Making better decisions to get better outcomes: Evaluation as a pillar of performance management

Background

The question: "How is the government going?" is never far from the headlines and politicians are always keen to convince the public of their achievements – especially around elections. Annual reports can be filled with lists of activities carried out and amounts of moneys allocated, but increasingly, the public wants to know not only what happened, but what has been the benefit of the choices made.

Governments internationally are expected to be more accountable both for solid financial administration and for achievement of outcomes. With constant pressures from the public for more services, the government needs to know – and be able to show – that programs are achieving results, so that resources are optimised. Yet that of course, is much harder than it sounds – especially for human service programs where rational decisions need to be made about the type of service, who it goes to and for how long. Governments have to be wary of unintended negative consequences triggered by well-meaning policy and service responses. For example, at what point does a support service result in dependency and inhibit rather than bring about the long term goal. It is only with sound performance management information that the government can keep across all of the competing interests and carefully prioritise its attention to the areas with the highest risk and/or the highest benefit.

In the past four years, the Queensland government was faced with two very public attacks on their credibility that led to major inquiries – firstly in regard to child protection and secondly in regard to health and particularly hospital services. The inquiries showed that there were serious gaps in both service delivery and management of performance through the organisations.

Service Delivery and Performance Commission

In conjunction with a mini-budget in October 2005 to provide a rapid response to hospital service problems, the government established the Service Delivery and Performance Commission. The Commission was legislated to undertake performance management reviews of government departments and functional reviews determined by the government. The premise was that if agencies were well-equipped to manage their performance, they would control the use of resources more effectively. Government would then be given better information about services and have the capacity to plan ahead rather than responding to crises.

The Commission was set up under its own legislation as an independent authority reporting directly to the Premier, for a period of five years. During that time, the Commission's task is to review the service delivery and performance management of all state government departments (24). In addition, the Commission is to undertake functional reviews which cut across several departments on whole-of-government issues such as purchasing, information and communication technology, regulatory reform and the efficiency of commercialised business units[1].

The Commission is separate from the Queensland Audit Office which continues to undertake and be responsible for external audit functions. Commission reviews are tabled in Parliament and the Commission is required to provide a report annually on the performance of departments. The Commission itself will be evaluated in its third year of operation.

Service Delivery and Performance Management Reviews

The Performance Management Review Framework[2] developed by the Commission focuses on the processes and structures that are required by well-functioning organisations in order to deliver quality services to the public and produce the outcomes required by the government.

The Commission has an educative role across the public sector and its goal is to improve the performance of agencies. Reviews are undertaken collaboratively with the agency, based on a core time of three months for consultations, data analysis and preparation of a draft report. One or two staff members from the agency are seconded to the review team and act as a conduit for information from the organisation and interpreter following interviews. Following the consultation phase, findings are worked through with the senior executive.

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[1] For example, GoPrint, QFleet and Shared Services provide services respectively for printing, car purchase and management, and financial and administrative services.
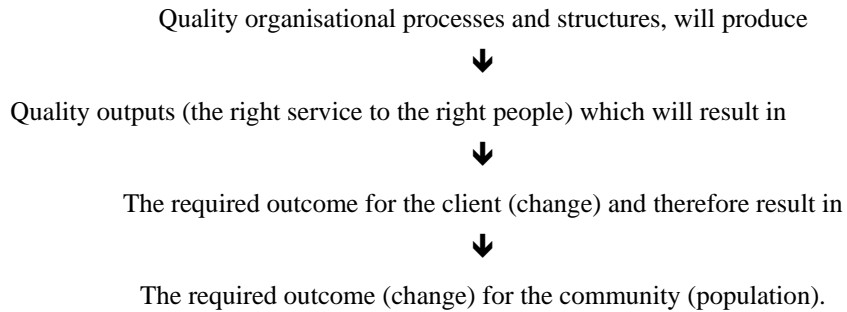[2] http://www.thepremier.qld.gov.au/sdpc/library/pdf/Performance_Management_Review_Framework.pdf

Performance Management is viewed broadly as covering all aspects of the running of the business based on the OECD definition:

> Performance management is defined as a system, integrated with organisational strategic management, performance information, evaluation, performance monitoring, assessment, and performance reporting (OECD, 2002).

Program logic
The premise behind the framework is that:

Quality organisational processes and structures, will produce

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Quality outputs (the right service to the right people) which will result in

⬇

The required outcome for the client (change) and therefore result in

⬇

The required outcome (change) for the community (population).

