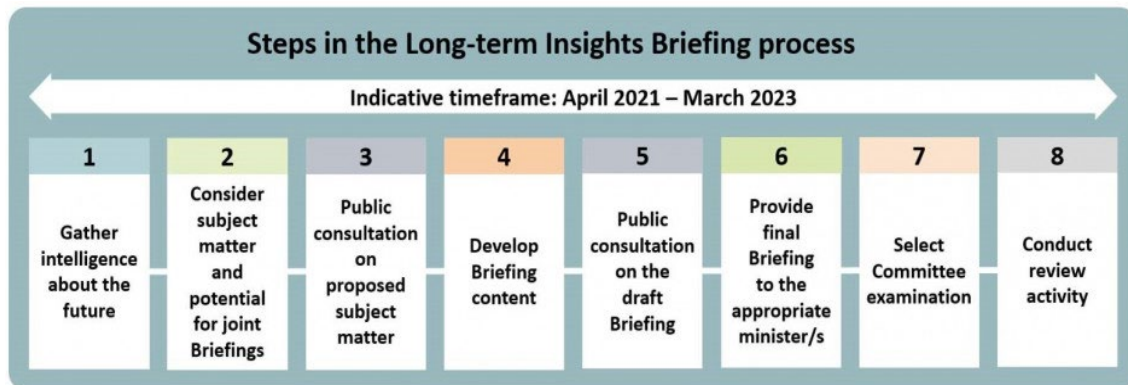
² [An overview of the changes - Te Kawa Mataaho Public Service Commission](#)

³ [Public Service Act 2020 reforms - Te Kawa Mataaho Public Service Commission](#)

⁴ Public Service Act, Schedule 6, Clauses 8.

⁵ [Long-term Insights Briefings | Department of the Prime Minister and Cabinet \(DPMC\)](#)

13. Government departments follow an eight-step process to develop a Long-Term Insights Briefing as follows:



14. In May 2022 the Governance and Administration Committee at the New Zealand Parliament [published an interim report](#) in which it “sets out what we have learnt so far, and our expectations of other select committees when considering Long-term Insights Briefings that are referred to them”.

15. In the first round of Briefings, which commenced on 7 August 2020 when the PSA came into effect, 28 departments are producing 19 Briefings. As at 12 April 2023, 12 of those have been tabled in Parliament and published, with seven awaiting completion of the process. The Policy Project will lead the review activity in the coming months, and then update the Long-Term Insights Briefings guidance as necessary.

16. Other developments for the New Zealand Public Service include the [proactive publication of Cabinet Papers](#). Under this policy “all Cabinet and Cabinet committee papers and minutes must be proactively released and published online within 30 business days of final decisions being taken by Cabinet, unless there is good reason not to publish all or part of the material, or to delay the release beyond 30 business days.” An example of proactive release is the Cabinet Paper which proposed [Strengthening Proactive Release Requirements](#) – published 10 business days after Cabinet decisions were made on it.

The Policy Project in New Zealand

Background

17. As explained on [its website](#), in 2014 the Head of the Policy Profession (HoPP) for the [New Zealand Public Service](#) began an initiative, at the behest of his senior leader colleagues, intended to improve the policy system. This initiative grew into ‘The Policy Project’, which was co-funded initially by larger and medium-sized government agencies with a policy advice function on a year-by-year basis. It is now fully funded directly by all public service departments, with contributions based on the size of the policy workforce each employ.

18. The HoPP is a public service post created in 2014 by the State Services Commissioner in New Zealand and allocated by him to an existing senior leader (currently the Chief Executive of the Department of the Prime Minister and Cabinet).

The objective was “to provide stronger leadership to those parts of the public service responsible for providing policy advice”. The HoPP is responsible for improving the policy system – that is, its capabilities, systems, processes and standards – and thereby helping improve the outcomes that they contribute to. These include higher quality policy advice, better government decisions, and better outcomes for people in New Zealand. Responsibility for the content of advice on specific policy issues remains with relevant government departments and their chief executives.⁶

19. There are three Policy Improvement Frameworks - on Quality, Skills and Capability (see Annexe A for more information) – which are used to foster improvements across all relevant organisations. As part of the assessment of the standards of advice provided by the Public Sector, each year, a sample of policy advice papers is assessed by a panel (internal or external), who score them using a scale based on the Policy Quality Framework – with the results being reported in their Annual Report. The information gained about strengths and areas for development is also used to plan for future improvements in delivery of policy advice.

