

## Lifting the policy game across the system: The case of ‘The Policy Project’.

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This case study was written by Nehal Davison from the [UK Institute for Government](#) during a five week secondment to the Policy Project team in the New Zealand Department of the Prime Minister and Cabinet (DPMC). The report tells the story of the Policy Project – how it began, its objectives and state (as at the end of 2015), drawing on the Institute for Government’s framework for assessing state sector reform initiatives. The author reviewed relevant documentation and interviewed senior policy leaders in the New Zealand public service, including the Chief Executive of the DPMC (and Head of the Policy Profession), the Head of State Services, a number of Deputy Secretaries involved with the Policy Project and members of the Policy Project team.

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### Birth of the Policy Project

The relative autonomy of New Zealand government departments renders cross-government reform programmes challenging. One area in particular has proved thorny and intractable – improving the quality of policy advice to ministers. A number of major central agency programmes including the *Policy Advice Initiative* (1991-1995)<sup>1</sup> and *Improving the Quality of Policy Advice* (1997-1999)<sup>2</sup> were analytically compelling, but lacked an implementation strategy and ultimately failed to stick. In 2010, another attempt was made – the *Review of Policy Expenditure and Advice* (better known as the Scott Review).<sup>3</sup> It prompted several initiatives culminating in the Treasury’s policy measurement exercise, which requires agencies to report on the cost, efficiency and effectiveness of policy advice.<sup>4</sup> However, this approach has been widely criticised for placing undue emphasis on cost, measurement and audit rather than catalysing a system-wide improvement in capability.<sup>5</sup>

By 2013, many senior public servants with policy roles felt a number of challenges remained to be tackled, including:<sup>6</sup>

- 1) **The lack of a cross-government view on ‘good’ policy advice and ‘good’ policy advisors.** Each agency was using different role descriptions, policy quality frameworks and competency standards even though the core function of policy advice was largely similar whether the public servant worked in the Ministry of Justice or the Ministry of Education. It was felt that failure to recognise this was leading agencies to constantly ‘reinvent the wheel’ rather than build on one another’s good practice. As a result, the quality of policy advice was seen to vary significantly between agencies.<sup>7</sup>
- 2) **Difficulties in finding, paying for and retaining top talent.** By 2013, there were growing concerns that the New Zealand public service did not have a strong pipeline of senior advisors. The overall policy workforce had become top heavy and most agencies were adopting a ‘buy not grow’

workforce strategy, which meant that there was a relatively small analyst pool to draw on and limited investment in their development.<sup>8</sup> High churn at the analyst/senior analyst level was common and competition between agencies for skilled resources at that level was becoming fierce. Poaching and out-bidding between agencies was causing concern.<sup>9</sup>

- 3) **Insufficient use of evidence and user insights in the policy development process.** It was becoming clear that policymakers needed to adapt and augment their toolkit to keep a pace with wider developments in policymaking (for example, user-centred design, behavioural insights and data analytics) to ensure policies were responsive to the various communities across New Zealand. In particular, Auckland's growth and diversity was throwing up distinct policy challenges that needed to be factored into the policymaking process in Wellington.<sup>10</sup>
- 4) **Limited focus on the capability needed to meet future policy challenges.** Although public servants were meeting ministers' immediate demands, there was recognition that complex, cross-cutting outcomes could only be delivered if the capability of agencies to anticipate and meet *future* policy challenges was strengthened. As Andrew Kibblewhite, Chief Executive of the Department of Prime Minister and Cabinet (DPMC) put it, public servants needed to step up and provide more "pro-active, ahead of the game advice to ministers". This was central to Chief Executive's stewardship responsibilities introduced as part of the wider *Better Public Services* reform agenda.<sup>11</sup>

However, these challenges were not new and previous attempts to address them had ultimately failed to drive system wide changes. Helen Wyn, then Deputy Secretary of Policy at the DPMC, and Sally Washington, then a Principal Analyst in the State Sector 'Performance Hub' (a joint central agency team established to drive the Better Public Service reforms), felt that one sticking point was that no single agency nor individual had a mandate for leading the 'policy system' as a whole and maintaining a constant pressure for improvement.<sup>12</sup>

This conclusion was drawn against the backdrop of the functional leadership agenda in the reform programme. Wyn and Washington were involved in developing the functional leadership model – Wyn as Corporate Centre sponsor and Washington as lead on developing the operating model (which involved creating a 'community of practice' to encourage functional leads to learn from each other). They decided to apply a similar functional leadership approach to the policy dilemma. Wyn seconded Washington to DPMC to take a system-wide approach to strengthening the policy capability of the entire public service.<sup>13</sup>

It was in this context that the 'Policy Project' was born – a small cross-agency team hosted by the Department of the Prime Minister and Cabinet (DPMC) tasked with "lifting the policy game across the system" (one of DPMC's 'Top 10 challenges' in 2014). Andrew Kibblewhite became the senior sponsor of the programme. There remains some debate about whether the DPMC is the right place to host for the Policy Project – interviewees explained that some of the workforce and capability issues could also logically sit with the State Services Commission (SSC), but DPMC's role of advising the Prime Minister make it most suited to delivering the 'demand' side of the agenda (see p. 6 for explanation).<sup>14</sup>

## A collaborative approach

Previous initiatives had demonstrated that imposing a set of guidance or standards from the centre, was not an effective recipe for system change.<sup>15</sup> Different agencies were already trying to 'lift' their policy in

different ways. For example the Ministry of Transport had instigated a policy analyst training programme open to other agencies, while the Ministry for the Environment had developed a range of tools and resources on policy commissioning, quality assurance and peer review that others were adopting and adapting.<sup>16</sup> The Policy Project team wanted to leverage that activity, and give the agenda some structure and push. However, there was an understanding that the agenda could not be driven by the Policy Project alone: it had to be owned by senior policy leaders, namely Deputy Secretaries with policy responsibilities (the Tier 2 policy leaders).<sup>17</sup>

