

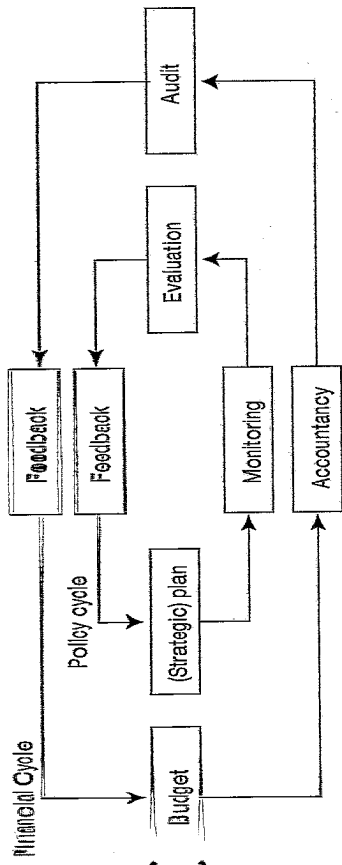
etcetera. The next stage is evaluation, which incorporates performance information for the purpose of assessing past performance. Evaluation reports, which incorporate performance information, feed forward into the next strategic plan. This evaluation stage could also include comparisons and benchmarks, based on surveys of users and citizens. Hence, there are three sets of documents that incorporate performance information: planning, monitoring and evaluation documents.

Many countries and states have set up systems that monitor the effectiveness of national or state-wide policies (Aristigueta, 1999). The most elaborate schemes can be found in European governance. The Europe 2020 agenda tracks progress on employment, R&D, climate change, education and social exclusion. Indicators are used to monitor policies of member states. The stability and growth pact monitors budgetary performance of member states (mainly deficits and debts). All but three of the Australian States and Territories have whole-of-government strategic plans in place (McMahon & Phillimore, 2013). While these plans are used for joined-up governance and monitoring, a marketing orientation is probably even more prevalent. States use the indicators for political marketing, leading to accusations of political spin, as well as for state branding in competitive federalism. Two US initiatives attracted a lot of attention. The Minnesota Milestones is an indicator set of 60 indicators, organized in four thematic fields – people, community/democracy, economy and environment – and contributing to 19 goals. The initiative started in 1991. Between 2002 and 2010, the Republican governor Tim Pawlenty suspended the initiative. Governor Mark Dayton (Dem) however revived the Minnesota Milestones. The Oregon benchmarks is one of the oldest and most acclaimed initiatives (Kissler *et al.*, 1998). From 1989 onwards, progress towards 90 indicators was tracked. The initiative was defunded in 2009. Other US initiatives include Virginia Performs (established 2003), Hawai'i 2050 (established 2005) and New Jersey Sustainable State (1995–2007).

## 2.2 Financial cycle

The *financial cycle* is composed of budgeting, accounting and audit and is ideally embedded in the policy cycle. This is shown in Figure 5.2.

Budgets should be the corresponding documents to strategic plans, or at least their annual slice. Budgets should incorporate the information from the strategic plan in a different way, and for different purposes. The budget authorizes expenditure during the implementation. A limited authorization involves input budgets that allow (and oblige) spending a certain budget on a line item. Output budgets that authorize to spend resources to attain specified output levels have a higher density of incorporation of performance information. One step further would be to budget for outcomes rather than outputs. Some empirical cases of performance budgeting can be found in an OECD publication (Currissine, 2005). Box 5.2 has an example of the National Gallery of Australia.



**Figure 5.2** Incorporating performance information: policy and financial cycle

### BOX 5.2 THE CASE OF THE NATIONAL GALLERY OF AUSTRALIA AT CANBERRA (STRATEGIC PLAN 2013–17 AND PORTFOLIO BUDGET 2014–15)

In the Strategic Plan (2013–17) the following goals, objectives and key strategies are mentioned (excerpt: goal 1).