20. An example of this approach in practice can be seen in the New Zealand Treasury Annual Report for the year ended June 2022⁷ in which it explains that it assessed the quality of its papers by using a Quality of Policy Advice Panel and independent review. The Annual Report also included the following table on the quality of its policy advice.

Measure*	Standard	Result
Papers with a score of 3 or more	80%	69%
Papers with a score of 4 or more	20%	17%
Average score of assessed papers	3.5	3.2

*(Measures relating to the quality of policy advice papers have been assessed based on the first three quarters of 2021/22.)

21. The second mechanism used to assess the usefulness of policy advice services to Ministers is [a Ministerial policy satisfaction survey](#). The Minister’s responses to the survey are subject to the Official Information Act 1982. The survey is used for:

- external accountability – agencies with a policy appropriation are required to include in their Estimates a Ministerial satisfaction score and report their actual performance in their next annual report using the Ministerial Satisfaction Survey; and
- performance improvement – agencies use the results of the survey to improve the way they engage with their Minister.

22. Allen + Clarke Policy and Regulatory Specialists⁸ performed an interim evaluation of the Policy Project from March to September 2021. Its [Overview of the](#)

⁶ [The Head of the Policy Profession | Department of the Prime Minister and Cabinet \(DPMC\)](#)

⁷ <https://www.treasury.govt.nz/publications/annual-report/2022-html#section-8> (Section 2)

⁸ [Home | Allen + Clarke \(allenandclarke.co.nz\)](#)

[interim evaluation of the Policy Project](#) presents a summary of the findings and recommendations, as well as details about the purpose and methodology.

23. The interim evaluation was commissioned in late 2020 by the HoPP, when it was decided that the Policy Project was at an appropriate point in its life to undergo such a review. This reflected an expectation at the Policy Project's creation in 2014 that the culture change needed to improve the system would take around a decade. The interim evaluation found that:

- There is some evidence that mandating the Policy Quality Framework across the policy system is prompting some agencies and individuals to critically assess their policy outputs and make changes to facilitate improvement.
- There is also a small amount of evidence of shifts in policy quality, including examples of changes in policy practitioner practice after engaging with the Policy Project and agency improvements in the annual policy quality assessment rating.
- There are other drivers of changes in the focus on, and quality of policy advice including ministerial and agency leadership.
- There is a need for the Policy Project to continue to: bolster and socialise resources which resonate for different policy contexts and for policy; and find ways to work within the challenges and barriers inherent in the current policy system, such as the fast-paced nature of policy work and the difficulties of changing entrenched behaviours.

24. The Policy Profession Board accepted in principle all interim evaluation recommendations and are now considering how best to take them forward.

Committee inquiry: written and oral evidence

25. The Committee [received 28 submissions](#) to its inquiry call for views and SPICe has produced a [summary of that evidence](#).

26. In evidence to the Committee on 14 March, Professor Cairney explained that the written submissions highlight a two-part story—

“First, there should be clearly defined steps or stages to making decisions, and Governments should use well-established and rigorous decision-making tools. Lots of the submissions call for some kind of systematic policy making in theory. An absence of systematic policy making in practice was identified.”

27. At its meeting on 28 March the Committee took evidence from Audit Scotland, Carnegie UK and the Fraser of Allander Institute. A [range of issues were discussed](#) including:

- the importance of clarity of purpose at the start of policy development and clarity over what is to be achieved (without which value for money assessments can be hard to make);
- Governments can be good at being accountable for some particular targets and outcomes (which can in turn incentivise good or bad culture and behaviour) but less so when it comes to how the decision was arrived at;

- good decision-making processes exist in Government but capacity issues and speed of decision making makes prioritisation and following those processes challenging. It also favours decision-making focussed on firefighting rather than addressing longer term challenges and squeezes the time for data analysis and identification of data gaps at the start of policy development.
- cross-cutting issues need collective accountability, which is challenging to deliver especially when different departments are at different stages of journey in policy development. Whilst different processes between policy areas may be reasonable, there is a need for an overall framework in which challenge happens (on a proportionate basis).
- in relation to transparency there is a difference between 'discourse' and recording the outcome and why. Greater transparency is needed over the risks faced at the start of policy development and record-keeping works well when it is integrated into the process.

Engagement

28. The Committee has also undertaken engagement with former Ministers, former special advisers and former civil servants and summary notes from the discussions on [28 February](#) and [14 March](#) have been published, with others to follow.