Collaboration was designed into the process from the outset. As Programme Manager, Washington's work on previous policy quality initiatives,<sup>18</sup> the functional leadership agenda<sup>19</sup> and the Canterbury Innovations<sup>20</sup> shaped her views about the value of collaborative leadership in making the changes stick this time round.<sup>21</sup> Drawing on the Stanford 'collective impact model'<sup>22</sup>, she was convinced that the Policy Project would only be successful if it was based on the principles of collaboration, co-design and collective ownership of improvement activities.<sup>23</sup> The explicit principle was to co-produce solutions with the network of Tier 2 policy leaders ('doing with, not to'), be agile and adaptive ('create as we go') and build on existing good practice.<sup>24</sup>

The Policy Project would therefore embed and accelerate change by building on initiatives already underway in agencies, connecting people and scaling pockets of good practice around capability (e.g. role expectations, career development pathways and competency frameworks for policy professionals) and policy quality frameworks.<sup>25</sup> In other words, the intention was to 'take the best of the best and pull it together into a system-wide resource'.<sup>26</sup>

A key focus for engagement was the Tier 2 network of policy leaders which Guy Beatson, Deputy Secretary at the Ministry for Environment, was already convening. That group was established to brainstorm the common issues policy leaders were grappling with.<sup>27</sup> However, attendance had begun to dwindle. Wyn and Washington began working closely with the group to test and co-develop the Policy Project's aims, approach and methods. As one interviewee put it, this seemed to "energise the group and give them a common agenda to coalesce around".<sup>28</sup>

## Co-designing an improvement agenda

From April 2014 onwards, a number of workshops were held with this Tier 2 group to develop a vision of what 'success' looked like.<sup>29</sup> In this ideal future state, policy advice would be free, frank and fearless and informed by evidence and user needs, drawing on a range of tools and methods. A high performing policy 'profession' would also attract top talent and provide enhanced career and professional development with capability being deployed to where it was needed most.<sup>30</sup>

These workshops and a range of discussions with senior officials and a few senior ministers informed the production of a draft *Narrative paper* which sought to generate consensus around the current state of the policy function and the desired future state. This analysis was tested at a Policy Forum in June 2014 attended by Tier 2 policy leads and 'thought leaders' (nominated by their Tier 2) who were asked to co-produce a work programme to fix the problems identified.<sup>31</sup> The paper was published for wider consumption soon after.<sup>32</sup> This early engagement proved crucial in building the momentum and buy-in that was needed to get the Policy Project off the ground.

The Deputy Secretary and Programme Manager then focused their attention on developing the leadership, mandate, governance, funding arrangements and scope that could drive the vision.

## Leadership and mandate

It became increasingly clear to those involved early on that the Project needed sustained senior leadership – in other words, more than simply a senior sponsor – to really drive and embed changes across the system. The idea was mooted that a formal ‘Head of a Policy Profession’, akin to the role that exists in the UK, should be established.<sup>33</sup> This role, if endorsed by the Head of State Services, would give extra weight to the agenda and provide the system-wide focus and mandate needed to promote lasting change. There was recognition that the Head of Profession role should be held by someone senior in the formal hierarchy, but who crucially also had the personal attributes, credibility and leverage to influence others in the system. Kibblewhite recommended that Wyn (as Deputy of DPMC) should be confirmed in the role in the first instance – given that similar roles in other areas were also held by Deputy Secretaries (for example, the Head of the Finance Profession in Treasury, and the HR Head of Profession – or Chief Talent Officer – in SSC).<sup>34</sup>

## Leveraging the wider reform programme

In order to increase support for the idea of a Head of Profession and dedicated leadership of the policy function, efforts were made to build on the momentum created by the *Better Public Services* (BPS) reform programme. This agenda aimed to pull back some of the autonomy of agencies in order to drive collaboration across the system to deliver better outcomes for citizens. The agenda formalised the role of functional leaders in property, procurement and IT and saw the establishment of Heads of Profession in legal, communications and human resources.<sup>35</sup> It had also laid the basis for a strengthened corporate centre (consisting of the Treasury, SSC and DPMC) to build horizontal linkages between agencies – a visible manifestation being the creation of a Performance Hub (a joint Treasury and SSC team) in 2013 to support the BPS programme and improve the performance of the system as a whole.<sup>36</sup>

These developments had changed the public management environment and there was greater appetite for, or at least acceptance of, more standardisation and co-ordination in functional areas, especially in relation to capability building (for example, through the SSC’s Leadership Capability Development and Deployment programme (LCDD)<sup>37</sup> and Performance Improvement Framework (PIF)).<sup>38</sup> The Policy Project aimed to leverage these existing initiatives, ‘professionalise’ the policy workforce and build an active network of policy leaders to catalyse system wide changes.<sup>39</sup>

## Decisions, funding and governance

In September 2014, a formal decision paper was submitted to the State Sector Reform Leadership Group (SSRLG) – a body comprising chief executives from the three central agencies (Treasury, DPMC and SSC), the 3 functional leaders (procurement, ICT and property) and a few others. A 3 year voluntary club funding for the project was proposed to provide for 4 full-time equivalent staff, including a Programme Manager, a modest operating budget, and endorsement for the creation of a new Head of Policy Profession. The expectation was that if agencies had some ‘skin in the game’, it would incentivise them to engage with and participate in initiatives.<sup>40</sup>

The SSRLG agreed that the Project be club funded for an initial period of 2 (rather than 3) years and it was recommended that the Head of Profession post should be held by Kibblewhite, as Chief Executive of the DPMC, not the Deputy Secretary (to give the role more weight). This decision proved helpful over

the following year. As head of the DPMC, Kibblewhite's speeches carried significant weight, stimulated debate and provided a mandate for new ways of working.<sup>41</sup>

Following the formal endorsement, Kibblewhite wrote to the big policy departments requesting a voluntary contribution to the Policy Project. The response was universally positive, although it took several months for the budget to come in. By October 2014, the core team consisted of a Programme Manager (Washington) and an analyst, who were joined by a senior analyst the following January (the entire team seconded from other agencies). Over the course of the next few months, a small number of short-term staff (many of whom were part-time and allocated to particular projects) were seconded from other agencies.

