Regulators' Forum 7

Considering Assessment Tools for Regulators

How can regulators evaluate their performance? What are the questions that tools to guide evaluation exercises should ask? Is it even possible to develop a toolkit to support strategic and operational decision-making? These were the questions considered in this meeting of the Regulators' Forum.

Across regulators, the existence of an assessment tool was seen as inherently useful and interesting in order to consider critical dimensions of regulatory behaviour. A toolbox may support informed and structured discussions to reflect on an organisation's behaviour. A number of key issues were considered:

- A framework was useful in providing for an opportunity at a high strategic level to consider how an organisation was seen to be performing. It was also seen to offer a possibility to consider where an organisation wanted to be in the medium term.

- An assessment tool needed to consider the importance of achieving outcomes and achieving value for money. This was seen as important, but also inherently problematic as it was often difficult to confidently state that particular outcomes were triggered to particular interventions. One also had to be clear that there was overlap between potential dimensions. For example, review and evaluation activities were not just part of the 'delivery' functions of an organisation, but also reflected strategic problem-solving capacities.

- It was essential that any assessment considered variations among regulators. For example, some regulators were more tightly coupled to parent departments than others. There could also be an emphasis on an overall risk-based approach.

- Any assessment needed to consider a 'capacity for innovation', in particular in terms of an organisation's willingness to investigate better ways of doing things. Capacity should not be assessed in an audit-type checklist, but should be guided by questions concerning

organisational learning and capacity maintenance. This also had implications for appointment and retention. A further key capability was collaboration within and across organisations.

- In terms of governance, the essential criterion was not necessarily that the organisation had a 'brand recognition' as such, but that it was regarded as accessible. Any attempt at measuring performance was to encourage reflection, but it was also important to acknowledge that the effects of interventions were often hard to measure; one also needed to be aware of variations in the robustness of the data. Measurability should not drive organisational attention towards particular activities. Focusing on procedure assumed that certain processes generated the desired outcomes and this was not necessarily the case.

- Assessing leadership within organisations was essential and should not reflect the existence of certain arrangements or the publication of particular goals and objectives. There needed to be scope for an open-ended inquiry; for example, into the way in which organisations were looking for emerging risks, how they were understanding their approach towards being an internationally leading regulator, and how they ensured that their approach was not increasingly non-ambitious. Benchmarking was important, but this required reflection over the relevant comparator.

- It was important not to make the assessment tools too demanding, as otherwise resources would be stretched and organisations overwhelmed by too many demands. This raised a wider issue as to the identity of those supposed to assess regulatory organisations' performance, and how public such an activity should be. It was seen as helpful to encourage self-assessment with a degree of external scrutiny. Such an approach could also differ from existing approaches that focused more on critical questions, such as whether organisations had 'delivered' on particular goals. Annual reviews were seen as having moved organisations forward.

- Guidance material emerging from 'better regulation' or 'regulatory policy' agendas were seen as too specific as they did not facilitate a 'broad view' perspective. They were usually focused on one particular aspect - and could then be helpful if one was particularly concerned about a specific issue. However, it was critical to have a tool that allowed consideration as to which initiatives and what kind of resources should be prioritised. The central question therefore was how the overall system was managed – and not just a single organisation. In the end, assessment tools were potentially most useful as an educational tool. Most importantly, they were to facilitate an emphasis on outcomes and effectiveness

and should therefore also deal with value for money. At the same time, an assessment tool could be best used for informal conversations in order to reflect on an organisation's performance, The key was therefore to promote self-assessment.

Conclusion

A framework needed to consider the importance of outcomes and value for money. It also needed to ensure that it facilitated internal conversations to reflect on organizational performance.

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