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Outcomes Based Accountability and the Programme for Government

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A research paper considering Outcomes Based Accountability, in the context of the publication of the Executive's Outcomes Framework for consultation in January 2021.

Key Points

This research paper has been developed in advance of the publication of a new Programme for Government (PfG) in 2021. These key points detail findings that may be of value when considering and scrutinising the new PfG, its delivery and the allocation of associated budgets.

- In the New Decade New Approach deal, the parties agreed to retain an outcomes-based Programme for Government, where the work of the Executive and the broader public sector will be directed towards a set of agreed outcomes. The Executive launched a new Outcomes Framework for consultation in January 2021, which will inform an updated PfG. In this framework, the Executive reiterated its commitment to using Mark Friedman's specific approach, commonly known as Outcomes Based Accountability. OBA is one of a number of approaches which place wellbeing at the core of public policy and decision-making.

- Outcomes Based Accountability operates on two distinct levels: "population accountability" and "performance accountability."

    Population accountability is the higher level of OBA, and addresses the wellbeing of whole populations. Responsible organisations identify desired outcomes, and indicators which monitor progress towards these outcomes, and then develop and deliver action plans to progress the outcomes. The Programme for Government will operate at the population accountability level, as it seeks to deliver outcomes for whole populations within Northern Ireland: for example, all Northern Ireland residents, all children in Northern Ireland or all older people in Northern Ireland.

    Performance accountability is the lower level of OBA, and addresses the wellbeing of specific client groups: for example, all children in care. Responsible organisations identify their client group, desired impacts for this group and how these impacts can be delivered and measured. Interventions at the performance accountability level are then monitored using report cards which detail the quantity of work done; the quality of work done; and the impact of this work.

- At the population accountability level of OBA it is difficult, if not impossible, to attribute responsibility for performance across public bodies and external forces. This may limit how well these bodies can be held accountable for their performance against PfG outcomes and indicators.

    The performance accountability level of OBA, with more immediate outcomes and beneficiaries, may be more valuable to scrutiny and management. In many ways, the performance accountability approach is a variation on widely used logic models which track priorities – inputs – outputs – outcomes. However, several have suggested that OBA is only feasible at all where outcomes are easily measurable and created within simple linear systems, which enable outcomes to be attributed to specific public bodies.

- At population accountability level, OBA can generate a focus on indicators at the expense of the overall outcome. This can lead to "perverse incentives" which encourage public bodies to produce the right data, potentially at the expense of actually doing the work to progress the outcome.

- Population level outcomes will inevitably sometimes compete with one another. Improving on one outcome may mean actively harming progress on the other. In such cases, outcomes will have to be prioritised outside of the OBA model. Where this is necessary, this should be clearly and openly communicated and scrutinised.

- The Scottish Government's experience of OBA is assessed as a case study. Scotland is a close neighbour which has delivered an outcomes-based programme for government since 2007, under continued one party government.

  In Scotland, OBA is only one of many influences on government decision-making and parliamentary scrutiny, and has not been comprehensively or uniformly put into practice by either institution.

  Some lessons can be drawn from the Scottish experience. The core questions of the OBA process can be utilised when scrutinising Departmental budgets and performance; this outcomes-based scrutiny could be initially piloted in one or two areas of work per legislative session. Fundamentally, however, the complexity and time required to embed OBA into government and parliamentary process should not be underestimated.
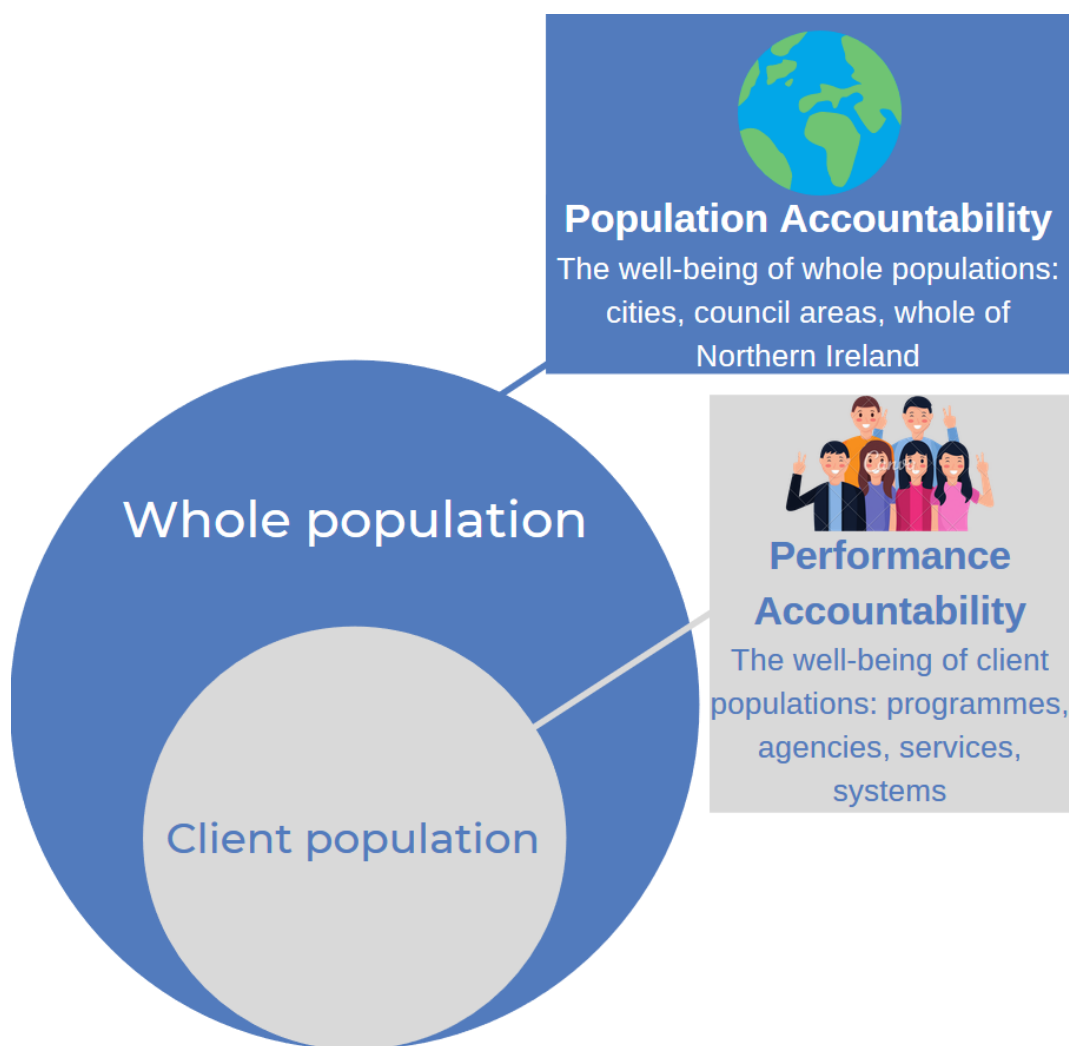
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1   What is Outcomes Based Accountability?