**GOAL 1:** Develop, preserve and protect an outstanding national art collection

**OBJECTIVE 1.1:** Develop and strengthen the national art collection

*Key strategies*

- Acquire, by purchase, gift and bequest, works of art of outstanding quality in line with our *Acquisitions Policy* and Ten-Year Acquisition Strategy.
- Encourage, facilitate and acknowledge Government funding, donations, gifts and bequests that enhance the national art collection.

**OBJECTIVE 1.2:** Preserve, protect and manage the national art collection

*Key strategies*

- Conserve and maintain the national art collection and provide appropriate storage, security and environmental conditions.
- Document and manage the national art collection.
- Continue digitization of the national art collection.

Our success will be measured by:

- the quality of the national art collection and achievements measured against our *Acquisitions Policy* and Ten-Year Acquisition Strategy
- the level of funding and donations attracted for development of the national art collection
- the number of works of art in the national collection digitized every year
- achievement of other relevant key performance indicators expressed in annual business plans.

In the Portfolio Budget Statement 2014–15, the strategic plan is operationalized.

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes that contribute to government outcomes over the budget and forward years.

The NGA's outcome is described below together with its related programme, specifying the performance indicators and targets used to assess and monitor the performance of the NGA in achieving government outcomes.

#### *Outcome 1:*

Increased understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally

#### *Outcome 1 strategy:*

By improving understanding and enjoyment of the visual arts, the government can provide social benefits for the Australian community and enhance Australia's international reputation. These improvements can be realized through developing and maintaining a quality collection and providing access to information about both the collection and the works of art on loan to the NGA.

The NGA is responsible for developing, maintaining and presenting the national art collection. It develops, researches, preserves, displays, interprets and promotes the collection. In addition, the NGA enhances the understanding and enjoyment of the visual arts through innovative public programmes, dissemination of information and a diverse education programme.

In 2014–15 the NGA will continue to develop and maintain the collection. It will provide access to these works, as well as a range of works from Australian and international collections, through loans, exhibitions, publications, on line materials, displays and public programmes.

## Contributions to Outcome 1

### *Programme 1.1:*

Collection development, management, access and promotion

### *Programme objective*

The NGA aims to build a collection of outstanding quality through purchase, gift and bequest. It will continue to refine the collection through the disposal of works that no longer comply with collection development policies.

The NGA's collection is carefully catalogued to provide information about the collection. The NGA stores, secures and conserves its collection in order to preserve it for the Australian people now and in the future.

The NGA provides access to works of art by displaying, exhibiting and lending its collection, as well as borrowing works from other sources. Access to works from the collection that are not on display is also provided. The NGA enhances the understanding, knowledge and enjoyment of art through publications, visitor services, education, public programmes and multimedia.

### *Programme deliverables*

The NGA aims to strengthen the national collection by acquiring, researching and documenting works of art that complement and build on the current strengths of the collection. It will continue to maintain the collection in accordance with endorsed standards.

**Table 5.3** *Estimated deliverables of the National Gallery of Australia, Canberra*

<i>Estimated deliverables</i>	2013–14		2014–15		2015–16		2016–17		2017–18	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Forward estimate</i>	<i>Forward estimate</i>	<i>Forward estimate</i>	<i>Forward estimate</i>	<i>Forward estimate</i>	<i>Forward estimate</i>
Works acquired, researched and documented in accordance with endorsed standards	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Works digitized	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Works subjected to conservation treatment	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Works of art loaned	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

**Programme key performance indicators**

The NGA is committed to building and maintaining an outstanding art collection for the nation and providing access to the collection locally, nationally and internationally. This will be achieved through the ongoing development of the collection and delivery of inspirational exhibitions supported by research, scholarships, education and public programmes.

The performance of this programme will be measured through increased access to the collection and increased levels of visitor satisfaction.

