The Corporate Governance of Agencies in Ireland

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ACKNOWLEDGEMENTS

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Introduction

Internationally 'agencies'[1] have gained increasing importance as organisations which carry out public governance functions. This has led to the consideration of the extent to which agency numbers have grown in Ireland. What is their importance? And how are they governed? This report provides a comprehensive description of agencies in Ireland. It outlines their current numbers, and looks at their role, function, corporate governance and accountability relationships. Key issues for the future governance of Irish agencies are also identified.

The report is based on three phases of the research. First a database of 601 agencies currently operating in Ireland was compiled. From this database, a sample of ninety-three non-commercial agencies operating at national level were selected to be surveyed in detail. This survey examined the autonomy from and accountability of these agencies to their parent departments in relation to human resources, finance, policy and management structures. Finally, four case study agencies of these non-commercial agencies operating at national level, and their parent departments, were studied in depth in order to further explore these key governance issues.

The database of 601 commercial and non-commercial agencies currently operating in Ireland provides some general background information on the Irish agency landscape. It shows that:

- There has been a significant increase in the number of agencies operating in Ireland, with almost 60 per cent of the 601 agencies currently in operation set up since 1990.

- Three hundred and seven of the agencies are 'duplicate function agencies' – that is, the same function is carried out by a number of similar agencies in different locations (e.g. county councils, county development boards, regional tourism authorities).

- Two thirds of the agencies identified have been set up through legislation.

- The agencies carry out a range of functions, which can be grouped into implementation, advisory and regulatory functions. The most common function is implementation of policy, but contrary to the situation noted internationally, providing advice (usually on policy) is also a significant function for these Irish agencies.
- Agencies are found in a wide variety of policy areas, but the Departments of Environment, Heritage and Local Government; Health and Children; Community Rural and Gaeltacht Affairs; Justice, Equality and Law Reform; and Communications, Marine and Natural Resources are most likely to have agencies operating under their aegis.
- The Departments of Defence, Agriculture and Food and Foreign Affairs are notable for the low number of agencies under their remit.

Findings and recommendations on national level non-commercial agencies

The in-depth survey of ninety-three non-commercial agencies operating at national level together with the case studies of four of these agencies and their parent departments pointed to a number of factors important for corporate and public governance of non-commercial agencies operating at national level. The findings from the survey and the case studies point to **three key findings** which re-occur, and which are very significant for the corporate governance of Irish agencies. These are outlined in the following table:

Three key overall findings

- A number of governance arrangements are ad hoc, inconsistently applied and not transparent.   - There is an over-focus on the HR and finance inputs to agencies, particularly the human resource inputs.   - There is a lack of focus on and corresponding lack of accountability for agency outputs, particularly the productivity of agency staff and the outputs and outcomes of agency work.

Three main types of recommendations were therefore formulated which could contribute significantly to better governance of Irish agencies. These are:

Three key overall recommendations

- There is a need to decide on formal, transparent and consistent criteria for setting up, resourcing and monitoring agencies, taking into account the different types of functions which different agencies carry out.
- There is a need for clear and precise links between agency strategy statements, the exact inputs to agencies (staff, finance), and their exact outputs, expressed in performance indicators.
- There is a need for regular monitoring by suitably resourced liaison units in the parent departments of the links between an agency's inputs (staff, finance) and its exact outputs, expressed in performance indicators.

The more detailed findings of the research, and their relevant recommendations, are summarised below.

Structure and establishment of national level non-commercial agencies
Findings
- There is a very wide variety in the management structures and legal status of Irish agencies.
- Often the management structures and resources of agencies are decided on an ad hoc basis as individual agencies are established.
- There is no general set of criteria to help policy makers decide whether or not to establish an agency to carry out a particular public function, or to decide on the appropriate levels of autonomy and accountability for an agency carrying out a particular task.
- Once agencies are set up, there is then no standard or regular review of their status.

Recommendations

The following could usefully be developed:

- a formal set of criteria to help decision makers to decide whether or not to locate a task in an agency
- a continuum of legal and structural agency types, with corresponding levels of autonomy and accountability mechanisms in relation to HR, finance and policy
- a framework with aspects of governance that should be regulated in the agency's establishing legislation
- a regular review of the agency's status, or sunset clauses in establishing legislation.

Human resources autonomy and accountability of national level non-commercial agencies

Findings

- Autonomy over HR management is low. Forty-five per cent of the ninety-three agencies surveyed had low or no autonomy to decide general policy on staff numbers, salaries, tenure, promotion and evaluation.
- Both agency and parent department staff reported a lack of transparency and consistency, and a degree of frustration, in the decisions taken by central departments on staff numbers and salaries.
- Agencies report regularly on the number of staff which they employ. However there was a notable lack of analysis of the productivity of staff.

Recommendations

It would be useful to develop the following:

- transparent and widely-disseminated procedures to decide on the staff numbers for agencies, and on their salaries and grades
- an assessment of the productivity of staff when making decisions on numbers and pay; this would allow more strategic and precise links to be made between pay inputs and agency outputs
- reviews of the staffing needs of agencies on a regular basis, for example every five years
- mechanisms other than strict control of numbers as a means of controlling agency pay costs – for example

agencies could be allocated a budget for staff, with freedom to decide on numbers and salaries within this; certain conditions could be required to be met within this, in particular strong accountability mechanisms

- greater consistency in the level of HR management autonomy allocated to agencies of similar type or carrying out similar tasks
- comprehensive figures on the number of staff employed in all agencies.

Financial autonomy and accountability of national level non-commercial agencies

Findings

- The survey of ninety-three agencies indicated that 77 per cent received the majority of their funding from government sources.
- Control over financial management was quite tight, with 41 per cent of the surveyed agencies having low or no financial autonomy to shift budget by year or by function, to take out loans or to set charges.
- Agency staff appeared to generally be happy with the level of financial autonomy which they had. However they also reported that the system used to allocate budgets was not transparent.
- Accountability on financial inputs was well developed. The case study agencies report extensively on the rate of expenditure and on the type of costs which they finance with their resources. Audits are also regularly carried out.
- However a lack of monitoring and accountability in relation to the outputs of funding is evident.
- There were also few incentives for agencies to economise with their funding, as they risked losing money if they did not spend their annual allocation by the year-end.

Recommendations

It would be useful to develop the following:

- greater clarity on how agency budgets are negotiated and allocated, and precise links between budgets and strategy statement priorities

- multi-annual budgeting and multi-annual financial allocations so that agencies can carry out multi-annual strategy development more effectively
- management information systems incorporating both financial and non-financial information, and with both cash-based and accrual accounting capabilities; this would allow agencies to:
  o rollover committed but unspent funds from one year to the next
  o link financial and non-financial targets, allowing greater focus on efficient and effective use of funding, as well as calculation of unit costs for outputs and activities
  o produce accrual accounts for agency use, as well as cash-based accounts for departmental use
- the adoption of standard forms and structures of accounts, and of accounting rules, which would allow aggregation of financial information across the public sector
- a risk register system for known costs which will arise in the future, to allow agencies to save funds for these; alternatively agencies could hold cash reserves which could be administered by the parent departments or the Department of Finance
- provision of central support/shared services for smaller agencies to comply with requirements of the Code of Practice for the Governance of State Bodies, and greater clarity on the part of parent departments on which provisions of this Code do not apply to agencies
- support, ideally from a central department, to provide agency staff with skills to carry out Value For Money audits
- assessment by departments of the efficiency of agencies' activities as part of Expenditure Reviews.

Policy autonomy and accountability of national level non-commercial agencies
Findings
- Agencies had significant autonomy in this area. Fifty-four per cent of the ninety-three agencies surveyed had

maximum or high policy autonomy to decide on the policy instruments which they would use, and the target groups for their work.

- Agencies play an important role in the development of national policy, as they often provide policy options to parent departments, who then determine which option (or combination of options) would be adopted as national policy.

- Accountability in relation to policy was poorly developed. Parent departments place more emphasis on monitoring HR and financial activity.

- Agency strategy statements do exist, but precise targets are not well developed in these. In particular precise targets set in combination by agency and parent department, and actively monitored by the parent department, are not the norm.

- It was also notable that very few agencies received rewards, or suffered sanctions, if they did not meet targets for policy outcomes.

- As with HR and finance, precise links between the funding allocated and the outputs of that funding were lacking.

Recommendations
The following recommendations would be useful to support policy autonomy and accountability:

- the development of a small number of broad policy indicators for each agency

- a strengthening of the Strategic Management framework, including:
    o multi-annual budgeting so that agencies can carry out multi-annual strategy development more effectively
    o clear indicators (particularly non-financial) to measure progress; and
    o regularly collected and independently monitored indicators

- more comprehensive reward and sanction schemes for meeting policy objectives

- regular reports on policy progress (not just or mainly

financial progress) from agency to parent department, based on common reporting standards and formats

- regular formal meetings to discuss policy progress between senior management of the agency and parent department (see below also)

- adequate resourcing of liaison units in parent departments so that they are able to carry out policy monitoring work

- service level agreements outlining the relative responsibilities and resources of agency and department (see below for more detail).

Boards and CEOs of national level non-commercial agencies
Findings

- Over two thirds of the ninety-three surveyed agencies had boards, with members usually either stakeholders or independent experts, and usually appointed with ministerial input.

- Boards play a particularly important role in monitoring financial and policy progress, as they received the most detailed reports on these issues.

- Many respondents noted that current appointment mechanisms do not ensure that all the expertise needed on the board is appointed to it.

- Few agencies implement the system whereby CEOs can be paid bonuses on meeting 'stretch targets'.

Recommendations
The following could usefully be developed in relation to boards:

- a mechanism of ensuring that the expertise needed for optimal strategic direction of the agency is represented on the board

- the appointment of a representative of those using the agency's services to boards (or to consultative/advisory committees)

- investigation of the feasibility of appointing a relatively senior member of the parent department to the agency's board

- the implementation of the system whereby CEOs can be paid bonuses on meeting 'stretch targets'.

The relationship between non-commercial national level agencies and their parent departments

Findings
- There is considerable variation in how different departments manage their agencies.
- All departments have a liaison unit or person formally linking each individual agency and the department. However some also have a central 'governance of agencies' unit co-ordinating the work of the separate liaison units.
- The extent to which relationships between agencies and parent departments are formalised, e.g. in relation to service level agreements, regular meetings, subjects of such meetings etc, varied considerably.
- In general the good working relationships between agencies and their parent departments were notable, particularly between the senior personnel interviewed in the agencies and their contact persons in the parent department.

Recommendations
A number of recommendations are proposed to develop best practice relationships between agencies and their parent departments, as follows:
- Clarify the role of parent departments towards their agencies (is their role to control? to monitor? to support?); and also the respective roles of the Departments of Finance and Taoiseach.
- Establish a 'governance of agencies' unit in each parent department. Central departments could provide guidelines and disseminate best practice on how these units liaise with agencies.
- Focus these liaison units more on goal and target setting for agencies, and on monitoring and evaluating the activities and efficiency of the agencies. Provide these units with adequate resources and skills to do so.
- Establish regular formal high-level meetings between agency and parent department, to discuss policy and performance as well as financial resources.

- Consider including CEOs or chairs of agencies in the MACs of parent departments.
- Develop Service Level Agreements between agencies and parent departments, outlining clearly the roles and responsibilities of each partner, the resources which each will have, and how these will be distributed if new responsibilities arise. These documents could be linked to the strategy statements of departments and agencies.

Scenarios for future development of national level non-commercial agencies

To finalise the report, three approaches which characterise the governance of agencies internationally are outlined. These are:

- the hierarchy based approach, which is characterised by hierarchical relationships between public sector bodies, top-down rules and regulations, and the threat of sanctions for poor performance;
- the market based approach, which is characterised by 'hard' contractualisation of relationships between public sector bodies, a purchaser-provider split, a focus on performance and efficiency, and with incentives driving performance; and
- the network based approach, which is characterised by a strongly interconnected public sector, 'soft' contractual relationships between public sector bodies, a focus on joining up different actors to effectively deliver on political objectives and user-oriented services, and with public sector ethos and co-operation as drivers for better performance.

Irish governance of agencies has many features of the hierarchy-based approach. However many aspects of the SMI, and of the current policy-making process, point to a move to the network based approach. We advocate adopting one particular approach to give greater coherence to the governance of Irish agencies. Many of the recommendations in this report are relevant to the network approach, and so this may be the most suitable approach to adopt, while bearing in mind that different departments may find that another approach may be more suitable for the governance of national level non-commercial agencies within their policy area.

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Introduction

1.1 Setting the scene

Both internationally and in Ireland, 'agencies' have gained increasing importance as organisations which carry out public governance functions. These organisations vary considerably, from government-owned companies to non-commercial service delivery bodies to advisory councils. Strong variations in their size, structure and power are also evident. Despite their increasingly large role, agencies in Ireland have not been the focus of a significant body of public management research to date. As a result, the size and significance of agencies within the Irish public sector, their role, and their governance have not been systematically established. With this in mind, in November 2002 a new research topic relating specifically to the role of agencies in the Irish public service was identified as a possible project for research by the Committee for Public Management Research.

Therefore in 2003 the Committee for Public Management Research agreed terms of reference for this research project on the *Corporate Governance of Agencies*. The terms of reference of the study are to:

- map the development of Irish public service agencies over time in order to obtain a clearer understanding of the range and variety of such bodies, in terms of their role, function, corporate governance and accountability relationships;

- place this information within a wider international context; and

- identify and discuss key and/or emergent governance issues for the future, as well as possible ways forward in the light of identified national and international good practice.

To carry out this study the research was then divided into three phases, as follows:

- development of a database of agencies operating in Ireland;
- a questionnaire survey of a sample of these agencies, to assess their autonomy and accountability; and
- case studies of a number of agencies and their parent departments, in order to further explore key governance issues.

Phase one of the research was carried out in late 2003. This was followed by a survey of non-commercial agencies operating at national level in the second half of 2004. The final phase of the research, the case studies of a number of the non-commercial national level agencies, took place in early 2005.

1.2 Structure of the report

This report contains twelve chapters.

- *Chapters Two and Three* set the scene by reviewing international literature to provide background information on agencies. Chapter Two outlines the main reasons why agencies are set up and the type of functions which they carry out. Chapter Three sets out the common characteristics of agencies, and describes some of the issues arising from agencification that need to be taken into account in public governance.
- *Chapter Four* outlines the research methodology and definitions used in this study.
- In *Chapter Five* the information from the database of all agencies operating in Ireland is described, providing background information on the extent of agencification in Ireland, with the functions, tasks and common policy areas of Irish commercial and non-commercial agencies operating at national and sub-national level outlined.

The remainder of the report then focuses on the results of the survey and case study phases of research, and so outlines governance in relation to non-commercial agencies operating at national level in Ireland.

- *Chapter Six* outlines the mechanisms used to establish Irish agencies, with recommendations applicable to the establishment of non-commercial national level agencies.
- *Chapters Seven, Eight and Nine* focus on the autonomy and accountability of agencies in terms of human resources, finance and policy, respectively. The information laid out in these chapters is drawn from the survey and case study phases of the research, and so is relevant to non-commercial agencies operating at national level.
- *Chapters Ten and Eleven* examine the management structures of agencies (boards and CEOs), and the relationship between agencies and their parent departments. Again this information is drawn from the survey and case study phases of the research, and so is relevant to non-commercial agencies operating at national level.
- Finally *Chapter Twelve* summarises the main findings of the research and the recommendations arising from this, as well as proposing a structured approach to the management of non-commercial agencies operating at national level, within which these recommendations could usefully be implemented.

Agencies - what and why?

2.1 What are agencies?

In recent years, many different countries have seen a rise in the number and importance of state agencies (see Bouckaert and Peters, 2004; Talbot et al, 2000; Pollitt et al, 2001). But what exactly is a state agency? In general terms, an agency can be seen as 'an organization that stands at arm's length from its parent ministry or ministries and carries out public functions' (Pollitt et al, 2001: 271). Within this definition there is a very wide variety of such organisations, with vast disparities in terms of role, function, size, and structure (Flinders and Denton, 2003). They range from government-owned companies to regulators to advisory councils. This range has led one writer, Ian Thynne (2004:1), to note that 'there is no widely accepted idea of what is or constitutes an agency. A consequence is that agencies tend to be all things to all people'. However there is agreement that agencies are increasingly being characterised by two features. In addition to their structural separation from ministers and government departments, they are also accountable in some way to a minister/government. Again there is very wide variety in the extent to which both of these features are actualised in individual agencies, but these two factors – structural disaggregation and performance contracting of some type – are argued to represent 'the essentials of the agency identity' internationally (Smullen, 2004).

2.2 Agencies: why?

Various reasons have been outlined for the recent international increase in 'agencification'. These can be grouped into five – economic/efficiency reasons; changing societal expectations; political reasons; requirements for specialisation; and isomorphic factors. Agencies may be set

up due to any one or a combination of these reasons.

2.2.1 Economic/efficiency reasons

Since the 1970s in particular many Western countries have suffered fiscal crises (Pollitt et al, 2001; Adshead and Quinn, 1998), and this has led to increased pressure to restrain the growth of public expenditure. However governments are unable to simply cut public services, as there is still a need for many of these, such as health care and education, to be provided by the state. New Public Management (NPM) approaches which developed partly in response to this crisis have argued that moving government away from typical bureaucratic forms of administration and service provision to agencies which are managed using private-sector principles increases efficiency (Bouckaert and Peters, 2004). It is argued that this can work in two ways. On the one hand, bureaucracies 'clogged up' in red-tape (such as inflexible HR procedures) can be revitalised into new performance oriented units (Talbot et al, 2000). On the other hand, government departments can contract out services to improve financial efficiency. Both of these approaches can result in agencification.

2.2.2 Changing societal expectations

It is also argued (OECD, 2001; Pollitt et al, 2001) that citizens expect better service delivery, analogous to that provided by the private sector; and more consultation on how public services are delivered to them. Agencification is considered to provide a better mechanism to deliver these expectations than traditional bureaucracies (Talbot et al, 2000), as agencification allows new organisations with greater flexibility to be set up to meet these needs.

2.2.3 Political reasons[2]

Increases in agencification can also be related to political pressures. Removing implementation of policy programmes from civil service bureaucracies to agencies can allow more decisions to be made using economic and efficiency rather than political criteria (Bouckaert and Peters, 2004).

Setting up independent agencies to deal with political issues can also allow politicians to demonstrate their credibility and commitment to addressing these issues (Shipan, 2003). This is particularly important in the context of an apparent decline in citizen trust in governmental institutions (Pollitt et al, 2001).

Setting up an independent agency to deal with political 'hot potatoes' can also help the political administration to deal with a problematic policy area without being seen as directly responsible for this (Gains, 2003). Examples include environmental protection agencies (Shipan, 2003).

A further political reason which Nakano (2004) notes for agencification is where this approach is adopted because some actors are looking for policy ideas that could be useful to solve problems in their area. Such a reason could be interpreted very broadly – for example pressure from policy actors not in government or in the public administration system (such as social partners) may lead to increased agencification. Alternatively those working in an area of the public administration system may adopt agencification in an effort to lead or avoid externally-led changes in that area (see Pollitt and Bouckaert, 2004).

Finally Bouckaert and Peters (2004) have suggested that, paradoxically, moving a programme into an agency-type status may in some cases enable government to exert more direct political control over that programme, as it is able to appoint the leadership of the organisation.

2.2.4 Specialisation

Agencies are also often set up when the specialist skills needed to deal with an increasingly complex policy field are not available in the traditional civil service structures (Shipan, 2003). Again environmental protection agencies provide a good example of this case.

Separating policy development from policy implementation is a type of functional specialisation (Talbot et al, 2000) which agencification can support. This type of specialisation also aims to provide greater efficiency in policy delivery, and so is a reason often cited for agencification.

Another benefit of specialisation is that it can lead to greater transparency and distinct organisations which 'consumers' can identify with (Pollitt et al, 2001).

2.2.5 Isomorphic factors

These reasons for agencification are based on either – 'everyone else is doing it so why don't we?' or 'everyone else is doing it, so you must'. The latter situation is known as 'coercive isomorphism' and happens when a powerful international organisation requires agencies to be set up, either through regulations or by means of financial support. The European Union has influenced the development of agencies in this way.   For example its directives on regulation of some sectors have led to the establishment of regulatory agencies in some countries.

The case of 'everyone else is doing it so why don't we?' includes both 'mimetic isomorphism', where successful others are imitated as a way to deal with uncertainty in one's own situation; and 'normative isomorphism', where setting up agencies is seen as a legitimate choice, and 'doing the right thing' (see Van Thiel, 2003).

2.3 What are agencies set up to do?

Agencies are set up for the reasons outlined above, and also to deliver specific functions. A number of authors have considered these functions, including Rubecksen (2003), Laegreid et al (2003), Van Thiel (2004) and Bouckaert and Peters (2004). Overall these agency functions include:

2.3.1   *Implementing policy* – This occurs both through direct service delivery (such as that carried out by Next Steps[3] in the UK), and through transfer of funds (e.g. the payment of education grants through local authorities in Ireland).

2.3.2   *Regulation* – Agencies are set up both to regulate economic and social issues in wider society (such as the Environmental Protection Agency); and also to regulate within the public sector itself (e.g. inspectorates which monitor and control services such as prisons, education, transportation).

2.3.3   *Advice and policy development* – Agencies are often set up to provide objective advice about policies (e.g. the Economic and Social Research Institute).

2.3.4   *Information* – Governments frequently move responsibilities for collecting data and other information to agencies (for example the Central Statistics Office).

2.3.5   *Research* – There is often a need for scientific research organisations to be devolved from government to ensure the independence and integrity of their findings (for example the CNRS in France).

2.3.6   *Representation* – Economic and social councils can be set up to provide segments of civil society with representational and participatory opportunities (such councils exist in France, the Netherlands, Norway and Belgium, and as the NESC in Ireland) (see Bouckaert and Peters, 2004).

2.3.7   *Commercial development* – This is a key reason behind the establishment of many government agencies (Collins and O'Shea, 2000). In Ireland an example is provided by the IDA.

2.3.8   *Registration* – Some agencies register professional groups, such as architects or doctors (Van Thiel, 2004).

2.3.9   *Tribunals* – Tribunals are often set up to investigate politically sensitive issues, at a remove from government (Bouckaert and Peters, 2004). A number of these exist in Ireland, such as the Commission on Child Abuse.

2.4 How is agencification occurring internationally?

Although similar factors lead to agencification in different countries, there are strong international variations in the extent to which countries are devolving public administration functions to agencies (OECD, 2002).

First, although agencification is often viewed as an approach which developed as part of New Public Management (NPM) in the early 1980s, in reality this is

particularly the case in Westminster-type administrations. In Sweden strongly autonomous agencies have been responsible for aspects of public administration since the eighteenth century, while in the US there has been a tradition of strong agencies since the nineteenth century (see Bouckaert and Peters, 2004). Even within Westminster-type administrations, there is also a history of agencification for carrying out certain areas of work. For example cultural functions related to art and museums were devolved to National Galleries and National Museums in the UK in the nineteenth century. Local or regional organisations to administer social services of different kinds were also set up in the nineteenth century in the UK and Ireland.

Secondly, there is variation in how agencification occurs. In some countries (for example Canada, the Netherlands, New Zealand, Tanzania, the UK and the US) specific programmes have been announced to create agencies that function across the government. Meanwhile in others (for example Australia, Denmark and Latvia) substantial numbers of agencies have been set up without a single umbrella programme to shape the exercise (Pollitt et al, 2001).

