

Value-Adding Policy Analysis and Advice: New Roles and Skills for the Public Sector

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Introduction

High-quality policy analysis and advice is critical to good governance. Teaching public policy for the Australia and New Zealand School of Government (ANZSOG) provides a welcome opportunity to discuss challenges and opportunities for the public sector advisory system with experienced practitioners from Australia and New Zealand. Public sector advisers in many jurisdictions recognize the existence of competition for these services from others, leading to some reflection on the comparative advantage the public sector can bring to its role (Bardach, 2000; Weimer and Vining, 1999; Radin, 2000).

This article discusses the way the public sector is adapting to the challenges and opportunities of a more contested policy environment. It begins by canvassing the distinguishing features of 'value-adding' policy advice, placing it in the changing context of policy analysis and advising in New Zealand and Australia. Next, it considers how the public sector has influenced and adapted to the changes. Suggestions are made for expanding specific public sector roles, skills and capabilities, in the interests of enhancing performance and leadership in public sector policy advising.

Value-adding policy advice

Policy advising is a profession requiring a multidisciplinary approach, using knowledge, skills and competencies that span the arts and sciences. Some describe policy analysis as a 'craft', drawing attention to the way it is context-specific and tailored for a particular client and purpose. It is difficult to get agreement among theorists about the defining features of value-adding policy analysis and advising in the context of the Westminster tradition of government. Many guidelines,

templates and checklists purport to set out the qualities of good policy advice. Most of them, however, describe inputs and processes and establish, at best, the necessary rather than sufficient conditions for ensuring that advice is fit for purpose (Bridgman and Davis, 2004).

Fundamentally, the quality of policy advice is determined not by inputs and outputs, but by its outcomes. Advice must help decision-makers choose policies and associated interventions that support strategic directions and are effective in leading to desired policy outcomes. All policy is value-based, but value-creating advice is explicit regarding the values, criteria and assumptions that underpin the analysis of options.

Value-adding policy advice requires well-argued policy frameworks and the application of research-based analysis to underpin recommendations. The evidence-based policy movement is credited with encouraging more rigorous and robust policy analysis, monitoring and evaluation, and implementation. Analysts must be able to compare lessons from other countries with home-grown solutions. The increasingly global policy environment calls for a multidisciplinary approach, and a research and evaluation culture that can foster productive debate and critique in the public sector policy arm. Advisers and analysts need to read widely and anticipate changes in society and the climate of thought that may affect policy preferences and priorities.

The provision of policy advice is an industry, and it requires innovation and risk-taking to improve its performance. Like any other industry, the public sector needs significant investment in building the capability and performance of policy advisers, including investment in research and development, without which the sector's comparative advantage as a provider of policy advice and analysis will suffer (Lindquist and Desveaux, 1998). Advisers can add value by keeping abreast of

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changes in the policy environment, including trends and developments in other countries.

Measuring the quality of and value added by policy analysis and advice will always be difficult. But we can do better than crude measures such as 'proportion of advice taken' or 'ministerial satisfaction'. However judgments are made, it is clear that assessments of quality and value need to have regard to both professional standards for value-adding analysis and advice, and to key features of the particular context, including the preferences and priorities of decision-makers (Uhr and Mackay, 1996).

The changing context of policy analysis and advising

Policy advisers in the Westminster system are apolitical, and serve successive governments irrespective of political stripe. While discussions of advice often portray a simple relationship between an agency and a minister, many government departments work to several ministers. Ministerial advisers are becoming a significant force, particularly in Australia, and the interface between these advisers and public sector advisers can be difficult, given the different roles and timeframes to which they work. Public servants report that their work is increasingly concerned with implementation and consultation rather than new policy design. Parties in opposition develop new policy platforms; but once in power, they find that coalition governments can be tightly bound by policy agreements, with less room to manoeuvre than in the past.

