

EVALUATING POLICY ADVICE

Richard Elvins

Elvins Consulting Pty Ltd
www.users.bigpond.com/Elvins.Cons.htm
Elvins.Cons@bigpond.com

INTRODUCTION

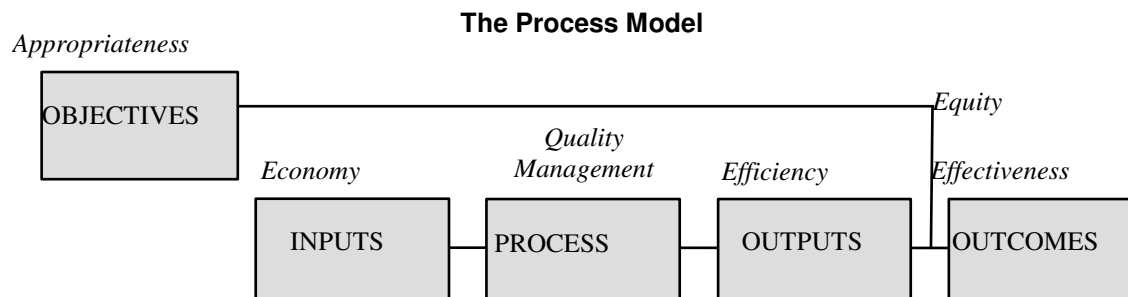
As policy advice is a key output of government departments and agencies it is essential to routinely evaluate the provision of policy advice in order to measure performance and satisfy accountability requirements.

There are particular difficulties in evaluating policy advice and measuring performance. The policy advice function in government has few parallels in the private sector to draw upon. Policy advice is shrouded in politics, causing the measurement of performance to be dictated by real, or perceived, political sensitivities.

The policy advice function also has its peculiarities, most of which originate from the nature of its customers (most of whom are in the political realm), difficulties in linking policy advice outputs to organisational outcomes, the pervasive nature (ie. diverse sources) of its delivery, and the political context within which it is invariably conducted.

THE TRADITIONAL PERFORMANCE SCHEMA

Before commencing this meta evaluation we need to set the evaluation of policy advice within the characteristic performance schema (derived from the Process Model of production) shown in the diagram below.



There are very distinct meanings for both the elements of the model and the performance criteria (OECD, 1994).

Elements of the Model

OBJECTIVES (or goals) are the intended outcomes of a program

INPUTS are the resources used in producing outputs, such as people, facilities, or cash

PROCESSES (including activities) are the things which are done to produce outputs

OUTPUTS (or deliverables) are the goods and services produced to achieve objectives

OUTCOMES are the impacts or external effects on the community as a result of producing outputs

Performance Criteria

ECONOMY is simply the minimisation of INPUTS

QUALITY MANAGEMENT is a system for measuring process improvement according to predetermined quality CRITERIA

EFFICIENCY is the minimisation of INPUTS in producing a SET LEVEL OF OUTPUTS

EFFECTIVENESS is a measure of the achievement of OBJECTIVES, (ie. the relation of OUTCOMES to intended outcomes)