An examination of the international literature also suggests that a period of increased agencification is often followed by a re-consideration of the role of agencies. This can involve changes in the number of agencies, and/or changes in agency autonomy and accountability. For example in the Netherlands, during the 1980s a considerable amount of policy implementation was devolved from ministries to ZBOs[4]. By the end of the 1990s however, concern was expressed at the lack of accountability of the ZBOs and the problem of ministerial responsibility. One result of this was that the creation of autonomous agencies declined, and there was more emphasis on increasing the number of agencies internal to ministries (Verhoest and Bouckaert, 2005), thus changing the way ministries operate. A 'slimming-down' of the number of agencies also occurred in Finland in the mid 1990s, in Sweden since the mid-1980s (Talbot et al, 2000) and in the UK since New

Labour came to power. However in strictly numerical terms 'slimming-down' of the number of agencies can take place through a complicated process. For example in Norway, Laegreid et al (2003) have outlined how new agencies are often reconstructions of existing agencies. Looking at civil service agencies there between 1990 and 2003, they noted that in 1990 there were 283 such agencies and by 2003 there were 183. However only fourteen agencies were 'completely terminated' in that time period, while 132 were 'terminated' into existing agencies. And during the same time period, forty-one entirely new agencies were set up, and thirty-eight based on pre-existing agencies. As they note, 'administrative changes have taken on a new character from change through *construction* to change through *reconstruction*' (Laegreid et al, 2003:29).

Changes in the autonomy of agencies can also occur following a period of agencification. In the UK the autonomy of agencies was reduced when New Labour came to power, as agencies ceased answering parliamentary questions directed at them. Instead this responsibility was taken back by the Home Secretary (Gains, 2003).

In other countries a period of strong agencification has been followed by changes in agency accountability. This occurred in New Zealand. There, decentralisation of substantial management autonomy from ministry managers to central agencies occurred from 1984 on. By 1990, there were concerns over the accountability of agencies, and it was felt necessary to harmonise performance agreements between ministers and the chief executives of agencies, by embedding the performance agreements in a framework of government-wide objectives. However this was not accompanied by a decline in the creation of autonomous agencies. The introduction of stronger accountability mechanisms following a period of agencification also occurred in the UK (see Talbot, 2004).

2.5   *What factors influence the establishment of agencies internationally?*
Although agencification is a wide-spread international trend, there are significant differences in the extent to

which governments set up agencies and the ways in which they do this. A number of factors affect how agencies are set up, and their structure. Some of these factors are consistent internationally, while others vary by country.

2.5.1 Existing administrative systems

A key factor which has varying effects on the structure and efficacy of agencies internationally is the existing national politico-administrative structure (Talbot et al, 2000). In some countries devolved independent agencies are the norm and have worked well for centuries – for example Sweden, where agencies are not responsible to individual ministers, but to cabinet as a whole, and have a high degree of autonomy. In other countries agencification has occurred within an existing problematic politico-administrative structure, and these problems are also evident within the agencies. For example in Latvia many new agencies were set up following independence from the Soviet Union in 1991. However the government ministries did not have the experience or political clout to guide and monitor the agencies, and so 'undesirable financial practices' have arisen (OECD, 2001). Finger (2001) suggests that agencies in different countries can be seen as adaptations within existing politico-administrative structures rather than purposeful reform.

In addition, a number of authors have noted differences between countries with proportional electoral systems which generate multi-party systems and minority governments, and those with 'first past the post' majoritarian systems. New Zealand was an example of the latter when widespread agencification was first introduced and it is argued that this election system helped NPM-type reform, including agencification, to be spread more quickly and forcefully than would be the case in countries with proportional electoral systems and coalition governments (see Zuna, 2002; Pollitt, 2004b). There are also variations in the extent to which constitutional arrangements allow agencification to proceed – in some countries the executive can push through changes, while in others these changes need to be approved by the legislature or can face

challenges from the judiciary (OECD, 2001).

2.5.2 Suitability of functions for devolution

There are also national variations as to which functions are considered suitable for devolution to agencies. In the UK, social security payments are devolved to the Benefits Agency but in many other European countries such work is not considered suitable for agencies (Pollitt et al, 2001).

2.5.3 Other factors

An OECD paper (2001) outlines other issues which vary internationally and can affect the degree of agencification and structure of agencies in different countries. These include the state of the economy, industrial relations, attitude to the role of the government in citizens' lives, and differing national priorities.

In terms of economic issues, a fiscal crisis in New Zealand is seen as a key factor assisting widespread agencification there in the 1980s. This crisis legitimated comprehensive administrative reform, while other countries (e.g. Norway) which did not face this pressure implemented agencification in a 'weaker' fashion (Laegreid, 2004).

Industrial relations, particularly in the public sector, are also a strong influence on the extent to which agencification can occur, and the manner in which this happens. For example in Norwegian policy the manner of working with civil service unions has traditionally been one of co-operation and mutual understanding; in contrast to the more confrontational style of Anglo-American reforms with respect to these unions (Laegreid, 2004).

The attitude to the role of the government in citizens' lives can also influence the process of agencification. An interesting example is found in the UK where agencification proceeded strongly under the Conservative party, who believed in reducing the role of the state; compared to the recentralisation of power of agencies under New Labour, who believed more strongly in the primacy of the state for addressing public sector problems (Gains, 2003). This is an example of change in policy direction in one country, but

there are also international variations to this, with stronger statist roles for the government in e.g. France or Norway, in contrast to the less explicitly interventionist role of the state in Anglo-American systems.

In some countries the private sector is quite small and less able to build capacity than the private sector in for example the US, where there is a wide range not only of enterprises, but also of non-governmental research and policy-oriented organisations. Therefore in countries with a less developed private sector, governments may decide to build such capacities themselves, and may set up agencies to do so (OECD, 2001).

Having outlined the main reasons for the establishment of agencies internationally, the next chapter will look at the structural characteristics of agencies, and how well they operate within government.

3

Characteristics of agencies

As outlined in Chapter Two, agencies are usually characterised by both a degree of

- structural disaggregation or autonomy, and
- performance contracting or accountability (Talbot et al, 2000; James, 2004).

Each of these categories can cover a very wide range of options which influence how agencies operate.

3.1 Autonomy of agencies

In terms of autonomy, Verhoest et al (2004) outline six key areas of autonomy which affect agencies' operations.

The autonomy of an agency is determined by the decision-making capabilities which it is able to exercise in relation to management and policy, which are the first two key areas of autonomy.

The management autonomy of the agency can vary. In terms of human resource management, agencies may have different levels of autonomy to decide on salary levels for staff, and on recruitment, promotion, and evaluation procedures. Agencies also vary in the degree to which they have autonomy over financial management. Some agencies are able to take out loans for investments. More commonly they are able to set prices for products and services. Extensive controls over each of these areas of management can inhibit an agency's autonomy to act.

Agencies also vary in their policy autonomy. Some for example can set their own objectives and norms, and decide on their policy instruments and target groups. Some are more constrained on these issues by legislation, or other factors.

The extent to which the agency can freely use its management autonomy and policy autonomy depends on a number of other factors, such as its legal status, its

governance structures, its funding and the extent to which the minister can alter decisions taken, and issue sanctions. These factors are the four other key areas of autonomy.

First, the legal status of an agency influences its autonomy. For example, is it a legal entity? Some agencies do not have their own statutory basis, meaning that their goals and functions are not clearly laid out in legislation, which affects their autonomy since ministers can make changes without sanction from parliament. Agencies may also exist at the discretion of the minister or the cabinet. These agencies obviously have little autonomy (Bouckaert and Peters, 2004). And among agencies which do have their own statutory basis, variation again is evident. For example, is the agency set up as a private company? Or as an office of a department? Usually the former would have higher autonomy than the latter, since changes to objectives and structure through legislation will involve a variety of actors and will thus usually be harder to make.

Structural autonomy, i.e. the autonomy which the agency has over its management structures, is also important. For example, does it have a board or is the CEO reporting directly to the minister and parent department? If it does have a board, does the minister appoint this board, and its chair, and does the minister consult other actors when doing so? What is the composition of the board? Is it mainly composed of government representatives? And what is its power? And in terms of executive management, does the minister or the board appoint the CEO of the organisation? Ministerial control is stronger in an agency without a board, compared to an agency with a board where government representatives constitute a minority of members and where the CEO is appointed and directed by this board.

The issue of financial autonomy is also crucial. The extent to which an agency relies mainly on income sources from its parent department, from other government sources, or from commercial activities, clearly will influence its autonomy to decide and act.

Finally, agencies have varied interventional autonomy. Some agencies are subject to sanctions or other

interventions from the minister or department when they do not meet preset targets or follow certain regulations. Most are subject to audit or evaluation, and the strength of the bodies which carry these out can influence the agency's autonomy in this area.

Within each of these levels of autonomy there are also variations in the extent to which agencies are able to and actually exert their autonomy. For example, one can consider the following:

- formal autonomy, i.e. the autonomy of the agency according to formal regulations, laws and contract documents;
- factual autonomy, that is the actual autonomy which agencies utilise, and
- perceived autonomy, i.e. the level of autonomy of the agency as it is perceived by the agency, government or other stakeholders.

Conclusions on autonomy

Verhoest et al (2004) point out that agencies can have any combination of these different types of autonomy. For example, an agency may not have a statutory basis and may have low levels of management autonomy, but see itself as having considerable policy autonomy in relation to choice of target groups and policy instruments. On the other hand an organisation with a statutory basis and a board may have little financial autonomy as it is dependent on the parent department for its budget. And in other cases (e.g. the FBI in the US) some agencies have more political power than their parent departments, and so have substantially more autonomy in a variety of ways (Bouckaert and Peters, 2004).

Internationally, the extent to which agencies are autonomous from ministries varies strongly, and there is often a felt loss of ministerial control (Talbot et al, 2000). However as Pollitt et al (2004: 27) point out, once agencies have been set up 'the rather recent alarmed discovery that there were organizations that exist at the margin of the public sector and which have a good deal of autonomy from

direct ministerial controls should not have been quite as dramatic as it appeared to be'. This loss of control is often seen as less problematic in non-Westminster-type administrations where the mantra of ministerial control is less strongly developed (Bouckaert and Peters, 2004; Pollitt et al, 2001). Some argue that in reality the role of government is just as strong (OECD, 2001), but in a different way.

3.2 Accountability/performance contracting

Accountability or performance contracting exists in order to review the performance of an agency, and again there are many possible variations in how this is done, which influences how agencies operate.

3.2.1 What performance is to be measured?

First – what performance is to be measured? Both internal and external performance of agencies can be assessed (McGuire, 2004). Internal performance can include assessing risks, efficiencies and adequacies of management and operational systems and processes (Thomas, 1996). In practice there is often a strong emphasis on reviewing financial systems. Policies, practices and guidelines in relation to working conditions can also be reviewed.

External performance often focuses on measuring service delivery, in conjunction with financial outgoings. In Australia one mechanism used to do this is measuring the efficiency and effectiveness of service delivery. Efficiency of performance is measured by examining how well organisations use resources to produce units of service – generally looking at inputs per unit of output. More qualitative measures can also be used. Effectiveness is measured by examining how well service outputs achieve agreed objectives, for example through assessing overall outcomes of services, access to them, equity in their delivery, their appropriateness for clients and their quality. Another mechanism of measuring service delivery is to look at inputs, outputs and outcomes (McGuire, 2004). Cost-effectiveness and responsiveness/adaptability of service delivery are also often assessed (Thomas, 1996).

Finally there is increasing emphasis on measuring 'policy performance', to see the extent to which agencies' performance are helping to meet government policy objectives (see James, 2004; Verhoest and Bouckaert, 2005). This might include looking at management direction, mission relevance (Thomas, 1996) or co-ordination of policy work across agencies and departments (James, 2004; Verhoest and Bouckaert, 2005).

3.2.2 How to measure performance?
Thomas (1996) includes management self-assessment, internal and external audit and programme evaluation as three key tools to measure performance, as this allows a variety of both internal and external stakeholders to be involved in assessing agency performance. All of these tools rely on the provision of business plans with objectives and targets on performance, and a variety of annual reports, interim reports, briefings and evaluations to outline progress towards these targets. For meaningful reports, the collection of robust indicators on a regular basis, in order to measure progress towards targets, is key (Thomas, 1996; McGuire, 2004).

3.2.3 How to encourage good performance?
Once targets are set, good performance needs to be encouraged. Mechanisms used to do this include fixed-term contracts for chief executives, which may include performance-related bonuses; accountability requirements for the chief executive and/or for the board; the option for agencies to keep financial surpluses etc (see for example Laegreid, 2004). There may also be sanctions to ensure positive performance, such as dismissal or formal reprimand of the chief executive.

3.2.4 To whom are agencies accountable?
Agencies can be accountable to one or many stakeholders. These include the law, the judiciary, central government (ministers and/or cabinets), interest groups, the media, agency users and citizens (Verhoest, 2005). Usually there

is a strong accountability relationship with a government department. The issue of sanctions is also relevant here, as the 'accounters' are usually in a position to sanction agencies for poor performance.

3.2.5 Conclusion on accountability
As with autonomy, there are strong degrees of variation in accountability. Verhoest (2005) outlines that both 'hard' and 'soft' performance contracts can be set. For example an agency may be subject to explicit and deterring negative sanctions with a strong link to performance and full responsibility for financial losses, or may have weak or negative sanctions with a stress on cooperation for improvement.

Internationally there are variations in the degree to which accountability is emphasised. For example New Zealand and the UK have typically had a strong emphasis on performance contracting, particularly financial performance contracting (Talbot et al, 2000; Matheson, 2002). In contrast, in Belgium performance contracting for Flemish Autonomous Agencies was viewed as inadequate up to 1995, and then strengthened (Verhoest, 2005).

Performance management mechanisms also sometimes do not work as intended, as they can lead to 'management by the book', little leeway for dealing with unexpected work which arises, and the possibility of unspecified work being unaccountable. It can also be difficult to determine precise operational objectives and indicators, not least because it is difficult to separate political and managerial aspects of agency operation. It also appears that some UK agencies have set lower targets to reach than had been the case in previous years (Talbot, 2004)! Meanwhile, in New Zealand there has been only one case of a CEO contract not being renewed (Laegreid, 2004). In the UK, the head of the Prison Service Agency was sacked following the escape of political prisoners, but he successfully sued the government for unfair dismissal as he had met all performance requirements in his contract (Gains, 2003).

3.3 Factors which influence the autonomy and accountability of agencies

As outlined above, the autonomy and accountability of agencies can vary strongly, both within and between countries. Variations between countries are related to traditions of ministerial control, the capacity of parent departments etc. Recent research (see e.g. Pollitt et al, 2004) points to some factors that influence the autonomy and accountability of agencies as well as the level of ministerial control of agencies within one country. These factors are outlined below.

3.3.1 Agency location

Are the agencies located within a ministry, or outside? This can affect the autonomy and accountability of agencies. The OECD (2002) distinguishes three main types of agencies internationally. The 'departmental agencies' (such as the UK 'Next Steps agencies') have no statutory basis, no governing board and a minister who retains formal (but less direct) control. Their staff are employed under general civil service regulations. The 'public law[5] administrations' are agencies set up by statute and with a separate legal identity, usually with their own governing board, and with a minister who has only indirect control. Staff regulations may vary, but general civil service regulations do not usually apply in full. Examples include Crown Entities in New Zealand. 'Private law bodies' are quasi-corporations and non-commercial bodies, established in private law[6], with a governing board and limited indirect ministerial control. Staff are employed under general employment law. Their funding is mainly through sales revenue. These three types represent a continuum, with private law bodies usually having most autonomy, and accountability arrangements that are less hierarchical and more indirect.

3.3.2 Agency size

The size of agency also seems important. Pollitt et al (2004) found in their in-depth research in four different countries that the ministerial and departmental control of large

budget agencies was much more intensive when compared to small budget agencies. Agency size also affects autonomy and accountability in other ways. Large agencies often are self-sufficient in terms of management of finance and HR, while smaller agencies are much more reliant on parent ministries (Pollitt et al, 2001). Larger agencies can thus be more autonomous – for example in the US some large agencies have their own set of political connections which they use when their 'own' department tries to intervene (Bouckaert and Peters, 2004). Ironically, large agencies in all countries can also become very bureaucratic which may inhibit their ability to deliver services more efficiently (Pollitt et al, 2001).

3.3.3 Agency tasks

The tasks of an agency can also have a similar effect on its autonomy and accountability internationally. Ministerial and departmental control seems to be much stronger for agencies with tasks that are relatively easy to standardise and steer, such as licensing, compared to agencies with tasks such as providing social services, where processes are less standardised and more complex and where professional discretion plays a larger role (Pollitt et al, 2004). In addition, the political importance of the task plays an important role in the actual level of ministerial and departmental control.

3.3.4 Balance between structural disaggregation and performance contracting

A number of authors have also argued that a factor affecting performance is the balance between the extent to which the agency is legally separated out from its parent department (structural disaggregation) and performance contracting (Moynihan, 2003; Matheson, 2002). For example, merely separating a departmental function out into a structurally autonomous agency is unlikely to lead to changes in performance if such changes are not specified or incentivised, as otherwise staff may be able to continue what they were doing before but in a different organisation.

Equally, performance contracting is unlikely to deliver better public services if this is required where staff are still part of a multi-purpose bureaucracy with traditional demands for input control, procedural correctness and political responsiveness (Talbot et al, 2000). On the other hand it has been noted that in some cases the mix of autonomy and accountability in an agency leads to such successful functioning and change that in some cases the centre wishes to rein in control after a number of years (Matheson, 2002).

At the same time, while it is possible that a lack of balance between structural disaggregation and performance contracting would hamper an agency's capacity to deliver, it is difficult to determine what that balance should be.

3.4 Do agencies 'work'?
The fact that a period of agencification is often followed by a period of change in the number, autonomy and accountability of agencies raises the question – do agencies successfully deliver? Answering this question requires consideration of why agencies are set up. As outlined in Chapter Two, agencies are set up to improve service delivery, specialise in increasingly complex policy areas, improve efficiency and/or deal with a variety of political issues. The degree to which agencies deliver on these issues varies.

In terms of service delivery, there is evidence that agencification can improve this. Talbot (2004) has looked at the Next Steps initiative in the UK, and concluded that agencification has improved the management of functions which agencies perform, particularly at the service delivery end. He does however note that performance improvement was not sustained – key performance indicators for agencies showed improvement in meeting targets from 1991 to 1995, but after 1995 the degree to which targets were met declined. Meanwhile Van Thiel (2004) in the Netherlands notes that agencies there do seem to improve the quality of products and/or customer service. In a related area, it is also considered that transparency has

increased significantly, helping to close the power gap between citizens and government (Finger, 2001; Matheson, 2002). Talbot (2004) notes that accountability and transparency have been areas in which the Next Steps initiative in the UK has been most successful. However increased transparency is not necessarily related to agencification *per se*.

In relation to specialisation, agencies often successfully deal with increasingly complex policy areas. This is the case in for example environmental protection agencies (Shipan, 2003).

However, evidence to suggest that agencification improves economic efficiency is poor and inconclusive (Verhoest et al, 2004). Van Thiel (2004) notes that evaluations of Dutch agencies indicate that there is neither immediate nor overall improvement of performance in terms of cost-efficiency. Talbot (2004), considering the cost savings associated with agencification under the Next Steps programme in the UK, found that overall running costs for the UK government in the late 1990s had fallen compared to those of 1986-7, but by less than 5 per cent, which was the target saving aimed for by the Next Steps programme[7]. He also notes that government running costs are a problematic proxy to use to estimate the cost-efficiency of agencies. Meanwhile Pollitt et al (2001) find that some agencies certainly improve performance year after year, but it is not clear if these improvements are actually connected to their agency status. On the other hand, Van Thiel (2004) notes that even though evaluations of agencies do not indicate improvements in terms of cost-efficiency, the evaluations do indicate that many agencies seem to have become more innovative and market oriented. Additionally, contracting for provision of services is generally considered to have worked well, by providing government with the ability to compare cost and quality, and to have greater operational flexibility (Matheson, 2002). So it is possible that agencification may assist in developing a market focus in the public sector, but whether this is associated with cost savings is not clear.

For agencies set up for political reasons, the evidence that agencification delivers is mixed. Certainly, establishment of regulatory agencies to remove political interference in some policy areas is often effective. However it is important to remember that devolving political issues to an agency does not mean that the issue becomes non-political (see Gains, 2003; Talbot et al, 2000). For example, in the UK maintenance and operation of rail lines was devolved to an agency, but a number of fatal crashes made it clear that the public still considered that political responsibility should be taken for these functions.

Meanwhile many of the factors listed in Chapter Two as influencing the establishment of agencies internationally (e.g. existing politico-administrative structure, fiscal climate etc) also influence agencies' capacity to deliver.

3.5 What problems occur with agencification, in terms of public governance?

The high number of agencies in existence internationally indicates that this organisational form is now a key part of government in many countries, and that this is unlikely to change in the foreseeable future. As the OECD puts it, 'in most countries studied, governments report that the creation of bodies with various degrees of separateness has been a largely positive experience. (...) At the same time, in most countries, priorities have moved away from the need to create new separate bodies to the challenge of finding the right balance between accountability and autonomy, openness, performance management as well as strengthening the steering capacity of central ministries (...) and 'whole-of-government' issues' (OECD, 2002: 21-22). Problems can be encountered due to increased agencification, even when the agencies set up are working reasonably well. A number of key problems noted interna-tionally are outlined below.

A key problem being tackled in different countries is the 'lack of clarity about the differences between the various types of agencies and their strengths and weaknesses' (OECD, 2002: 24). The number and the very wide variety of agencies, their widely diverging functions and the fact that

they are often set up in an ad hoc way can lead to problems. Agencies are inclined to have different roles and responsibilities in different areas of government, which can make it more difficult for government to keep track of the different bodies and of the different financial and management rules which apply to them. Moreover citizen trust can be undermined if the proliferation of agencies and other bodies is combined with unclear responsibilities and systems of accountability (OECD, 2002). Therefore different countries have begun to rationalise their agencies.

A second major issue that has been raised above is the appropriate level of autonomy and accountability for agencies, and the match between them. Relaxation of personnel and financial management rules is crucial for the flexibility of agencies, but this can co-exist with new problems such as hampered staff mobility between agencies and departments, inequity across the public service, and inadequate financial and management controls[8]. The level of policy independence of some agencies can raise new issues such as a lack of strategic control by the minister, non-representative governing boards, and a need to protect agency autonomy from unwelcome stakeholder influence. It has been noted that when agencies become less accountable to parliament or their ministers, they in some cases become more vulnerable to pressure from interest groups (Bouckaert and Peters, 2004). This can be particularly the case where interest groups are appointed to the board of the agency (Van Thiel, 2004).

Mechanisms of accountability towards ministers and parliament are also often perceived to be weak or unclear (OECD, 2002). With increasing numbers of organisations in the public sector, and a variety of relationships between them and government, it can be more difficult for responsibility and accountability to be pinned down. In addition, the advocated shift from control of financial and HR inputs to result-oriented control is littered with major challenges, such as the introduction of strategic management, the definition of clear output and outcome indicators, the setting of targets, the establishment of performance oriented accrual-based financial management

systems, the need for multi-year budget agreements, and limited capacity within line departments to make use of these new instruments in their work with agencies (OECD, 2002; Pollitt et al, 2004). When performance-based accountability mechanisms are introduced they are inclined to focus on outputs rather than outcomes (Finger, 2001), although effective service delivery should more properly focus on the overall outcomes of policy implementation.