When the political environment lacks stability, it becomes difficult for the public sector to play a leadership role; and the instability can, at worst, hamper the development of strategic policy frameworks with a longer-term focus. This raises issues about how to balance the public sector's need to be responsive to policies and priorities of the government of the day against ensuring it has the capabilities and capacity to serve future governments with quite different priorities and policy settings.

There is no lack of challenge coming from the 'wicked' public policy issues before governments in New Zealand and Australia. Departments and ministries are addressing ambitious policy outcomes involving multiple, often conflicting, goals. Agencies are dealing with tough issues, about which there is little agreement regarding the nature of the problem and whether the

public sector can assert jurisdiction and secure the necessary buy-in from others (Roberts, 2004).

New paradigms and ideologies are shaping public action. External threats to security, such as terrorism and public health risks, are creating new roles for governments, and requiring closer linkages between different policy areas. Top-down approaches to policy development are being replaced by the formation of policy networks that can more easily draw contributions from many sectors and agencies.

Whole-of-government processes and approaches to policy development are becoming well-established in many jurisdictions. In New Zealand this term refers to the need for seamless horizontal and vertical integration across agencies; however, in Australia it relates primarily to connecting up agencies at the federal government level (Ministerial Advisory Committee, 2004). In both countries, opportunities are expanding for partnering with organisations and stakeholder groups outside of government. An associated challenge to the public sector is to provide policy analysis and advice that reflects the diversity of values and viewpoints held by citizens and decision-makers.

Despite increased efforts to consult at local and state/regional levels, power over key public policy decisions is still concentrated at the central level in New Zealand and at the federal levels in Australia. Existing structures, and the way they assign roles between the federal government and states in Australia, and between central and local governments in New Zealand, are constraining whole-of-government policy developments on specific issues in areas such as transport, water supply, environment and health.

Special intergovernmental arrangements in Australia try to address these issues, but appear to lack sufficient collaboration and coordination to develop integrated policy approaches. In New Zealand, the Local Government Act 2002 has mandated that each local government facilitate the development of a Long Term Council Community Plan to deliver economic, social, environmental and cultural outcomes. Successful local government strategic planning requires significant collaboration and partnerships with key central government agencies and the private sector. This is particularly important since responsibility for the funding of major programmes that influence these outcomes belongs to central government ministries.

While analysis and advising in the public sector demands more skills and more complex roles, the concepts and frameworks underpinning policy analysis and advice remain somewhat simplistic. Models of policy development have tended to adhere to the basic ‘policy cycle model’, with additional requirements perceived as add-ons to the basic multi-stage approach. There is also a need for greater integration of the stages in policy development, including better linkages between policy design, implementation and monitoring of results. More comprehensive mapping of roles and styles, as has been done for the Netherlands (Mayer, van Daalen and Bots, 2004), has the potential to provide suggestions for new roles which could be adopted by policy analysts and advisers in New Zealand and Australia, with a view to providing further value to decision makers.

Adapting to changes in the policy environment

Some public servants, and indeed whole departments, feel constrained from exploring new approaches, particularly in sensitive policy arenas. Thin political majorities make governments more vulnerable to criticism from opposition parties for policy failures. Some public servants suggest that the policy environment has discouraged innovation, experimentation, and the piloting of new policies. Some agencies appear to be concerned with minimizing risk rather than managing it, thereby constraining their ability to provide advice that is new and innovative.

There are interesting debates as to whether changes in the policy environment, to some degree, are a response to perceived limitations and lack of capability in the public sector advisory system. During the 1970s and 1980s some political leaders and governments in Australia and New Zealand expressed concern about the public sector’s lack of responsiveness and limited capability to quickly implement new directions in policy development (Scott, 2003).

Some public servants in both New Zealand and Australia assert that the current policy environment provides inadequate encouragement and support for strategic thinking, because medium-term policy settings and innovative policy approaches can challenge conventional wisdom and may be unpopular with individuals, interest groups or ministers. Others are more optimistic and see opportunities for public servant advisers to work

more effectively, by forming relationships and partnerships with universities, research institutes and other sources of analysis and advice. The Australian public sector has a stronger tradition of research and analysis being undertaken outside the public sector, making it easier in some cases for the public sector to explore new policy directions that are not popular with the current government.