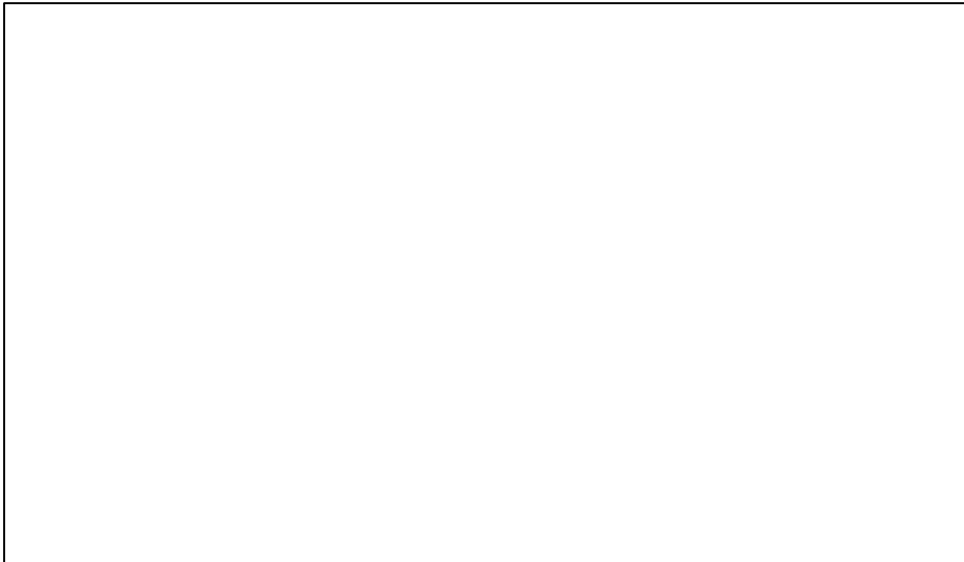
(*EQUITY* is an effectiveness measure, which is sometimes considered to have a dimension of its own. *APPROPRIATENESS* is not a performance measure, but is an important status measure in program evaluation.)

It is important to understand that *efficiency relates to outputs* and *effectiveness relates to outcomes* (Elvins, 1998). We need to also understand whether the policy advice we are evaluating is an output or an outcome, and if it is an output, what type of output it is.

TYPES OF OUTPUTS

The following diagram distinguishes between the *Outputs* in the formal Output Structure, *Sub-outputs* and *Intermediate Outputs*.

Policy Advice Outputs, Sub-outputs and Intermediate Outputs



THE NATURE OF POLICY ADVICE

Policy advice may be an output, sub-output or intermediate output, and in some cases could be an outcome. Performance measures for policy advice, therefore mostly measure efficiency, and in some cases measure effectiveness. Policy advice outputs can be provided to both internal and external customers.

Policy advice can be produced by discrete policy advice units within public organisations, or through pervasive, less formal policy functions performed in operating units. It is also provided by external sources such as private sector or academic “think tanks” political party processes, or policy stakeholders.

The performance of the provision of policy advice is difficult to measure, because the correlation of policy advice outputs with the organisational outcomes to which they contribute, and the definition of the type and source of policy advice outputs and the attachment of accountabilities, are problematical.

OUTCOME/OUTPUT CORRELATION

These difficulties are illustrated by the experience of the Department of Education, Victoria, whose intended outcomes are:

- a literate and numerate community
- graduates who meet the needs of the economy
- a skilled workforce
- socially and culturally aware citizens
- lifelong learning

- ‘best in class’ service delivery

The specific policy advice outputs in the formal Output Structure of the Department produced for external customers, including Ministers, are:

- Services to the Ministers
- Department-wide Strategic Policy Advice
- Strategic Directions for Schools & Support for Boards
- Strategic Directions for TAFE & ACE including Support for Boards
- Strategic Directions for Higher Education

The difficulty in correlating these high level outcomes with outputs of this nature is obvious. Relationships will inevitably be “many to many” and in most cases be inferred.

EVALUATING POLICY ADVICE - CASE STUDY

Policy Advice Performance Measures in Victoria

This case study analyses the experience of one Australian state in setting performance measurement targets for policy advice across Government. A sample of policy advice performance measures from the Victorian Budget papers 1998-99 will be discussed within the terms of the performance framework, with typical measures for a policy output in the Department of Treasury and Finance coming under greater scrutiny.

Government Performance Measurement Framework

Output Management Framework

The Government requires Departments to categorise their output performance measures into quality, quantity, cost, and timeliness measures and set targets, using time series comparisons, quality specifications or standards, benchmarks and/or ‘best in class’ comparisons.