The governance arrangements were explicitly designed to encourage engagement and take-up from the wider policy community. Kibblewhite pulled together a Chief Executive Sponsor Group – Andrew Bridgman (Ministry of Justice), Peter Mersi (Land Information New Zealand), Ray Smith (Department of Corrections) and Liz MacPherson (Statistics New Zealand) – which was established to champion the Policy Project and challenge the Tier 2 Policy Leaders Group to ensure a collective improvement in policy capability and performance. It was also responsible for signing-off the direction of travel and monitoring performance by reviewing regular half yearly progress reports. A further chief executive, Paul James (Ministry of Culture and Heritage) was added to the group. He had been an active supporter of the Policy Project in his previous Tier 2 Policy role at the Department of Internal Affairs (DIA) and provided a link between the deputies and chief executives groups.

The Tier 2 Policy Leaders Network was the key governance group responsible for prioritising activities within the broad programme of work (direction of travel) agreed by the sponsor and SSRLG, and met every 6 weeks. A smaller Reference Group of Tier 2s was established to act more as a 'critical friend' to the Policy Project, help shape and iterate the programme of work and advise on priorities and sequencing of activities. That group met between the 6 weekly meetings of the wider Tier 2 Policy Leaders network and helped to shape the agenda of Tier 2 meetings.<sup>42</sup> In addition, a number of cross-agency working groups were set up around parts of the work programme to test prototype tools and frameworks (see pages 7-8 for a description).

Although the primary focus was on engaging senior leaders, Washington felt that that it was critical to broaden the conversation about how to lift the policy game amongst the wider policy community. During the following months, a number of forums were held with, respectively: Tier 2 leaders and their nominated thought leaders; policy managers; and younger analysts. The forum for young analysts focused specifically on their career aspirations, paths and development, with a report back to the Tier 2 group at the end of the session.<sup>43</sup> The Forums collectively helped to iterate the work programme and identify the following main work streams:

- **System leadership.** The Project would act as a system champion for the policy profession and socialise the desired future state through the role of the Head of the Policy Profession.
- **People capability.** The Project would build a high performing policy cadre by identifying the skills for policy excellence, supporting greater consistency between agencies (including identifying gaps and generic training options) and growing future policy leaders.
- **Products and services.** The Project would develop a common understanding of what excellent policy advice looks like, including shared quality standards and processes to support transactional to transformational policy advice.



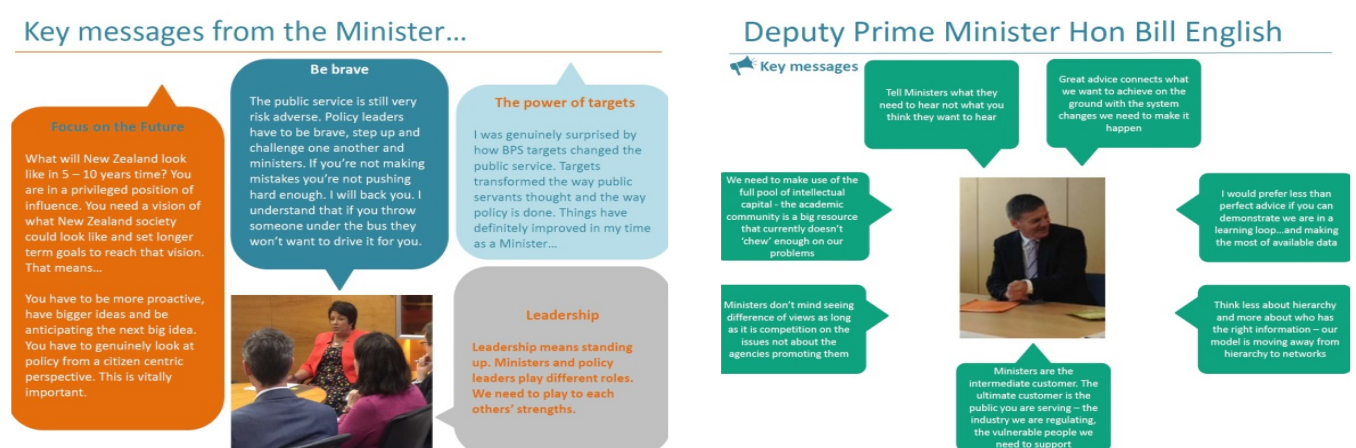
- **Policy leadership.** The Project would focus on ensuring the policy infrastructure is fit-for-purpose, including anticipating the big policy challenges that require joined-up and collaborative approaches. It also includes working on the ‘demand side’ with the Cabinet Office to support Ministers (especially new Ministers) to get the most out of the policy services available to them.<sup>44</sup>

Although there had been many past attempts to tackle the first three elements (that is, the ‘supply side’ of policy advice), the emphasis on ministers in ‘policy leadership’ was new. It was felt that any improvement initiative could only succeed if the ‘demand side’ of the issue was also addressed. This meant enabling ministers to work effectively with public servants and translate policy aspirations into real changes on the ground.<sup>45</sup>