A third area of concern is the lack of clarity regarding the roles of the governance structures of agencies (e.g. the CEO and governing boards); and their accountability to ministers and line departments. Roles and functions are in many cases poorly differentiated. Sometimes criteria do not indicate what type of agency with what type of tasks should have a governing or advisory board. Boards are reported to suffer from a lack of real power, a lack of political accountability and control by line ministries, membership selection processes based on links to ministers or interest groups rather than expertise, and conflicts of interest (OECD, 2002). Recently, countries have begun looking for ways to improve the board appointment mechanisms and to enhance the accountability of CEOs through performance contracts and individualised incentives.

The unclear role and lack of strategic capacity on the part of line departments is a major issue in most countries (OECD, 2002; Pollitt et al, 2004; Verhoest, 2005). In many countries line departments do not have adequate capacity to work with innovative management instruments such as performance contracts and accrual accounts, due to lack of experience and expertise. There is also a need in line departments for improved procedures and codes of conduct in order to establish and maintain good long term interaction with the agencies under their aegis. Some countries are very proactive in this (e.g. the Netherlands). The role of central departments, such as the Department of Finance, should change in line with the devolution of management capabilities to agencies and the introduction of performance-based accountability systems. However, it is also difficult for central departments to define and play their new role.

A number of authors have also noted that as agencification increases, there is inclined to be a lack of co-ordination between agencies and ministries, and between different agencies, which means less effective policy development and implementation (James, 2004; Verhoest and Bouckaert, 2005; Gains, 2003). This has been addressed through the setting up of 'mega-departments' (Australia) and through the introduction of 'strategic results areas' (New Zealand). Another issue is that although agencies tend overall to be more receptive to improved management methods (e.g. accrual accounting, performance-oriented management), agencies may become insulated from reform programmes and desired changes in the public sector (OECD, 2002).

3.6 Conclusion

Now that the key background issues on agencification have been outlined, the next chapter will move on to outline the terms of reference of the Irish study on agencies, and the methodologies used in this research. The remainder of the report will then analyse how the Irish agencies, in particular the non-commercial agencies operating at national level, fit this international picture. The subsequent chapters will examine the following governance issues in the Irish context:

- To what extent are agencies created over time and in what forms? What are their functions and main features? Are processes of agency creation and evaluation in Ireland systematic or ad hoc in nature? Is agencification influencing the transparency of government (Chapters Five and Six)?

- What is the level of autonomy of Irish non-commercial agencies with respect to HR, financial management and policy matters? Is this autonomy properly balanced with adequate accountability systems (Chapters Seven to Nine)?

- Are the roles, accountabilities and appointment of the governance structures of Irish non-commercial agencies, e.g. CEOs and governing boards, well regulated (Chapter Ten)?

- Are central and parent departments well equipped to deal with agencies? Is their role defined clearly and do they have the appropriate instruments to manage the agency-department relationship well (Chapter Eleven)?

Research objectives and methodology

4.1 Terms of reference

This project was commissioned by the Committee for Public Management Research (CPMR), a committee comprising senior representatives of eight Irish government departments. In 2002 the Implementation Group of Secretaries General, which is tasked with the overall direction and leadership of the public service modernisation programme, suggested that a study on state agencies should form part of the CPMR work programme. Accordingly in 2003 the CPMR agreed terms of reference for a research project on the *Corporate Governance of Agencies.*

The terms of reference of this study are to:

- map the development of Irish public service agencies over time in order to obtain a clearer understanding of the range and variety of such bodies, in terms of their role, function, corporate governance and accountability relationships;
- place this information within a wider international context; and
- identify and discuss key and/or emergent governance issues for the future, as well as possible ways forward in the light of identified national and international good practice.

The research was then divided into three phases, as follows:

- development of a database of agencies operating in Ireland;
- a questionnaire survey of a sample of these agencies, to assess their autonomy and accountability; and
- case studies of a number of agencies and their parent

departments, in order to further explore key governance issues.

4.2 Some key definitions and concepts

Before outlining the survey and its results in more detail, it is important to outline what is meant by the terms 'corporate governance', the 'public sector/public service' and 'agencies' within the context of this study.

4.2.1 Corporate governance

Rhodes (1996) provides a useful definition of 'corporate governance', seeing it as 'focusing on the way in which top management and boards of management execute their responsibilities and authority, and how they account for their actions'. Such a definition is consistent with that adopted by the Australian National Audit Office (ANAO) when it says that, 'Broadly speaking, corporate governance generally refers to the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation' (ANAO, 1999:1).   It is this latter definition that is used for operational purposes in this research.

As Tutty (1997:83) has emphasised, 'Adequate and effective arrangements for governance and accountability … are fundamental elements of a democratic system of government … governance is about the collection of rules, standards and norms that inform the behaviour of civil and public servants and politicians in conducting the business of the state with and on behalf of the public'. However, despite their significant growth in numbers and responsi-bilities in recent years, issues of governance and accountability specifically in relation to agencies in Ireland have not been the subject of a significant body of public management research to date and this study therefore makes a significant and original contribution to increased understanding and informed debate both nationally and internationally on the issue of agencification.

4.2.2 Irish public sector/public service

Within the Irish system of public administration, there is no agreed definition of what does or does not constitute a public body or 'agency'. However, for the purpose of this study, the definition of the public sector first developed by Humphreys and Gorman (1987) and now used by the Central Statistics Office[9] has been used:

> An Irish public sector organisation is defined as any employing body which: (a) directly derives the majority of its share capital from Irish public funds, or (b) has the majority of its Board/Executive members appointed by an Irish Minister, or (c) directly derives the majority of its revenue from Irish public sources. The Irish public sector comprises the following administrative sub-sectors: the Oireachtas (or National Parliament) and the Judiciary, the Civil Service, the Garda Síochána (or National Police Force), the Defence Forces, the Local Authorities, the Health Services, education, the Harbour Authorities and the State-Sponsored Bodies … Private sector employing organisations are defined as the residuum (Humphreys and Gorman, 1987:8).

With regard to the above definition, it is important to note that the 'public sector' comprises organisations that are both commercial and non-commercial in character, i.e. bodies that both do and do not derive the bulk of their revenue from trading and commercial activities. For example, it includes civil service departments, schools, hospitals etc., as well as major companies in the transport and utilities sectors. The term 'public service' when used in this study refers specifically to those public bodies that do not produce goods or services that are sold directly to the public.

4.2.3 Agencies

As outlined earlier, two of the study's key objectives are (a) to map the development of Irish public service agencies over time in order to obtain a clearer understanding of the range and variety of such bodies, in terms of their role, function, corporate governance and accountability relationships, and

(b) to place this information within a wider international context. Accordingly, in seeking to define Irish agencies for the purpose of the study, it was decided to adopt a definition that would both facilitate cross-national comparisons and which was not overly self-selecting, in order to avoid introducing too narrow a focus.

As a result, an agency has been defined, for the purpose of this study, as a public sector organisation that has the following characteristics:

- is structurally differentiated from other organisations
- has some capacity for autonomous decision making
- has some expectation of continuity over time
- performs some public function
- has some personnel and
- has some financial resources.

The term 'agency' includes not just commercial and non-commercial semi-state bodies (SSBs). It also includes bodies that have some autonomy from their parent department yet are nevertheless staffed by civil servants (such as the Office of Public Works, the Office of the Revenue Commissioners, and the Labour Court), as well as bodies that may be purely advisory albeit permanent in character; which are organisations usually excluded from the definition of SSB[10]. However, when seeking to operationalise the above definition for the first time within an Irish context, it is still necessary to add a number of further, specific qualifying criteria. For example, and for the purposes of this study, Irish public sector agencies do not include:

- The Office of the Houses of the Oireachtas
- Government departments/offices that have direct ministerial level representation in Cabinet
- Local/regional offices/branches of civil service departments/offices
- Cross-departmental teams
- Tribunals of inquiry
- Task forces
- Non-statutory advisory committees

- Judiciary
- Defence Forces
- Garda Síochána
- Coroner's Service
- Sheriff's Service
- Town councils
- Individual hospitals[11] and educational institutions
- Cooperative societies and voluntary organisations
- European institutions and international organisations (apart from those established following the 1999 Belfast Agreement).

Using authoritative secondary sources, a database of currently existing agencies was developed. These information sources included the *Administration Yearbook and Diary 2004*, the Irish Statute Book Database, the *Annual Report of the Comptroller and Auditor General and Appropriation Accounts (2001) Volumes 1 and 2, Revised Estimates for Public Services 2003* and extensive searches of departmental and individual agency websites. The database, completed in late 2003, contains details of 601 agencies in operation at that time in Ireland. This list of agencies is outlined in Appendix 1, and the analysis of this 'landscape' of agencies is outlined in Chapter Five.

4.3 The survey

Phase two of the research project consisted of a survey of state agencies. It was decided to survey those agencies operating at national level, in the non-commercial sector, as it is the non-commercial agencies which operate most closely with government. A list of 211 non-commercial agencies operating at national level was identified from the main database of 601 public sector agencies. These are listed in Appendix 2.

4.3.1 Survey methodology

The survey questionnaire distributed to the 211 non-commercial Irish agencies operating at national level in order to assess their autonomy and accountability was developed in partnership with the Instituut voor de

Overheid of the Katholieke Universiteit Leuven[12]. The Instituut had already utilised such a questionnaire in a survey of Belgian agencies in 2002, and this had yielded useful information on these processes in these agencies. Drawing on this questionnaire also meant that comparable international information on the structure of agencies would be available, as a similar survey was also carried out by the Rokkan Centre in Bergen, on Norwegian agencies.

The Irish questionnaire consists of four sections, as follows:

– Section one: The Organisation. This sought information on the agency's history, its current functions and its legal base.

– Section two: Autonomy. This assessed the autonomy of the agency in terms of HR, finance and policy.

– Section three: Accountability and responsibility. This provided information on the agency's board and audit functions.

– Section four: Accountability and direction. This recorded information on the agency's strategy and direction, and the accountability of the CEO.

The main variations between the Irish and Belgian questionnaires were in section four, on accountability and direction, in order to comply with the Irish context. The Belgian questionnaire also included a section on organisational culture, which was not incorporated in full into the Irish questionnaire as this topic was not a focus of the Irish research study.

The questionnaire was sent to eight organisations to pilot it, and a number of minor amendments were made before finalising it. A copy of the final questionnaire is included in Appendix 3.

The Instituut voor de Overheid had conducted their 2002 survey using a web-based questionnaire. Their 2004 survey was also conducted using this method, and the Instituut offered to host the Irish questionnaire on their website. This greatly assisted data entry, as the

information inputted by the respondents was automatically sent to a linked database. This also assisted confidentiality of the data, as it was only accessible, via password, to the two research teams.

All respondents received a letter in mid-August 2004 requesting them to complete the web-based survey, by 30 September (a copy of this letter is included in Appendix 3). Any respondents who had difficulties accessing the webpage were able to request a PDF version of the questionnaire, which could be completed by hand and then returned to the Institute of Public Administration to be inputted into the database.

Following reminder letters and phone calls, the final response rate by mid-October was 44 per cent, with questionnaires completed in respect of ninety-three agencies.

4.4 The case studies
Phase three of the study consisted of case studies of a range of agencies and their parent departments, and also of a number of central departments, in order to gain a '360 degree' view of the autonomy and accountability of agencies.

4.4.1 Selecting case study agencies
For time reasons, it was decided that four agencies and their parent departments would be studied. The case study agencies were selected on the basis of the survey data results. Analysis of the survey data indicated various characteristics of the 'median' or 'typical' agency, with their parent department, function and size being particularly significant (see Chapters Seven to Nine for further analysis). Therefore it was decided to select case study agencies working under the aegis of one of the 'popular' parent departments, covering all functional types, and of various sizes. Within these parameters, it was then decided that it would be most useful to study two agencies with average autonomy and accountability, and also one with particularly high autonomy/accountability, and one with

particularly low autonomy/accountability, in order to see how well a range of governance environments are operating.

4.4.2 Case study methodology

As the methodology for the case study phase involved a '360 degree' approach to assess the governance of the agencies both from the agency point of view, and also from the point of view of the parent department, it was decided to interview the following:

- in each agency – the CEO, the head of human resources, the head of finance, and the chair of the agency board; and

- in the parent department – the agency liaison staff, and those responsible for corporate governance of agencies (where such a function existed).

It was also decided to interview a number of people who could provide an overview on the governance of agencies. These included:

- personnel from the Departments of Finance and Taoiseach, and

- organisations involved in public sector management overall, (e.g. the Comptroller and Auditor General's office).

Letters were sent to the agencies selected, their parent departments and the 'overview' organisations requesting permission to meet with the relevant personnel and discuss the corporate governance of agencies in a semi-structured interview. All of the agencies and departments selected agreed to be studied.

A range of topics were focused on in the interviews in the case study phase, and these were related to the topics covered by the earlier survey. The topics included the reasons for agency establishment; the autonomy and accountability of agencies in terms of HR, finance and policy; the operation of the board; the role of the CEO; and the management of agencies by parent departments. The

exact topics covered varied according to the remit of the person being interviewed (a detailed list of the topics covered is included in Appendix 6).

Altogether thirty semi-structured, confidential interviews were held. On average the interviews took an hour and a half, with some taking two hours. Notes were taken at all these interviews and later typed up.

In the next chapter, the 'landscape' of Irish agencies will be outlined, drawing on the information in the database of 601 Irish agencies created as part of phase one of this study.

5

An overview of Irish public sector agencies

In this chapter, the information gained from the database of 601 commercial and non-commercial agencies operating at national and sub-national level in Ireland will be outlined.

5.1 Number and types of Irish agencies

Compared to other countries, an explicitly stated policy of agency creation or 'agencification' has not been pursued by Irish governments in recent years. However, even a casual observer of Irish public affairs is likely to have observed that a significant number of new agencies have been created, often as a result of new legislation, organisational restructuring and international agreements. Quite apart from major reforms of the Prisons and Court Services, a number of new agencies have been created and/or established in the regulatory, equality and refugee areas, and in the health and education sectors, and some others as the result of the Belfast Agreement and EU policies. The database compiled for this research project in late 2003, using the definitions outlined in Chapter Four, indicated that 601 agencies were in existence at this time in the Irish state.

The most common typology used to describe state agencies is commercial and non-commercial. Quite simply, where possible, commercial state agencies are expected to make profits, pay dividends and finance new investment. Although the commercial agencies are particularly visible and well known (e.g. ESB, An Post, Aer Lingus etc), the database shows that over three quarters of Irish agencies, 519 of 601, are non-commercial.

The database also shows that the vast majority of the 601 Irish agencies (almost 400) operate at a county or regional basis. At county level, agencies include the county councils[13], vocational educational committees, county

childcare committees, county enterprise boards, and the county development boards. At regional level, there are a number of regional tourism authorities, health boards, fisheries boards, regional authorities and regional assemblies. Other area-based agencies include the LEADER rural development companies and the area partnership companies; in addition to harbour authorities, harbour commissioners and port companies.

The database indicates that there are many 'duplicate function agencies', particularly at county or regional level. Three hundred and seven of the 601 agencies are duplicate function agencies – that is, they have a number of sister agencies carrying out the same work, but usually in a different geographical location. Examples include the local authorities at county level, and the CIE group of companies at national level. The following table outlines the number of duplicate function agencies:

Table 5.1: Duplicate function agencies

Leader Company	36	Fisheries Board	8
Partnership Company	36	Port Company	7
County Enterprise Board	35	Regional Tourism Authority	6
County Development Board	34	Borough Council	5
County/City Council	34	CIE	4
County Childcare Committee	33	NESDO	3
Vocational Education Committee	33	Harbour Authority	2
Health Board[14]	10	Harbour Company	2
Harbour Commissioners	9	Regional Assembly	2
Regional Authority	8		

Meanwhile a smaller proportion of the 601 agencies, just over 200, operate at national level. There are a number of bodies that could be considered to carry out duplicate functions among these (e.g. the CIE companies, and the National Economic and Social Development Office group comprising NESC, NESF and NCPP), but in general most of these agencies are stand-alone. They include agencies with

a commercial remit (e.g. Aer Lingus and An Post), as well as bodies that have some autonomy from their parent department yet are nevertheless staffed by civil servants (such as the Office of Public Works and the Labour Court). Agencies operating at national level range from the very large agencies, such as FÁS, to smaller bodies such as the Competition Authority, or the Poisons Council.

It is important to note that many agencies that currently exist were created by moving functions from another agency or department, or by amalgamating existing agencies. For example the Employment Equality Agency was abolished and replaced by the Equality Authority (with an expanded remit) in 1998; while FÁS was set up in 1988 through the amalgamation of AnCo, the Youth Employment Agency and the National Manpower Service.

5.2 Legislative establishment

Analysis of the database indicates that 397 of the 601 agencies were set up under either an Irish Act or statutory instrument (information was not available on the legislative basis of all the agencies). The most popular pieces of legislation establishing agencies are outlined in Table 5.2 below:

Table 5.2: Key legislative acts establishing Irish agencies

Act	Number of agencies established
Local Government Act 1898	40
Industrial Development Act 1995	36
Local Government Act 2001	34
VEC Acts	33
Harbour Acts 1946	12
Health Act 1970	12
British/Irish Agreement Act 1998	11
Local Government Act 1991	10
Fisheries Act 1980	8
Harbours Acts 1996-2000	8

Almost seventy agencies were set up under single pieces of legislation specifically geared towards their establishment, for example, the National Gallery of Art Act 1854, the National Stud Act 1945, and the Marine Institute Act 1991. The number of such acts has increased over time, particularly in the 1990s and 2000s.

The main non-legislative mechanisms under which agencies were established include EU and Structural Funds, which led to the establishment of eighty agencies including a variety of local partnership and LEADER companies; and the National Childcare Strategy under which thirty-three county childcare committees were established.

In terms of legal status, there are no general statutory definitions of different types of agencies in Ireland. Nor does a general law or framework exist on different types of agencies and the regulation of their autonomy and governance structures, as in some other countries. Nonetheless, a number of different legal types of agency exist. These include the following:

- statutory corporations, deriving authority and powers directly from statute and not incorporated as companies under the Companies Act;
- corporate bodies, established through secondary legislation by ministerial order;
- public companies, established under statute and registered as a company under the Companies Act; and
- private companies, registered as a company under the Companies Act and with any special conditions as to operations included in their memorandum or articles of association.

The relative importance of each of these types of legal status was not assessed in the database phase of the study, although the survey of non-commercial agencies operating at national level provides information on the legal status of those agencies (see Chapter Six).

5.3 Trends over time

The oldest agencies currently existing in Ireland date from
the 1700s, when the Registry of Deeds, the Commissioners
of Irish Lights and the Royal Irish Academy were set up.
Agencies that are still in operation and first established
during the nineteenth century include the Geological
Survey, the Valuation Office, the National Museums,
Library and Gallery, as well as many local government
bodies. Many other agencies which existed in the
nineteenth century no longer exist, such as the Congested
Districts Board or the Land Commission.   The
establishment of the Irish Free State also led to an increase
in the number of agencies, but the majority of current
agencies are more recent in origin. In fact, the database
indicates that 59 per cent have been established since
1990. Only one third of the 601 agencies currently
operational were created prior to 1980. There was strong
growth in agency numbers in the 1990s, as the following
table indicates.

**Table 5.3: Total number of current agencies
established per decade (n=601)**

Decade	Total number of agencies	Non-duplicate function agencies[15]
1700s	3	3
1800-1849	2	2
1850-1889	5	5
1890s	38	3
1900s	1	1
1910s	1	1
1920s	11	11
1930s	39	7
1940s	26	16
1950s	14	14
1960s	23	18
1970s	29	23
1980s	47	36
1990s	224	107
2000s	138	71

The number of agencies currently in operation and established per decade in Ireland remained relatively constant from the 1920s to the 1970s. However the number of agencies began to increase in the 1980s, followed by strong growth in their numbers in the 1990s. In the 1990s and early 2000s, many of the new agencies were 'duplicate function agencies', operating at local authority level. These include the partnership and LEADER companies, and the county enterprise boards set up in the 1990s; and the county development boards and county childcare committees established in the early 2000s. However even if the number of duplicate function agencies are taken into account, it is still clear that there was an intense period of agencification in the 1990s and 2000s.

Analysis of the functions which agencies were set up to carry out shows no link with the time period during which they were set up. However there is variation in the policy areas in which agencies were established over time. In the early decades of the twentieth century agencies devoted to infrastructure, culture, health, enterprise in general and public administration were set up. In the 1960s and 1970s, agencies that focused on developing business in specific areas, such as tourism and natural resources, were established, as well as agencies in the policy areas of social services and safety. During the 1990s and 2000s the number of agencies set up in 'soft' areas, such as social services, equality, safety, health and education, was significant.

5.4 Parent departments and offices

It is also evident that, whether created as a one-off agency or as part of a cluster of equivalent bodies, some departments/offices are responsible for significantly larger numbers of the 601 agencies than others, as outlined in Table 5.4:

Table 5.4: Number of agencies reporting to parent departments/offices

Department/Office	Total number of agencies	Number of non-duplicate function agencies[16]
Environment, Heritage and Local Government	104	25
Community, Rural and Gaeltacht Affairs	81	11
Justice, Equality and Law Reform	68	36
Enterprise, Trade and Employment	63	29
Education and Science	62	30
Communications, Marine and Natural Resources	57	34
Health and Children	57	48
Finance	28	28
Arts, Sport and Tourism	23	18
Taoiseach	18	16
Transport	14	11
Agriculture and Food	9	9
Social and Family Affairs	8	8
Defence	3	3
Foreign Affairs	3	3
Office of the Attorney General	3	3

The prevalence of agencies per department correlates with one of the few international studies of numbers of agencies per government department, carried out in Norway[17]. Comparing the Norwegian with the Irish situation, it is evident that ministries of the environment, justice, education, health, and trade and industry seem to be particularly prone to agencification. Similarly, ministries of foreign affairs and defence are among those least likely to have agencies. However there are also national variations. For example there are many more agencies operating under the Norwegian than the Irish Department of Agriculture and Food, which may be linked to different national political pressures on this policy area in each country.

Analysis of links between the number of agencies under the remit of each Irish government department, and the

budget of each department, showed no consistent pattern. Some departments with very large budgets have a high number of agencies (e.g. Health and Children) but others with equally large budgets have a very low number of agencies (e.g. Social and Family Affairs). Similarly, departments with low budgets appeared to be as liable to have a high number of agencies (Finance) as a low number of agencies (Foreign Affairs). Analysis of the number of agencies per department, and the number of employees in each department, again yielded no consistent pattern. There does not appear to be any relationship between the size of department's budget or staff numbers, and the number of agencies in its remit.

Analysis of reporting relationships also indicates that there are a number of 'sub-agencies' which report to agencies which in their turn report to a parent department. Examples include the National Competitiveness Council which reports to Forfás, which reports to the Department of Enterprise, Trade and Employment. In some cases there are several levels of reporting between an agency and a department. For example the Bord o Ulstèr Scotch reports to An Foras Teangra, which reports to the North-South Ministerial Council, which reports to the Department of the Taoiseach. Altogether twenty-five agencies have 'sub-agencies' reporting to them.