Examples of published policy advice output measures which fit these categories are:

Quality Measures

Performance Measure	Unit	Target
Customers satisfaction ratings of services provided	level	high
Minister’s satisfaction with quality & timeliness of services	level	high
Client satisfaction with quality & timeliness of advice	level	high
Policy briefs returned for clarification	per cent	<10
Client Feedback of satisfaction with regulation reform advice	per cent	>90
<i>Annual Customer (Ministers) satisfaction survey</i>	<i>per cent</i>	<i>80</i>
<i>Quarterly peer review assessment</i>	<i>per cent</i>	<i>80</i>
Survey of Members of Parliament satisfaction levels	per cent	75
Accuracy of procedural advice provided	per cent	100
Corporate & pricing proposals meeting Govt objectives	per cent	100
Policies endorsed by Government	per cent	100
National policy reflects Victoria’s position accepted by Govt	per cent	100
Projects completed against agreed plans and timeframes	per cent	100

Timeliness Measures

Performance Measure	Unit	Target
Agreed timelines or milestones met	per cent	95
<i>Minister receives advice in time to meet agreed milestones</i>	<i>per cent</i>	<i>80</i>
Agreed milestones met (Treasurer/Minister satisfaction)	per cent	80
Advice on issues – provide on a timely basis	per cent	90
Agreed timelines, milestones or schedules met	per cent	90
Responses to requests for briefs within agreed timelines	per cent	95
Advice meets milestones	per cent	95
Advice provided in accordance with the timeline of Ministers	per cent	100
Completion of policy review projects in agreed timeframes	per cent	100
Briefings: deadlines met	per cent	100
Advice provided within timelines	per cent	100

Quantity Measures

Performance Measure	Unit	Target
Agreed timelines or milestones met	per cent	95
Completion of reviews and proposals identified	per cent	100
Advice on issues	number	505
Policy and implementation briefs/issues addressed	number	1,600
Policy briefs/issues addressed	number	220
Policy briefs provided and completed instructions	number	600
Policing matters and the strategic services	number	850
Briefs provided to Members of Parliament	number	300
Capacity for Ministerial briefings	number	400
Capacity to provide advice	staff hours	113,859
<i>Expertise and knowledge to deliver strategic policy advice</i>		<i>na</i>

The four italicised measures apply to the Department of Treasury and Finance output “Strategic Policy Advice” for 1998-99.

Critique of the measures

Evaluation Criteria

Technicality -

Do the measures actually connote performance? Is it obvious whether a particular result, deviation or trend is good or bad performance?

Measurability -

Is measurement possible? Does data exist? Is there an instrument in place to collect the data? Are tools, resources and expertise available to analyse the data?

Utility -

Can the measurement result be used to inform decision making and/or improve performance?

Evaluation of the Quality Measures

The quality measures are generally poor, although some of the client satisfaction measures could be acceptable. Those which target “high” or “100%” satisfaction are worthy goal statements, but are meaningless performance measures, as they are most likely to be unachievable, and if unmet, do not give any information on how well, or how badly, the organisation has performed in attempting to achieve its target. These measures fail the *technicality* and *utility* tests.

It could be expected that few of these measures pass the *measurability* test. This includes some of those client satisfaction measures which are technically sound and produce useable results. Measures of client satisfaction rely heavily on well designed, representative, periodical satisfaction surveys, which require significant resources to set up and carry through. It could be expected that survey instruments have not been set up, or that data is not collected, for a good proportion of these measures.

Quality measures are usually the best measures of performance, as quality is usually the most important commodity sought by customers. In the case of policy advice these measures should be the most important. The client satisfaction measures, which are supported by a well designed rating scale, a well framed survey instrument, and realistic and meaningful targets, provide acceptable performance information. At least four of the quality measures in the table appear to meet these conditions.

Evaluation of the Timeliness Measures

Timeliness measures are the easiest to set up and monitor, but although they are generally useful, their value in influencing decision making and management improvement is limited. Some of the measures in the table are good timeliness measures. However, those which target “100%” compliance are worthy goal statements, but are meaningless performance measures, as they are most likely to be unachievable, and if unmet, do not give any information on how well, or how badly, the organisation has performed in attempting to achieve its target. These measures fail the *technicality* test.