**Table 5.4 Estimated Key Performance Indicators of the National Gallery of Australia, Canberra**

Estimated key performance indicators	2013-14 2014-15 2015-16 2016-17 2017-18				
	Actual	Budget	Forward estimate	Forward estimate	
<b>Visitor Interactions</b>					
Total number of visits to the organization	995,000	1,005,000	1,015,000	1,025,000	1,030,000
Total number of visits to the organization's website	1,900,000	1,920,000	1,940,000	1,960,000	1,980,000
Total number of onsite visits by students as part of an organized educational group	72,400	74,000	76,600	78,000	80,000
<b>Participation in public and school programmes</b>					
Number of people participating in public programmes	32,000	33,000	34,000	35,000	36,000
Number of students participating in school programmes	72,400	74,000	76,600	78,000	80,000
<b>Quantity of school learning programmes delivered</b>					
Number of organized programmes delivered onsite	7,088	6,000	6,000	6,000	6,000
Number of programme packages available online	160	250	310	400	400

**Table 5.4 continued**

Estimated key performance indicators	2013-14 2014-15 2015-16 2016-17 2017-18				
	Actual	Budget	Forward estimate	Forward estimate	
Number of educational institutions participating in organized school learning programmes	1,772	1,500	1,500	1,500	1,500
<b>Visitor satisfaction</b>					
Percentage of visitors that were satisfied or very satisfied with their visit	90%	90%	90%	90%	90%
<b>Programme survey rating (by teachers)</b>					
Percentage of teachers reporting overall positive experience	90%	90%	90%	90%	90%
Percentage of teachers reporting relevance to the classroom curriculum	90%	90%	90%	90%	90%
<b>Expenditure mix</b>					
Expenditure on collection development (as a % of total expenditure)	26%	26%	26%	26%	26%
Expenditure on other capital items (as a % of total expenditure)	10%	10%	10%	10%	10%
Expenditure on other (i.e. non-collection development) labour costs (as a % of total expenditure)	33%	33%	33%	33%	33%
Other expenses (as a % of total expenditure)	31%	31%	31%	31%	31%

**Table 5.4 continued**

Estimated key performance indicators	2013-14			2014-15			2015-16			2016-17			2017-18		
	Actual	Budget	Forward estimate	Actual	Budget	Forward estimate	Actual	Budget	Forward estimate	Actual	Budget	Forward estimate	Actual	Budget	Forward estimate
<i>Collection management and access</i>															
Number of acquisitions (made in the reporting period)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total number of objects accessioned (in the reporting period)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
% of the total collection available to the public	63%	72%	81%	72%	81%	89%	81%	89%	89%	89%	89%	89%	89%	89%	89%
% of the total collection available to the public online	60%	70%	80%	70%	80%	89%	80%	89%	89%	89%	89%	89%	89%	89%	89%
% of the total collection available to the public on display	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
% of the total collection available to the public on tour	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
% of the total collection digitized	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Source: National Gallery of Australia, Canberra, 2012.

Performance budgeting has attracted critiques almost from the beginning. One of the early opponents was Wildavsky (1969), who called performance budgeting a 'shotgun marriage between policy analysis and budgeting' (p. 169). He mainly critiques the feasibility of the endeavour. He amongst others argues that it is hard enough to do a good job of policy analysis without having to meet arbitrary and fixed deadlines imposed by the budget process. Wildavsky (1969) sums up the lack of talent, theory and data to do performance budgeting in a single statement: no one knows how to do programme budgeting (p. 193). This critique persisted, leading Schick (2003) to the conclusion that performance budgeting is an old idea with a disappointing past and an uncertain future. Besides limited feasibility, a second critique on performance budgeting is that it affects the budgetary role of legislators. If legislators have little or no role in setting and evaluating the

performance goals, they lose pre-control on input and gain little or no power in return (Rubin, 1997).

In considering country systems of performance budgeting, it is important to point out that no OECD country directly links performance and expenditure, according to a recent survey. There are a number of variants of performance budgeting, many of which use the concept elastically. OECD distinguishes three main systems, ranging from presentational to performance-informed to direct performance budgeting. With the latter, 'budget allocations are based on actual or expected performance' (Schick, 2013; Curristine & Flynn, 2013). The Dutch variant at performance budgeting are a case in point of these critiques (Box 5.3).