Elements of Performance Management
The Performance Management Review Framework is centred on six elements.   These were identified through an examination of a range of organisational performance frameworks for the private and public sector[3].
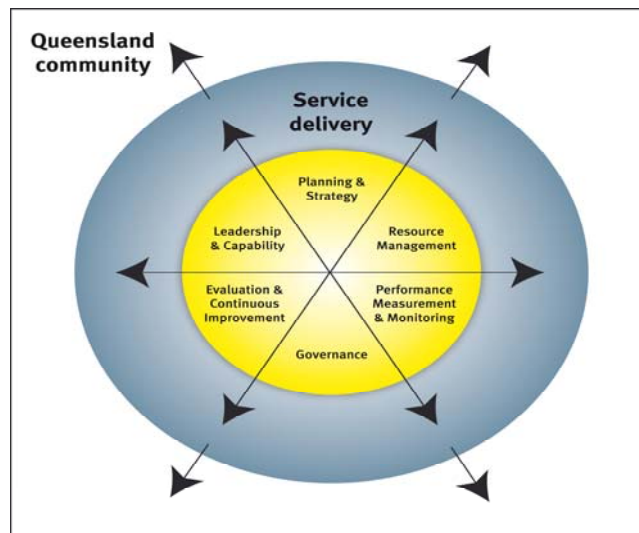
Thus, the premise is that an organisation performs well when it:
- Plans what it does
- Manages its resources
- Measures what it is doing and checks on progress
- Makes well-informed decisions
- Finds out if services work and continuously makes them better
- Leads change and develops capability internally and externally

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[3] Australian National Audit Officer (2003)
Cook (2004)
Office of the Auditor General Canada (2000)
Organisation for Economic Cooperation and Development (2004)
SAI-Global (2004)

Process of a review[4]
Reviews are undertaken using the following steps:
(i)   preliminary research involving a desk-top review of the main corporate documents
(ii)   establishing the scope of the review and particular issues to be addressed
(iii)   briefing by the agency's senior executive and eliciting a comprehensive array of documentation for analysis
(iv)   broad consultation including surveys and interviews with officers at a range of levels in regional and central offices; state, local and federal government agencies; industry, peak bodies and funded organisations
(v)   issues papers identifying strengths and weaknesses for each element and draft recommendations for feedback and further discussion by the senior executive
(vi)   completion of the final report which includes an analysis of the agency's efficiency and effectiveness
(vii)   development of an action plan for the recommendations, with quarterly reporting of milestones
(viii) presenting the findings and the intended actions to staff, jointly with the senior executive.

How can you use the performance management review framework to see if your organisation is on track?

The performance management review framework is based on a hierarchy of features that are generally assumed to be necessary for well-functioning organisations – particularly those in the public arena. However we are yet to evaluate the framework to see whether all of these features are needed in order to have better service delivery, or whether there are additional features required.

• Internal focus	→	outward focus
• Systems	→	clients
• Isolated	→	aligned
• Inputs	→	outcomes
• Conformance	→	performance
• Reactive	→	proactive, planned
• Limited evidence	→	comprehensive data
• Limited communication	→	vertical, across, external
• Customer control	→	engagement, responsive

Levels of maturity
The framework defines four levels of maturity.

✓   **Beginning**   **Basic compliance and conformance with statutory requirements**
                                               Knows the rules and obeys them

✓✓   **Developing**   **Sound supervision and monitoring systems**
                Competency   *Can show the organisation does what it says it will; uses the information for decisions*

✓✓✓   **Embedded**   **Sound performance management practices drive business**
                                               Can show where it is improving and why; uses information to get better   results for clients

✓✓✓✓ **Leading**   **Proactive – use internal and external data to plan for and actively ensure outcomes are achieved**
                                               Can show others how to improve; Uses information to get better results for the community

A set of assessment criteria[5] shows the types of evidence expected at each level for the six elements.   Organisations can use these criteria as a self-assessment tool.

The Commission has set itself a performance indicator of the number of departments that are at or above a level 3 maturity.

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[4] http://www.thepremier.qld.gov.au/sdpc/library/pdf/Performance_Review_Guidelines_Sept_2006.pdf
[5] http://www.thepremier.qld.gov.au/sdpc/library/pdf/Review_Assessment_Criteria.pdf

What level of maturity is your organisation for evaluation and continuous improvement?