A more informed and engaged polity also assists advisers in designing and implementing new policy approaches and fostering public sector innovation. There are benefits when public policy issues can be debated across party lines and a wide range of different views can evaluate alternative policy options and strategies.

Allan Behm, an Australian defence strategist and former public servant, suggests that public servants are quite proficient in the core *transactional* policy skills, which involve delivering factually correct, well-informed policy products that present the adviser’s conclusions honestly and fearlessly (Behm et al, 2000). Based on extensive interviews with current and former ministers and senior officials, Behm and his colleagues suggest that public servants are, however, less skilled at *transformational* policy advising, which looks beyond immediate facts and conclusions and brings to the advisory task a combination of vision, creativity, political awareness, risk sensitivity, and holistic understanding of government’s aspirations. Transformational advice requires attention to medium-term policy settings and system approaches and perspectives to drive policy analysis.

The Behm et al model of value-creating advisory services has sparked considerable debate. Some critics have raised concerns that providing transformational policy advice to ministers has the potential to shift Australia from a Westminster to a more politicised ‘Washminster’ approach to policy advising.

Others have embraced the model, including many chief executives and senior managers in New Zealand and Australia who have responded with initiatives designed to enhance the quality and value-adding nature of public sector policy advice. Several of these initiatives foster a more strategic approach to policy development, though many different approaches to strategy have been adopted.

Some initiatives promote strategic thinking and medium term policy options and settings. Others are more

concerned with developing technical skills, such as environmental scanning, modelling, scenarios and futures research.

Expanding roles and skills

There are signs on both sides of the Tasman that senior public servants are taking up the challenge of enhancing policy capability and performance. In May 2005, Lynelle Briggs, newly-appointed Australian Public Service Commissioner, called on the public sector to exhibit “a passion” for policy in the pursuit of desired policy outcomes. She invited the Australian Public Service (APS) to take up the challenge of the more contested policy advisory market, to leverage off good research and evidence, and to add value by exploiting those features that position the APS well in the new environment. Such features include the public service’s institutional knowledge and experience, its access to information and expertise, and its independence relative to competing sources of analysis and advice – many of which focus on crafting evidence suited to a particular perspective or interest group, rather than a vision of the public interest.

In a presentation to participants in an ANZSOG policy course in Brisbane, Dr Leo Keliher, head of the Queensland Department of Premier and Cabinet, voiced concern that ‘evidence-based policy’ has become a public policy mantra, and needed further examination. He suggested that the public sector has a comparative advantage in subjecting research and evidence to scrutiny, with a view to improving the accuracy, consistency and integrity of information, evidence and advice.

Providing advice that adds value to outcomes will require cross-agency and inter-disciplinary collaboration. Issues confronting today’s government do not sit neatly within the portfolio responsibilities of one or even a few Ministers or agencies, and many issues have ramifications beyond a single jurisdiction. Performance will be enhanced by fostering closer linkages between policy design, implementation and research and evaluation roles. Functional integration within and across agencies is also required if a whole-of-government approach to policy is to become a reality. Coordinated state services was identified as one of six goals required for delivering world-class professional state services which serve the government of the day and meet the needs of New Zealanders (SSC, 2005).

High performance advising relates to the success of analysts and advisers in working with citizens, stakeholders and key players in the policy analysis and advisory market. It will be fostered by adopting a strategic approach to policy development and enhancing opportunities for strategic thinking and conversation. Strategic thinking is not simply thinking about medium-term policy, but rather a specific approach to thinking. The Liedtka model portrays strategic thinking as a distinctive approach to thinking which includes five elements: a systems perspective; intent focus; intelligent opportunism; thinking in time; and a hypothesis-driven approach (Lawrence, 2003). Strategic thinking questions underlying assumptions and parameters and is sometimes regarded as analogous to double-loop learning. Strategic thinking, at its best, disrupts status-quo-driven thinking by creating a gap between today’s reality and a more desirable future.