## Engagement, activities and products

Much of the first year focused on building an active community of policy leaders and embedding collective responsibility for the policy function across the public service. Workshops were typically co-produced with another agency (and sometimes funded by that agency). By September 2015, the team had facilitated 10 Tier 2 policy leader network workshops, 19 inter-agency workshops (on specific topics such as people capability, skills framework and policy quality), and a number of speaker events (either led by external experts or the Head of Profession) to stimulate debate and increase engagement. Kibblewhite’s ‘free and frank’ speech (August 2015)<sup>46</sup>, which was distributed widely in departments and made public, was mentioned a number of times by interviewees as having been particularly valuable in setting expectations, encouraging engagement and buy-in.<sup>47</sup> Kibblewhite, Wyn and Washington also met with various senior ministers to raise awareness. This resulted in two Tier 2 leader sessions with the Minister for Finance<sup>48</sup> and Minister of State Services<sup>49</sup> to drive better understanding between ministers and public servants (see Figure 2). A forum for ministerial office staff to share best practice has also been mooted.

**Figure 1: Sessions with Ministers**



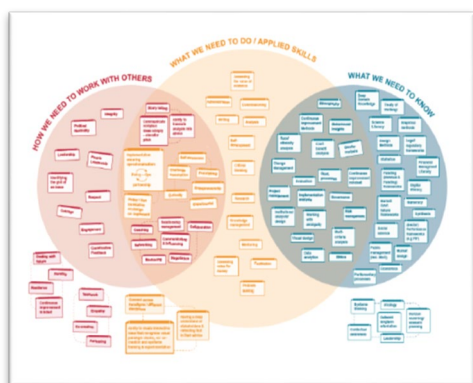
After each event, conversation trackers were produced and published on the website to provide a visual and written record of the event.<sup>50</sup> These helped to create momentum around the programme and allowed a wider audience to see what was discussed. A dedicated webpage was also established on the DPMC website to increase awareness of the Head of Profession and the Policy Project objectives.<sup>51</sup>

During this initial period, the Programme Manager’s energy, sense of personal ownership and way of working was seen as invaluable in stimulating this early engagement and drive around the Project.<sup>52</sup>

Three prototype improvement frameworks have been developed to articulate some common standards around what good policy advice looks like. The concepts were to be tested, iterated and refined at the various Tier 2 policy leader network workshops, policy manager forums and inter-agency workshops (see Box 3 for an overview). The three tools will be road-tested with volunteer agencies so they can be revised and then rolled out more widely.

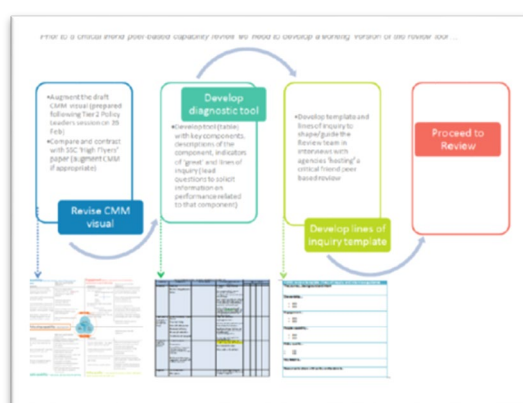
### Box 1: Early drafts of prototype tools

**Policy Quality Framework** aims to provide policy professionals with a common standard and tools to help them improve the quality of their policy advice. The framework defines the ‘elements of great advice’ and places emphasis on the both the *process* of developing policy advice (including as a stream of advice), as well as the technical quality of advice.



**Policy Skills Framework** will provide a common description of the required knowledge, skills and behaviours of the modern policy professional. Early iterations of the framework have already informed at least one agency’s revisions of role descriptions. The aim is to assist individuals to articulate their policy skills profile, and policy and HR managers to assess the skills make-up and gaps in their team in order to inform both recruitment and staff development

**Capability Maturity Model<sup>53</sup>** aims to assist agencies review and improve the overall capability of their policy shops. The model describes the key components of capability, ‘what great looks like’, ‘lines of enquiry’ and potential performance indicators. The CMM builds on previous work by SSC on “high performing policy units” (late 1990s) as well as the Treasury’s policy measurement project. It can be used for self-review, critical friend peer review or external review.



Kibblewhite, as Head of the Policy Profession, has been keen to approach capability from the perspective of the substantive policy issues that the capability is *for*, noting that a high-performing policy function should be able to anticipate and respond to cross-cutting strategic policy issues. A second pillar of the project has been developed to explore how the policy system best engages with emerging strategic and future policy issues. This speaks to the need for greater ‘stewardship’ and a

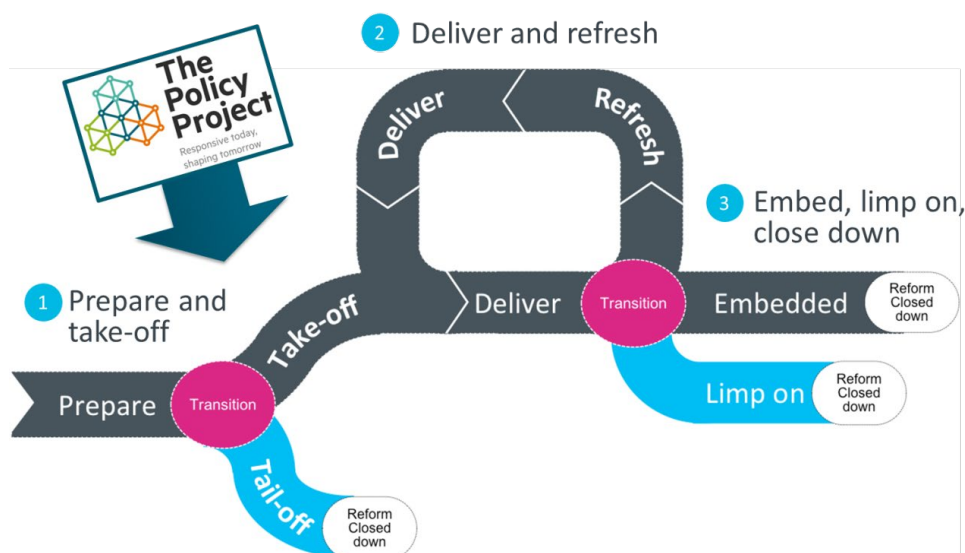
longer term perspective on the overall policy agenda. A Chief Adviser has been brought in to lead this work as a separate, but related, stream of work.