5.5 Policy areas

Further analysis of the database of 601 agencies was also carried out to discover which policy areas are most likely to have agencies operating within them, as this is not always clear from the departmental analysis above, given that several Irish government departments are responsible for a number of policy areas. The results of this analysis are outlined in Table 5.5:

Table 5.5: Main policy areas in which agencies operate

Policy area	Total number of agencies	Number of non-duplicate function agencies[18]
Local development	141	12
Enterprise	88	37
Education	59	27
Infrastructure	54	35
Health	53	44
Social services	45	23
Rural	31	1
Culture	30	30
Justice	26	26
Natural resources	26	19
Public administration	25	24
Safety	18	18
Research	16	16

Note: some agencies operate in more than one main policy area

This analysis indicates that the policy areas of enterprise, education, infrastructure and health are most likely to have agencies. As can be expected, local development agencies are particularly likely to have duplicate function offices at local level, which may lead to some over-estimation of the number of agency structures operating in this policy area.

5.6 Functions

The nine main functions which agencies are set up to carry out, internationally, were outlined in Chapter Two. The database of 601 Irish agencies also incorporated such functions, and their relative importance is outlined in Table 5.6.

Table 5.6: Main functions of the 601 Irish agencies, 2003

Function	Total number of agencies	Number of non-duplicate function agencies[19]
Implementation of policy	233	79
Commercial development	188	59
Promotional development	129	57
Advice	106	68
Co-ordination	87	15
Regulation	54	54
Information	28	28
Tribunal	23	23
Registration	22	22
Research	13	13
Representation	6	5

Note: some agencies have more than one main function

The most popular function of agencies is implementation of policy, which correlates well with NPM doctrine on the establishment of agencies, as this approach advocates the setting up of agencies to carry out executive functions. This links to the policy adopted by the Lemass government in the 1950s to set up commercial state bodies for employment generation and economic development reasons; and to the rationale adopted in the Report of the Public Services Organisation Review Group (Devlin Review) in 1969, where it was argued that agencies should be set up in order to separate policy making, which should be carried out in government departments, from operational functions, which should be carried out by agencies. However it is somewhat surprising given this rationale that provision of policy advice is also a very popular function of Irish agencies (this will be discussed further in Chapter Nine). Commercial development and promotional development, which can be related to implementation-type functions, are also key functions of Irish agencies.

Table 5.6 also shows the number of duplicate function agencies that implement policy, carry out commercial and promotional development, and co-ordinate. Advice on various issues also appears to be provided to some extent in these agencies, although advice is provided mostly by non-duplicate function agencies, which are likely to be operating at a national level only. Overall, further analysis shows that advice, information provision, registration and regulation are most likely to be carried out by agencies with a national remit. At local level, commercial development is the most popular function of agencies.

Many of the 601 agencies carried out a number of main functions. The most popular combinations were promotional development together with co-ordination functions, commercial development together with implementation of policy; and implementation of policy together with the provision of advice. Bodies which carried out both co-ordination and promotional activities as their main functions included county childcare committees, county development boards and regional authorities. Those implementing policy and supporting commercial development include area partnership and LEADER companies. Finally those implementing policy and providing advice include all county and city councils.

5.7 Summary

Analysis of phase one of this study, that is of the database of the 601 commercial and non-commercial agencies currently operating at both national and sub-national level in Ireland, provides some general background information on the Irish agency landscape. It shows that:

- There has been a significant increase in the number of agencies operating in Ireland, with almost 60 per cent of the 601 agencies currently in operation set up since 1990.

- Three hundred and seven of the agencies are 'duplicate function agencies' – that is, the same function is carried out by a number of similar agencies in different locations (e.g. county councils, county development

boards, regional tourism authorities).

- Two thirds of the agencies identified have been set up through legislation.

- The agencies carry out a range of functions, which can be grouped into implementation, advisory and regulatory functions. The most common function is implementation of policy, but contrary to the situation noted internationally, providing advice (usually on policy) is also a significant function for these Irish agencies.

- Agencies are found in a wide variety of policy areas, but the Departments of Environment, Heritage and Local Government; Health and Children; Community Rural and Gaeltacht Affairs; Justice, Equality and Law Reform; and Communications, Marine and Natural Resources are most likely to have agencies operating under their aegis.

- The Departments of Defence, Agriculture and Food and Foreign Affairs are notable for the low number of agencies under their remit.

This report will now move on to outline the results from phases two and three of this study, that is the information gained from the survey and case studies of non-commercial agencies operating at national level. The next chapter will outline the main findings in relation to the creation of these non-commercial national level agencies, and recommendations will be proposed on the findings made.

6

Non-commercial national level agencies - creation and features

In this chapter the results of the survey of ninety-three non-commercial agencies operating at national level and of the case study interviews of four of these and their parent departments will be drawn upon in order to outline the creation and features of non-commercial agencies operating at national level in Ireland.

The ninety-three agencies completing the survey provided a representative sample of the 211 non-commercial agencies operating at national level, as indicated by comparison of the demographic information available for both the total number of non-commercial agencies operating at national level (211) and those that completed the survey (93). Detailed information on this is provided in Appendix 4.

6.1 Functions and policy areas

As was the case for Irish agencies overall, the survey results on the main functions of non-commercial agencies operating at national level suggest, contrary to many international studies, that one of the most common functions of Irish agencies is to provide advice (23 per cent of the ninety-three agencies surveyed). Implementation of policy was the second most important function (15 per cent of agencies), while regulation and the provision of information are other common functions of the agencies surveyed (13 per cent each).

As with the database, the survey indicated that certain policy fields were more likely to have agencies operating within them. The most popular policy areas in which the ninety-three surveyed agencies operated were health (14 per cent of the agencies), followed by education (9 per cent), justice and research (7 per cent each), and enterprise, environment, equality, public administration and training (4 per cent each).

6.2 Age of agencies

The strong growth in agencification in recent decades in Ireland is again evident from the survey respondent information. The majority of the ninety-three surveyed agencies, approximately 60 per cent, were set up in the 1990s and 2000s. Case study respondents from some of the departments with many agencies stated that the rise in the number of agencies under the aegis of the department has been so profound that it raised questions about the traditional role of the department (see Chapter Eleven for more detail). One departmental representative also reported a recent increase in the number of bodies which are carrying out public functions, but which are not usually established by a government department. These include satellites of established agencies, and private or community/voluntary organisations. Often these bodies carry out public sector tasks and are funded mainly by government, but they are not set up by statute and the government rarely has formal powers of appointment or dismissal over their staff or boards.

However the survey data also indicates that half of the ninety-three agencies had existed in a previous format. Altogether, 40 per cent of these agencies which previously existed had their functions carried out when in the previous form either within a government department, or within another government body. A further 20 per cent of these agencies previously existed on a non-statutory or ad hoc basis, and had since been more formally re-constituted. Finally, 20 per cent of these agencies had had their functions previously carried out by non-governmental or other sectors.

6.3 Size of agencies

The ninety-three surveyed agencies differ considerably in size in terms of both personnel and budget, ranging from very large bodies with over 2,000 staff or a budget in excess of €1 billion, to very small ones with one part-time staff member and a budget of €18,000.

The average number of staff per surveyed agency is 141 full-time equivalents. However as there is very strong

variation in this, ranging from the agency with over 2,000 staff to that with one part-timer, a more meaningful figure is the median staff number, which was thirty.

Budget figures again showed strong variation, with the average budget for 2003 recorded as €42,518,313. However this figure incorporates both the smallest budget of €18,000, and the largest, of over €1,000,000,000. The median budget was €3,828,000.

It is difficult to find comprehensive figures on the number of staff employed by agencies overall, but some indication of the increasing importance of agencies is given in Department of Finance figures which show that the number of full-time equivalent staff in non-commercial state sponsored bodies increased by 34 per cent between 1995 and 2004. This compares to an increase of 30 per cent in total public sector numbers (excluding the commercial state-sponsored bodies) over the same period (IPA, 2005: 417).

6.4 Legal status and form of agencies

In terms of legal status, there are no general statutory definitions of different types of agencies in Ireland. Nonetheless two broad groups of agency with sub-types are evident from the survey of ninety-three agencies. First, almost half of the surveyed agencies would be considered non-commercial state-sponsored bodies, with a grant-in-aid allocated by a parent department, usually with non-civil service staff. Most of the remainder are offices/bodies of central government departments. Within this group two main organisational forms were evident. These included Offices of Government, which were usually headed by a statutory office holder and staffed by civil servants but in some cases had their own 'vote' – i.e. income allocated directly from government, rather than via a parent department. The second main type were units within or associated with departments but with some autonomy. Their budget was usually allocated by the parent department, but they were often staffed by civil servants.

However these groupings are neither distinguished nor defined in Irish administrative law (Morgan and Hogan,

1998), and terms such as government office or state-sponsored body are not used frequently in statute law. These terms are used to describe broad categories of organisations that have a limited number of common characteristics, but the variety of autonomy and governance structures within those categories is considerable. This can be related to the fact that no general law exists on different types of agencies and the regulation of their autonomy and governance structures, as in some other countries. Nor does a common framework exist on what matters are to be regulated in the law establishing an agency (e.g. a statute, a ministerial order), although soft law instruments and guidelines such as the Code of Practice for the Governance of State Bodies do have a strong effect in making elements of the governance structure of agencies more uniform. It is not surprising therefore that those interviewed during the case study phase of the research noted the existence of several types of agencies under the aegis of their department, and they also acknowledged that there is no clear link between the different types and the way they are controlled by the department. For example, the agencies of the Department of Justice, Equality and Law Reform encompass a variety of legal types:

- government offices with a statutory basis, headed by a statutorily appointed officer, and funded through their own vote. These included the Land Registry and Registry of Deeds;
- executive units of the department such as the Probation and Welfare Service, with no separate legal existence or board and not headed by a statutorily appointed officer – but treated as an agency;
- The Prisons Service, which currently has no statutory basis, is staffed by civil servants and has an interim advisory board;
- An Garda Síochána (which would not be included in the earlier definition of an agency for this research, see Chapter Four), with a statutory basis, no separate legal existence, and with finance and administration run by the Department;

- The Courts Service with a statutory basis, a board, a CEO and its own accounting officer;
- agencies such as ADM (Area Development Management Ltd) that are contracted to deal with certain tasks such as payments.

Nonetheless the survey indicated that the ninety-three agencies had a range of 'official' legal-structural statuses. These include:

- statutory corporations, deriving authority and powers directly from statute and not incorporated as companies under the Companies Act (39 per cent of surveyed agencies);
- corporate bodies, established through secondary legislation by ministerial order (30 per cent of surveyed agencies);
- public companies, established under statute and registered as a company under the Companies Act (2 per cent of surveyed agencies); and
- private companies, registered as a company under the Companies Act and with any special conditions as to their operations included in their memorandum or articles of association (4 per cent of surveyed agencies).

Less than 10 per cent of the agencies surveyed were registered as companies under the Companies Act, which is to be expected considering that those surveyed were non-commercial agencies, and so not operating as companies.

It was also notable that many of the survey respondents had difficulties in allocating the legal status of their organisation to one of the above types. This indicates a lack of clarity on governance arrangements in this area.

Most of the ninety-three surveyed agencies were also set up on a statutory basis. Altogether 61 per cent (fifty-seven) were set up under an Irish Act, and 23 per cent (twenty-one) were set up under a statutory instrument. However, 17 per cent (fifteen) were not established under legislation.

6.5 Reasons to set up an agency

The reasons given by case study respondents for setting up agencies fell into the categories outlined in Chapter Two, that is they were set up for political reasons, to promote greater efficiency, to assist specialisation in development and delivery of government policy, and for isomorphic reasons.

A number of these reasons were also important in ways quite specific to Ireland. Among these were that a number of agencies had been set up to facilitate high involvement of social and other interest groups.   Often these groups included the social partners. Social partnership was reported by some respondents as an influence in the establishment of new agencies. Some agencies also had a strong role in building up local relations with client groups and developing a specific focus on those groups.

Some case study respondents also specifically cited Irish public sector reforms or approaches as reasons for setting up agencies.   These included the Lemass government approach to setting up commercial state bodies to generate employment; the Devlin review advocating separation of policy making from policy execution; and the 1994 Strategic Management Initiative which argued that provision should be made for the 'delegation of certain tasks to executive agencies'. Some case study respondents stated that in the latter context reviews had been undertaken which in some cases have led to the creation of new agencies. However, little reference was made to the New Public Management (NPM) doctrine that envisages a strict division between policy functions (to be located in departments) and operational service delivery (to be hived off to agencies).

The EU was also found to have a specific role in the set up of some regulatory agencies, as some EU legislation and policies explicitly require the establishment of independent agencies to separate the regulation and provision of services where markets are being liberalised, or indeed to separate out regulatory functions which have to regulate the public sector itself. In fact just under half of the ninety-three survey respondents reported that the EU had some

influence on their current existence (although this influence may be on their work rather than on their existence), with one fifth indicating that this influence was strong[20]. Another international influence is the trend to place regulatory functions in agencies which are separated from departments.

Finally, a more unusual reason was cited by some Irish case study respondents for the establishment of an agency. This was agency establishment as a means of obtaining more staff and a higher budget than would be given to a government department to carry out the same function. Nonetheless, sometimes the establishment of new agencies involved moving existing personnel and budget from departments into agencies.

6.6 *The process of setting up an agency*
Case study respondents outlined that the process of setting up an agency is crucial for its structure and resources. At that moment in time the legal status, level of autonomy and governance structure of the agency are determined as well as the number of staff allocated and the initial grant-in-aid.

The first decision taken is whether or not to set up an agency. Despite the variety of reasons given for setting up an agency, there is to our knowledge no formal structured set of criteria that supports decision makers in such a matter. There is no overall approach to delegate certain tasks to agencies, as has occurred in certain countries following the NPM (New Public Management) approach, such as the delegation of policy implementation to agencies in both New Zealand and the UK.

The second decision taken when setting up an agency is on its structure and legal status. Again there is no general framework or checklist outlining which aspects of the governance structure should be dealt with in the establishing statute or ministerial order. According to several case study respondents, decisions on structural and legal aspects are made based on agencies previously set up in same sector, on other agencies that one is familiar with, or on the history and tradition in the department, with no clear link to the functions which the agency has to carry out.

Decisions on the staffing and budget of a new agency are made through a process of negotiation between the parent department, the Department of Finance and the advisory board, if such a board exists. The procedure involves comparison with organisations within the same policy field and throughout the public sector. However overall the process is not very systematically structured and subjective criteria such as anticipated political and industrial relations issues seem to play quite an important role. The process can be very time-consuming and can depend significantly on the expertise of the persons involved in the different departments.

6.7 Assessment and recommendations
Case study respondents agree that there is room for improvement in the methods and procedures by which agencies are set up. Although there is a general consensus that the rather *ad hoc* way in which agencies have been set up in the past has had its merits in tailoring organisational structures in specific cases, there is agreement that because of the rapid increase in agency numbers, processes and criteria should be formalised to some extent.

This rather *ad hoc* approach and the recent proliferation of agencies in Ireland are not at all unique internationally. Many countries have large numbers of agencies of particular types but which have been set up in *sui generis* ways with little uniformity between them (OECD, 2002). Even countries adopting an NPM approach (such as the UK, New Zealand, Canada and the Netherlands) show considerable variety within certain groups of agencies. Many of these pre-date the NPM-reforms, such as the non-departmental public bodies in the UK, or ZBOs in the Netherlands, but some of them date from after the NPM-agencification wave, for example the Crown Entities in New Zealand.

However, there is a clear international tendency, both among countries specifically adopting NPM approaches and those that are not to formalise processes, typologies and criteria for the establishment of agencies. There are several reasons for this (cf. OECD 2002: 23-27):

- Due to the ever-growing complexity of the environment (e.g. globalisation, Europeanisation, individualisation…), agencies are an indispensable part of government and it is widely acknowledged that the process of agencification will continue in the future.

- It is acknowledged that creating a well-functioning agency is not just about separating policy design on the one hand and policy implementation on the other hand, but that it is a complex process of autonomy, control, accountability and relation management.

- At a time when joined-up government and coordination are key priorities, a strategic approach to agencification is crucial in order to avoid overlap and duplication, administrative turf-battles and competition, and 'blank spots'.

- Agencification needs effective approaches to controlling, monitoring and evaluating in order to secure sufficient levels of accountability in a dispersed public sector. Unclear criteria and typologies as well as strong variety in organisational forms make it more difficult for parent departments, and the parliaments, to control and monitor these agencies.

- Trust by citizens in the governmental system may be enhanced by greater transparency and understanding of the institutions.

- Related to these points, there is an international tendency to stress the 'primacy of politics' and the accountability of politicians for tasks carried out under their aegis. This needs to be reconciled with the agencification process and so again prompts a need to formalise agency establishment processes.

As one Irish respondent said: 'The central problem is maybe not the number of agencies as such, but how to control and coordinate those agencies'. Internationally, this statement is echoed in the words of the OECD: 'In most countries, priorities have moved away from the need to create new separate bodies to the challenge of finding the right balance between accountability and autonomy, openness, [and] performance management as well as

strengthening the steering capacity of central ministries' (OECD, 2002: 21).

From this perspective a number of recommendations to improve the process of agency establishment in Ireland are outlined here.

(1) The development of a formal set of criteria to help decision makers decide whether or not to locate a task in an agency
Several countries have devised a set of minimum criteria that have to be met in order to set up agencies, and to secure adequate control of these agencies following their establishment (e.g. The Netherlands; Flanders, Belgium). The OECD outlines a general set of criteria that may be used as a starting point (Laking, 2002). These criteria can be generic, technical and task-specific in nature, and can also reflect the political priorities of the government of the time.

For example, the Flemish government has introduced a limited, quite technical set of criteria to decide whether a certain task should be created as an agency. These include the following:

- The objectives of the organisation should be stated clearly and execution of the task should be measurable in terms of its outputs and/or its quality.
- The necessary information systems and relations between agency and parent department should be in place to secure sufficient control of the agency's efficiency and effectiveness.
- The task should involve a critical level of resources (staff and budget).
- It should be clear that internal change within the existing departments cannot provide the same level of performance in executing the task.

The Dutch government has a similar, but more technical, list containing twelve specific establishment requirements for their 'agentschappen' (Van Oosteroom, 2002: 120-122).

Other countries have developed criteria to review their existing agencies. The Scottish Executive has recently stated four rather broad principles which stipulate that arm's length bodies should be established or retained if:

- they have a distinct role to play and functions to perform that cannot be carried out as effectively by any other organisation;
- they are clearly accountable to ministers and the people whom they serve for the functions they perform;
- they are able to work in a joined up way with other organisations and are able to draw new people into the processes of the government in its widest sense;
- they are properly run, efficient and effective, and deliver value for money (see Scottish Executive 2001: 2; and see Hall et al, 2002 on Northern Ireland).

The Irish government has recently formulated some criteria on when to set up new regulators (see Department of an Taoiseach, 2004). The use of criteria to formalise the establishment of agencies would thus align with current policies of rationalising the organisation of public administration. Some respondents referred to the basic components of the SMI process, such as the formulation of a multi-year strategy, annual business plans, and the presence of performance measurement and evaluation, as crucial elements to be covered in such a set of criteria for agency creation.

It is important to note that the criteria being formulated by the Irish government on when to set up new regulators advocate checking if existing organisations can take on the new task, rather than automatically creating a new organisation. This approach would be useful in the context of agencies because several respondents reported a tendency to set up a new agency for every new task that emerges – even to the extent that another new agency is necessary to coordinate all the existing ones.

(2) The development of a continuum of legal and structural agency types, with corresponding levels of autonomy and types of accountability mechanisms

In order to increase the transparency of government, several countries are developing clearer categorisations of their agencies and linking these categories to different levels of autonomy and types of governance structures. In the Irish context, several case study respondents saw the merits of developing a continuum of agency types with corresponding degrees of accountability relationships with the parent department. As one agency respondent put it in a more poetic way, 'we need a continuum of agency-planets revolving round a Department-sun'. Respondents also noted that such a typology could remove what they saw as rather inconsistent forms, such as 'an *independent* agency with its own mandate but with *civil service staff*'.

The OECD outlines a set of legally based distinctions for non-commercial bodies, elements of which are common internationally (see OECD, 2002: 17; cf. UK, the Netherlands). Each type has specific institutional and legal foundations, governance structures and control, and levels of autonomy, and can be further divided into subtypes. These main types are: ministerial department (as default position), non-ministerial departments and departmental agencies; public law administrations; and private law bodies.

Even more specific typologies exist to link agency types with levels of autonomy and government control which are based on their task (such as implementation, regulation, policy advice). New Zealand has devised a new classification for the large group of Crown entities that were established mainly during the 1980s and the 1990s. The Crown Entities Act refers *inter alia* to types that may be relevant in the Irish context, and develops corresponding governance structures for these types (Crown Entities Act, 2004: 7-8). These are as follows:

- Crown agents which must give effect to government policy when directed by the relevant minister (i.e. mainly implementing agencies);

- autonomous Crown entities which must have regard to government policy when directed by the relevant minister (i.e. mainly regulatory agencies); and
- independent Crown entities that are generally independent of government policy (mainly agencies dealing with policy advice).

Various decision criteria are used in New Zealand to categorise Crown Entities under these and other types (see Gill, 2002).

This study has found that Irish agency functions can be grouped into implementing, regulatory and advisory, and so the New Zealand categorisation could be particularly useful for the Irish situation.

Internationally, in many cases these typologies are used in combination with a list of cumulative criteria to support the decision on whether a task should be agencified and in what form. For example, some European countries set the following additional criteria which must be met in order to establish a public law agency with corporate status and a governing board (cf. Van Oosteroom, 2002: 115)[21]:

- a need to involve interest groups or private sector partners through participation in the governing board due to co-financing arrangements or clear added value;
- a need for independent judgement based on specific expertise in order to secure the interests of individuals and to avoid political influence.

In its broadest format, such a typology and set of criteria would span the whole range of possible organisational forms, including outsourcing, public-private partnerships and privatisation (for an example of such a list see the UK Quinquennial Review, or for a more basic list of criteria see Verhoest et al, 2003).

Defining typologies of agencies and linking corresponding levels of autonomy and accountability structures to them does not imply that there cannot be any variety within those types. The corresponding levels of autonomy and accountability structures can be defined as minimum requirements or as best practices, leaving room for tailor-made approaches to specific agencies. The need to

avoid a 'one size fits all' approach was stressed by many respondents. In addition, the classification of an agency as a certain type should not be static or unchangeable over time, because agency forms need to be adaptable when profound changes are experienced in their environment (see also suggestion 4 below).

(3) The development of a general framework or checklist on the aspects of governance that should be regulated in the statute, ministerial order or memorandum of association that establishes a certain agency
In order to ensure that all essential elements are regulated in the legal basis of agencies, some countries have enacted a general law on agencies or certain types of agencies (e.g. New Zealand, Flanders, and The Netherlands in relation to their ZBOs). Other countries rely on soft-law instruments such as guidelines that refer to a general checklist. The OECD lists the issues that may feature in such a checklist (OECD, 2002: 27).

It might be useful in the Irish context to develop a common Bill on the establishment of agencies. Such a Bill, which would need to be co-ordinated by the Department of Finance in conjunction with other departments, could outline standard provisions for issues which usually feature in the establishing legislation for agencies. Such provisions could include those relevant to CEOs, boards, pensions, form of accounts, reporting mechanisms, annual reports etc. When an agency is being established, parent departments could choose to apply the provisions in this Bill to the agency; or not, as appropriate. Issues which are not standard, such as the functions of the organisation, and its funding, would be drafted separately.