### BOX 5.3 THE DUTCH PERFORMANCE BUDGETING SYSTEM: LESS IS MORE?

In Europe, the Netherlands is regarded as a performance management leader (van Hofwegen & de Jong, 2012). In 1999, the country implemented a major, NPM favoured initiative called Van Beleidsbegroting tot Doelverantwoording (VBTB): from policy-based budgeting to policy-based accountability. The budget format was reorganized to show the link between inputs and results. The Dutch Court of Audit published coverage rates of the share of objectives covered by measurable indicators. Soon, the availability of indicators became the focus of attention instead of the indicators themselves. Compliance with reporting obligations was more important than genuine analyses of performance. When line departments did provide indicators, they mainly used them to legitimize policies and expenditures rather than to critically reflect on results. Moreover, the parliament felt that they were losing control over the budget. Parliament insisted that they would be able to oversee input information.

After a decade, VBTB was abolished and replaced with a new budgeting initiative called Verantwoord Begroten: accountable budgeting. This new budgeting scheme is less ambitious. It relates more closely to ministerial responsibility. Rather than general accounts of policy sectors, concrete policy instruments are budgeted. Performance information has to have a clear connection with these measures. One of the indicators for foreign policy in the VBTB reporting was progress towards peace in Afghanistan. While the Netherlands did have troops in Afghanistan, the impact of a small European country on a global conflict is arguably very small. Such indicators are no longer tolerated. Finally, in-depth policy analysis should not be part of the budget. However, a programme of evaluations is included. Overall, it seems that after 50 years, the Netherlands took Wildavsky's critique to heart (1969).

### BOX 5.6 THE CASE OF CULTURE AND ARTS IN WEST AUSTRALIA: RESOURCE AGREEMENT

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and the Treasurer under Part 3, Division 5 of the Financial Management Act 2006.

#### Government Goal

Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services

#### Desired Outcomes

*Outcome 1: A creative, sustainable and accessible culture and arts sector*

#### Services

- 1 Arts Industry Support
- 2 Screen Production Industry Support
- 3 Venue Management Services

*Outcome 2: Western Australia's natural, cultural and documentary collections are preserved, accessible and sustainable*

#### Services

- 4 Art Gallery Services
- 5 Library and Information Services
- 6 Museum Services
- 7 Government Recordkeeping and Archival Services

*Outcome 3: A creative, sustainable and accessible culture and arts sector:*

- Proportion of funding applicants satisfied with the key elements of the 'creative' funding programs:  
2006-7 Estimated: 82%; Target 2007-8: 82%
- Perceived values of culture and arts to the Western Australian Community:  
2006-7 Estimated: 80%; 2007-8 Target: 80%
- Proportion of triennially funded organizations within the culture and arts sector regarded as financially healthy:  
2006-7 Estimated: 27%; 2007-8 Target: 28%

#### Service 4: Art Gallery Services

- Delivery of the State Art Collection and access to art gallery services and programs through visual arts advocacy, collection development, facilities and services. Services ensure that primary access to art,

heritage and ideas locally, regionally and internationally are preserved and displayed for future generations.

This includes indicators such as: total and net cost of services, key efficiency indicators (average cost of art gallery services per Art Gallery access), Full Time Equivalent (FTEs).

Source: www.treasury.wa.gov.au

### BOX 5.7 THE CASE OF THE UK BRITISH MUSEUM: FUNDING AGREEMENT

Funding Agreement between the British Museum and the Department for Culture, Media and Sport 2008-11

#### THE BRITISH MUSEUM: FUNDING AGREEMENT 2008-11

- 1 This agreement is between the Department for Culture, Media & Sport (DCMS) and the British Museum.

#### British Museum

- 2 The British Museum was founded as a national institution within an internal frame of reference. Two and a half centuries later it is one of the few and perhaps the only collection in the world where the history of mankind can be told through material culture over a span of two million years; where the nature of objects may be investigated and understood from many different perspectives; and where connections with the past may illuminate the present and show the potential of the future.