This section briefly details what Outcomes Based Accountability is and how it works, as well as some of the places where it is currently employed.

Outcomes Based Accountability, or "OBA", is a trademarked system developed by Mark Friedman since the early 1990s[1] and most fully expressed in his 2005 book *Trying Hard Is Not Good Enough*. It was originally developed as "Results Based Accountability" or RBA: the two titles refer to the same system. OBA is one of a number of approaches which seek to place the wellbeing of a population at the heart of policy and decision-making.[2]

In essence, OBA seeks to define agreed outcomes for a given population, and then drive all work towards progressing these outcomes. The approach works on two distinct levels: the higher and broader level of population accountability, and the lower and more specific level of performance accountability.

Figure 1: Population accountability & performance accountability [3]

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[1] See https://davidburnby.co.uk/outcome-based-accountability/, retrieved on 10th December 2020

[2] Organisation for Economic Co-operation and Development, *Policy use of well-being metrics: Describing countries' experiences* (2018) p6

[3] See https://clearimpact.com/results-based-accountability/, retrieved on 10th December 2020 (colour scheme amended and population accountability text amended to Northern Ireland context)

Population accountability

Population accountability is summarised by the Northern Ireland Audit Office as:

> [. . .] a system or process for holding people in a geographic area responsible for the well-being of the total population or a defined sub population. At a regional/national level, these are the outcomes or the conditions of wellbeing that we want for our citizens and communities, such as a safe neighbourhood or a clean environment. These outcomes are population outcomes as they refer to whole populations of a city, region or country.[4]
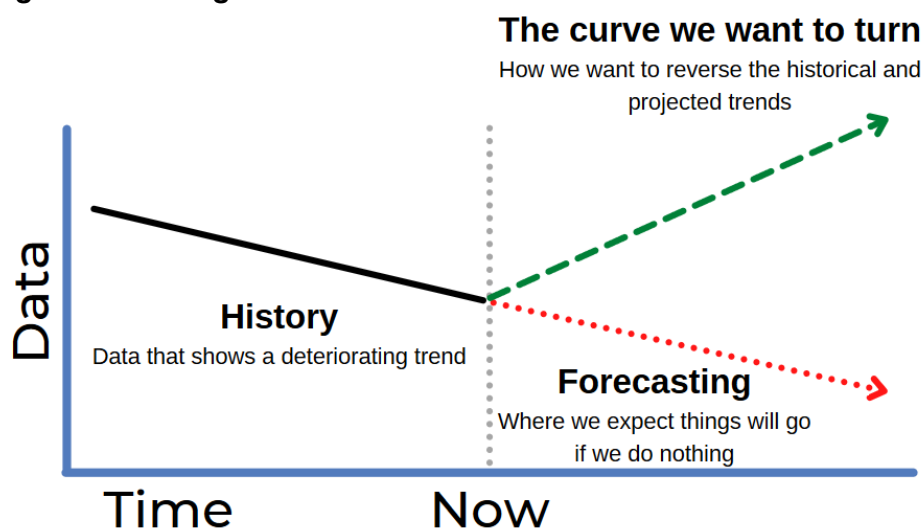
Population accountability begins with the organisations responsible for delivery asking, and answering, seven key questions. These questions define the desired outcomes, and how they can be measured and delivered:

What is the outcome we want for the people in our community?
How would this outcome be experienced if we could see it?
How can we measure these conditions?
How are we doing on the most important measures?
Who are the partners that have a role to play?
What works in order to do better, including no-cost and low-cost ideas?
What do we propose to do?

The outcomes agreed are intended to be broad and aspirational statements. Progress towards the outcomes is measured by developing and monitoring indicators. An outcome typically has multiple indicators, providing objective and reliable data which demonstrate progress. For example, Outcome 2 in the 2016 draft PfG is "We live and work sustainably – protecting the environment." One indicator for this outcome is the percentage of household waste that is reused, recycled or composted.[5]

The aim is to "turn the curve" on the indicators, by improving performance compared to what would have happened otherwise (see Figure 2).