Strategic conversation provides opportunities to make connections between various events, issues and ideas, to explore patterns and trends, and to consider the systemic structures and dynamics and worldviews which may have shaped these events. Marsh (2001) suggests that limitations on Australia’s ability to have strategic conversations are constraining its ability to enhance strategic policy development.

As policy processes become more complex and extend beyond simple exchanges between advisers and decision makers, more robust and comprehensive approaches become necessary. Yet many government agencies continue to discuss policy analysis as a multi-stage process of applied decisionmaking, which oversimplifies the complexity of the current policy environment.

Benefits can accrue from reflecting on the different roles and related styles which can be adopted by policy analysts and advisers and the corresponding skills, capabilities and smart practices. Thinking more closely about roles can help the public sector to identify areas where it has a comparative advantage relative to others. Embracing a wider range of roles, approaches to and styles of policy analysis and advising will increase the opportunities for public sector advisers to extend their policy leadership role. Of course, adopting some roles will require a change of culture so as to accommodate more collaborative ways of working with citizens and stakeholders.

Dr Peter Shergold, head of the Department of Prime Minister and Cabinet in Australia, has called for the public sector to promote new forms of horizontal governance by focusing on the need for joined-up government, community engagement, and the relationship between the two concepts. He argues that the nature of the interaction between government and communities must change from consultation toward collaboration.

Effective responses to emerging policy challenges cannot respect organisational barriers; and whole-of-government approaches should consist 'not in rearranging the bureaucratic structures but in modifying the networks between them and the behaviour of those who work with them... Nothing can so undermine partnership as a view that government knows best' (Shergold, 2005, p. 1).

Individual agencies and departments must become less concerned about who is leading and in charge, with a view to working in a more collaborative way across government departments and at different levels of government. This approach can then be extended to working more effectively with NGOs and private-sector organizations on policy development. Improving research, evaluation and analytical skills will create new opportunities for public servants to develop formal and informal partnerships and relationships and to build skills to support higher levels of policy capability and performance.

Working in a more open environment for policymaking will require new skills and a change in culture to maximize the leadership potential of the public sector. A more pro-active role for the public sector in encouraging and facilitating policy analysis and debate will have benefits, including a longer-term perspective on policy opportunities and challenges, and the ability to work toward a consensus on appropriate medium term policy settings.

Conclusion

There are unrealized opportunities for the public sector to create additional value in policy analysis and advising. Public sector advisers need to devote more attention to networking with other key contributors to public policy analysis and advising. They need closer linkages to important sources of information and analysis, and should forge closer relationships with clients, customers

and stakeholder groups. New skills in strategic thinking and conversation are needed, as are closer linkages between policy design, implementation and research and evaluation. The public sector must be proactive in exploring opportunities for policy leadership, while also expanding the range of leadership approaches and styles which it embraces. Sometimes the public sector should lead from the front. Other times, it must facilitate leadership by others, or form partnerships and collaborations to move the policy agenda forward.

As analysts and advisers adopt different roles in policy development, they will require different skills, capabilities and styles of leadership. Expertise need not be provided exclusively by the public sector; and public service advisers should identify specific roles, activities and topic areas where they have potential and comparative advantage to contribute and should contract out work and also encourage and facilitate analysis and activity by others.

Added value in policy analysis and advising will be enhanced by a more robust and engaged polity. Policy analysts and advisers can play value-adding roles in fostering democratic participation and political engagement and leadership on specific issues. It is important to ensure that the abilities of both advisers and decision makers are being developed to maximum potential, and that both groups are more aware of the various ways in which policy leadership can be advanced.

Making a policy advisory system more innovative and transformational will require effort and commitment. While maintaining the benefits of the Westminster tradition, the public sector can nevertheless play a bigger role in encouraging deliberation and decision making on medium-term issues. Public sector policy leadership can be extended by developing the public sector's capacity to anticipate policy challenges and opportunities, thereby enhancing the ability of governments and citizens to respond to and shape the future.

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