There are also targets which appear to be set too low (eg. Ministerial advice on time 80%) and are unlikely to meet true customer expectations. Taken together, these measures also fail the *utility* test.

All these measures satisfy the *measurability* test as timeliness data is usually readily available through recording and diary systems.

The good timeliness measures in the table, which pass each of the three tests, are those requiring 90 or 95 percent compliance with set milestones, timelines or schedules. The important point here is that they must be “set” (ie. documented and understood). It could be expected that not all these apparently acceptable measures are supported by “agreed” timelines which have been set by, and understood by, the customer.

Evaluation of the Quantity Measures

Quantity measures are the least useful, and most easily manipulated performance measures. It can be argued that they do not measure performance at all, but only measure “contract compliance”. That is, they provide basic information on the level of output production, but cannot provide information on how well outputs have been provided. This is born out by the measures in the table which all fail the *technicality* test in that they do not connote performance. It is uncertain whether they represent a maximum number of cases to be handled in the time period or whether the achievement of a set volume of cases is desirable. Also, volume needs to be offset by the amount of effort spent on each case. None of these considerations are evident in the way the measures are described. Because of these vagaries all these measures fail the *utility* test.

All these measures, however, pass the *measurability* test because data should be readily available in all cases.

The *capacity to provide policy advice* measure is an interesting exercise in using an input measure as a surrogate output measure to measure preparedness. However, it fails for the same reasons which apply to all the others.

The Strategic Policy Advice Output in Victorian Treasury

The four italicised measures in the tables are the published output performance measures for the “Strategic Policy Advice” output for the Department of Treasury and Finance, Victoria for 1998-99.

The two quality measures are acceptable, and pass each of the three tests. The timeliness measure has a low target and may not pass the utility test, however it passes the other tests. The Department did not offer a target for its quantity measure which was intended to measure its capacity to provide advice – a preparedness measure. Whilst this surrogate output measure may be applicable for functions such as defense, it has doubtful relevance to Treasury. The Department appears to share this view as this measure was abandoned for 1999-2000 without being used.

The advantage of examining the measures for this one output is the recognition that the measures supplement each other, and when viewed collectively, provide a broader picture of output performance. The expectations of the major customer, the Minister, are known, in terms of quality standards, and timeliness. An assessment has been made to quantify the expertise and knowledge required. A system of quarterly peer review has been instituted to monitor the process. Objectives, inputs, process and outputs all receive attention within the suite of output performance measures used to measure the provision of this output.

This output is a formal output in the Department’s output structure. Progress on attaining the output performance measures is reported to Government on a quarterly basis, and the result is published in the annual State Budget. There are also discrete policy advice functions at lower levels in public organisations which would be equally suited to the performance monitoring regime applicable to “formal” outputs in Victoria.

It is worth stressing again that the difficulty is in relating the contribution of policy advice to Department outcomes. This would be equally as difficult in the Department of Treasury and Finance as in the prior example at the Department of Education.

CLIENT SATISFACTION MEASURES?

It is fashionable to denigrate the use of client satisfaction measures which are claimed to have failed to live up to expectations. This has resulted from the way that the technique has been applied rather than any inherent failings.

Essential prerequisites for the successful use of client satisfaction surveys are:

- a clear understanding of what is being measured and what the results are to be used for
- well framed, easily comprehended questions, supported by guidance material
- a well designed rating scale which differentiates good and bad performance
- skills in data compilation and analysis
- a simple way to present the results

The survey question and the rating scale below, which meet these prerequisites, have been used successfully in the evaluation of policy advice:

Scale for Measuring Policy Advice

On a scale of 1 to 5 (1 being very dissatisfied and 5 being very satisfied) how would you rate your satisfaction with the Department's policy advice on key issues?