## Emerging impact

The Policy Project has been running as a funded programme for just over a year and the big question is whether it is making any difference. Transformational programmes rarely deliver results quickly. Changes in routines, behaviours and ways of working – especially on this scale – naturally take time to bed in.<sup>54</sup> The challenge lies in showing and attributing this impact, especially when it is slow to show, dispersed across the system and often captured and attributed in agencies. Therefore, it is too early to make a conclusive assessment of impact. Interviewees, however, highlighted the following intangible benefits:

- **Building a community of practice around an agenda.** By 2014, the Tier 2 network of policy leaders was beginning to dissipate demonstrated by the low turnout at regular meetings. The Policy Project re-invigorated the group by giving it a meaty agenda to focus on<sup>55</sup> and “seeding enthusiasm for new methodologies” through its speaker series.<sup>56</sup> Interviewees highlighted how leaders from different agencies were beginning to work together effectively (“sharing and challenging one another”)<sup>57</sup> – as one Tier 2 reportedly said: “I used to turn up to the group and think, what can I get from it? Now I turn up and think what can I give to it?”<sup>58</sup> The group is getting to the stage of ‘owning’ the policy capability problem. The Programme Manager’s role of brokering, connecting and supporting is seen to have been critical to creating the conditions for this.<sup>59</sup>
- **Cross-fertilisation of ideas and initiatives.** The Policy Project is encouraging greater exchange, relationship building and cross-fertilisation across the public service – partly through its brokerage role (the team connects agencies and people that are grappling with similar issues)<sup>60</sup>.
- **Setting expectations and providing a mandate to try new ways of working.** Kibblewhite’s speeches have been circulated to all departments and many are using them as an impetus for conversations with their staff.<sup>61</sup> More broadly, Kibblewhite’s speeches are seen to set expectations (for example on what ‘free and frank’ advice means in practice), provide “permission” and a mandate to the rest of the public service to try new things.<sup>62</sup>

**Figure 2: Taking stock of the Policy Project using the IfG framework**





Source: Davison/Panchamia., N and Thomas, P, *Civil Service Reform in the Real World: Patterns of success in UK civil service reform*, Institute for Government

The Institute for Government has conducted research into several UK cross-civil service reforms to understand why some take off, while others limp on and tail off. The most recent report – *Civil Service Reform in the Real World* – identifies 10 factors that can lift or drag down a reform process.<sup>63</sup> The lessons and insights are intended to help those starting a new process of reform or attempting to refresh one that is already underway. Based on this, the following observations can be made about the Policy Project – where it is at and the challenges and opportunities that lie ahead.

### Clarity on goals and purpose

The Policy Project was never designed to solve one problem in isolation – ‘lifting the policy game across the system’ is a complex and far-reaching endeavour that requires steering multiple parts of the system at the same time. As one interviewee put it, “we are attempting a ‘systemic’ intervention, using as many levers as we can – encompassing changes to behaviour, practice, performance expectations and setting a clear long-term direction.”<sup>64</sup> This holistic, system-wide approach was effective in galvanising people, building momentum and ultimately getting a mandate from other Tier 2 leaders – all of whom wanted to be reassured that their views about the weaknesses of the system were reflected in the overall vision: “it’s hard to start small”.<sup>65</sup>

However, this broad approach has inevitably meant that the Policy Project is susceptible to being pulled in many different directions. In the early days, the Project team prided itself on being responsive to requests for information and support. However, with limited people capability and an ambitious work programme, this may have resulted in the team being stretched too thinly and unable to focus on an achievable number of deliverables. Everyone agrees that there is need for the Policy Project to refine, focus and deliver significant tools and products now. The need to secure more club funding, given the original contributions are soon to run out, puts extra pressure on the team to deliver tangible products and results quickly.

The original work programme focused on capability rather than substantive policy. The team has therefore focused efforts on refining and developing the three prototype tools – all of which have the potential to evolve over time. The additional work stream, on improving strategic capability, sits in parallel. The Project would benefit from having a clear articulation of how these work streams fit together, which would in turn send a clearer signal to the policy community about what the Policy Project is seeking to achieve and how. The agility to add new work, to respond to demand and changing conditions, without compromising ongoing work, is a challenge for any reform or change programme.

### Personalised leadership versus collective leadership

It is clear that much of the drive, energy and momentum for the Policy Project initially came from the original DPMC Deputy Secretary and Programme Manager. As we found in the Institute’s research on UK civil service reforms, this personalised leadership is a critical success, as well as risk, factor. Often the personal ambition and energy of a few individuals is needed to get things off the ground, but changes in leadership can stall momentum.

Indeed, in the case of the Policy Project, there was a period of hiatus following Wyn's departure in May 2015 (to take up an Acting chief executive role) and Washington's absence (for family reasons) at various points between August and December 2015. It took some time for the new Deputy Chief Executive (who arrived in August 2015) to have the capacity to engage fully with the Policy Project – given a full workload relating to her role as head of the Policy Advisory Group which provides advice directly to the Prime Minister. Moreover, as she explained herself, her views have “sharpened” over the last few months – despite its name, she now sees the Policy Project as much more of a long-term culture change process rather than a ‘project’ per se.