Evaluation and Continuous Improvement is *the process that enables formal reflection and measurement of program activities and outcomes in order to improve service delivery and performance.*

This element considers:
- the level of evaluation and review activity evident across the agency
- the use of findings from evaluation and review activity for continuous improvement
- the organisation's approach to supporting a culture of continuous improvement, and
- the ability to detect performance problems and implement corrective action in a timely way

The Assessment Criteria are in Attachment 1.   To undertake a self-assessment, the senior executive of the organisation would be well advised to sample views across the organisation and include external views of partners, service providers and clients.

For evaluation at:

Level 1   Evaluation and review activity tends to be infrequent and ad hoc. The organisation typically conducts evaluations or review activity as a response to problems as they are arise.

Level 2   Evaluation and review activity is undertaken in areas of the organisation. Progress is monitored and the organisation checks that recommendations are implemented

Level 3   Evaluation and review activity is a valued part of business across the organisation. Findings are openly disseminated and used to inform decisions and improve performance.

Level 4   The organisation is recognised for its expertise in evaluation and review and its commitment to using findings for continuous improvement and in influencing the sector and the national agenda.

Continuous improvement

As the Commission completes a review, the review team reflects on both the process of the review and the usefulness and appropriateness of the criteria. The assessment criteria have been updated on the Commission website.   An independent consultant invites feedback from senior staff involved with the review, other key stakeholders and agency staff. The review report contains a feedback sheet. The Commission has set itself a performance indicator of the number of departments that are at or above a level 3 maturity.

Why is evaluation a critical pillar of performance management?

Evaluation is an essential tool for an organisation to have an understanding of performance and particularly the effectiveness of the service for clients. Formal and comprehensive evaluations are expensive and may need to be prioritised strategically. Nevertheless, smaller reviews and evaluative processes can be incorporated into program design, to complement performance measurement reporting.

Evaluation contributes facets of performance information that performance measurement does not reach. Performance measurement should be able to tell whether the service was delivered, how much was delivered and to whom. With performance measurement, the agency should be able to analyse trends, compare usage and preferences over time, place and users.   However, evaluation tools are necessary to understand the underlying causes of trends, to determine why something worked or did not, and in what circumstances the treatment was more effective. Without evaluation, there may be knee-jerk reactions or hunches such that policy and program change continues to be based on office or practice mythology and assumptions.   Evaluation techniques can provide the depth needed to show:
- which aspects of programs were delivered as intended
- the quality of service delivery according to clients, professionals and advocates
- barriers to good service delivery
- life-style changes resulting from the service
- barriers to achieving the desired change.

An evaluation framework is best developed in conjunction with the concept design of the project – especially for large strategies that involve multiple projects.   The process of developing the framework assists in clarifying:
- what success will look like for those affected by the program response

- the quality features of the output needed to achieve that success, and
- the supporting strategies, systems and processes needed to produce the quality output.

It is very likely that if the evaluation framework is not developed in the planning stage, the purpose of the program and intended outcomes are not clearly delineated and then actors will not all have the same expectations. Establishing the program logic early also provides an opportunity to set up processes for data collection alongside data for operational purposes and for contract management and program monitoring. Alternatively, when trying to do an evaluation retrospectively, the availability and quality of data is often compromised.

Hence, evaluation in its variety of forms is an essential tool for organisations to be able to ensure that they are using resources effectively and can position programs to make the best use of resources to get the changes for the clients that are intended.

What have we learnt about evaluation in the public sector from performance management reviews?

Our reviews to date have highlighted that evaluation is not easily embedded into organisational culture. It seems to be logical for people to say that they want to know what works but it does not seem to be inherent in organisational planning. While there is expertise for evaluation in pockets of organisations and some well-constructed program evaluations have occurred, generally evaluation is seen as an optional extra, rather than an essential component of the policy/ program cycle.

Evaluations are most likely to occur if the program manager has a particular interest in evaluation or if evaluation is a condition of funding. If the program appears to be operating satisfactorily there does not seem to be a reason to disturb it. If the program is not "going OK", program managers may believe they understand the problem and can make appropriate changes without any further evidence. Reviews are more likely to occur when a serious problem has erupted and action must be taken.

Barriers to conducting evaluations include:
- lack of knowledge of sampling techniques leading to an over-dependence on performance measurement data
- lack of confidence in designing an evaluation framework and keeping the scope manageable
- being unable, at the outset, to define the changes intended from the service, or seeing those changes so broadly that they cannot be measured (for example, "to secure a sustainable future for rural and regional communities"), and
- fragmentation of effort and expertise across the agency.