- 3 The British Museum is:

- The greatest collection representative of the human cultural achievement, ancient and modern, in the world;
- A space not only for the 'learned and curious' but also for the benefit of the general public' — a centre of research and inquiry at all levels;
- A collection preserved and held for the benefit of all the world, present and future, free of charge;
- A forum for the expression of many different cultural perspectives;
- A place to increase understanding of the cultural connections and influences linking Britain and the world;
- A place where the UK's diverse population can explore its common inheritances.

4 The British Museum is established under the British Museum Act 1963 and the Museums and Galleries Act 1992. It is also an exempt charity. The constitution of the Body is set out in Section 1 of the British Museum Act 1963. The Body does not carry out its functions on behalf of the Crown. The British Museum receives funding by virtue of Section 9, Schedule 7 of the Museums and Galleries Act 1992.

5 The British Museum has identified four key objectives that it will need to deliver in the next five years to maintain its world-class status:

- **To manage and research the collection more effectively**  
The Museum will improve its documentation of the collections through the Merlin Plan and Collections Online and improve its storage of the collections.
- **To enhance access to the collection**  
The Museum will develop the capacity to accommodate more on-site visits per annum and deliver improvements to the visitor experience; the Museum in Britain programme will develop key partnerships and the international programme will provide opportunities for people in Africa, China, India, and the Middle East to share skills and build capacity.
- **To invest in its people**  
The Museum will deliver an integrated human resource strategy that links Career Review to training and development, to succession planning and talent management.
- **To increase self-generated income**  
The Museum will increase self-generated income through growth from exhibition, retail, hospitality, international touring exhibitions, Membership, and fundraising programmes.

#### Financial Allocation

- 6 The Secretary of State's letter of December 2007 sets out:
- the British Museum's allocations for 2008–9 to 2010–11, including ring-fenced sums to be spent on particular projects;
  - the Secretary of State's priorities and the Departmental Strategic Objectives (DSOs) for 2008–11 and the British Museum's contribution towards their achievement.

7 The grant in aid allocation is dependent on the British Museum maintaining free admission to the permanent collections. The British Museum's ability to show measurable improvements in service delivery of DCMS's DSOs will be factors in the Secretary of State's decisions on future allocations, in addition to any other performance monitoring processes that may be introduced.

#### Compliance

- 8 In addition, the British Museum has undertaken to:
- comply with all relevant legislation;
  - comply with its Management Statement and Financial Memorandum;
  - observe the requirements of Managing Public Money.

#### Performance and Monitoring

9 The British Museum will supply DCMS each year with the regular financial information set out in the Data collection schedule, as well as returns against 12 performance indicators supplied by DCMS and returns against 5 further measures selected by the British Museum (annexed).

10 This information, together with Annual Reports and any further reports the British Museum prepares in relation to progress against its own corporate priorities, will be used to monitor performance year-on-year. DCMS expects the British Museum to be able to report in its Annual Report progress against the areas that are of greatest priority to Ministers. These include diversity (of both audiences and those employed by the museum or serving on the board) and actions being taken to promote sustainability and mitigate the effects of climate change.

11 In addition, DCMS would like the British Museum to provide updates on the North West Development project and on cultural diplomacy activity at quarterly catch-up meetings.

12 The level of scrutiny that DCMS will adopt in monitoring performance during the period of this funding agreement will be commensurate with the outcome of regular joint risk assessment exercises. The British Museum's risk rating at the start of the funding period is as follows:

Delivery of DCMS objectives	Low
Systems	Low
External environment	Medium

### Supporting Information

13 The documents relevant to this agreement, and against which the British Museum will be monitored are as follows:

- Allocation letter
- Performance Indicators
- Risk Assessment
- VFM delivery plan
- Data collection schedule
- MS/FM
- Statement of Internal Control
- Managing Public Money
- Annual Reports and Accounts
- Corporate Plan and reports