The Project is thus at the stage where it is sufficiently connected to the DPMC leadership, but needs to move from dependence on the support and sponsorship of a few individuals to broader ‘collective ownership’ amongst the policy community. The team are therefore working hard to build on the goodwill and momentum that has been generated through the collaborative process over the first year. Importantly, this means encouraging the Tier 2s to translate their in-principle commitments into active support through road-testing the prototype tools, offering in-kind resources and taking responsibility for driving related pieces of work. There are early indicators that this may pay off through the following:

- Three agencies having agreed to road-test the policy quality framework
- Three agencies have agreed to road-test the Capability Maturity Model.<sup>66</sup>
- A Tier 2 is actively investigating policy workforce issues
- Some Tier 2s have contributed capability to the Emerging Strategic Issues work stream.

Encouraging Tier 2s to lead or sponsor aspects of the work programme, akin to the UK's Head of Policy Profession operating model whereby departmental Heads of Profession are responsible for various work streams, might be an avenue to pursue more explicitly.

### **Dedicated capability and resources to drive the vision and model**

The continuation of a transformational agenda is highly dependent on its ability to weather transitions such as a change in leadership and team members. Changes in the Policy project team (including expected turnover because of short-term secondees) mean that the current team is virtually new (apart from the original Programme Manager). New staff are being recruited and will need to get up to speed at precisely the time when the Policy Project needs to refine, focus and deliver.

As previous Institute research has found, a stable core group of staff is crucial to the success or otherwise of a cross-agency team or unit. This requires the freedom to bring in the right people for longer periods so that they can see things through.<sup>67</sup> The Policy Project aims to be different in the way they work – this means recruiting those who have the substantive skills and can work collaboratively while challenging the status quo to maintain continual focus and momentum.<sup>68</sup> Those skills are not always in ready supply, and finding the right people has at times been problematic. This ‘shortage of great policy analysts’, however, has been identified as an issue by the NZ policy community and is not unique to the Project designed to fix the problem.

Moreover, the Policy Project receives “voluntary, short-term funding for a long-term, ambitious change programme”.<sup>69</sup> This is partly because it was never set up as a traditional project with resources, funding and governance attached to it (having started off as an engagement exercise led by Wyn and

Washington).<sup>70</sup> But it also reflects a more systemic issue – the “attention deficit disorder” of central agencies, as one interviewee put it.<sup>71</sup> Many recent cross-agency reform agendas have suffered from time-limited voluntary funding. When programmes can only offer short contracts (reflecting time-bound funding) maintaining a core team and building institutional knowledge and momentum is difficult. Indeed, the Policy Project is now only able to offer contracts to June 2016 and is spending time trying to recruit staff – time that could be spent ‘delivering’ long-term change.<sup>72</sup> Effort will also need to go into securing further funding, which is likely to be dependent on showing what has been delivered.

The Policy Project therefore needs to make some difficult decisions about where best to deploy its resources to maximise impact. While the creation of a new team brings uncertainties, it also provides an opportunity to re-think the Project’s focus and priorities over the next year in order to maximise influence and reach.

## **Balancing collaborative values with the right use of governance, accountability and incentives**

Collaborative values and ways of working were explicitly designed into the Policy Project from the outset to combat the default assumption that they were ‘just another central-agency team’ that imposes frameworks, guidelines and standards from the centre, but adds no real value. As Washington put it, “I don’t believe in the model ‘build it and they will come’, but rather ‘build it together and they are already here.” Wyn and Washington thus tested the aims, methods and deliverables of the Policy Project so that it chimed with the prevailing interests, concerns and priorities of public servants with policy roles – whether through the Tier 2 leader workshops or the various governance arrangements established to inform the Project’s work programme (for example, the Chief Executive Sponsor Group, Tier 2 Reference Group and inter-agency working groups). This approach takes time, but is seen to have been effective in creating a high-degree of buy-in and reflecting real needs.<sup>73</sup> Indeed, the current team are building on this investment to road-test the prototype improvement frameworks in three agencies supported by a cross-agency review team, based on similar principles of collaboration, support and exchange.

However, as we found in previous Institute research, collaboration has to be balanced with some form of compulsion to actually embed long-term changes in behaviour. For example, the UK Performance and Innovation Unit (PIU) and Prime Minister’s Strategy Unit (PMSU) produced reports and implementation plans, but ultimately struggled to get traction as there was no effective mechanism to require take-up.<sup>74</sup> Our research found that success is far more likely if personal accountability – rather than over-formalised governance – is integral to a reform’s operating model. For example, the Prime Minister’s Delivery Unit (PMDU) stocktake model provided a strong sense of theatre in the cabinet room to make ministers and civil servants feel accountable to the Prime Minister for performance against clearly specified targets in key public services.<sup>75</sup>

In the case of the Policy Project, the key challenge will be to tackle the competing incentives at play. Although the BPS reforms call for greater collaboration across the public service and all Chief Executive Performance Agreements include stewardship objectives, some argue that the system still largely rewards agency centric behaviour – as one interviewee put it, “the translation mechanism isn’t working. High level incentives are not translated into changes in behaviours and ways of working down the line”.<sup>76</sup> For many Tier 2s, system-wide policy improvement activities and capability building are ‘a nice

to have', rather than part of their core responsibility.<sup>77</sup> As such, those who engage with whole-of-government improvement exercises do so because they are natural enthusiasts and care about system change, rather than because they are rewarded and recognised for this behaviour.