Figure 2: Turning the curve [6]

The curve we want to turn
How we want to reverse the historical and projected trends

History
Data that shows a deteriorating trend

Forecasting
Where we expect things will go
if we do nothing

Data

Time   Now

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[4] Northern Ireland Audit Office, *Performance management for outcomes: A good practice guide for public bodies* (2018) p20
[5] See https://www.executiveoffice-ni.gov.uk/indicators/percentage-household-waste-reused-recycled-or-composted, retrieved on 27th January 2020
[6] David Burnby, Toby Lowe & Mike Pinnock, *The Toby Lowe Letters* (2013) p10 (colour scheme amended)

Performance accountability
Performance accountability is the lower level of OBA. Where population accountability focuses on defining and measuring progress for (say) an entire country, performance accountability does this for an individual client group: for example, all students at the College of Agriculture, Food & Rural Enterprise (CAFRE).

Performance accountability begins with the organisations responsible for delivery asking and answering seven key questions to establish the client group, how positive impacts for this group can be measured, and how these impacts can be delivered:

Who are our customers, clients, people we serve?
How can we measure if our customers/clients are better off?
How can we measure if we are delivering service well?
How are we doing on the most important of these measures? Where have we been; where are we headed?
Who are the partners who have a potential role to play in doing better?
What works, what could work to do better than baseline?
What do we propose to do?

After interventions are proposed, performance accountability assesses these by asking three questions:

How much did we do? (Quantity of work)
How well did we do it? (Quality of work)
Is anyone better off? (Impact of work)

Each intervention develops a report card of agreed measures, which details its work and impact by answering these questions. A CAFRE initiative's report card could include the number of participants ("How Much"); the percentage of participants satisfied with their experience at CAFRE ("How Well"); and the number and percentage of participants gaining qualifications, and/or employment ("Better Off").

Figure 3: A performance accountability report card [7]

	QUANTITY	QUALITY
EFFORT	**How much did we do?** Number of customers served Number of activities delivered Number of services delivered	**How well did we do it?** % customers satisfied % activities performed well % services performed well
EFFECT	**Is anyone better off?** Number and % showing improvement in: Skills Attitudes Behaviour Circumstances	

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[7] Results Leadership Group, *The Results-Based Accountability Guide* (2010) p8 (colour scheme amended)

How population accountability and performance accountability interact

Where OBA is adopted, there should first be agreed outcomes and indicators at the "population accountability" level, which define the long-term vision for the population.

Individual agencies and interventions should then employ "performance accountability" to demonstrate progress at that lower level. The work of all agencies and interventions should contribute to one or more population-level outcome.

It is important to understand the distinction between the population and performance accountability levels of OBA.

Performance accountability is focused on individual agencies and interventions, with more immediate and identifiable impacts and beneficiaries. At the population level, however, outcomes are so broad and aspirational that they involve a wide range of stakeholders and influences, and can only be progressed in the longer term.[8]

It is therefore possible for performance level interventions to achieve positive impacts, without necessarily succeeding (alone or together) in progressing a population-level outcome. For example, Invest NI could succeed at the performance level of OBA by delivering new jobs through small-scale enterprise projects, but the impact of this could then be outweighed by an international recession, which prevents progress at the population level.

Outcomes-based budgeting

Outcomes-based budgeting is the logical consequence of an OBA approach to government. In essence, it follows the OBA structure of working backwards from the agreed outcome, and allocating funding to actions which will progress that outcome. This is explained in Mark Friedman's online guide to OBA:

How do we create an action plan and budget?

The Short Answer

[. . .]

A budget describes what will be funded and how. Most budgeting processes involve four basic steps:

- Develop a list of what you want to do: In Results-Based Accountability this means what works to turn the curves
- Prioritize the list: This means using criteria, like specificity, leverage, values and reach.
- Attach a price tag to each item.
- Take the money you have and buy as far down the list as you can.[9]

Friedman further states that 'thinking from [outcomes] to budgets can be used to . . . structure internal budget reviews and legislative branch budget hearings.'[10] An

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[8] Northern Ireland Executive, *Programme for Government Consultation Document* (2016) p14

[9] See http://raguide.org/2-13-how-do-we-create-an-action-plan-and-budget/, retrieved on 14th December 2020