*Pro Borsell*

Department for Culture, Media & Sport

Date

*6 June 2008*

*J. M...*

British Museum

Date

*2/6/08*

### PERFORMANCE INDICATORS

#### ACCESS

- 1 Number of visits to the museum/gallery (excluding virtual visitors)
- 2 Number of unique website visits

#### Audience Profile

- 3 Number of visits by children under 16
- 4 Number of visits by UK adult visitors aged 16 or over from NS-SEC groups 5-8
- 5 Number of visits by UK adult visitors aged 16 and over from an ethnic minority background
- 6 Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity
- 7 Number of overseas visits

#### Learning/Outreach

#### 8 Children

- Number of facilitated and self-directed visits to the museum/gallery by children under 16 in formal education
- Number of instances of children under 16 participating in on-site organised activities
- Number of instances of children under 16 participating in outreach activity outside the museum/gallery

#### 9 Adults

- Number of instances of adults aged 16 and over participating in organised activities at the museum/gallery
- Number of instances of adults aged 16 and over participating in outreach activities outside the museum/gallery

#### Visitor Satisfaction

- 10 % of visitors who would recommend a visit

## Income Generation

### 1.1 Self generated income

- Admissions
- Trading
- Fundraising

## Regional Engagement

### 1.2 Number of UK loan venues

## British Museum measures

### 1.3 Number of object records and images available online

### 1.4 Fundraising for research programmes

### 1.5 % of collection storage space type A, B and C

### 1.6 Staff Diversity

### 1.7 Fundraising for the North West Development Project

Source: *British Museum, 2007*

the terminology of Box 5.6 is a little different from Box 5.7, there is a similarity in the way of incorporating and connecting performance information.

The UK coalition government and connecting performance information setting. We discussed the abolishment of the Audit Commission in chapter 1. The quasi-contractual agreements between the Treasury and the departments that New Labour installed (Public Service Agreements and Departmental Strategic Objectives) made way for business plans. Table 5.5 provides the example of the UK National Offender Management Service. However, it is not clear whether the business plans are really cutting back on the target regime. Talbot (2012, 2013) argues that they are mainly old wine in new bottles. In the business plans, substantially more performance indicators are included. In addition to the business plans, the Permanent Secretaries' 'Individual Performance Objectives' have performance targets. It leads Talbot to conclude that the rhetoric of change in the target regimes between the last government and the current one is not matching the continuity in practice.

## 2.4 Integrating policy and management cycles

Figure 5.4 shows that all stages of the cycles are present simultaneously, but refer to different years. The dynamics of incorporating performance information implies

**Table 5.5** *Business plan of the UK National Offender Management Service*

Measuring the punishment and orders of courts	Outcome 2012/13
• The percentage of orders and licences that are successfully completed	77%
• Reductions in violence as measured by the violence management report	No single measure
• The percentage of prisoners held in crowded accommodation across the prison system	24.1%
• The rate of self-inflicted deaths per 100,000 prisoners (three-year rolling average)	66
• The rate of drug misuse in prisons as reflected by those testing positive in mandatory drug tests	7%
<b>Public protection</b>	
• The number of escapes from prison and prison escorts	2
• The rate of escapes from prison and prison escorts as a proportion of the average prison population	0.002%
• The number of escapes from contractor escorts	9
• The rate of escapes from contractor escorts as a proportion of the throughput of prisoners	1 in 96,867 prisoner movements
<b>Reducing reoffending (supplementing the overarching impact indicators)</b>	
• The percentage of offenders in employment at termination of their sentence, order or licence	37.7%
• The percentage of offenders in settled and suitable accommodation at termination of their sentence, order or licence	86.9%
<b>Reducing costs</b>	
Cost per prisoner	
■ Direct cost per prisoner	£26,139
■ Overall cost per prisoner	£34,766
Cost per prison place	
■ Direct cost per place	£27,675
■ Overall cost per place	£36,808
Cost per pre-sentence report to courts	£210
Cost per community order / suspended sentence order	£4,305
Cost per offender supervised on licence post-custody	£2,620