(4) The introduction of a regular review of the agency's status or of sunset clauses in enacting legislation
Once organisations exist, they are quite hard to abolish even if their initial objectives are met and their *raison d'être* is no longer relevant. In addition their initial organisational form can become outdated. This is an observation made by

several respondents in the interviews, but can also be made in other countries. Therefore, several countries have set up systems to allow regular review of the status of their agencies (e.g. the UK Quinquennial Review, and similar reviews in the Netherlands, and in Flanders at local level). These reviews encompass queries on performance, but also the appropriateness of the initially chosen organisational form, allowing for evolution in public administration.

(5)   The development and operation of a central and departmental overview of all agencies in operation
In several countries a central overview of the agency landscape was lacking and is currently being developed and supported by the use of the above-mentioned instruments. Based on precise typologies, definitive lists of agencies are developed and used by the different actors involved such as central and line departments, audit offices etc. In some countries procedures have been laid down to ensure that parliament is regularly informed about the number of agencies and their performance. Central departments, such as the Departments of the Prime Minister, of Finance or of the Interior, are involved in screening proposals to set up new agencies, based on formalised procedures (e.g. the Netherlands).

In the context of 'joined-up governance', specific instruments to map and evaluate the organisational variety as well as the degree of coordination in a certain policy field are very promising for the strategic management of that policy field and its organisations (departments, agencies and others) (cf. the UK landscape review and end-to-end evaluation – see The Prime Minister's Office of Public Services Reform, 2003a; 2003b). Many of these instruments can be introduced through soft-law instruments, such as guidelines, and do not need legislation. The application of those criteria and typologies when setting up an agency can be disseminated throughout the public sector as best practice.

6.8 Summary

The following table summarises the key findings in relation to the establishment and structure of non-commercial national level agencies, and the relevant recommendations to address each of these findings.

Table 6.1: Key findings and recommendations on the establishment and structure of non-commercial agencies operating at national level

Key findings	Recommendations to address these
There is no general set of criteria to help policy makers decide whether or not to establish an agency to carry out a particular public function.	• Develop a formal set of criteria to help decision makers to decide whether or not to locate a task in an agency.
There is no general set of criteria to help policy makers decide on the appropriate levels of autonomy and accountability for an agency carrying out a particular task.	• Develop a continuum of legal and structural agency types, with corresponding levels of autonomy and accountability mechanisms.
There is a very wide variety in the management structures and legal status of Irish agencies, and often the management structures and resources of agencies are decided on an ad hoc basis as individual agencies are established	• Develop a framework with key aspects of governance that should be regulated in the agency's establishing legislation.
Once agencies are set up, there is the no standard or regular review of their status.	• A regular review of the agency's status, or sunset clauses in establishing legislation

In the next chapter, the autonomy and accountability of non-commercial national level agencies in relation to human resources will be outlined, and recommendations on the findings will be proposed.

The autonomy and accountability of non-commercial national level agencies in relation to human resources

7.1 Introduction

In this chapter the results of the survey of ninety-three non-commercial agencies operating at national level and of the case study interviews of four of these and their parent departments will be drawn upon in order to outline the autonomy and accountability in relation to HR of non-commercial agencies operating at national level in Ireland.

As outlined briefly in Chapter Six, the number of staff in the ninety-three surveyed agencies varies, ranging from one agency staffed by one part-timer to a number of agencies with over 2,000 employees. Correspondingly, the survey data found quite significant variation in HR management autonomy across agencies. The survey assessed the extent of autonomy which agencies had to decide on strategic policy and on conditions for individuals, in terms of staff numbers, salaries, tenure, promotion, evaluation and dismissals. The results of the survey on these questions are outlined in Table 7.1.

Despite the variations in HR autonomy, overall it was clear that many of the ninety-three agencies had quite low autonomy in this, particularly for more strategic issues such as ability to decide on staff numbers and salaries, and also to some extent on staff tenure. Agencies are most likely to have autonomy on staff evaluation, which is not a highly significant factor in terms of strategic management of the agency.

Table 7.1: Levels of strategic HR autonomy in the surveyed agencies (n=93)

	Percentage of agencies	
	Yes	*No*
Is the agency able to set general policy on staff numbers,without ministerial/ department influence?	8	85
Is the agency able to set general policy on staff salaries, without ministerial/ department influence?	4	85
Is the agency able to set general policy on staff tenure, without ministerial/ department influence?	29	61
Is the agency able to set general policy on staff promotion, without ministerial/ department influence?	42	46
Is the agency able to set general policy on staff evaluation, without ministerial/ department influence?	60	29

Summary matrices were developed to indicate the level of autonomy which the ninety-three surveyed agencies have on all aspects of strategic HR policy, and on HR policy for individual members of staff. Agencies which are able to decide strategic policy on staff numbers, salaries, tenure, promotion and evaluation without ministerial/ departmental influence have maximum HR autonomy, while those which are able to decide on four of these independently have high strategic HR autonomy, down to those who are unable to decide on any of these independently and which have no strategic HR autonomy (see Appendix 5 for details of methodology). The results for strategic HR autonomy are indicated in the following table.

Table 7.2: Combined score of agencies on strategic HR autonomy (n=93)

	Number of agencies	Percentage of agencies
Max strategic HR autonomy	3	3
High strategic HR autonomy	4	4
Moderate strategic HR autonomy	14	15
Low strategic HR autonomy	22	24
Min strategic HR autonomy	16	17
No strategic HR autonomy	26	28
Total responses	93	100

Table 7.2 indicates that only 3 per cent of the ninety-three surveyed agencies have maximum strategic HR autonomy. Almost 30 per cent of the agencies have no strategic HR autonomy at all. In total, 45 per cent of agencies have minimum or no strategic HR autonomy.

The next table outlines the ability of the surveyed agencies to decide on HR conditions for individual members of staff, in relation to salary, promotion, tenure, evaluation and dismissals. A similar scoring system is used (see Appendix 5 for details).

Table 7.3: Combined score of agencies on HR autonomy for individual staff (n=93)

	Number of agencies	Percentage of agencies
Max HR autonomy for individuals	4	4
High HR autonomy for individuals	21	23
Moderate HR autonomy for individuals	32	34
Low HR autonomy for individuals	14	15
No HR autonomy for individuals	14	15
Total responses	85	91

This matrix indicated that only four per cent of the ninety-three surveyed agencies had maximum HR autonomy in relation to individual members of staff. However in general agencies had more autonomy on HR in relation to individual members of staff than they did in relation to strategic policy on HR. Thirty per cent of agencies had low or no HR autonomy in relation to individuals, compared to 45 per cent who had low or no autonomy in relation to strategic HR policy.

The findings of the interviews with case study respondents corroborated the findings from the survey, underlining the generally low levels of HR autonomy, and indicating some frustration with this. The following sections will outline the main findings in relation to staff numbers, salaries, tenure, recruitment and promotion.

7.2 Numbers

Eight per cent of the ninety-three surveyed agencies were able to decide on the numbers which they could employ without ministerial or departmental influence, and corre-spondingly none of the four case study agencies had autonomy over the number of staff that they could employ, and none could decide the number of staff on which they could spend their staff budget. Sanction to employ staff had to be received from the Department of Finance, although in some cases it seems that the parent department had scope to decide on the number of civil servants allocated to agencies; they could decide the relative allocation of the total number of civil servants assigned to their department to the various agencies under their aegis.

Most of the four case study agencies were also constrained in the numbers that they could hire in any grade. However these constraints varied. In a large agency studied the numbers per grade did not seem to be as much of a concern. It is not clear exactly why this was the case. The parent department may have given this agency some more leeway on this issue due to its larger size and particularly strong role in a key policy area. It may also be more difficult for the parent department to check whether

or not the sanctioned numbers were being employed at particular grades. However in smaller agencies the parent departments seemed to exercise stronger control over the numbers employed at each grade.

The case study data showed that the main decisions on the number of staff were made when the agency was established. The parent department would outline a case for the staff numbers requested, based on the work that would be carried out in the agency. To decide on the numbers that would be allocated, the Department of Finance would compare similar organisations locally and internationally, and make the decisions on this basis. There were no mechanisms in place to match the budget for the agency with a certain number of staff. The decisions were also influenced by a number of other factors including the general fiscal climate at the time and the political importance of the agency. In fact it was stated that the staff numbers in agencies were the product of a photograph of a particular time. In the interviews there were references to some agencies where the work and staff numbers had been reviewed a number of years following their establishment, and this process resulted in more staff. In all of these cases it appeared that the increasing political importance of the policy area had led to the review. However such reviews were not carried out as a matter of course, and so the 'photograph of a particular time' had a strong bearing on the staff resources which the agency would carry into the future.

Agencies were sometimes permitted to employ temporary staff paid from EU funds (see below) but most stated that there was very little point in even seeking sanction for staff that were to be paid solely from Irish Exchequer funds, as the answer was likely to be 'no' [22].

Many case study agencies and parent departments found the process whereby the decision on staff numbers was made not to be transparent. Although they found that the restrictions on numbers made it difficult for them to fulfil their operational mandate, most parent departments and agencies did understand the concern in the Department of Finance to keep public sector staff numbers,

and therefore public sector costs, to a minimum. However the agencies and departments did not know under what conditions they could make a successful bid for more staff, and so a number considered that they had wasted time in making an ultimately unsuccessful case for more staff. A number also considered that if the main aim behind this policy was to reduce public sector costs, then other means apart from a blanket limit on staff numbers could be used to reduce these.

Some case study agencies were required to reduce their staff numbers in line with a government commitment to reduce overall public sector staff numbers. This process seemed to occur by not filling vacancies that arose. Some interviewees were of the opinion that in some cases it might be more efficient in the long-term to make some members of staff redundant and recruit new employees with more appropriate skill sets. However for a variety of reasons related to industrial relations and political issues this argument was not being applied in practice to reduce public sector staff numbers. In some cases agencies were asked to outsource work to consultants instead of taking on new staff, but it seemed that detailed cost-benefit analyses of this mechanism of reducing public sector costs were not considered when decisions were being made on staff numbers for these agencies.

It also emerged from the interviews that records of the number of staff employed in agencies are not comprehensive. Centralised records exist of the number of staff employed in agencies that employ civil servants. However it appears that temporary members of staff, employed as consultants or through other mechanisms which distance them from direct employment contracts with the agencies, are not always included in these records. Anecdotal evidence was cited of staff in some such agencies not being included in these records, if there was a strong political need to staff an agency while at the same time trying to keep to the limit on public sector staff numbers. It is likely that the constraints on numbers that can be employed has led to these unclear statistics.

7.3 Salaries

The survey data indicated that only 4 per cent of the ninety-three sureveyed agencies could decide on general policy on staff salaries, without ministerial or departmental influence. In line with this, the four case study agencies reported that they were required to seek sanction from the Department of Finance for the pay of staff members. This was required to keep public sector staff costs to a minimum, and also to avoid 'catch-up claims'. In the past, staff in some agencies had taken and won legal cases on the basis of 'catch-up claims' as they were paid less than those doing similar work in another agency. Avoiding such claims is understandably a key concern of the Department of Finance, and it aims to do so through the process of approving the pay of all agency staff. One interviewee mentioned that benchmarking across the public sector aimed to address the relativities problem, but this still remained a concern of the Department of Finance and other departments. However the degree to which this is actually a concern is difficult to gauge, as interviewees were unable to state the extent to which such catch-up claims occurred, the number of staff affected, or the overall costs of the rulings from such cases.

In making decisions on pay, comparison was made by the Department of Finance between the work and pay of similar jobholders in various agencies. However there do not appear to be any standard written procedures that are followed to determine what criteria need to be met to determine the pay of staff at different grades in different agencies. Agencies also stated that the current procedure is difficult to apply for very specialist staff, which many employ.

Agencies are also required to appoint staff on the first level of a pay scale and, if they do not wish to do so, sanction must be sought from the Department of Finance. This requirement was disliked and found very frustrating by the case study agencies. They argued that those who are willing to be paid on the first level of a pay scale have little experience, and that they do not want to hire inexperienced staff. This was cited particularly in the smaller case study

agencies, where it was argued that the calibre of staff was particularly important. The case study respondents considered that the practice of appointing staff at the first level of the pay scale might be more appropriate for the civil service, which staff entered directly after leaving school or college, intending to stay at work in the civil service. However this was less the case in the agencies, where the labour market was more open and staff might not stay long enough for the agency to reap the benefits of their experience within it. In addition, specialist staff, which agencies were often set up to employ, were comparatively expensive. Several examples were given of problems which had arisen related to this requirement to appoint staff on the first level of a pay scale. For example one agency outlined how all the applicants ranked suitable for a job refused it due to the salary level, and the agency was then told by the Department of Finance that they could pay a higher amount. This they found particularly frustrating as it showed that it was not necessary to pay such a low salary in the first place, and they had wasted time and work running a failed recruitment competition. One case was also cited of the chair of the agency's board meeting the secretary general of the parent department to discuss means of paying a person appointed to a senior grade within the agency at more than the lowest point of the pay scale, which was not considered to be good use of their time.

Interviews with central departments indicated that there were standard (although apparently complicated) procedures that could be followed in order to decide when new staff did not have to be appointed on the bottom level of the pay scale. These procedures outlined how previous experience could be used to justify appointment at a higher level of the pay scale. However although these procedures were required for the civil service and some agency sectors, such as health and the local authorities, their application to non-commercial agencies was not required. Instead parent departments could agree to their application in an agency. However the comments of agency personnel who were concerned about this issue indicate that they were not

aware of the application of standard transparent procedures in relation to this. Alternatively they may have been aware of them, but consider them to be unsuited to meeting the HR needs of the agency.

Again the requirement to appoint staff at the bottom of the pay scale seemed to be implemented in a variety of ways. In one of the larger case study agencies the level of pay at which new staff were appointed did not seem to be rigorously checked, while in the smaller agencies the requirement appeared to be more rigidly implemented. It also appeared that there were no standard contract templates which agencies could use as a model when drawing up staff contracts. Instead the case study agencies drew up their own staff contracts, which were then approved by the Department of Finance, who often made some changes to these. It is perhaps not surprising that the case study interviews indicated that different staff in different agencies were treated differently in the application of some conditions, such as benchmarking.

7.4 Recruitment

There was considerable variety among the case study agencies in the extent to which they could recruit staff:

- One agency was given a pay budget and capped staff numbers, and within that had some discretion to decide on staff grades. It was also able to recruit its own staff.
- Two agencies required sanction on staff numbers and on staff salaries and grades, but could recruit their own staff.
- The fourth agency was required to seek sanction on staff numbers and staff salaries and grades, and also could not recruit the majority of their own staff, who were instead recruited via the Public Appointments Service and allocated to them through their parent department.

The case study agencies varied in size, with the smallest agency being unable to recruit the majority of its staff. Although the parent department argued that this assisted the agency as it was able to avoid the work of providing its own HR function, and the agency agreed that this did have

some benefits, nonetheless the agency wanted to have more control over its choice of staff. The agency found that it was not able to pick staff with particular skills (or even interest) in its policy area, and also that vacancies were left unfilled while the agency was unable to address that staff shortage by advertising the posts itself.

The case study interviews indicated that the process whereby it is decided if agencies would employ civil servants, non-civil servants, or a mix of both, is *ad hoc*. Often this depended on 'where the agency had come from'. If the functions of the agency were previously carried out in a government department, then it was likely that these departmental staff would transfer to the agency. However this was not always the case.   Evidence was cited of departmental staff who wanted to have their work 'agencified' and equally of departmental staff who fought not to have their posts transferred into an agency. Decisions were made based on the political and economic climate of the time, the task, previous structures and the personalities involved.   Unions also sometimes influenced the process of negotiation. As reviews of the staff needs of the agency were not carried out as standard procedure, it was difficult to address problems which arose due to the staff structures set up at the time the agency was established.

7.5 *Promotion and tenure*

Twenty nine per cent of the ninety-three surveyed agencies reported that they could decide general policy on staff tenure without ministerial or departmental influence, and 42 per cent could decide general policy on staff promotion. In line with this, most of the case study agencies were able to promote staff as they wished once a vacancy arose. The only problem reported in relation to this was by the agency that was not able to recruit its own staff. When a vacancy at a higher level came available, it was not always able to select or have an input into the decisions on who would be assigned to this higher post.

Control over the extent to which the case study agencies were able to appoint staff on permanent or temporary

contracts varies. For all permanent staff, sanction had to be sought from the Department of Finance. This was also increasingly the case for temporary staff. Some agencies employed staff as 'temps', for example to cover maternity leave, but as they were usually paid from a non-pay budget the Department of Finance would not be aware of this and so it was not necessary to seek sanction for their employment and a corresponding rise in the pay budget. This practice indicates both the agencies' difficulties in finding approved means to recruit temporary staff, and also a lack of good accountability mechanisms in this area. Meanwhile for staff to work on longer-term but temporary contracts on specific programmes, it was necessary to seek sanction. Sanction for such staff is now considered less likely to be forthcoming since the Protection of Worker's (Fixed Term) Act, 2003, was passed, as this prohibits the employment of staff on temporary contracts to carry out work that is essentially permanent in nature. Some agencies reported that clauses were being inserted into contracts for temporary staff by the Department of Finance to avoid long-term commitments to employing such staff. However it did not seem to be clear among the staff in the various departments and agencies when staff on temporary contracts might be entitled to be made permanent. Some interviewees stated that once the staff had had three contracts they would be permanent, others seemed to think that those employed on any fixed-term contract were entitled to be made permanent. In general however the introduction of this Act seemed to be leading to a re-appraisal of the nature of contracts on which agency staff were appointed, and a strengthening of the Department of Finance's influence over appointments.

However the case study agencies and parent departments reported that an inconsistent approach seemed to be applied by the Department of Finance as to whether or not temporary staff could be employed, even before the introduction of the new Act. In some cases, agencies were allowed to employ staff on temporary contracts using EU funding, but equally in other cases they were not. Agencies and parent departments considered this

inconsistent, and also found it frustrating when it resulted in a loss of funding to the agency. They would welcome more transparency around what conditions needed to be satisfied in order to gain sanction for temporary staff, so that the time taken to make an application for sanction for these staff could be usefully spent.

Meanwhile, the survey of 93 agencies showed that 70 per cent of CEOs were appointed on fixed-term contracts. All of the CEOs in the case study agencies were appointed on such contracts, for five year periods, which are renewed in some cases. The departments viewed this system as providing motivation for the CEOs to work effectively. The CEOs noted a number of disadvantages with the fixed-term contracts, such as a lack of a clear career path, and with some stating that they did not receive benchmarking payments. However the latter might be balanced by their ability to earn bonus payments.

7.6 Accountability of agencies on HR issues

7.6.1 Reporting on HR issues
The case study agencies report staff numbers to their parent department, on a quarterly basis. Some parent departments also require reporting on vacancies as well as numbers of staff in place, but not all departments required this, with this procedure implemented for one large case study agency only. These reports are not as key to agencies as their financial reports (see Chapter Eight), and there were inconsistent accounts of what had to be reported to parent departments. Some agencies claimed that they reported every three months on staff numbers and pay. Some other agency staff stated that they reported every three months on numbers, and once a year on pay. Some agencies also mentioned the reports that they provided to parent departments to comply with benchmarking procedures, and reports on the gender balance of staff, and on the proportion of staff with disabilities.

The reports sent by the agencies to their parent departments were then passed on to the Department of

Finance. It was common for the reports on staff costs to go to the finance division of departments, while reports on staff numbers went to the HR divisions. Reports on benchmarking also sometimes went to different divisions than those that received the reports on staff numbers. Although the reports were copied to the liaison person for the relevant agency, the extent to which the different reports were compared was not clear. The agencies did not know what the reports were used for. They were sent to the parent department as a requirement to draw down their budgets. It seems from interviews with various departments that the reports were collated and then sent to the Department of Finance, to show that only the sanctioned number of staff was actually employed. This data was important in assisting the Department of Finance to calculate the increased pay budgets which agencies (and departments) needed following national agreements to increase public sector pay.

In addition to the reports on HR that were required by the parent departments, some case study agencies compiled more in-depth reports on personnel, for internal use. These reports covered issues such as levels of absenteeism, the costs of recruitment, and in some cases the productivity of staff. However the parent and central departments did not request such information (see below).

7.6.2 Links between staff costs and staff productivity
The case study respondents indicated that the only financial information collected in relation to staff is how much they are *paid*, which is quite different to how much they actually cost. The real cost of staff can only be gauged determining their productivity. Discussion on the productivity of staff did not seem to be advanced in the process for deciding on staff numbers and pay. One section of the Department of Finance reported that they considered, when allocating yearly budgets to agencies, if existing levels of service could continue to be provided with the new allocation of funding. However there was no standard calculation used to decide on this. Another section of the Department of Finance considered that analysis of the cost

and productivity of staff was appropriate for the parent department or agency to carry out, and indeed some agencies were beginning to do this. However overall a lack of link between staff, performance and budgets at parent department and central level was evident.

This was evident in a number of ways. For example, a number of case study agencies reported being allocated extra money during the calendar year, on the understanding that the work carried out with the extra funding would be done with existing staff. Although the agencies were glad to be allocated the extra funding, it could be difficult for the extra work to be carried out with existing staff, particularly in smaller agencies. Larger agencies reported that they hired temporary staff without sanction from the Department of Finance as they could not find ways to spend the extra money without the staff. This problem was particularly difficult for service agencies rather than capital agencies, as the service agencies were more likely to need staff to spend the funding. One agency also reported that it was allowed an extra year before reducing its total staff numbers, but its pay budget was reduced immediately. In another agency staff noted that, while their overall budget had increased, due to the national wage agreements their pay budget increased significantly while their non-pay budget declined.

Analysis of the link between staff costs and performance did occur to some extent within the case study agencies, and also within one parent department. In this department, which had a more advanced system of agency management, the value of giving funding to agencies where staff had good skills sets, compared to giving the funding to an agency where the staff had outmoded skills sets, was being considered. However this process was not advanced or comprehensive. It was agencies who considered in most depth the link between staff costs and performance, particularly the agency which had most scope to move staff between grades and sections.

Some case study agencies reported that as they were developing strategy statements they were considering the work to be done by different sections and the staff resources

needed to do the particular areas of work. Most of these agencies also implemented the Performance Management Development System (PMDS), although it was suggested that this process was currently balanced more towards setting up structures to promote greater productivity in an organisation rather than analysis of the actual productivity of staff. However most of these agencies were in the process of providing bonuses for CEOs, which were dependent on a number of stretch targets being met. This process provides a model for assessing the productivity of staff at other levels.

Several interviewees commented on the lack of focus on the productivity of staff. A number of agencies and departments noted that although the Department of Finance had responsibility for ensuring effective use of public sector funds, it did not have responsibility for poor services provided in an area – even where the restrictions imposed by the Department of Finance on staff numbers meant that the agency found it difficult to fulfil its operational mandate and provide the level of service which it was legally empowered to do. The Department of Finance notes that there are competing political and fiscal priorities, and so ideal levels of service cannot always be provided. Calculating the productivity of staff in agencies, as in government departments, can be a fraught task from the point of view of industrial relations and political factors. Nonetheless as strong control on staff numbers is viewed as constraining and not necessarily the most effective mechanism to reduce public sector costs, there does appear to be a need to focus on a more effective way of measuring the cost and value of work that agency staff carry out. The PMDS system, and the payment of a bonus to agency CEOs when they meet specified targets, provide mechanisms through which the productivity of staff could be more accurately measured.