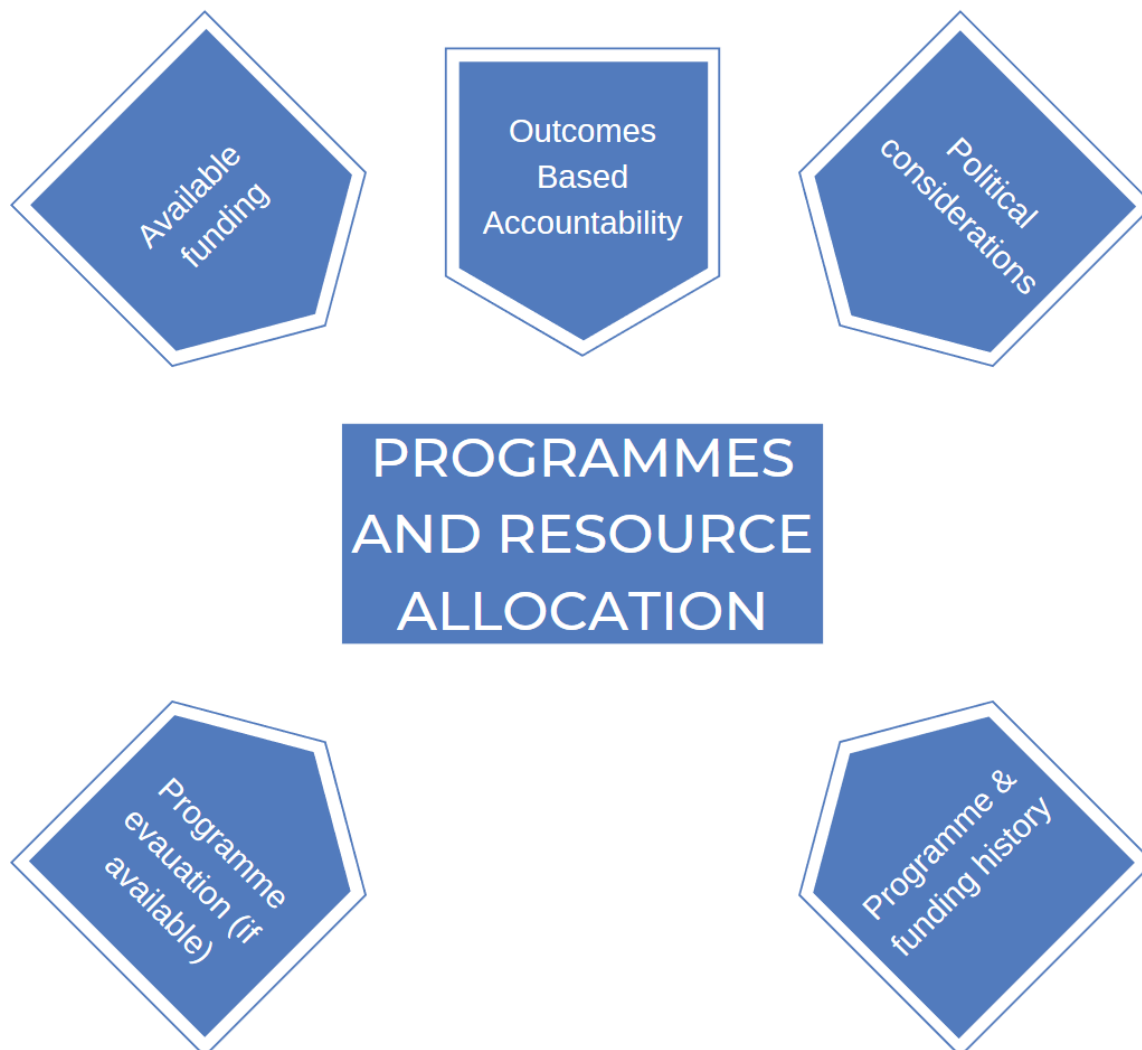[10] See http://raguide.org/2-15-ok-so-whats-the-link-to-the-budget/, retrieved on 14th December 2020

example of best practice in this regard is the Connecticut General Assembly. The General Assembly's RBA Subcommittee has required use of RBA for all new or expanded programmes since 2008, and has utilised standard RBA questions in budget scrutiny.[11]

In practice, however, budget development and scrutiny is a complex process with multiple inputs, of which methodologies such OBA may be only one. Annual government budgets tend to change only incrementally and marginally, with most departments and agencies inheriting previous funding levels with slight year-on-year changes.[12] The scope for significant budget change based on OBA considerations is therefore limited.

In addition, in terms of scrutiny, OBA is 'but one of several important analytic approaches (or lenses) that legislators use in making decisions'[13] on funding. Figure 4 below, from a guide on OBA for Connecticut Assembly members, lays out a range of considerations which can inform the budgeting and scrutiny process:

Figure 4: Factors influencing the budget and scrutiny process [14]

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[11] NI Assembly Research & Information Service, *Briefing Paper: Outcomes-based government* (2016) p5

[12] Greig Liddell, *SPICe Briefing: The National Performance Framework and budget scrutiny* (2019) p7

[13] Diana Urban, *Results-Based Accountability for Connecticut Legislators* (2013) p1

[14] Diana Urban, *Results-Based Accountability for Connecticut Legislators* (2013) p2 (colour scheme amended)

Where is OBA in use?

OBA has been employed in many governmental and sub-governmental contexts across the world.[15] Within the United Kingdom, it is currently employed in Scotland and Wales.

In Scotland, OBA was adopted by the Scottish Government following the 2007 election, in which the Scottish National Party had pledged to follow the OBA model utilised in Virginia at the time.[16] The Scottish OBA framework was refreshed following the 2011 and 2016 elections, and placed on a statutory footing with the Community Empowerment (Scotland) Act 2015. The success of the Scottish Government's work is intended to be monitored using its National Performance Framework[17], which currently has 11 national outcomes and 81 national indicators.

In Wales, the Well-being of Future Generations (Wales) Act 2015[18] created seven wellbeing goals (i.e. outcomes) for 'a prosperous, healthier, resilient, more equal and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language.'[19] These wellbeing goals are represented by 46 national indicators[20], and the Welsh government produces annual updates on performance against these indicators.[21]

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[15] See http://raguide.org/results-based-accountability-success-stories/, retrieved on 10th December 2020; see also Mark Friedman, *Trying Hard is Not Good Enough: 10th Anniversary Edition* (2015) p v
[16] Scottish National Party, *Manifesto* (2007) p16
[17] See https://nationalperformance.gov.scot/, retrieved on 10th December 2020
[18] *Wellbeing of Future Generations (Wales) Act* 2015
[19] See https://gov.wales/wellbeing-wales, retrieved on 10th December 2020
[20] See https://gov.wales/well-being-wales-national-indicators, retrieved on 10th December 2020
[21] See the 2020 report at https://gov.wales/wellbeing-wales-2020-html, retrieved on 10th December 2020

2   The Northern Ireland Executive's use of OBA

This section will detail the introduction of OBA to the work of the Northern Ireland Executive.