Dependence on performance measurement
Mostly, organisations we have reviewed have greater capacity for performance measurement than evaluation, largely because performance measurement is more closely linked to financial reporting and accountability requirements. Therefore there is an emphasis on inputs, efficiency and throughputs, rather than effectiveness. Effectiveness is difficult to capture through performance measures alone because evaluative techniques are needed in order to gain a more detailed picture of performance. Agencies may collect data on the client's satisfaction with the service and some regularly seek staff feedback, but other techniques such as targeted samples of self-reports of behaviour or professional observation to test whether the services achieved a short, medium or long-term change for the client are rare.

Alternative techniques
As in other States, there is work in progress in Queensland to evaluate whether early intervention programs for family support services are successful in reducing the need for tertiary responses. In the absence of a client record data collection, a sample of clients could be tracked over time, or retrospective studies could be done of clients in tertiary care, to find out how many of those clients had participated in early intervention programs.

Keeping the scope manageable
The growing complexity of government work means that to achieve change, we need to engage multiple agency responses. The challenge is to define contributions clearly and evaluate appropriately. One risk is that evaluation frameworks are extended so broadly that the work is never done, or data collection becomes too cumbersome and expensive. While the framework itself may include all possibilities, at some point the evaluator needs to determine the boundaries of the evaluation in order to meet the time and resourcing limitations.

Defining the change required
Developing a large strategic evaluation framework is often protracted because participants are understandably reluctant to be committed to achieving outcomes over which they do not have full control. However, when a significant amount of government funding is applied on the grounds of a perceived benefit, it is reasonable to assume that the benefit will be

observable in some form. For example, at the very least, funding applied to homelessness should be able to demonstrate that for those people who received a service, some proportion not only received shelter but reduced their likelihood of returning to homelessness.

This is particular an issue for evaluations of human service programs where outcomes will rarely be completely disconnected from a range of factors provided by various agencies. For example: health, substance use, income, financial management, employment, education, accessibility of services and family relationships. However, the growing development of national and international definitions of aspects of these factors, makes it easier to develop data sets that enable comparisons over time and place to show the effectiveness of a suite of programs across several contributing agencies.

Making recommendations effect change
Evaluators will be familiar with the difficulty of ensuring that recommendations are both achievable and will add value. While one part of the organisation may be willing to embrace the proposed change, it is not always so easy to bring along other areas or other organisations that have a critical role to play, particularly where they, themselves, have different priorities. Dialogue with those who need to contribute to the change is essential in the development of recommendations and bringing other players along at this stage is essential. Delay in implementation after the report is completed, can contribute to its demise as changes in staff and responses to other priorities may mean that the initial thrust of the report is lost unless senior management provide solid support and ensure it is kept on the agenda.

Developing skills across the agency
Although many staff have formal skills in research techniques, the capacity for all staff to debate and develop responses from recommendations that actually address the issues identified in the review is not well developed. Recommendations are seen in isolation, as ends in themselves such that organisations are keen to prescribe a single action that they can tick off, rather than look at the impact and progress the findings as part of a change management process.

How can you move your organisation to be a leading organisation?

As referred to above, the assessment criteria can be used by the organisation to self-assess. This process can identify gaps, as well as identify what the agency is doing well.

Level 1 is already a high standard for public administration although the descriptor is one of basic compliance. Compliance in the Queensland public sector, for example, includes meeting financial standards that support the *Financial Administration and Audit Act 1977 ,* the *Public Service Act 1996* and the *Public Sector Ethics Act 1994*. All of these set solid requirements for financial administration, corporate governance, human resource management, risk management and codes of conduct. There are many checks and balances to avoid corruption, fraud, misuse of funds and unethical behaviour such as the Queensland Ombudsman, the Queensland Information Commissioner, Queensland Integrity Commissioner and the Crime and Misconduct Commission. Therefore public sector organisations can operate well in an administrative sense at this level but tend to focus more on compliance rather than driving improvement. At Level 1, the organisation has established policies for evaluation and review, know what it is going to do and has the systems in place to show *what* it did. However, it does not have the evaluation systems in place to know whether what it did worked, or whether it was the right thing to do.