The Policy Project is therefore at the stage where it might need to line up improvement activities with the incentives operating in the system so that people believe it is in their self-interest to engage and actively contribute. One interviewee suggested that this could be achieved if Tier 2s saw trialling one or more of the frameworks as an opportunity to showcase areas of success and enhance their reputation in front of Chief Executives and ministers.<sup>78</sup>

How and where the Policy Project chooses to strike a balance – between collaboration on one hand and the right use of governance, accountability and incentives on the other – will be critical to its success.

## Conclusion

In recent months, staff changes have brought a degree of uncertainty and the temporary loss of some institutional knowledge. But there remains a big opportunity to cash in the 'relationship capital' nurtured in the first year to build 'collective ownership' of the Project and its goals of system change. This requires incentivising agencies and their leadership to actively provide support through road-testing, and subsequently adopting, the prototype policy improvement tools – which may inevitably require them to give up or adapt their own agency centric tools and processes. There are early indications that this could occur – provided that the Policy Project tools resonate. Those tools need to be both functional and accessible, and be applicable to a diverse group of departments without being overly simplistic.

However, as with any far-reaching reform programme, the biggest challenge lies in tackling the deep-rooted siloed tendencies of agencies. Whole-of-government activities tend to attract less priority than the demands an agency and its leadership is held accountable for delivering. Real and lasting system change will require departments to shift priorities to embrace the notion that the whole is greater than the sum of its parts and that 'system trumps agency'. If that occurs, the Policy Project, as a reform programme, has the potential to land in the 'embedded' arm of the IfG model rather than 'limp on' or 'close down'.

## Endnotes

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- <sup>1</sup> <http://www.ssc.govt.nz/policy-advice-initiative>
- <sup>2</sup> <http://www.ssc.govt.nz/Op9>. For additional papers see: <http://www.dpmc.govt.nz/policyproject/head-of-profession>
- <sup>3</sup> <http://www.treasury.govt.nz/statesector/policyexpenditurereview>
- <sup>4</sup> Policy Project Narrative and direction of travel paper, p. 2 (available here: <http://www.dpmc.govt.nz/sites/all/files/publications/policyproject-narrative-feb2015.pdf>)
- <sup>5</sup> PP Interview 1; PP Interview 6.
- <sup>6</sup> Problem definition based on data from Treasury and SSC, and engagement with agency Deputy Secretaries with policy responsibilities, as well as discussions with a few Ministers and a range of commentators/ 'wise heads' in the broader policy space.<sup>6</sup>
- <sup>7</sup> Policy Project Narrative and direction of travel paper, p.3
- <sup>8</sup> Policy Project Narrative and direction of travel paper, p. 4
- <sup>9</sup> PP Interview 1; PP Interview 5.
- <sup>10</sup> Policy Project Narrative and direction of travel paper, p. 6
- <sup>11</sup> <https://www.ssc.govt.nz/better-public-services>
- <sup>12</sup> PP Interview 1
- <sup>13</sup> PP Interview 1
- <sup>14</sup> PP Interview 8; PP Interview 9
- <sup>15</sup> PP Interview 1; PP Interview 3; PP Interview 7; PP Interview 8; PP Interview 9
- <sup>16</sup> PP Interview 7
- <sup>17</sup> PP Interview 1; PP Interview 7.
- <sup>18</sup> For example, 'High Flyers: developing high-performing policy units' (<http://www.ssc.govt.nz/op22>) and 'Looping the loop – Evaluating Outcomes and other Risky Feats' (<http://www.ssc.govt.nz/Op7>)
- <sup>19</sup> <https://www.ssc.govt.nz/bps-functional-leadership>
- <sup>20</sup> <http://www.ssc.govt.nz/christchurch-innovations>
- <sup>21</sup> PP Interview 1.
- <sup>22</sup> [http://ssir.org/articles/entry/collective\\_impact](http://ssir.org/articles/entry/collective_impact)
- <sup>23</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014
- <sup>24</sup> <https://www.dpmc.govt.nz/policyproject/how-we-work>
- <sup>25</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014
- <sup>26</sup> Policy Project Narrative and direction of travel paper
- <sup>27</sup> PP Interview 7
- <sup>28</sup> PP Interview 4
- <sup>29</sup> See conversation trackers here (<https://www.dpmc.govt.nz/dpmc/publications/policyproject>)
- <sup>30</sup> Policy Project Narrative and direction of travel paper
- <sup>31</sup> See conversation tracker (<https://www.dpmc.govt.nz/sites/all/files/publications/policyproject-conversation-19jun2014-workshop.pdf>)
- <sup>32</sup> Policy Project Narrative and direction of travel paper
- <sup>33</sup> PP Interview 1
- <sup>34</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014
- <sup>35</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014
- <sup>36</sup> For background on the creation of the Performance Hub see: <http://www.ssc.govt.nz/node/8876>
- <sup>37</sup> <https://www.ssc.govt.nz/sites/all/files/leadershipandcapability-developmentanddeployment.pdf>
- <sup>38</sup> <http://www.ssc.govt.nz/pif>
- <sup>39</sup> Policy Project Narrative and direction of travel paper, p.12
- <sup>40</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014
- <sup>41</sup> PP Interview 3
- <sup>42</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014, p.6
- <sup>43</sup> PP Interview 1
- <sup>44</sup> Decision Paper, State Sector Reform Leadership Group, 4 September 2014, pp.6-7
- <sup>45</sup> PP Interview 1
- <sup>46</sup> <http://www.dpmc.govt.nz/sites/all/files/ipanz-speech-14aug15.pdf>