One of the early champions of OBA in Northern Ireland was the National Children's Bureau.[22] In the early 2010s, the Executive increased use of outcome and impact-based commissioning (including OBA) in funding third sector organisations. This replaced previous "output" funding models, which focused on volume of work completed, as opposed to the impact of this work.

In 2014, the Executive asked the OECD to complete 'an assessment of its public reform agenda'[23] in the context of the divided nature of Northern Ireland, increased budget pressures and the consequent need for reform of public administration.

By the time the OECD completed its report, the Executive had committed to a multi-year, outcomes-based Programme for Government. The OECD report made multiple recommendations on the Programme for Government and its infrastructure, including:

- Implementing a multi-year outcomes based Programme for Government
- Enhancing NISRA to support PfG performance management, and improve planning & evaluation capacity more generally
- Strengthening the 'Centre of Government' (the Executive Office and Department of Finance) to break down Departmental silos, ensure cooperation and ensure that all activity links clearly to the Programme for Government.[24]

The Draft Programme for Government Framework 2016-21 was subsequently published in May 2016, and set out the 'direction of travel' of the proposed PfG.[25] It employed the OBA framework with 14 outcomes, 42 indicators and 43 measures.[26]

Following consultation, which demonstrated widespread support for the OBA approach, a draft Programme for Government was published in October 2016. Amendments included simplifying the overall structure to just outcomes and indicators[27], and allocating a senior responsible officer for each indicator. The draft PfG recognised the difficult and long-term nature of progressing population outcomes, and therefore committed to implementing performance level OBA for individual programmes and policies.[28]

Consultation on the draft PfG closed in December 2016. One month after this, the Assembly was dissolved and consequently entered a hiatus which lasted for three years. During this time, no Executive was formed and there was no Programme for

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[22] See https://www.ncb.org.uk/our-work-northern-ireland/outcomes-based-accountability, retrieved on 10th December 2020

[23] OECD, *Northern Ireland (United Kingdom): Implementing Joined-up Governance for a Common Purpose* (2016) p3

[24] As cited immediately above, p17

[25] Northern Ireland Executive, *Draft Programme for Government Framework 2016-21* (2016) p6

[26] As cited immediately above, p9

[27] Northern Ireland Executive, *Programme for Government Consultation Document* (2016) p10

[28] As cited immediately above, p14-15

Government. In the absence of Ministers, the Northern Ireland Civil Service worked to 'give effect to the direction set by Ministers'[29] immediately before their absence.

This approach led to the publication of the Outcomes Delivery Plan 2018/19. This proceeded from the draft PfG at the point of hiatus: a plan with 12 outcomes and 49 indicators[30], and Outcome Teams led by a Permanent Secretary overseeing work towards each outcome. The civil service published mid-year and end-year reports on the 2018/19 Plan, detailing the work of 'Outcome Teams' on their Delivery Plans and progress on indicators.

An updated Plan[31] published in December 2019 remains the current strategic document for the Executive. In addition to this, the Executive Office has developed and published the Outcomes Viewer[32], where the public can easily view performance on outcomes and indicators.

In the 'New Decade New Approach' deal in January 2020, the parties agreed[33] a 'two-stage approach': developing a PfG comprising the 12 outcomes of the Outcomes Delivery Plan, and agreeing a 'Priorities Plan' of actions for the remainder of 2019/20. Parties agreed to publish fuller details of an agreed PfG within two weeks of the restoration of the institutions.[34] Finally, an Assembly PfG Committee would be established 'to monitor progress against each of the outcomes and to consider potential measures for achieving improvement.'[35]

Since this agreement, the COVID-19 pandemic and Executive response delayed the development of a new PfG. On 25th January 2021, the Executive launched a draft PfG Outcomes Framework for an eight-week consultation.[36]

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[29] The Executive Office, *Outcomes Delivery Plan 2018-19* (2018) p3
[30] See https://www.nisra.gov.uk/statistics/programme-government, retrieved on 10th December 2020
[31] The Executive Office, *Outcomes Delivery Plan* (2019)
[32] See https://www.executiveoffice-ni.gov.uk/indicators, retrieved on 10th December 2020
[33] Northern Ireland Office, *New Decade New Approach* (2020) p14
[34] As cited immediately above, p39
[35] As cited in footnote 33, p29
[36] Northern Ireland Executive, *Programme for Government Consultation Document* (2021) p7

3   Issues with OBA in practice

This section considers several issues with putting OBA into practice.

(a)   <u>Indicators can never precisely represent the relevant outcome</u>
Population-level outcomes are broad and aspirational. For example, consider Outcome 12 of the Outcomes Delivery Plan: "We give our children and young people the best start in life." This outcome does not provide any further detail. For instance, what is the upper age limit on "young people"? What, precisely, constitutes the "best start" for this population?

An outcome is given more definition by the indicators chosen to represent progress towards it. There are six indicators for Outcome 12:

- % babies born at low birth weight
- % children at appropriate stage of development in immediate preschool year
- % schools found to be good or better
- Gap between the percentage of Free School Meal eligible school leavers, and non-eligible school leavers, achieving at Level 2+ including English and Maths
- % school leavers achieving at Level 2+ including English and Maths
- % care leavers who, aged 19, were in education, training or employment

Each of these indicators is relevant and valuable. However taken together, they do not comprehensively capture progress towards the whole outcome. Many other indicators (existing or potential) could add to the picture. For example, the percentage of children in absolute or relative poverty; an index of social mobility; or the percentage of young people suffering from mental health issues.