Next steps

29. The Committee will continue to hear evidence from witnesses at its meetings on 25 April and 2, 9 and 16 May.

Committee Clerking Team
April 2023

Extract from Report: What is effective decision-making?**By: Professor Paul Cairney****Government accounts of effectiveness: the New Zealand Policy Project**

The New Zealand Policy Project states that:

‘Great policy advice is the foundation of effective government decision making. It underpins the performance of the economy and the wellbeing of all people in New Zealand. The Policy Project is about building a high performing policy system that supports and enables good government decision making’.

To that end, it seeks to:

Foster an ‘active policy community’ to share ‘best practice’

- ‘Policy system’ leadership, overseen by the head of the Policy Profession and chief executive of Department of the Prime Minister and Cabinet,
- supported by the Policy Project team, a ‘policy leaders’ network, and a network of ‘policy capability leads’ to focus on improving the quality of policy advice.

Collaborate to ‘produce change at the system level’

Three frameworks foster improvement across all relevant organisations:

- The [Policy Quality Framework](#) established common standards on ‘what good quality policy advice looks like’, to be used by (1) practitioners to improve their practices, and (2) agencies to report on their performance.
- The [Policy Skills Framework](#) identifies essential skills and knowledge, used by individuals to gauge their skills or managers to evaluate their team’s capacity.
- The [Policy Capability Framework](#) defines high performance with reference to ‘people capability, stewardship (investing in future capability), systems and processes for delivering quality advice, and being customer-centric’.

Promote ‘common standards’

It [promotes ‘accountability and transparency’](#) by ensuring that (public sector) policy agencies administer the Policy Quality Framework. Agencies use it to set a numerical target for the ‘quality of their policy advice’ then reflect on performance. Their ‘quality of advice assessment panels’ produce the scores, including their ‘ministerial policy satisfaction score’ determined from a survey of ministers. Their annual reports describe ‘the quality of their policy advice and the satisfaction of their minister/s with the policy support provided by the agency’. Agencies use the process to learn and improve performance.

Chart 4: The Policy Project ‘Policy Quality Framework’

Source: The Policy Project, 2020



Foster continuous learning

The [Policy Methods Toolbox](#) describes how to:

- Start projects
- Use behavioural insights
- Use design thinking ('human-centred', 'co-design and participatory design')
- Foster participation or community engagement
- Engage in 'futures thinking'
- Incorporate the 'Te Tiriti of Waitangi/Treaty of Waitangi' into policy work.

A collection of '[policy advice themes](#)' helps projects to progress, while a repository of [case studies](#) helps policymakers to learn from each department's experience. Make an honest assessment of policy reform initiatives (to aid improvement).

A key part of such projects is to focus as much on failures (or obstacles to progress) as much as success to foster continuous improvement and ward off complacency. To that end, Mazey and Richardson's (2021) edited book brings together academics and practitioners (including former ministers and their advisers) to spark debate about what has gone well and badly in New Zealand, as part of 'the never-ending search for better public policies' (Key, 2021: 16). The editors list unresolved failures including:

'we have a long-standing housing crisis, increasing levels of child poverty and inequality, lower productivity levels and wages than comparable countries, declining educational standards, grossly polluted waterways and failing infrastructure. We could go on' (Mazey and Richardson, 2021: 23).

Their explanations for failures include that governments: (1) face complex problems that are not amenable to simple solutions or even agreement on what to do, (2) tend to react superficially to problems rather than anticipating them, (3) do not learn and reform in the scale proposed by the Policy Project, (4) produce policy legacies that undermine change (such as a road infrastructure that is unhelpful to climate responses), and (5) produce inevitable unintended consequences during implementation. Individual chapters raise unresolved issues including:

1. New Zealand's reputation for consensus politics is either (a) misleading and superficial (in relation to Māori and Pacific communities), or (b) an impediment to rapid policy changes.
2. A series of policy disasters exposed the limits to government action in the short term and the lack of a long-term approach in government.
3. There remain problems in relation to silo working, poor central coordination, and the patchy use of evidence.

Similarly, Berman and Karacaoglu's (2020) edited book compares high aspirations with mixed success. The former head of the Policy Profession describes (1) a 'small, relatively well country' and a 'fleetness of foot' that required high quality advice and policy, but also (2) 'short-termism' and a lack of trust (to share ideas and reflect on failure in public) associated with partisan elections every three years (Kiblewhite, 2020: xi-xii). Kiblewhite (2018: 7-11) identifies challenges including: to 'upskill' the

profession, diversify the profession, improve public participation, enable 'frank advice' to ministers, and build long term capacity.

Take home message: Do not focus only on success stories. Compare *what governments would like to do* with *what they actually do*. Identify good practice and reflect on barriers to effective government