7.7 Conclusion and recommendations on HR issues

Case study agencies and departments were in agreement that control over pay costs was appropriate. Nonetheless there were heated discussions in the case study process on

the systems of HR autonomy, and it seems that these systems are the most problematic for the agencies when compared with the systems of financial management and policy autonomy. This reflects the results of the ninety-three agencies surveyed, who reported very low levels of HR autonomy. Many case study respondents reported that the application of systems of HR autonomy was inconsistent, and not transparent. It was notable that the case study agency with the most autonomy to decide on staff grades and pay scales, and to some extent on staff numbers, was happiest with the HR system, and the most understanding of the Department of Finance's position on it. In addition, the more removed people were from implementing HR systems on numbers, grades and pay scales, the happier they were with these. Those directly involved with strictly implementing these systems in both agencies and departments appeared to be frustrated with them in a variety of ways. Similar levels of frustration and claims of a lack of transparency were not evident in the discussions on financial management and policy autonomy.

The Department of Finance was widely seen by case study agencies and departments as the body responsible for controlling the HR autonomy of agencies, but it appears that parent departments also play a role, as do trade unions. Parent departments had some scope to decide on staff numbers for agencies and to agree on the application of some civil service procedures in relation to HR in an agency. However the evidence from the interviews did not suggest that this scope to apply civil service procedures to agencies was being utilised. Meanwhile the indirect influence which it was stated that unions exerted on HR included resistance to some types of productivity measurement, expected difficulties in negotiating staff lay-offs and supports for 'catch-up claims'.

The discussion above points to a number of recommendations to improve systems of HR autonomy and accountability experienced by the agencies.

- There is a need for the procedures used to allocate staff numbers and to decide on staff salaries and grades to be transparent and widely available. In the finance area,

detailed guidelines which apply to agencies, such as the Code of Practice for the Governance of State Bodies, are available, but similar guidelines for HR issues in agencies are not currently available. Such guidelines for HR, which should be drafted by a central department, could play a role in reducing the frustration indicated by the interviewees. The relative role and responsibility of the Department of Finance and the parent department should be clearly outlined as part of these.

- More transparency, consistency and explanation are needed in the application of the requirement to 'appoint on the lowest rung of the pay scale'. It is likely that it would be most appropriate for a central department to undertake compilation and dissemination of such information.

- Consideration should be given to mechanisms other than strict control of numbers as a means of controlling agency pay costs. Internationally, the ability to delegate control on HR to agencies is dependent on a number of factors, including the ease with which agency staff can be dismissed, and which part of government is responsible for pension payments to agency staff. Countries which provide agencies with more flexibility on HR in general are very strict on agency budgets, with the agency entirely responsible for meeting all HR costs from within an agreed agency budget, which is not increased if the agency over-extends itself on HR costs. Any changes to current levels of HR autonomy for Irish agencies would need to be carefully thought through, but given the frustration reported by agency and parent department staff with this it is clear that some delegation of control over staff numbers and costs is strongly desired. The following are suggested:

  o The extent to which agencies could be allocated a budget for staff, with freedom to decide on numbers and salaries within this, should be studied. Such a study would need to assess what other changes would be needed in the HR management policy,

such as hard budget constraints, in order that sufficient control be maintained. Certain conditions could be required for agencies allocated a budget for staff along with greater freedom to decide on numbers and salaries. For example – certain criteria to be met for appointing staff to certain pay grades; staff budgets to be increased yearly by a pre-agreed inflator (to avoid extra staff being taken on at the end of the year and extra funding then being sought to pay them the following year). Delegation of control over and less standardisation in agency salary and personnel conditions has occurred in some other countries, e.g. Norway (see Christensen and Laegreid, 1998); Sweden and the UK (OECD, 2002).

o	There is a need to assess the productivity of staff when making decisions on numbers and pay. This could provide agencies with more freedom to pay higher salaries to specialist staff whom they find difficult to recruit at civil service pay scales. This assessment, which could be carried out by the agencies, needs to be taken into account in the Department of Finance and in the parent departments, in order to make more strategic and precise links between pay and non-pay budgets to agencies.

o	There is a need to assess the extent and actual cost of 'catch up claims'.

- It would also be useful to review the staffing needs of agencies on a regular basis, for example every five years.
- It would be useful to have more consistency in the level of HR management autonomy allocated to agencies of the same type or with similar tasks (see recommendation (2) in Chapter Six).
- Approval to employ temporary staff for fixed-term work using EU (or other ringfenced and temporary) funding should be granted as a matter of course. Guidance

should be provided centrally on cases where temporary workers are likely to be legally entitled to become permanent, so that agencies can assess whether or not they should be seeking sanction for a permanent or temporary member of staff.

- Agencies should be able to play a formal role in selecting their own staff, if not through direct recruitment, then through for example a shared services HR facility in which they have direct involvement, or through formalised discussion with the Public Appointments Service on the skills which they seek of staff (which should be assisted by the provisions of the Public Service Management (Recruitment and Appointments) Act, 2003).

- Where parent departments are responsible for recruitment of agency staff, vacancies in the agency should not be left unfilled.

- There is a need to collect comprehensive figures on the number of staff employed in all agencies.

- It would be useful to introduce templates for standard contracts for staff in all agencies. Such templates could be developed by the Department of Finance.

7.8 Summary

The following table summarise the key findings in relation to the autonomy and accountability of the non-commercial national level agencies on human resources, and the relevant recommendations to address each of these findings.

Table 7.4: Key findings and recommendations on HR autonomy and accountability in non-commercial agencies operating at national level

Key findings	Recommendations to address these
Both agency and parent department staff reported a lack of transparency and consistency, and a degree of frustration, in the decisions taken by central departments on staff numbers and salaries	• Develop transparent and widely-disseminated procedures to decide on the staff numbers for agencies, and on their salaries and grades. • Develop mechanisms other than strict control of numbers as a means of controlling agency pay costs. For example, agencies could be allocated a budget for staff, with freedom to decide on numbers and salaries within this. Certain conditions could be required to be met within this, in particular strong accountability mechanisms. • It would also be useful to develop greater consistency in the level of HR management autonomy allocated to agencies
Agencies report regularly on the number of staff which they employ. However there was a notable lack of analysis of the productivity of staff.	• Develop an assessment of the productivity of staff when making decisions on numbers and pay. This would allow more strategic and precise links between pay inputs and agency outputs.

In the next chapter, the autonomy and accountability of non-commercial national level agencies in relation to financial management will be outlined, and recommendations on the findings will be proposed.

Autonomy and accountability of non-commercial national level agencies in relation to financial management

In this chapter the results of the survey of ninety-three non-commercial agencies operating at national level and of the case study interviews of four of these and their parent departments will be drawn upon in order to outline the autonomy and accountability in relation to financial management of non-commercial agencies operating at national level in Ireland.

8.1 Source of funding

Most Irish agencies, in particular those known as non-commercial state-sponsored bodies, are funded through the Exchequer by means of a grant-in-aid. As a prelude to formulating estimates demands each year, agencies submit their proposed budgets to parent departments and these are then forwarded to the Department of Finance. Subsequently – sometimes after negotiation with the agency about its request – the parent department integrates the funding requested by its agency into its own budgetary request. The Department of Finance and the parent department hold bilateral negotiations, which are followed by a political decision-making process. The parent department instructs the agency about the outcome of the budgetary process. The budgets covering the main activities of the agencies are usually published in the Estimates Volume as an appendix to the Vote.

The ninety-three surveyed agencies were all strongly reliant on the Exchequer for funding, with 66 per cent depending for their main income on direct budget allocation from the government. A remaining 11 per cent relied on transfers from other government budgets, while only 13 per cent listed fees and charges as their main source of income. However, as outlined briefly in Chapter Six, there was considerable variation in their budgets, ranging from one

agency with an annual budget of less than €18,000 to a number with budgets of over €1 billion per year.

8.2 Overview of financial management autonomy

An important dimension of an agency's autonomy is its discretion to use its financial resources. The financial management autonomy of agencies is determined by the existence (or absence) of constraints laid down in their establishing legislation, as well by general regulations on financial management to which they must comply. There are only a limited number of regulations on financial management geared specifically towards agencies. The Public Financial Procedures are mainly geared towards government departments and can be extended to agencies. Nonetheless, there are certain sections in the Public Financial Procedures that specifically affect the financial management autonomy of agencies (e.g. stipulations on grants-in-aid[23] and the monitoring of agencies by departments). In addition the Code of Practice for the Governance of State Bodies contains some general constraints which affect agencies' financial management autonomy.

The autonomy of the agencies from central government in terms of their financial management was assessed in the survey of ninety-three agencies by measuring the agencies' ability to move budgets by year and function, to take out loans, and to set charges, with and without ministerial or departmental influence. The results are outlined in the following table.

The strongest financial control which is exercised by departments/ministers over agencies is the ability to shift budget allocations between different years. Only 8 per cent of the ninety-three surveyed agencies were able to do this, with a general policy of 'use it [within the current financial year] or lose it' being applied to agencies. They were not able to save funding from one year to the next, in line with grant-in-aid rules (see below). The agencies had most autonomy to set charges, in other words to earn money; while their autonomy in relation to taking on financial commitments, such as loans, was lowest.This is not

surprising given that these are non-commercial agencies, and so in general financial commitments which they take on must be met by the Exchequer, rather than by other sources of funding.

Table 8.1: Autonomy of agencies in relation to financial management (n=93)

	Number of agencies	Percentage of agencies
Can the agency shift its budget by year?		
Yes without ministerial/departmental approval	8	9
Yes with ministerial/departmental approval	18	19
No	55	59
N/A or no response	12	13
Can the agency take out loans?		
Yes without ministerial/departmental approval	3	3
Yes with ministerial/departmental approval	32	34
No	44	47
N/A or no response	14	15
Can the agency shift its budget by function?		
Yes without ministerial/departmental approval	39	42
Yes with ministerial/departmental approval	26	28
No	16	17
N/A or no response	12	13
Can the agency set charges?		
Yes without ministerial/departmental approval	39	42
Yes with ministerial/departmental approval	26	28
No	16	17
N/A or no response	12	13

As with HR autonomy, a matrix was developed to rank the surveyed agencies on their overall financial management autonomy, taking into account their ability to take out loans, set charges, shift budget allocations by function and shift budget allocations by year (see Appendix 5 for details on how this was calculated). The results are outlined in Table 8.2 below:

Table 8.2: Combined score of surveyed agencies on financial autonomy (n=93)

	Number of agencies	Percentage of agencies
Max financial autonomy	1	1
High financial autonomy	7	8
Moderate financial autonomy	38	41
Low financial autonomy	27	29
No financial autonomy	12	12
Total responses	93	100

Only one of the surveyed agencies had maximum financial management autonomy, and only 8 per cent had high financial autonomy. Forty-one per cent of these agencies had low or no financial management autonomy, a situation similar to the low level of autonomy enjoyed by agencies in relation to the ability to set strategic HR policy. And as with HR, there was considerable variety in the level of financial management autonomy within groups of agencies with the same legal status, the same parent department or the same function.

In line with the results of the survey, the four case study agencies have rather low to moderate levels of financial management autonomy. However, overall the level of financial management autonomy is less of a concern for case study respondents than the level of HR management autonomy, although there are some areas where agencies would like to see some changes. The main issues which arose from the case study interviews are outlined in the following sections.

8.3 *Shifting budget between functions*

As outlined above, the ninety-three surveyed agencies reported relatively high levels of management autonomy to shift budgets by function within a year. Forty-two per cent of the surveyed agencies reported that they have autonomy to shift budget allocations by function without having to request ministerial or departmental approval or to comply with conditions set by them. The case study agencies were all able to shift budgets between functions during the year, although for some movements approval was needed from the minister/department or the agency had to comply with conditions set by them. In general, respondents were quite positive about the financial management autonomy they enjoy.

The level of detail of the budget (as published in an appendix to the Vote in the Volume of Estimates) affects the extent to which agencies may shift budgets without seeking sanction. A basic distinction in the budget for most of the non-commercial state-sponsored bodies is between pay budgets, non-pay budgets and programme budgets. If applicable, capital funding is usually given through a separate grant-in-aid. Under this system shifting budgets from current to capital expenditure is generally not allowed; and shifting budgets between programme, pay and non-pay budgets is only possible with the sanction of the parent department and the Department of Finance[24]. However, according to the budgets included in the Book of Revised Estimates (Department of Finance, 2003), two agencies have pay and non-pay administrative costs merged into one area of spending. That would allow them to some extent to transfer without sanction between pay and non-pay budgets[25]. Similarly, some case study agencies report that they have merged some budget lines in order to be able to move money more easily. It is however not fully clear why some agencies have fewer budget lines, while other agencies have more restrictive budget structures.

Certainly the possibility to transfer savings from the pay budget (e.g. because of vacancies not being filled in time) to the non-pay budget without sanction would be appreciated by the case study agencies.

However the process of seeking sanction from the Department of Finance seems to go quite smoothly, and most case study agencies reported no problems gaining this sanction from the Department of Finance. However, some respondents were concerned about transparency and consistency of the criteria used to decide on the sanction. To some respondents it appeared that the decisions were sometimes dependent on the personality of the staff involved in the Department of Finance. Although decisions made in this way may allow greater flexibility, such a system does not support good governance.

When an agency receives EU funds, additional rules apply.

8.4 Carrying budgets from year to year

As outlined above, the survey of ninety-three agencies revealed that 60 per cent of agencies were not able to shift budget allocations between years, and a further 20 per cent required departmental/ministerial approval to be able to do so. Only 10 per cent of these agencies reported that they can shift budget over years without ministerial or departmental approval and without any conditions set by the minister/department.

One feature that distinguishes a grant-in-aid (which is the mechanism by which most agencies receive their funding) is that any unexpended balance of the grant issued from the Vote/subhead is *not* liable to surrender to the Exchequer. However, it is the duty of the relevant accounting officer (usually the parent department) to avoid such underspending at the end of the year, by making thorough checks of the agency's cash-flow throughout the year. The Comptroller and Auditor General (C&AG) would also check in the regular audit if excessive cash was left at year-end. In particular the financial procedures state that:

- Payment from the grant-in-aid subheads should be made through instalments over the year as needed by the grantee unless otherwise agreed with the Minister for Finance. *Particular care should be taken to avoid overissues, especially at the end of the financial year and there should be no automatic issue of the full provision in*

the subhead without ascertaining if the funds are required to meet the grantee's actual requirements.

· Departments should obtain cash flow statements from the grantees before deciding on issues from a grant-in-aid subhead and should subsequently check on the accuracy of these statements. *Where it transpires that grantees have obtained moneys from the Exchequer before they are actually needed, Departments should take appropriate action, including, if necessary, the refund to the Exchequer of the premature or excess payments* (Public Financial Procedures – emphasis by the authors).

So, excess payments should be refunded. In addition, where all funds are not spent, agencies run the risk of having their grant-in-aid reduced the following year, unless it can provide sound reasons for the remaining surplus.

Respondents from the case study agencies complain about being not able to rollover under-spends from one year to the next. This frustrates many because 'things do not end on 31 December'. It also means there is less incentive to save public money through encouraging greater efficiency in the organisation. Instead, it can encourage inefficient spending of money at the end of the year, in order not to lose it and not to run the risk of the allocation being reduced in the following year. Some respondents refer also to the differences in accounting systems between departments and agencies, with a surplus meaning something totally different in an accrual accounting system (which agencies are increasingly using), compared to a surplus in a cash accounting system (which are used particularly by Departments) (see also section 8.9.2).

Most agency case study respondents would like to be able to transfer a limited amount from one year to the next. However in some cases agencies are able to carry over part of their budget from one to year to the next. For example multi-annual capital budgets allow a carryover without the need for Oireachtas agreement. Some other budgets also allow for carryovers, but these require the approval of the Oireachtas. For example, there is the 'N+2' system which

operates for funding given out under the National Development Plan, 2000 to 2006 (NDP). Agencies are aware of the funding which they are due to receive from the NDP each year over seven years, and the funding allocated for each year must be spent within two years of the end of that year. However the rollover of any unspent funding to the following financial years is still subject to agreement by the Oireachtas as part of the Estimates process. Another example is the system of administrative budgets applied in government departments. Public private partnerships are also allowed five year packages of finance, although this funding is not Exchequer funding.

In general these provisions do not apply often to the budgets of the agencies. However in several countries agencies with accrual accounting systems are allowed to carry over a limited amount of funds into the next year (e.g. the Netherlands, United Kingdom, Sweden). In Sweden agencies can even borrow to some extent from their future forthcoming appropriations. Increased flexibility on financial management has resulted in the Swedish agencies saving the equivalent of 20 per cent of their administrative budgets in only a few years (Larsson, 2002).

8.5 Savings and provisions

Related to the previous point, the case study agencies stated that they were not able to save money for costs that they know are going to arise in a future year. Although they know a cost (such as legal costs or a backdated rent review) will have to be paid at some stage, they are not able to set aside some funding over a number of years to pay for it. Instead, when the payment is due, all of it is taken from that one year's budget, which can reduce the budget for operational costs, and also the agency's ability to fulfil its operational mandate in that year. There seems to be an explicit and general policy not to allow agencies to save money for known future costs. The view of the Department of Finance is that agencies can seek funding to deal with those costs when they materialise, during the Estimates process or even during the year. Nevertheless, the case study agencies do not perceive this system as secure

enough, since extra money is not always available.

A number of options could address these problems:

- One option would be to introduce a risk register system, for known risks, with an account into which agencies can put some reserves each year.
- Accrual accounting systems can also allow for provision for certain costs.

Meanwhile other agency respondents stated that while they 'own' buildings and properties, if these are sold the income goes back to the Exchequer.

In some countries (e.g. Belgium) agencies can be legally allowed to have savings or make provisions for specific objectives, but such systems require specific and clear accountability systems. In Flanders, a centralised cash management system for all agencies was developed in 1993 to stop unauthorised savings and to allow better control of authorised cash reserves. These authorised reserves also have an upper limit and the actual use of these funds is subject to approval from the relevant ministers.

Another alternative is that the accounts that hold agencies' cash reserves could be administered by the parent departments or by the Department of Finance.

8.6 Taking out loans

Only 3 per cent of the ninety-three surveyed agencies are able to take out loans without departmental/ministerial approval or without conditions set by them, and altogether 47 per cent cannot take out loans at all. According to the *Public Financial Procedures*, no agency can be issued with a loan or an overdraft without the explicit approval of the parent department or the Department of Finance, even if such an agency is statutorily allowed to take loans. This stipulation also applies to all lease agreements, as these are a form of loan.

The need for non-commercial agencies to take out loans is obviously less than for commercial agencies. Additionally, their ability to repay loans through self-generated income is limited. Therefore the reluctance of government to let agencies take out loans is understandable, since loans

imply long-term financial commitments for the state which would in most cases be the guarantor. However, some case study agencies stated that they would like to make use of such a facility, for the following reasons:

- In some cases agencies find it frustrating to pay rent of such magnitude that within fifteen years it could pay for the purchase of a new building. However they are not allowed to take out loans to buy buildings, even though in the long run this would provide savings for the Exchequer. This seems to be a problem related to the broader policy of property management rather than to the ability to take out loans.

- Another agency in the past needed to take out loans to deal with cash flow problems, arising from the late payment of EU grants. These problems are now dealt with through the system of repayable advances.

In most countries agencies are not allowed to take out loans without prior approval. However, there are some systems that may be worth considering in the Irish context. For example, Dutch departmental agencies can take out loans from the Department of Finance (which is somewhat comparable to the system of advances); and in Sweden agencies can borrow to some extent from their allocation for the following year.

8.7 Setting tariffs
In relation to setting tariffs, 60 per cent of the ninety-three surveyed agencies reported some autonomy, with 25 per cent able to set tariffs without approval from the minister/department or without conditions set by minister/department. The case study respondents reported no problems with respect to this kind of autonomy, as the general tendency is to make agencies more self-financing. However, the number of the ninety-three surveyed agencies that do charge for services to customers to a small or large extent is only about 38 per cent, which can be related to the non-commercial nature of the agencies surveyed.

8.8 Accountability of agencies in relation to the use of financial resources

The data from the survey of ninety-three agencies outlined the extent to which agencies had a cycle of accountability on finance, starting with the setting of financial targets, progressing on to reporting them, and then earning rewards or sanctions depending on how these are met. The responses to these questions are outlined in the following table.

Table 8.3: Accountability cycle of surveyed agencies in relation to financial resources (n=93)[26]

	Yes	No
Does a document outline financial targets?	40 (43%)	16 (17%)
Does the agency report on financial targets?	45 (48%)	6 (7%)
Is the agency rewarded for meeting financial targets?	8 (9%)	51 (55%)
Is the agency sanctioned for not meeting financial targets?	19 (20%)	38 (41%)

Although the survey results indicate that not all agencies had a well developed cycle of financial accountability, nonetheless the case study interviews indicated that accountability for the use of financial resources is well developed, in terms of reporting and auditing. Although the survey data indicates that not all agencies had financial targets, the case study phase of research showed that agencies report extensively on the rate of expenditure and also on the kind of costs that they finance with their resources. Accounting for the use of financial resources occurs mainly through the financial cycle of budgeting, accounting and reporting, and auditing.

8.8.1 The process of budgeting

As outlined above, agencies submit proposed budgets to their parent departments each year, who then send these on to the Department of Finance, as required by the annual

Estimates circular. Following negotiation between the Department of Finance and the parent department, the agency's budget is determined.

The budget can be an important tool of ex-ante accountability, because it provides the relevant departments with prior information on how the agency wishes to use its resources. However, the information in the budget is mainly focused on the funds needed to cover pay and non-pay administrative costs, as well as programme costs. The information provided is mainly input-based. Some case study agencies provide information on the kind of activities that will be carried out with the budget, by structuring it by programme. However an explicit link with the yearly objectives and expected results for the year is absent in most cases. The requested budget is seldom linked to specific output targets set by government or the agency, and the budget is not usually used as a planning and management tool by the departments. However, some agencies do seem to use the budget process to some extent to align objectives, performance and resources within their organisation. The survey for instance showed that 32 per cent of the ninety-three agencies allocate resources internally on the basis of results to some extent (26 per cent) or to a large extent (6 per cent). But the case study interviews show that this information is not always used in the external Estimates process and in departmental management of agencies.

The general Estimates process is still mainly a process of incremental budgeting, in which an agency usually receives the same budget as the previous year, multiplied by a small cost inflator. Case study agencies report that sometimes extra requested funding is granted because it is seen as a political priority or because good arguments for it are put forward. However, the Estimates process is considered to be quite opaque. Strategy statements exist, but a clear link between finance and the objectives outlined in strategy statements is lacking, and so the process of allocating financial resources is sometimes seen as a power game (cf. NESC, 2002). This is particularly evident at two stages: first when negotiations take place between the

agency and its parent department on the agency's request; and secondly when negotiations between the parent department and the Department of Finance occur. Respondents raised the following issues:

- The criteria by which funding is given out are seen to be rather opaque – case study agencies do not know how the decisions are made. Each year agencies apply for funding as part of the Estimates process, but do not know how all decisions are made on the allocation of this funding.

- Extra funding is sometimes allocated to case study agencies during the year. Although agencies are glad to get this extra funding, the general consensus appears to be that they would prefer to know at the beginning of the year, as it is difficult to plan the use of staff resources to spend the money within a calendar year at short notice.

- Respondents from the case study agencies were in some cases frustrated that they could not negotiate directly with the Department of Finance (although some other agencies reported that they preferred not to be involved in this!). The former agencies considered the parent department to be less motivated and less informed than they were, and so felt that the parent department would not 'fight' as much to secure more finance for the agency.