The example of Outcome 12 indicates a broader inevitability of OBA. The indicators that are chosen for each outcome, as valuable as they may be, will never precisely represent the full complexity and scope of the outcome. There will always be a gap between an outcome and the indicators which represent it.[37] This means it may be possible to achieve overall progress towards an outcome, without improving on some or all of its indicators. Conversely, it is possible that indicators could be improved, without actually progressing towards the overall outcome.

(b)   <u>Indicators can create perverse incentives</u>
The Audit Office defines a perverse incentive as 'an incentive or target that has unintended and adverse consequences due to the actions undertaken to meet' it.[38]

When indicators are the only measure of population level progress in OBA, they can create these incentives, and an environment encouraging production of the right data, over delivering the right services for the outcome.[39]

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[37] David Burnby, Toby Lowe & Mike Pinnock, *The Toby Lowe Letters* (2013) pp14-15
[38] Northern Ireland Audit Office, *Performance management for outcomes: A good practice guide for public bodies* (2018) p26
[39] Joe Soss, Richard Fording & Sanford Schram, 'The organization of discipline: From Performance Management to perversity and punishment', *Journal of Public Administration Research and* Theory (2011) p203-232

The structure of OBA – where vague and aspirational outcomes are represented by objective and tangible indicator data – naturally focuses the work of responsible public bodies on improving the indicator data. However, as discussed above, improving on the indicators does not necessarily mean actually progressing the overall outcome.

The OBA structure simplifies[40] the complexities of reality to an artificial and basic action-to-indicator process. In the draft PfG, each indicator had a senior responsible official; in the Outcomes Delivery Plan, each outcome had an outcome team led by the most relevant permanent secretary. The rational way for these teams to apparently deliver progress is to improve performance on indicator data – even where this does not necessarily equal progress towards the outcome.

For example, take the indicator 'number of households in housing stress'[41] within Outcome 8 of the Outcomes Delivery Plan: 'We care for others and we help those in need.' The team for Outcome 8 is led by the Permanent Secretary of the Department for Communities (DfC), and includes three other senior civil servants within that Department.

This indicator is based on the number of points a household has on the social housing waiting list: a household must have 30+ points to be in "housing stress".

Within the context of OBA, it appears rational for DfC to change housing allocations policy to make it harder for households to be deemed "in housing stress". For instance, the threshold for "housing stress" could simply be raised from 30 to 50 points. This would improve performance against this indicator – whilst doing nothing to reduce housing stress, or actually improve the circumstances of affected households.

This is a fundamental challenge for OBA. Multiple studies of outcomes-based management have found that it structurally encourages improving indicator data, without necessarily improving services or progress towards overall outcomes.[42]

It is possible to improve indicator data and progress towards an outcome at the same time. However, OBA clearly has the potential to create perverse incentives whereby indicator data can be improved, at the expense of progress towards the actual outcome.

(c)   Attribution and accountability at population level
A third issue with OBA is the difficulty in establishing who is responsible for positive or negative change, on any outcome or indicator, at the population level.

As an example, take the 'NI Composite Economic Index'[43], a measure of private sector output under Outcome 1 of the Outcomes Delivery Plan.

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[40] Toby Lowe & Rob Wilson, 'Playing the Game of Outcomes-based Performance Management. Is Gamesmanship Inevitable? Evidence from Theory and Practice', *Social Policy & Administration* 51:7 (2015) p2
[41] See https://www.nisra.gov.uk/publications/pfg-2016-21-measurement-annex-number-households-housing-stress, retrieved on 10th December 2020
[42] See footnotes 39 & 40 above
[43] See https://www.nisra.gov.uk/publications/pfg-2016-21-measurement-annex-private-sector-nicei, retrieved on 10th December 2020

Since 2015, this indicator has steadily and substantially improved. But who is responsible for this, and to what extent? Is it Department of Finance policies? Invest NI interventions? Actions by the Department for the Economy? If it is some combination, how do we meaningfully divide responsibility? And to what extent is this improvement down to (say) Westminster policies, or global economic conditions, which are beyond Northern Ireland entirely?

Conversely, the COVID-19 pandemic has necessitated global restrictions on trading and travel, which will significantly harm this indicator. The outbreak was an external event, not within the control of the Executive or the Northern Ireland population. How can this be accurately acknowledged within OBA?

Mark Friedman has acknowledged that real-world interventions do not function in the linear cause-and-effect way that OBA presumes. However, his response dismisses this:

> Don't accept lack of control as an excuse … If control were the overriding criteria for performance measures then there would be no performance measures at all.[44]

Friedman has further suggested that if an indicator improves, it would be fair for an individual agency or department to say that they contributed to this.[45] However, OBA suggests that it would be 'a fruitless exercise'[46] to attempt to calculate precisely what proportion of the success is down to that agency.

This highlights a vital point attribution and accountability at the population accountability level of OBA.

No individual Executive department, agency, or funded stakeholder can be held solely responsible for population-level outcomes and indicators. As detailed, this is the purpose of performance accountability: to consider the smaller and more immediate impacts of individual bodies and interventions.