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- <sup>47</sup> PP Interview 1; PP Interview 4; PP Interview 6
- <sup>48</sup> [https://www.dpmc.govt.nz/sites/all/files/publications/policyproject-conversation-4dec2014-workshop\\_0.pdf](https://www.dpmc.govt.nz/sites/all/files/publications/policyproject-conversation-4dec2014-workshop_0.pdf)
- <sup>49</sup> <https://www.dpmc.govt.nz/sites/all/files/publications/policyproject-conversation-2jul2015.pdf>
- <sup>50</sup> See <https://www.dpmc.govt.nz/policyproject/policy-leaders-network>
- <sup>51</sup> <https://www.dpmc.govt.nz/policyproject>
- <sup>52</sup> PP Interview 2
- <sup>53</sup> This has since been renamed the Policy Capability Framework
- <sup>54</sup> Panchamia/Davison, N, and Thomas, P, *Civil Service Reform in the Real World: Patterns of Success in UK civil service reform*, Institute for Government, March 2014, pp.20-21
- <sup>55</sup> PP Interview 4; PP Interview 6
- <sup>56</sup> PP Interview 9
- <sup>57</sup> PP Interview 4
- <sup>58</sup> PP Interview 4
- <sup>59</sup> PP Interview 4
- <sup>60</sup> PP Interview 6; PP interview 8
- <sup>61</sup> PP Interview 3
- <sup>62</sup> PP Interview 4
- <sup>63</sup> Panchamia/Davison, N, and Thomas, P, *Civil Service Reform in the Real World: Patterns of Success in UK civil service reform*, Institute for Government, March 2014
- <sup>64</sup> PP Interview 6
- <sup>65</sup> PP Interview 6
- <sup>66</sup> PP Interview 2
- <sup>67</sup> Harris, J and Rutter, J, *The Special Ones: How to make central government units work*, Institute for Government, October 2014
- <sup>68</sup> <https://www.dpmc.govt.nz/policyproject/how-we-work>
- <sup>69</sup> PP Interview 6
- <sup>70</sup> PP Interview 4
- <sup>71</sup> PP Interview 8
- <sup>72</sup> PP Interview 1; PP Interview 6
- <sup>73</sup> PP Interview 6
- <sup>74</sup> Harris, J and Rutter, J, *The Special Ones: How to make central government units work*, Institute for Government, October 2014, p.12
- <sup>75</sup> Panchamia/Davison, N, and Thomas, P, *Civil Service Reform in the Real World: Patterns of Success in UK civil service reform*, Institute for Government, March 2014
- <sup>76</sup> PP Interview 6
- <sup>77</sup> PP Interview 6
- <sup>78</sup> PP Interview 5

## Published reviewed documents

DPMC [Annual Report 2015](#)

[Policy Project Narrative](#) and direction of travel paper, July 2014

Tier 2 Leader Workshops [Conversation trackers](#) (April – August 2015)

Engagement events – [Policy Forum](#), [Analyst Forum](#) and [Managers Forum](#)

HoPP speaking events – [International Year of Evaluation Launch](#)

HoPP speaking events – [IPANZ speech](#)

HoPP speaking events – [IPANZ Free and Frank seminar](#)

The Policy Project webpage [www.dpmc.govt.nz/policyproject](http://www.dpmc.govt.nz/policyproject)

## Timeline of key events

<b>March 2014</b>	Sally Washington seconded to DPMC by Helen Wyn as Programme Manager to create what would become the 'Policy Project'
<b>April 2014</b>	Tier 2 Policy Leaders Network: Current state of the New Zealand policy system
<b>May 2014</b>	Tier 2 Policy Leaders Network: Sharing existing policy quality standards
<b>June 2014</b>	Tier 2 Policy Leaders Network: Providing feedback on the 'The Policy Project Narrative and direction of travel' paper
<b>July 2014</b>	Policy Forum to test Narrative Paper, co-produce work programme and solutions
	Publication of Narrative Paper ( <i>The Policy Project: narrative and direction of travel</i> )
<b>September 2014</b>	Policy Project direction of travel and work programme endorsed by the State Sector Reform Leadership Group
	Andrew Kibblewhite appointed Head of the Policy Profession
	Policy Project seeks club funding
	Tier 2 Policy Leaders Network: Feedback about the Treasury's Policy Measurement Project and initial thinking on a capability maturity model
<b>October 2014</b>	Tier 2 Policy Leaders Network: How agencies are establishing or re-establishing relationships with Ministers (post-election)
	Analyst Forum to gather young cohort views
<b>December 2014</b>	Tier 2 Policy Leaders Network with Minister of Finance and Head of Policy Profession
<b>February 2015</b>	Tier 2 Policy Leaders Network: Developing capability components and indicators for a high-performing policy shop
<b>March 2015</b>	People Capability Workshop
	Andrew Kibblewhite's first speech as Head of the Policy Profession to the International Year of Evaluation 2015 Launch
<b>April 2015</b>	Tier 2 Policy Leaders Network: A 'Heat Map' of urgent, looming and future policy issues
	Policy Managers Forum: Testing the Capability Maturity Model
<b>May 2015</b>	Helen Wyn leaves the DPMC to become Acting Chief Executive of the Ministry of Culture and Heritage
	Andrew Kibblewhite delivers an address to IPANZ: "Responsive today, shaping tomorrow"
<b>June 2015</b>	Policy Skills Framework tested with a cross-agency policy skills workshop
<b>July 2015</b>	Tier 2 Workshop with Hon Paula Bennett, Minister of State Services and Head of Policy Profession
	Tier 2 Policy Leaders Network: Identify longer-term strategic policy questions
<b>July 2015</b>	Anneliese Parkin joins DPMC as Deputy Chief Executive, Policy
<b>August 2015</b>	Tier 2 Policy Leaders Network: Update on Policy Project work in progress
	Andrew Kibblewhite speech at IPANZ: Free, Frank and other F-words

Conversation trackers of all events available [here](#)