Using the assessment criteria at level 2, the test for meeting a "developing competency" level of maturity begins with the following questions:

6.   **Does evaluation form part of the project planning process?**
7. **Is there a link between budget processes and project/program evaluation?**
8. **Are external evaluations scoped and managed by the agency?**
9. **Are stakeholders included in evaluation processes?**
10. **Are findings of evaluations are disseminated appropriately?**
11. **Are projects assessed and monitored in relation to key outputs and strategic direction?**
12. **Are weaknesses of organisational performance identified and addressed?**

Similarly the criteria can be used to see whether there is evidence that the organisation meets the "embedded" or "leading" levels. It is likely that the results will not be clear cut. That is, some parts of an organisation may be *leading,* while other parts are still at the *compliance* level. It is also possible that if the organisation is achieving an *embedded* level of maturity, they will also meet some criteria for *leading*. The reviewer needs to consider on balance where the organisation sits. It is important to ensure that the foundations are there and attention is given to the areas that need to be in place first.

The task of the review team is to identify, with the agency, the most effective levers that will actually drive change to improve the maturity of the organisation, add value and not just distract the organisation from its core business. In general, the performance reviews have the choice of six levers for change within public sector organisations:

- policy – establishing or reviewing public and administrative policies
- legislation – amending, reducing legislative burden
- processes – linking up parts of organisations
- roles – clarifying, specifying, avoiding duplication, getting the best fit
- reporting – ensuring reports have the right level of information for the right parties
- skills – through recruiting or developing staff skills.

Recommendations may appear to be very practical in their application, however they need to underpin growth in the organisational capability. For example, while they may attend to specific agency communication weaknesses, they should also be clearly linked to the performance management criteria that they are intending to address. Thus the reviews are instigating a broader focus of organisational change.

To achieve this growth, the review team engages with the agency in the development of its action plan, based on the recommendations. The agency is encouraged to position its response to move the organisation forward. Quarterly reporting on progress requires more than a tick-box. The agency is asked to show how their actions against the recommendations have responded to assessment criteria at the next level of maturity. At the follow-up review in 18 months, the review team will be looking for evidence of change across the organisation and will be keen to see how that translates into improved service delivery and better outcomes for clients.

References

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ELEMENT 5: EVALUATION AND CONTINUOUS IMPROVEMENT – the process that enables formal reflection and measurement of activities and outcomes in order to improve service delivery and performance management.

This element considers:
- the level of evaluation and review activity evident across the agency
- the use of findings from evaluation and review activity for continuous improvement
- the organisation's approach to supporting a culture of continuous improvement, and
- the ability to detect performance problems and implement corrective action in a timely way.

Maturity level	Descriptors
Level 1 **BEGINNING** Evaluation and review activity tends to be infrequent and ad hoc. The organisation typically conducts evaluations or review activity as a response to problems as they are arise.	1. The organisation has policy and procedures regarding evaluation and independent review. 2. Major projects and programs are evaluated. 3. The organisation understands and invests in evaluation skills. 4. There are defined resources allocated to the evaluation function. 5. Actions plans for improvement are developed to implement evaluation recommendations.
Level 2 **DEVELOPING COMPETENCY** Evaluation and review activity is undertaken in areas of the organisation. Progress is monitored and the organisation checks that recommendations are implemented	6. Evaluation forms part of the project planning process. 7. There is a link between budget processes and project/program evaluation. 8. External evaluations are scoped and managed by the agency. 9. Stakeholders are included in evaluation processes. 10. Findings of evaluations are disseminated appropriately. 11. Projects are assessed and monitored in relation to key outputs and strategic direction. 12. Weaknesses of organisational performance are identified and addressed.
Level 3 **EMBEDDED** Evaluation and review activity is a valued part of business across the organisation. Findings are openly disseminated and used to inform decisions and improve performance.	13. Evaluation is used at different points in the project cycle. 14. Information from evaluations is used for decision making, continuous improvement and reflective practice, and performance monitoring and management. 15. There are clear objectives and targets set for improvement against business drivers. 16. Approved recommendations from evaluations are monitored and progress is reported at regular intervals. 17. The use of internal, external and independent reviews and evaluation are incorporated into risk assessment and regular monitoring.
Level 4 **LEADING** The organisation is recognised for its expertise in evaluation and review and its commitment to using findings for continuous improvement and in influencing the sector and the national agenda.	18. Evaluations findings are used for strategic planning and change management. 19. The agency uses continuous improvement methodologies to achieve service delivery outcomes. 20. Findings are used to inform the sector and influence national directions. 21. Evaluation and reflective practice are embedded as part of organisational culture.