However, if there is no way of clearly specifying and dividing responsibility for population-level outcomes and indicators, accountability at the Northern Ireland-wide level is significantly reduced. Any Department, agency or stakeholder can theoretically claim as much credit as possible for improvements, and blame negative performance on external factors beyond their control.
This has led several academics to suggest that OBA is only potentially feasible or valuable under specific conditions: where outcomes are easily measurable and created within simple linear systems, enabling these outcomes to be clearly attributed to specific bodies.[47]

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[44] See http://raguide.org/1-1-what-are-the-basic-ideas-behind-results-based-accountability-and-results-based-decision-making-and-budgeting/, retrieved on 10th December 2020
[45] David Burnby, Toby Lowe & Mike Pinnock, *The Toby Lowe Letters* (2013) p11
[46] As cited immediately above
[47] See Ann Marie Gray & Derek Birrell, *Outcomes Based Accountability: a critical perspective* (2018) and Toby Lowe & Rob Wilson, 'Playing the Game of Outcomes-based Performance Management. Is Gamesmanship Inevitable? Evidence from Theory and Practice', *Social Policy & Administration* 51:7 (2015)

(d) <u>Outcomes contradict and compete with each other</u>
In an OBA framework with multiple population-level outcomes, it is inevitable that these outcomes will at some point contradict or compete with one another.[48] Progressing Outcome A may mean either sacrificing progress – or worse, actively damaging – progress on Outcome B.

Consider Outcomes 1 and 2 of the current Outcomes Delivery Plan:

Outcome 1: We prosper through a strong, competitive, regionally balanced economy
Outcome 2: We live and work sustainably – protecting the environment

One can imagine a decision facing the Executive, or one or more of its departments, in which either option will favour one of these outcomes over the other. A significant inward investment opportunity could damage the environment. Conversely, higher environmental protections could deter such inward investment. This could even be reflected in the indicators for Outcomes 1 and 2: a single Executive decision could improve Outcome 1's Private Sector NI Composite Economic Index, whilst also negatively affecting greenhouse gas emissions under Outcome 2.

In a Programme for Government which aims to encompass and direct all governmental activity, competing outcomes like these are inevitable. Decision-making in such an environment requires judgments and influences beyond what OBA can offer, which may limit its value as an overall framework.

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[48] Audit Scotland, *Planning for outcomes* (2019) p7

4   Scotland: a case study in OBA

This section considers the use of OBA by the Scottish Government and Parliament, where OBA has been implemented since 2007.

Introduction of OBA in Scotland

As detailed above, the Scottish Government published an OBA-based 'National Performance Framework' (NPF) following the SNP's victory in the 2007 elections. OBA was retained following the 2011 and 2016 elections, and in 2015 the Community Empowerment (Scotland) Act codified this approach in law. The Act requires:

- All public authorities to 'have regard'[49] to the NPF in carrying out their functions;
- Scottish Ministers to review the National Outcomes at least every five years, and to consult with the Scottish Parliament for 40 days on such reviews;[50]
- Scottish Ministers to publish reports on 'the extent to which the national outcomes have been achieved'.[51] (The regularity, frequency and format of these reports are entirely up to the Scottish Government.)

The Scottish Government provides no regular formal report to the Scottish Parliament on its performance within the NPF. The NPF website provides the latest data on its 11 national outcomes and 81 indicators[52], and the government has previously indicated that this website represents a sufficient reporting mechanism.[53] The government does provide performance scorecards on relevant outcomes and indicators to individual committees, in relation to the scrutiny of annual budgets.

In 2011, the parliament's Finance Committee considered the government's 2011 spending review and 2012/13 budget, and noted the lack of linkages to the NPF:

> The Committee finds it surprising that the spending review 2011 does not mention the NPF ... The Committee notes there is some mention of the national outcomes within portfolio chapters [of the 2012/13 budget] but it is unclear how this correlates with strategic chapters of the spending review 2011.[54]

A 2012 briefing by the Scottish parliament's information centre found that outcome budgeting had yet to be meaningfully implemented:

> The next step beyond using outcomes to measure government performance is moving to outcome budgeting . . . However, the information presented in Scotland Performs [the NPF website] is predominantly about assessing performance and does not make an explicit link to the level of expenditure used in relation to performance.[55]

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[49] *Community Empowerment (Scotland) Act* 2015, Article 1(2) & (3)
[50] As cited immediately above, Article 2
[51] As cited in footnote 49, Article 3
[52] See https://nationalperformance.gov.scot/measuring-progress/performance-overview, retrieved on 17th December 2020
[53] Scottish Parliament Finance Committee, *7th Report (Session 3) Report on scrutiny of the Draft Budget 2010-11* (2009); see also 'Departmental Spend: Outcomes', SP OR 13 December 2017 p9
[54] Scottish Parliament Finance Committee, *3rd Report (Session 4) Report on Scottish Spending Review 2011 and Draft Budget 2012-13* (2011) p4
[55] Allan Campbell, *SPICe Financial Scrutiny Unit Briefing: National Performance Framework and Scotland Performs* (2012) p3

Budget Process Review Group recommendations & implementation
In 2017 the Scottish government, parliament and external experts formed the Budget Process Review Group. This group reviewed the parliament's budget process following devolution of some tax and borrowing powers in the 2012 and 2016 Scotland Acts.[56]

The group reported later that year. The report summary included support for outcomes-based budgeting and scrutiny:

> Effective budget decision making on tax-raising and spending means understanding what public spending is intended to achieve, and what is actually being achieved. An outcomes-based scrutiny approach provides a means for evaluating the economic and social outcomes being achieved by public spending.

To this end, the group made multiple recommendations which are summarised as relevant below:

> Recommendation 19: Further develop the use of scorecards as a basis for performance reporting and public and parliamentary scrutiny.

> Recommendation 20: Parliament and its committees should use the NPF more widely in evaluating the impact of previous budgets, and assess the extent to which spending plans are delivering the national outcomes.

> [. . .]

> Recommendation 23: The Scottish government should pilot a shift from a portfolio approach (where budget headings are tied to individual Ministers) to a programme approach (where headings are tied to relevant policy areas).

> Recommendation 24: The Scottish government should ensure that new policies, strategies and plans clearly state their outcomes and the measures that will monitor progress towards these. It should be clear how spending on a given activity will contribute towards specific or cross-cutting national outcomes.