- The case study interviews indicated that parent departments are rather reluctant to make significant choices about how they divide the total budget allocated to them among the offices and agencies under their aegis. An incremental approach to the division of funding is clear, rather than an approach that makes explicit linkages between priorities in the departmental strategy statements and financial allocations within the departmental portfolio.

To manage this situation, one case study agency is aiming to develop budget scenarios in which the level of service and outputs that can be provided with certain budgets would be made explicit. On the basis of such

budget scenarios, the agency hopes to persuade its parent department to make more precise budgetary decisions, based on explicit knowledge of the consequences on the agency's performance. Of course, the development of such budget scenarios assumes a strong link between financial resources on the one hand, and strategy objectives and outputs on the other hand.

Another important issue is the lack of a multi-annual perspective on the funding which agencies will get. Although some agencies use multi-annual budgeting to frame their income and expenditure in the medium to long term, the allocation of funding is still a yearly process, with no engagement in relation to the following years. It is clear that this may sit uneasily with the process of multi-annual strategic planning, which the agencies are required to devise through their strategy statements.

8.9 Financial Reports

8.9.1 Monitoring of expenditure

Case study agencies provide a significant number of reports on finance to their parent departments, with this process modelled on the requirements of the Department of Finance. Monthly or two-monthly reports are given by agencies to their parent departments, with a breakdown of spending under the sub-heads or areas of spending. This spending is then checked by the departments against the proposed monthly spending for the year, which had earlier been submitted by the agencies to the department. These reports are necessary to allow for drawdowns by the agency and to avoid under- and over-spending. Most agencies provide their departments with a spending overview at the end of the year. One agency prepares reports for the MAC (Management Advisory Committee) of its parent department.

Case study agencies also tend to report internally to senior management or to their boards, more frequently and with more detail on actual spending compared to spending forecasts. In the cases where the parent department and

the Department of Finance are represented on the board, this more detailed information also flows to them.

Agencies with funding from the NDP or EU also have other reporting requirements to meet with, e.g. 6-monthly reports on spending and outputs.

Within the case study agencies, there seems to be variation in the ways in which the two-monthly reports are generated. Some agencies have installed management information systems such as Sage, which can generate these reports for both the departments and for management within the agencies. Such systems could be recommended for all agencies as a matter of course, as they assist management to control their budgets and help avoid unexpected under- or over-spends.

8.9.2 Annual accounts

After the end of the financial year agencies are obliged to submit their annual accounts. In many cases the statute or ministerial order that set up the agency will outline in general terms the kind of accounts which must be produced (e.g. income and expenditure, balance sheet etc). The establishing legislation of some agencies also contains a standard formulation outlining some principles of accounting. However there are no standard regulations on the form and structure of these accounts, but they must be approved by the minister with consent of the Minister of Finance. Similarly there are no standard accounting rules which the agencies must apply, but they are asked to comply with the most up-to-date accounting practices and supply information on the accounting rules that are used.

There is some variety in the structure of accounts that are published in the annual reports. Agencies usually report on income and expenditure, with notes providing more detail on e.g. spending within pay, non-pay and programme budget lines. One case study agency does not seem to publish its annual accounts in its annual report, although this would be a means to bring together financial and non-financial information. Sixty-one per cent of the surveyed agencies state that they report publicly on financial performance, but 10 per cent have no such

reporting (the rest of the answers were not applicable or non-response).

Overall, the quality of the accounts was deemed adequate by case study respondents. One critique was that accounts were in some cases compiled very late, despite the stipulation in the Code of Practice for the Governance of State Bodies that draft unaudited accounts should be ready no later than two months following the end of the relevant year (Department of Finance, 2001, section 10.1). This delayed subsequent audits by the C&AG. On the other hand, some agencies have published annual reviews without accounts, because they have found that the C&AG audit of the accounts takes longer than they would like (although they noted that this criticism applies less in more recent years).

Internationally, several countries are trying to establish greater consistency in the types of accounts published by the agencies, and the OECD advocates such a consistency (Laking, 2002). Consistent accounts enable benchmarking and aggregation. The OECD also recommends that annual accounts be published in the annual reports of agencies, and that common standards be developed for financial and non-financial reporting (Laking, 2002).

Most of the case study agencies use accrual based accounting systems, because of the merits of such accounting for internal management in reflecting real value. Government departments use cash accounting systems and the grant-in-aid of the agencies is dealt with in cash terms. In cash accounting, accounts of cash received and cash paid by the organisation are kept. However in accrual accounting systems, amounts owed by the organisation and amounts owed to it are also recorded[27]. Agencies with accrual accounting systems report difficulties caused by a lack of understanding within the departments of such systems:

> The agency could end up with a cash surplus at the end of the year, under cash accounting – which is not a surplus because this money has been committed, but the bills have not yet come in. Accruals accounting would show that this money is not a surplus. They

could give the money back to the Department and put the Department down as a debtor for this under accruals accounting. But the C&AG won't allow this. So the Department withdraw this 'surplus' and then regards this money as a saving – but it's not a saving at all, it's committed, already spent money.

One organisation reported using cash accounting for the expenditure of the grant-in-aid, and accrual accounting for the other grants it received.

One agency reported that its accrual accounting system enables it to calculate unit costs for its outputs or activities. Although this information was clearly used internally to make strategic decisions, it was less clear to what extent such information was actively used by the parent department. A broader perspective is given by the survey on the use of accrual accounting systems to calculate unit costs: only about 16 per cent of the agencies have developed price calculation systems to some extent (7 per cent) or to a large extent (9 per cent). This figure is quite low when one considers that 38 per cent of the agencies charge for services to customers at least to some extent. Internationally, when relations between departments and agencies are centred more on purchaser-provider relations based on unit costs, the use of accrual accounting systems that incorporate performance information becomes increasingly important (e.g. in New Zealand, the Netherlands).

8.9.3 Financial audits

Most agencies are audited in some way. Only 12 per cent of the ninety-three surveyed agencies reported not being audited externally or internally. Thirty-two per cent were audited externally and 44 per cent were subject to both an external and internal audit. Of those which were externally audited, 94 per cent had been audited in the last two years (i.e. in 2004 or 2003). The survey indicated that compliance with financial issues is a key part of agency audits, with two thirds of agencies audited for financial results and almost three quarters audited for internal control procedures. Just over one third audited organisational results, indicating

again the emphasis on financial rather than on other types of outputs.

For external audits, the C&AG is the main player with its yearly audits of the accuracy and regularity of the agencies' accounts. Since 1993 the C&AG has the ability to perform Value for Money or VFM audits, encompassing the economy and efficiency of operations, as well as the adequacy of management systems to guard the effectiveness of operations. However, the number of agencies subject to such VFM audit by the C&AG has been limited, as VFM audits are directed more towards initiatives than organisations. Some agencies are audited by other external actors or by their parent department when they receive funding from other sources (such as the EU). One case study respondent said that 'they are audited by everyone under the sun'.

The survey shows that half of the ninety-three agencies have developed an internal audit system. A similar number reported an audit committee as part of their board (69 per cent of the organisations had a board). Two of the case study agencies carry out internal audits, and have an audit committee. Two case study agencies were developing an internal audit under an audit committee. The internal audit functions mainly focus on the quality of the management systems and procedures. One case study agency that was developing an internal audit function has its management systems audited by the internal audit of its parent department. Some of the case study agencies also had quality management systems such as ISO, which involves separate audit procedures.

The main issues raised with respect to auditing were:

- All case study respondents agreed that adequate auditing is very important for accountability and legitimacy.
- Small case study agencies face problems in setting up internal audit systems because of a lack of staff and expertise. It was suggested that they could join up with other agencies or a department to counter this.
- Some case study agencies tried to develop VFM audits

as part of internal auditing but encountered a lack of expertise internally. Therefore private firms were sometimes contracted in. One respondent also suggested that some support could be provided by a central department.

- The efficiency of the agencies' activities could be screened as part of Expenditure Reviews. Until recently the focus of Expenditure Review Initiatives (ERIs) was mainly towards policy programmes. However, at the moment some departments are finalising ERIs of grant-in-aids to specific agencies. ERIs also suffer from a lack of expertise within some departments and a lack of useful performance data (see also NESC, 2002).

- In general, the external audit by the C&AG does not overlap with the internal audits. Each has a distinct focus and so there is little duplication, which is considered useful and appropriate.

- For bodies with finance from various sources, external audits by different actors can overlap. In general, agencies with multiple sources of income had to handle multiple systems of accountability, including reporting and auditing.

- Case study agencies found audit committees within the board to be useful, although much depends on the quality of their members. The survey of ninety-three agencies showed that only 22 per cent of all audit committee members had accounting and accounting experience and 61 per cent general management experience.

8.9.4 Robustness of internal financial management practices - Code of Practice for the Governance of State Bodies

The Code of Practice for the Governance of State Bodies developed by the Department of Finance puts the responsibility clearly on its board for ensuring that sound and robust internal financial management systems are present in an agency . Three out of four agencies in our case study included the statement of the chairperson to the relevant minister regarding the system of internal financial

control in their annual reports. In general, the Code of Practice, although it is not law, has considerable moral weight, which was clear in the agencies studied. All these agencies implement the requirements of the Code of Practice or were clearly working towards it. The Code of Practice was perceived to be highly relevant and to trigger greater attention to issues of good governance. But some issues were highlighted in the case study interviews, as follows:

- The role of the departments in advocating compliance to the Code varies considerably. Some departments required their agencies to report to them annually on the extent to which they have complied with these requirements, and in cases where they have not, the reasons for this. For other agencies, the motivation to meet the requirements of the Code was internal, with their parent department not driving this.

- All agencies find the requirements of the Code to be heavy for non-commercial bodies. Some smaller agencies find some requirements particularly onerous. An option would be to promote/provide central support or shared services on these issues for smaller agencies.

- As the Code allows parent departments to exempt agencies from some requirements, agencies also wondered exactly which parts of the Code are applicable to them. It was felt that departments could be more explicit as to which requirements of the Code the agency has to meet.

8.9.5 *Financial targets and incentives for efficiency and economy*

The Code of Practice for the Governance of State Bodies calls for a strategic and corporate planning cycle focussing on strategy and targets, both financially and non-financially, as is also recommended by the OECD (Laking, 2002). Financial targets are of course extremely relevant for commercial bodies, which are the primary group aimed at by the Code of Practice. But for non-commercial bodies such financial targets are also useful in creating incentives

for efficiency and economy. For example financial targets could encompass savings or a degree of self-financing.

As outlined above, more than 40 per cent of the ninety-three agencies covered in the survey had financial targets outlined in a document, and also reported on them. When checking to what extent these targets are outlined and reported in a document that was not purely for internal use, and so available to the parent department, the following picture emerged, as shown in Table 8.4.

Table 8.4: Control in relation to financial targets in the surveyed agencies (n=93)

	Number of agencies	*Percentage of agencies*
No public specifying or reporting of financial targets, no consequences for meeting/not meeting them	16	17
Public specifying of financial targets only	4	4
Public specifying and reporting of financial targets	14	15
Public specifying, reporting and consequences	8	9
N/A or incomplete response	51	55
Total	93	100

Twenty-nine per cent of the ninety-three agencies reported having financial targets at least outlined in a publicly available document, with 24 per cent of them reporting on them in a publicly available document and 8 per cent facing sanctions and/or rewards for meeting the targets.

This shows that for most of the ninety-three surveyed agencies financial targets are not set or monitored by the relevant departments. This matches a more general picture that emerges from the interviews. As the current system of financial control focuses mainly on rate of expenditure and is bound by yearly financial allocations, it does not provide

agencies with strong incentives to maximise economic and efficient use of financial resources. The main sanction in relation to financial management in the current system is the loss of unspent money at the end of the year, which is not a driver for economy and efficiency. Of course, financial management practices which are not optimal may be queried by the C&AG and the Public Accounts Committee (PAC), which is considered a severe sanction. But even in these cases the focus is still predominantly on the use of inputs, without systematic strong discussion of the objectives achieved and the results delivered with these inputs.

8.9.6 Integration of non-financial information in the financial management and control cycle

The overall picture is one of a financial accountability system that is strongly developed and performing well in its focus on controlling expenditure, but performing less well in its focus on optimising the link between resources, objectives and performance. In the reporting and accounts, there does not seem to be extensive analysis of the productivity or efficiency of spending. There does not seem to be any analysis of the costs of providing certain services in certain ways, or any debate about whether or not these costs could be reduced. The performance evaluation systems that are in place, such as the Value for Money (VFM) audits by the C&AG or Expenditure Reviews (ERIs) have to date had mainly a different focus than the efficiency of agency operations.

However, we should not overestimate the progress of other countries in this field. It is clear that there is broad movement towards more performance based budgeting, accounting and auditing internationally, but it is equally obvious that progress is slow and that the process of realigning the financial system is a very complicated one. Moreover, in countries where such systems are in place, they only seem to influence or change the means of making budgetary decisions within the estimates process over time. But as Pollitt and Bouckaert show quite convincingly, countries such as the UK, Australia, New Zealand and

Sweden have made considerable steps towards multi-annual performance based budgeting, accrual accounting with extended cost calculation supported by performance measurement systems, and institutionalised performance-auditing (Pollitt and Bouckaert, 2004).

The Irish government has launched several initiatives that in the near future will enhance such a reorientation of the financial management system. These initiatives should be given high priority, and rolled out to agencies. They will nurture the financial system with accrual cost information and performance data, which will make it possible to reorient the financial control of agencies away from purely expenditure to performance-based resource allocation. In addition, as these initiatives apply to departments also, they will align the financial management practices in agencies and their parent departments more closely. The following initiatives should be considered for rolling out to agencies and to be used as tools in the relationship between departments and agencies:

- systems of multi-annual budgeting and multi-annual financial allocations;
- systems of administrative budgets with limited carry-over abilities and some kind of efficiency stimulus;
- management information systems, incorporating both financial and non-financial information with both cash and accrual accounting capabilities, to deliver the information for the accounts as well for VFM studies and ERIs;
- systems of resource accounting as piloted in the Department of Public Enterprise: such systems encompass accrual accounting, identifying objectives and allocating resources and performance reporting.

The next chapter on policy accountability will go into more detail on the issue of strengthening the link between performance information and financial information within planning, reporting and evaluation. A stronger link between performance and financial information, as well as a regular review of the agencies' activities, performance and status (see recommendations in Chapter Nine and Eleven) will help

departments to make more explicit budgetary choices oriented towards priorities and effective programmes.

8.10 Summary

The following table summarises the key findings in relation to the financial management autonomy and accountability of non-commercial national level agencies, and the relevant recommendations to address each of these findings.

Table 8.5: Key findings and recommendations on financial autonomy and accountability of non-commercial national level agencies

Key findings	*Recommendations to address these*
Agency staff reported that the system used to allocate budgets was not transparent	• Develop greater clarity on how agency budgets are negotiated and allocated, with precise links between budgets and strategy statement priorities.
A lack of monitoring and accountability in relation to the outputs of funding is evident.	• Link financial and non-financial targets, allowing greater focus on efficient and effective use of funding, as well as calculation of unit costs for outputs and activities. • Adopt standard forms and structures of accounts, and of accounting rules, which would allow aggregation of financial information across the public sector. • Departments should assess the efficiency of agencies' activities as part of Expenditure Reviews.

There were few incentives for agencies to economise with their funding, as they risked losing money if they did not spend their annual allocation by the year-end.	• Develop management information systems incorporating both financial and non-financial information, and with both cash-based and accrual accounting capabilities. This would allow agencies to roll over committed but unspent funds from one year to the next. • Develop risk register systems for known costs which will arise in the future, to allow agencies to save funds for these. Alternatively agencies could hold cash reserves which could be administered by the parent departments or the Department of Finance. • Develop multi-annual budgeting and multi annual financial allocations so that agencies can carry out multi-annual strategy development more effectively and efficiently.

Policy autonomy and accountability of non-commercial national level agencies

9.1 Introduction

In this chapter the results of the survey of ninety-three non-commercial agencies operating at national level and of the case study interviews of four of these and their parent departments will be drawn upon in order to outline the autonomy and accountability in relation to policy of non-commercial agencies operating at national level in Ireland.

In the survey of non-commercial agencies operating at national level, agencies were asked the extent to which they had autonomy to decide on policy instruments which they would use, and on their target groups.

In terms of policy, the ninety-three surveyed agencies have considerable autonomy to decide on the policy instruments which they can use to deliver their functions, as outlined in Table 9.1 below.

Table 9.1: Can the agency decide on the policy instruments which it will use? (n=93)

	Number of agencies	*Percentage of agencies*
Agency decides, minister/department not involved	35	38
Agency decides following consultation with minister/department	12	13
Agency decides within ministerial/ departmental conditions	16	17
Minister/department decides following consultation with agency	7	7
Set by legislation	8	9
Other	8	9
N/A	7	7
Total	93	100

Altogether, almost 40 per cent of the ninety-three surveyed agencies decide independently on the policy instruments which they will adopt. Thirty per cent decide on these in conjunction with the minister or department, and only 8 per cent have these policy instruments decided on by the department or minister following consultation only with the agency.

Figures are very similar in terms of the ninety-three surveyed agencies' autonomy to decide on their target groups, as outlined in Table 9.2 below.

Table 9.2: Can the agency decide on the target group for policy? (n=93)

	Number of agencies	Percentage of agencies
Agency decides, minister/department not involved	33	36
Agency decides following consultation with minister/department	16	17
Agency decides within ministerial/ departmental conditions	11	12
Minister/department decides following consultation with agency	2	2
Set by legislation	14	15
Other	4	4
N/A	13	14
Total	93	100

Two thirds of the ninety-three surveyed agencies decide on their target groups with little departmental involvement, and in only 2 per cent of cases does the minister or department decide, following consultation only with the agency. However legislation plays a stronger role here, with target groups set in legislation for 15 per cent of agencies.

A matrix was developed to assess the extent to which the surveyed agencies had autonomy in relation to policy instruments and target groups combined (see Appendix 5

for details).   This showed that none of the ninety-three surveyed agencies had no autonomy on these issues, and only 4 per cent had low policy autonomy. Instead 31 per cent had maximum policy autonomy. Altogether 54 per cent of the agencies surveyed had maximum or high policy autonomy. The results of these matrices indicate that departments were apt to exercise tight HR and financial controls over agencies, but allowed them considerable scope to develop their policy instruments and/or target groups.

The findings of the case study interviews again corroborated the survey findings. Most of the case study agencies had high autonomy to decide on their internal policy and strategy. The interviews also led to consideration of the agencies' input into the development of national policy.   A division became clear between the agencies' ability to set and be involved in national level policies (which will be referred to as policy making or external policy), and policies within their own organisations (which will be referred to as setting strategy or internal policy).

9.2 Role of agencies in the national policy cycle

It is clear from the interviews that the agencies play an important role inputting to national policy. All of the case study agencies had dual functions, with all providing policy advice (the survey data showed that 23 per cent of the agencies provided policy advice).   Discussions with the agencies and departments showed that the agencies often developed policy options for the departments, but it was the departments that determined what policy was adopted. (Although in some of the policy areas in which the case study agencies operated it was the EU which played the largest role in policy determination.) This division between policy development by the agency and policy determination by the department was clear and unambiguous, and not contested by either side. However it should also be borne in mind, as one agency stated, that although it did not have autonomy in terms of determining national policy, it did have a degree of power and influence to affect the determination of national policy.

The role which agencies play in developing policy options varies. Two of the case study agencies play a strong role in collating information from 'the grassroots' (including industry, service implementers, and community groups) in order to develop policy options for the parent department[28]. Sometimes the agencies developed entire policy documents for the department, based on grassroots consultation and the advice of expert staff in the agency. In some cases the development of these documents was specifically requested by the department, while in other cases the agency developed policy positions on its own initiative, but the parent department was aware that these positions were being developed. A number of the agencies also attended EU meetings on behalf of the parent department, or provided the department with technical advice to use at EU meetings.

In its founding legislation, the ability of the agency to provide policy advice is often outlined. Usually however this does not include a very formalised mechanism to allow the agency to input to national policy. Instead it is stated that the minister (or indeed any other minister) may seek advice from them, and that the agency may on its own initiative provide advice. Usually the view of the department is that a key reason why an agency is set up and staffed with specialists is to make maximum use of that agency for policy advice, and so they do. The departments also feel that consulting with the agency protects them from future criticism, which is another reason why they seek advice from them. However in some cases, sometimes where the department has some staff who are experienced in that policy area, or where it is a more politically volatile area, the ground is more contested, with the department sometimes feeling that the agency is providing advice when it is not sought, and the agency sometimes feeling that their advice is not very welcome. So at times there was some ambiguity and 'messiness' as one agency interviewee put it, but usually this was not the case.

9.3 Types of agency strategy documents

Eighty-four per cent of the ninety-three surveyed agencies reported that they had produced a document which outlined their strategy, and 86 per cent had a document outlining their objectives. In terms of how the agencies develop and implement their future work strategies, the case study interviews indicated that this occurs on several levels. First, long or medium term strategy for the agency's development was usually outlined within a strategy statement/corporate plan, or as a National Development Plan (NDP) programme (see below on the NDP). A number of case study agencies did not have strategy statements, even though these should have been developed at this stage under the Strategic Management Initiative process, and under the provisions of the Code of Practice for the Governance of State Bodies. However, all those case study agencies working in the context of the NDP did have either a strategy statement or a developmental strategy. Secondly, short term strategy for progress usually took the form of yearly business plans/service plans, tied to financial allocations. In fact the financial allocations were usually the driving force behind these documents, with the non-financial activities taking a secondary place.

9.3.1 Strategy statements/corporate plans/the NDP

The strategy statements or corporate plans for the agencies outline their medium term direction, which of necessity involves consideration of the national policy for the area in which they are working. These documents are therefore a mix of internal and external policy. The case study interviews indicate that parent departments therefore input to them in two ways. First, they determine the overall policy framework in which the agencies operate and in which the strategy statement sits. Second, they see drafts of these strategy statements, and would input into them through comments on the drafts, although they are not involved in precise target setting, or in developing the precise mechanisms by which the agencies will carry out their work (unless the department are on the agency's board and have some influence on the development of the strategy

statement through that). Departments view influencing these precise mechanisms as micro-management or executive work and are keen to avoid it – a position also based on practical reality. It would be very difficult for the small number of departmental staff overseeing an agency to become so involved in its work. In relation to the initiative to develop these documents, in some case study agencies they were developed on the initiative of the parent department; while in other cases the agency was particularly interested in developing them.

A strategy statement for future development clarifies what an agency is to do, but there is the danger according to some interviewees that it can become a veneer, or be 'optics only'. The case study interviews indicated two agencies where their future development and goals were well outlined, where the roles of both agency and the parent department were particularly clear and the relationship between the two was good. In both of these cases the strategy of the agency was clearly linked to funding and precise targets. This was the case as both agencies received a significant amount of funding from the European Union Structural Funds via the NDP. The circumstances under which this funding is given appears to facilitate good strategic plans, in the following ways:

- The NDP is a seven year policy programme, and bodies which receive funding through it need to develop a strategy for spending this funding over several years. This allows the agencies to set a clear medium-term goal and remit, with input and agreement of the department.

- The NDP also provides an outline budget for seven years. The outline budget for seven years allows the agency to plan its strategy more effectively, and to have clearer goals. It is much easier to plan future directions if it is known not only what is planned, but also what resources will be available to implement the plans. These budgets can change in the yearly Estimates (see Chapter Eight), but nonetheless the process of planning using both expected inputs and expected outputs seems to be connected to the development of a good strategy.