1	2	3	4	5
Very dissatisfied ↘	Dissatisfied ↓	Slightly dissatisfied ↙	Satisfied ↘	Very satisfied ↙
			Acceptable	

The results from this survey have been presented in the following way:

Policy Advice Measures			
Performance Measures	Type	Unit	Target
Satisfaction with policy advice as measured by satisfaction survey	Quality	Scale 1-5	4>
Timelines published in work schedule met in at least 90% of cases	Timeliness	Y/N	Y

The target could also be expressed as 80%, but it is better to directly relate it to the wording of the question and the scale. If there is more than one respondent the result could be expressed in fractions or as a percentage (eg 4.3 or 86%). In the case of the timeliness measure it is best to build the performance standard into the description of the measure and, in the interests of simplicity, express the target as a binary condition.

LINKAGES TO OUTCOMES?

The difficulties of output/outcome correlation have been discussed previously. It has also been mentioned that on some rare occasions outcome measures may be available for policy advice.

The Department of State Development in Victoria has an Output Group entitled “Strategic Leadership” which contains the Outputs: “Policy Advice” and “Policy Leadership”, which is intended to identify “issues of key importance to the long term economic development of Victoria”. Each of these outputs has the performance measures: “advice meets quality standards” and “agreed timelines or milestones met”.

A Key Government Outcome (or objective) which attaches to this Output Group is: “Strategic Economic Leadership”. In the case of these two outputs there is congruence between the output and the Government objective. Policy advice and policy leadership directly assist Ministers in providing strategic economic leadership. In this case the published output performance measures are surrogate outcome measures.

Even in cases where this relationship is not as clear the contribution of policy advice to outcomes can be inferred. For instance, in the Treasury example the affects of the Department’s strategic policy advice on the Government objectives of “a sustainable budget surplus”, “value for tax payers dollars”, “a competitive economy”, and “economic growth”, could in most cases be inferred.

While it is a worthy objective to create better linkages between output performance measures and organisational outcomes the task is difficult and may not be worth the effort.

CONCLUSION

The same could be true of the evaluation of policy advice performance measures themselves. Organisations need to critically analyse the potential for achieving meaningful results, and the benefits for decision making and management improvement. If the evaluation of policy advice cannot be done properly, it may not be worth doing at all.

References

- Alford J (1992), *Performance Monitoring in the Public Service: A Review of Review of Concepts, Developments and Issues*, The Graduate School of Management, The University of Melbourne, Working Paper No. 9
- Comptroller General, Canada (1991), *Measuring and Monitoring Program Performance*, Comptroller-General
- Congressional Budget Office (1993), *Using Performance Measures in the Federal Budget Process*, US Congress
- Department of Treasury and Finance, (1997), *Output Specification and Performance Measurement*, Department of Treasury and Finance, Victoria
- Elvins R C (1995), Program Evaluation in the Budget Sector in Victoria, in Guthrie J, *Making the Australian Public Sector Count in the 1990's*, IIR Publications
- Elvins R C (1997), *Output Performance Measures*, paper to conference *Managing Outputs and Outcomes within a Purchaser/Provider Arrangement*, IQPC, 3 December 1997
- Elvins R C (1998), *Performance Measurement and Evaluation: The second time around*, in proceedings of 1998 Australasian Evaluation Conference, Australasian Evaluation Society, Melbourne
- Elvins R C (1999), *Linking Policy Advice Outputs to Government Outcomes*, paper to conference *Performance Measures for Policy Advice*, IQPC, 19 April 1999
- Government of Victoria, (1998), *Budget Estimates 1998-99; Budget Paper No. 3*
- National Performance Review (USA) (1997), *Serving the American Public: Best Practice in Performance Measurement, Benchmarking Study Report*, National Performance Review
- OECD (1994), *Performance Management in Government: Performance Measurement and Results-Oriented Management*, Public Management Occasional Papers No.3 1994, OECD, Paris