> Recommendation 25: The Scottish government should clearly link its annual and multi-year spending plans to relevant policies, strategies and plans. These should clearly articulate public spending consequences.

> Recommendation 26: Greater visibility is needed in how individual policies and plans relate to national outcomes. Wherever possible, there should be a clear link between individual policies/plans and budget documentation.

The report further recognised the long-term nature of OBA and associated scrutiny, and that committees would be 'unlikely to be able to undertake detailed scrutiny of spend and performance in all areas under their remit every year'.[57] It therefore recommended that in employing outcomes-based scrutiny, committees identify a small number of themes or areas to focus on and track over time.

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[56] Budget Process Review Group, *Final Report* (2017) p8
[57] As cited immediately above, p46

Finally, the report considered the way in which different NPF outcomes or different budget elements would be interdependent, such as climate change, health or inequalities. To address this, the group supported a previous proposal by the parliament's Finance Committee to identify interdependent policy challenges in draft budgets, and scrutinise these across multiple committees.

Developments since the Budget Process Review Group report
In 2019, a briefing from the Scottish Parliament's information centre considered parliamentary scrutiny of the NPF and budget since the Review Group's 2017 report. This briefing noted that, despite parliament accepting the group's recommendations in May 2018, these had only been partially enacted in practice. Only four of the parliament's eleven subject[58] committees had actually mentioned the NPF in correspondence with their government departments relating to the subsequent Budget.[59]

The briefing therefore set out several practical suggestions on how committees could better utilise the NPF and the OBA approach, and recommended that they:

- Use the NPF to help to focus budget scrutiny;
- Identify key questions relating to different stages of the policy/spending process;
- Link these key questions to the NPF's outcomes and indicators;
- Use the NPF to improve the depth and scope of budget scrutiny.[60]

The following examples of key budget questions which committees could incorporate into scrutiny were provided:

Pre-budget decision making:
How was the amount of budget decided upon? Is it simply the same as last year's allocation?
[. . .]
Delivery:
Who decides how money is allocated at a delivery level? Do service users have to meet certain eligibility criteria?
[. . .]
Counterfactual:
What are the opportunity costs; i.e what other policy options were considered but rejected? What else could this money have been spent on?
[. . .]
Evaluation and lessons learnt:
What did this money buy in terms of inputs and outputs (e.g. number of grants awarded, training courses delivered, homes insulated, children inoculated, etc.)?

How have these inputs and outputs contributed to national outcomes?[61]

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[58] The equivalent of the Assembly's statutory committees.
[59] Greig Liddell, *SPICe Briefing: The National Performance Framework and budget scrutiny* (2019) p4
[60] As cited immediately above, p3
[61] As cited in footnote 58, p8-9

The report also reiterates previous guidance from the parliament's Finance Committee.[62] This guidance recognises that committees cannot undertake detailed budget scrutiny in every area within their remits, and thus recommends a focus on specific policy or budget areas, or focus on outcomes or indicators which are not improving.

Whilst the recommendations of the Budget Process Review Group have not been comprehensively executed, the 2020/21 budget has several clear links to the NPF. The budget is 'guided by the vision of wellbeing'[63] in the NPF, and driven by a 'commitment to contributing to the delivery of the 11 National Outcomes'[64] in the Framework. Each portfolio of the budget is explicitly linked to the relevant National Outcomes which will be supported by the planned investment.

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[62] Scottish Parliament Finance and Constitution Committee, *Budget Process – Subject Committee Guidance* (2018)
[63] Scottish Government, *Scottish Budget: 2020-21* (2020) p1
[64] As cited immediately above, p15

5   Conclusion

The Executive has taken an outcomes-based approach to the Programme for Government since 2016. The Civil Service maintained this approach during the Executive and Assembly's hiatus between 2017 and 2020, and the Executive have retained it in the PfG Outcomes Framework published for consultation in January 2021. The specific OBA approach that the Executive has adopted is one of several approaches that place population wellbeing into the policy and decision-making process.

The higher population accountability level of OBA, at which the Programme for Government operates, may have some value in setting long-term outcomes and direction to Executive priorities and activity. However, there are multiple issues with putting this level of OBA into practice. It can encourage a focus on indicator data over the actual work required to progress an outcome, and outcomes will inevitably compete with one another for priority.

Most importantly it is difficult, if not impossible, to attribute responsibility for PfG outcome performance across the numerous organisations and external factors which influence them. This significantly limits the scrutiny which can be applied to the PfG at the Northern-Ireland wide population accountability level.

The performance accountability level of OBA, which has more immediate outcomes and beneficiaries, may be more valuable to performance management and scrutiny. A performance accountability report card could usefully be applied to individual initiatives such as a Housing Executive homelessness prevention programme; an Invest NI employment project; or a Department for Infrastructure roadworks scheme.

The "How much did we do? > How well did we do it? > Is anyone better off?" approach of OBA performance accountability is similar to previous widely used logic models, which work from priorities to inputs to outputs and finally to outcomes. These approaches are familiar to Assembly committees, which may increase the value of performance accountability in this scrutiny context.

The practical experience of the Scottish Government and Parliament with OBA is finally also instructive. OBA has not been comprehensively enacted into government and parliamentary practice in Scotland, even though it has been progressed by successive one party governments since 2007. The Assembly could build on the Scottish experience in several ways; for instance, by utilising OBA in scrutiny of individual Departmental activity and spending items. However, the complexity and long-term nature of thoroughly embedding OBA into policy-making, budgeting and scrutiny should not be underestimated.