In addition the NDP has an element of financial flexibility which allows organisations to spend each year's under-spent money within the two following years (see Chapter Eight), which is appreciated by agencies. Both of these agencies also dealt with 'industry' representatives, and in fact developed their strategies with industry, the department, the EU, their board and management. This process meant that all key stakeholders had an input into future development in the policy area, which is likely to assist implementation and acceptance of the strategic plans.

Case study agencies which are not funded by the NDP are also developing strategy statements, but these are not as developed as the development strategies arising from the NDP process. A key reason is that strategy statements are not as clearly tied to financial allocations. Strategy statements also currently do not seem to incorporate performance indicators for the agencies which are as precise as the NDP process. Therefore the future direction for the case study agencies which were not involved in the NDP process did not seem to be as clear.

9.3.2 Yearly business plans/service plans

Some case study agencies receive a letter from the parent department outlining their broad framework of work for the coming year; while some other agencies send a letter to the parent department (at the department's request) outlining the framework of work for the year. However, overall the development of plans for implementing the agency's work for the coming year is at the agency's discretion. Most case study agencies tie the yearly activities to yearly financial allocations, outlining expected financial progress per month, and sometimes providing information on expected non-financial progress. Usually the most detailed version of such a plan is produced by the agency for the board and/or senior management. Where the parent department is on the board of the agency, it also receives these more detailed documents, but in general receives less detailed documents outlining the yearly work plan, or documents providing only

the expected breakdown of the year's spending by month. In general, detailed plans for non-financial progress during the coming year are likely to stay within the agency and its board, and not go to the department.

9.4 Accountability - reporting

The survey data showed that 73 per cent of the ninety-three agencies reported on the delivery of their strategy and 79 per cent on meeting objectives. However the case study data showed that reports to departments outlining how policy objectives were being met were part of, and usually subservient to, reports on financial issues. Most case study agencies reported progress on financial issues to departments on a monthly or two-monthly basis, in relation to the financial targets in the yearly business plan. Such reports sometimes contained precise non-financial information on how the programmes were progressing. However the focus of these reports was on financial progress of programmes, and other reports on the progress of programmes (such as throughput, non-financial output) were again more likely to be made to internal agency management or to the board. Where departments were represented on boards they received such reports, but otherwise did not.

Some case study departments required their agencies to meet with them on a regular, formal basis throughout the year, and would then discuss the progress of programmes at these meetings. This reporting was carried out at a more strategic level, and related more to strategy statement goals. However this procedure was not formalised in most departments.

Some case study agencies also reported to NDP monitoring committees. The reports to these committees contained explicit information on both financial and policy progress, both short-term and medium-term, and were viewed not only by the parent department, but also by a group of stakeholders. All of the case study agencies also regularly met with stakeholder groups, and provided them with updates on their work through this mechanism.

Eighty-one per cent of the ninety-three surveyed

agencies published an annual report. The annual reports also provide information on financial and programme progression, particularly on a strategic level, but the goal of these reports was usually to provide information for an outside readership. The case study data indicated that they were not a key tool used to monitor agency progress by the parent departments. In fact as one departmental interviewee stated, the annual report of an agency was no surprise – and should not be.

9.5   Accountability - targets and performance indicators

The survey data showed that 61 per cent of the ninety-three responding agencies reported on how non-financial targets were being met. However the case study indicated that the agencies do not seem to have a well-developed cycle incorporating the setting, meeting and monitoring of non-financial targets, although one agency was well advanced on developing such a system and another had developed such a system for areas of work funded through the NDP. One interviewee described an agency's non-financial targets as 'loose', and this description seems to be applicable to the non-financial targets of most of the case study agencies.

The case study respondents from both agencies and departments say that non-financial targets are difficult to develop. There are difficulties in deciding what is most effective to measure, and then how to measure it. Very often baseline statistics to develop targets and indicators are poor. Nonetheless two case study agencies have developed targets for CEOs to meet in order to receive bonus payments and, although the CEOs do not particularly like these targets, no interviewee mentioned problems in developing or setting these targets. Equally the two case study agencies funded through the NDP have also developed targets, and whatever the problems associated with this system of measurement, these targets do give an indication of what the agency is doing, and how effectively. These two factors indicate that it might be less difficult to develop targets than the interviewees suggested. Given the keen interest in reducing spend in the public sector, it

would be useful to develop and independently monitor targets as a means of assessing the value which agencies create with public money. Such targets would greatly facilitate the progression of ERIs and VFM audits, which are currently hampered by a lack of good indicator data. A number of interviewees (on both sides) considered it a failure of public management that the process of setting targets was relatively under-developed. In general the case study agencies were looking more closely at developing such targets to measure themselves than the departments, but there is a need for both the agencies and departments to do more work to develop such targets. Some interviewees noted that it would be important for independent bodies to assess such targets, and monitor them.

A number of case study interviewees stated that time spent on bureaucracy (developing indicators was often viewed as bureaucracy) can be more usefully spent on core activities. However it is noteworthy that both departmental and agency personnel saw the bureaucracy currently in place (e.g. checking that the requirements of the Code of Practice for Governance of State Bodies were met) as useful, in that agencies were required to consider issues which they recognised as important for good governance, even when this consideration was time-consuming and sometimes not directly relevant to that organisation. Additionally, international experience shows that a small number of high level targets can be very useful in focusing the work of an organisation (see Burgess et al, 2002).

9.6 Accountability - *rewards and sanctions*

In line with the variable development of targets, other parts of the 'accountability cycle' such as rewards and sanctions were under-developed. Only 15 per cent of the ninety-three surveyed agencies were rewarded for meeting strategy, objectives or targets. The rewards that exist for agencies are mainly financial, and those which case study interviewees referred to were bonuses paid to CEOs for meeting stretch targets. The wage increases paid to all organisation staff for productivity increases under *Sustaining Progress*[29] could also be considered as rewards for meeting targets, but only

one case study respondent referred to these. In terms of the reward schemes for CEOs, half of the case study agencies have not yet implemented these. At this stage, the precise accountability of individuals for particular aspects of the agency's work is limited to the accountability of the CEO. Opinions were mixed as to whether or not this system should be developed further. Some case study interviewees saw the payment of rewards as paying agency staff twice, while others felt it was key to develop the accountability of staff for carrying out the specific work of the agency and that this would be an effective way to do so.

Sanctions were much more likely than rewards to be implemented, though less than one quarter of the ninety-three agencies surveyed were sanctioned for not meeting strategy, objectives or targets. These sanctions were usually implemented for financial 'failure' rather than policy failure, reflecting again the existence of more comprehensive measurement on financial than policy issues. A key sanction was the reduction of financial allocations, which occurred when agencies consistently underspent their yearly budget (which was the main type of 'financial failure' currently measured). Agencies could also be required to meet the Public Accounts Committee to explain why they had not spent allocated monies within the specified time.

9.7 Conclusion and recommendations on policy issues

Discussions on the work of agencies in relation to national policy and internal agency policy were very rewarding, suggesting that agencies and departments are keen to develop good policy and to find good mechanisms of doing so and of monitoring policy implementation. However the interviews also indicated that although systems to develop broad policy seemed to be working quite well, systems to monitor and reward implementation of policy were relatively poor.

The above discussion points to a number of recommendations to improve systems of policy development and accountability.

- A small number of broad policy indicators could be

developed for each agency.

- It would be useful to strengthen the strategic management framework, by introducing some elements of the NDP system to the strategy statement process, in particular:

  o tying a long-term budget to long-term strategy;

  o having clear indicators (particularly non-financial) to measure progress; and

  o regularly and independently monitoring progress on indicators.

  These systems could also be integrated with MIF systems.

- More comprehensive reward and sanction schemes for meeting policy objectives could be developed.

- It would be very useful to have regular reports on policy progress (not just or mainly financial progress) from agency to parent department, based on common reporting standards and formats.

- It would also be useful to have regular formal meetings to discuss policy progress between senior management of the agency and parent department (see Chapter Eleven).

- In this context, it is important to ensure that liaison units in parent departments are adequately resourced to be able to carry out policy monitoring work (see Chapter Eleven).

- Service level agreements outlining the relative responsibilities and resources of agency and department could also usefully be developed (see Chapter Eleven for more).

- Finally, it would be useful to develop and expand ERIs and VFM audits of agency work.

9.8 Summary

The following table summarises the key findings in relation to the policy autonomy and accountability of the non-commercial national level agencies, and the relevant recommendations to address each of these findings.

Table 9.3 Key findings and recommendations on policy autonomy and accountability of non-commercial national level agencies

Key findings	*Recommendations to address these*
Accountability in relation to policy was poorly developed. Parent departments place more emphasis on monitoring of HR and financial activity.	• Regular reporting on policy progress (not just or mainly financial progress) from agency to parent department. • Regular formal meetings to discuss policy progress between senior management of the agency and parent department.
Agency strategy statements do exist, but precise targets are not well developed in these. In particular precise targets set in combination by agency and parent department, and actively monitored by parent department, are not the norm.	• Develop a small number of broad policy indicators for each agency. • Regularly collect and independently monitor indicators. • Resource liaison units in parent departments so that they are able to carry out policy monitoring work.
As with HR and finance, precise links between the funding allocated and the outputs of that funding were lacking.	• Strengthen the strategic management framework, to include multi-annual budgeting so that agencies can carry out multi-annual strategy development more effectively.
It was also notable that very few agencies received rewards, or suffered sanctions, if they did not meet targets for policy outcomes.	• Develop more comprehensive reward and sanction schemes for meeting policy objectives.

In the next chapter, the governance structures of the non-commercial national level agencies will be outlined, and recommendations on these findings will be proposed.

Governance structures in the non-commercial national level agencies

In this chapter, the role and functions of boards and CEOs will be discussed. The information outlined will draw on the survey and case study data of national level non-commercial agencies and their parent departments in relation to the boards, and mainly on the survey data in relation to the CEOs. Because there were only four case studies, there was a danger that discussion of the role of the CEO could be over-personalised. Therefore this issue was not concentrated on in detail in the case study phase.

10.1 Boards and governance of agencies

A key structure for ensuring direction and accountability of an organisation is its board. The survey results showed that 69 per cent of the ninety-three responding agencies had a board in place. Twenty-two per cent had no board, and for 7 per cent the existence of a board was not relevant (in some of these cases the organisation was a board). All of the case study agencies had a board. Therefore this section concentrates on the governance issues that arise when an agency board is present[30].

10.2 Functions and role of boards

The case study interviewees were clear about the functions of boards. Their key roles are to:

- provide strategic direction
- monitor progress, and
- approve financial control mechanisms.

Secondary functions included approving the budget and the annual plan, signing off on the annual report and accounts, appointing the CEO and approving contracts that are valued over a certain threshold.

Boards also played a number of other roles, such as being advisory, or representative of a sector or of the social

partners (on the latter, social partner-nominated members on boards were found to be effective by interviewees from both sides). They also provide a layer of political accountability between a CEO and the minister. In a number of case study agencies boards also played an internal motivational role. It was considered important that they were viewed as critical and not seen as 'rubber stampers' by agency staff. It is likely that the Code of Practice for the Governance of Semi-State Bodies has assisted the clarity of interviewees on the functions of boards, as it outlines in detail the responsibilities of boards and of chairs, and is widely used by agencies and their boards.

The board's function in terms of strategy development is to develop this in conjunction with the senior management team in the agency. The boards also play a role in setting targets for the agency (and for the CEO – see below). However boards consider that they are to provide strategic direction only, and not to delve into day-to-day details, or to 'micro-manage'. The monitoring role of the board is also very important. The case study interviews suggested that board members get the most detailed reports on agency activities, usually on a monthly or at most bi-monthly basis, outlining both financial and programme progress. Board members can play an important accountability role in debating and querying these where relevant. This is particularly the case for policy areas, as the financial performance of an agency is rigorously checked by external and internal audit organisations, as well as by the agency itself, the board and the parent department. However the number of checks on policy accountability are not so high, so boards, who along with senior management of agencies receive the most detailed reports on the progress of the agency's programmes, can play a particularly important role here.

The boards are ultimately accountable for the performance of the agency, but it was noted by some case study interviewees that there is a lack of formal rules on where the lines of responsibility are drawn. CEOs are usually responsible for operational matters, and boards for

policy matters, but it can be difficult to decide where one ends and the other begins. One interviewee considered that accountability was clear, based on who had signed off on the relevant decision. If the board had signed off on it, then the board was responsible; while if the CEO signed off on it, then s/he would be responsible. However it seems that more guidance on this would be helpful as the current situation is not particularly clear.

According to the interviewees, the chair usually reports to the minister once or twice a year. The chair of the board also usually meets the secretary general of the parent department a number of times per year. There is quite a lot of variation in this, depending on the size of the agency and how key the policy area is to a parent department. The extent and regularity of meetings also appears to depend on the degree to which the parent department has focused on the corporate governance of agencies.

10.3 Board appointment mechanisms and composition

The survey of ninety-three agencies indicated that boards were appointed in a variety of manners, as outlined in Table 10.1 below.

Table 10.1: Who appoints the agency's board? (n=66)

	Number of agencies	Percentage of agencies
Minister appoints board	23	35
Minister consults agency on board	4	6
Minister informally consults agency	6	9
Minister and interest groups appoint board	15	23
Other appointment mechanism	18	27
[Of which, stakeholders appoint board	9]	
Total	66	100

'Ministers only' appointed the board in one third of the surveyed agencies with a board, but ministerial input to

board appointment is evident in 73 per cent of such agencies. Interest groups and stakeholders are involved in appointing board members in a lower number of cases, 36 per cent. Board representatives meanwhile are drawn from a number of groups. The total representation of these groups on the boards of the sixty-six surveyed agencies with a board was as follows:

Table 10.2: Representation of various groups on the agencies' boards (n=66)

Type of representative	Number of representatives	Percentage of all representatives
Central government	68	10
Other government	24	4
Employee organisation	36	5
Employer organisation	30	4
Stakeholders	197	29
Agency employees	12	2
Independent experts	196	29
Others	115	17
Total	678	100

The largest groups represented on the boards of the sixty-six surveyed agencies with a board were stakeholders and independent experts, each group making up almost 30 per cent of representatives. The strong representation of independent experts is not surprising considering that many agencies are set up to meet specialisation needs. Similarly the strong representation of stakeholders, and the relatively low representation of those from government (14 per cent) is understandable in light of the fact that agencies are often set up to remove public functions from direct political control.

Almost every person interviewed for the case studies pointed to potential difficulties in the appointment mechanism for boards. They were in agreement that it is key to have board members with expertise in the relevant

policy area, as otherwise they will face difficulties in providing good strategic direction for the agency, and in being critical of some aspects of its work. However it was the opinion of many interviewees that current appointment mechanisms do not ensure that board members actually do have the expertise needed. It was considered that nominating bodies might have a tendency to nominate persons whom they wanted to reward, rather than the most expert people for the agency board. It is important to state that this was a criticism levied at all nominating bodies, and this was not a criticism directed particularly at political nominating bodies. Currently there are no formal mechanisms to outline the skills of the persons needed on boards. Sometimes ministers consult informally with the agency personnel or the chair of the board as to the skills needed in board members, but this is not the case in all agencies.

Case study respondents also raised concerns about the relevance of some representatives on the boards. These concerns arose where the establishing legislation of an agency required that a member of a key interest group at that time be represented on the board. However with the passage of time some of these interest groups were no longer key in this policy area, and the legislative requirements meant that it was not possible for the minister to nominate a representative of a different interest group which was currently more important for that policy area. At the same time it was noted by a number of case study interviewees that customer or client representatives were rarely included on boards, even where they were the key group affected by the work of the agency. There was also some discussion of the importance of including industry representatives on boards, as in general they were not seen to be appropriate to drive the strategic direction of an agency, although in the past industry representatives were sought for certain boards. However this opinion has varied over time. In the past industry representatives were often seen as appropriate members of a board, which may reflect the fact that some agencies were set up to develop employment and industry.

A number of suggestions were put forward to combat these problems. It was argued by a number of case study interviewees that it was necessary for the minister to have political accountability and that appointment of the board was one way of ensuring this. However to ensure that adequate expertise was available to the board, some agencies also have expert forums that provide advice for the board. These could be scientific expert forums, or industry forums, or public forums. These fora could also include international members, where appropriate; and were seen as one way of ensuring that adequate expertise was available to the board. Some interviewees mentioned experiences in the UK whereby job descriptions are drawn up for prospective board members, and the posts advertised, and suggested that job descriptions for board members, or descriptions of skills which should be represented among board members, could be a means of combating this problem.

At the moment it appears that the only requirement in relation to nomination of board members is that there be gender balance among nominees. Some case study interviewees mentioned difficulties finding suitably qualified women members, although several others referred to very expert female board members. One respondent referred to talent banks of suitably qualified women in the engineering and technology areas, which they wanted to investigate to assist in the nomination of women to boards.

The size of boards in the four case study agencies varies considerably, from less than ten to almost twenty representatives. In general there was a preference for smaller boards, as it was more difficult to gain consensus where there was a large number of board members. However with larger boards, a lot of the work was often done by sub-committees, thus leading to smaller working groups which were judged to be more effective at executing tasks. It was noted that the entire board membership often expires at the same time, which some interviewees noted could lead to a lack of continuity. However this was not mentioned by many interviewees.

Departmental representatives on boards, which was the

case in one case study agency, appear to work well. The department then knows the work of the agency and key issues arising in much better detail, both through board reports and through discussion of issues at the board meetings. As the board usually received the most detailed policy reports and scrutinised policy issues, departmental membership on boards can be a way of increasing departmental policy accountability. A number of the case study agency staff also appreciated departmental members on the board, as they found that it gave them good contacts in the department and in other departments also. They also found that the department was then more knowledgeable of the aims and goals of the agency, which assisted policy development, as the departmental members could advise the board on the best way in which the agency could meet government policy in that policy area. One important proviso was that the agencies appreciated departmental board members if they were senior members of departmental staff, with scope to make decisions.

No case study respondents reported conflicts of interest among board members, although there was often debate. However such debate among various different members with opposing views was seen as promoting the healthy functioning of the board.

10.4 Monitoring the CEO

The boards of two case study agencies set stretch targets for the CEO, which have to be met for CEO bonus schemes to be paid. A remuneration sub-committee of the board is usually set up to work on this. Most agency interviewees found it disproportionate that the bonus – usually of €20,000 per year – had to be approved by staff in the Department of Finance as well as by the board, considering that the agency could have a programme budget of billions, and the exact focus of the overall budget did not have to be approved by the Department of Finance. CEOs also did not always appreciate the setting of stretch targets, with one stating that those selected were somewhat arbitrary. The fact that the CEO considered some of the stretch targets to be somewhat arbitrary is worrying from the point of view of

good governance. The agency board should be clear on what precisely it wishes the agency to achieve. Similarly it is worrying from the point of accountability that two of the case study agencies had not implemented this method of holding the CEO accountable.

10.5 The role of the CEO

CEOs also play an important role in determining the direction of an agency, and the extent to which it delivers on its functions. The survey of ninety-three agencies assessed the extent to which the CEO's accountability and role were formalised, by asking where these issues were specified. Altogether, the CEO's role was described in legislation in 42 per cent of the ninety-three surveyed agencies, in their contract in 59 per cent of cases, and elsewhere in writing in 14 per cent of agencies. However their accountability was outlined less often. In 38 per cent of surveyed agencies, the accountability of the CEO was outlined in legislation, and in 43 per cent in their contract.

The CEOs were accountable for a variety of issues, as follows:

Table 10.3: What is the CEO accountable for? (n=93)

	Number of agencies	Percentage of agencies
Results	70	76
Functioning of agency	77	83
Administration of budget	74	80
Regulatory compliance	72	77
Other issues	15	16

CEOs were also held accountable through a number of other mechanisms, e.g. the existence of bonuses paid once they reached certain targets, and through fixed-term contracts. Only 30 per cent of the ninety-three surveyed CEOs were appointed on permanent contracts, with 58 per cent on fixed-term contracts, which can provide another form of accountability.

10.6 Conclusions and recommendations

The discussion above points to a number of recommendations to improve the operation of boards, and to make maximum use of their role in terms of policy accountability. These, and recommendations on governance through the CEO, are as follows:

- A mechanism is needed to ensure that the expertise needed for optimal strategic direction of the agency is represented on the board. A number of options could be used to ensure this:

    o   A list of the expertise needed on the board could be devised, perhaps by the department/minister, agency and board working together. This could be reviewed at regular intervals, e.g. every five years.

    o   Job descriptions for board positions could be developed. This is currently the case in New Zealand (State Services Commission, 1999). In the UK, many such positions are also advertised (Hall et al, 2002). Advertising and recruitment could perhaps be carried out by the Public Appointments Service or the Top Level Appointments Committee in the Irish context.

    o   Consultative committees or fora, with expert representatives, could also be set up to provide advice to the board on very technical issues.

    o   Talent banks of both women and men qualified to serve on boards could be developed.

- It would be useful to appoint a representative of those using the agency's services to boards (or to consultative/advisory committees).

- The feasibility of appointing a relatively senior member of the parent department to the agency's board should be investigated.

- The legislative requirements to appoint representatives of particular groups to boards should be capable of review, with the agreement of relevant organisations, at particular periods of time.

- In the current system, as the board often reviews the

agency's implementation of its strategy in more detail than the parent department, it could be useful to have regular formal meetings between representatives of the board and of the department and minister, in order to update the latter on the non-financial progress of the agency.

• The bonus system for CEOs should be implemented by all agencies.

10.7 Summary

The following table summarises the key findings in relation to the management structures of the non-commercial national level agencies, and the relevant recommendations to address each of these findings.

Table 10.4: Key findings and recommendations on boards and CEOs in non-commercial national level agencies

Key findings	Recommendations to address these
Current appointment mechanisms do not ensure that all the expertise needed on the board is appointed to it.	• Develop mechanisms to ensure that the expertise needed for optimal strategic direction of the agency is represented on it. • Appoint a representative of those using the agency's services to boards (or to consultative/ advisory committees). • Investigate the feasibility of appointing a relatively senior member of the parent department to the agency's board
Not all agencies have implemented the system of awarding CEOs performance bonuses.	• Implement the CEO bonus system.

In the next chapter, the relationship between the non-commercial national level agencies and their parent departments will be outlined, and recommendations on the findings will be proposed.

The relationship between the non-commerical national level agencies and their parent departments: a case for relationship management

11.1 Introduction

In this chapter the results of the case study interviews of four non-commercial agencies operating at national level and their parent departments will be drawn upon to outline the main features of the relationship between these agencies and their parent departments.

A major lesson learnt internationally is that better performance as a result of agencification depends not just on granting an optimum of autonomy to the agencies, but also on having strong departments that are well equipped to control and monitor the agencies on a strategic level. Several international comparative studies (Schick, 2002; Pollitt et al, 2004) refer to the need for departments to reassess their capacity and competences to deal with agencies, since the proliferation of agencies has reached a critical level. Substantial problems in relation to departmental capacity can be observed, even in countries with a strong NPM mindset and/or large-scale agencification programmes, such as Sweden, the United Kingdom and New Zealand.

Equally important is the consideration given to managing the relationship between departments and their agencies. This covers more than just having the right instruments in place, but also needs to foster trust-enhancing values and attitudes. Countries such as New Zealand and in particular the Netherlands have developed sets of guidelines to deal adequately with these issues of relationship management.

Overall, the case study interviews showed that relationships between the parent departments and the agencies was seen as good by both partners, with quite high levels of mutual trust. Factors that foster the quality of the relationship were, among others, a lot of contacts on

different levels, open communication lines, mobility of high level staff from departments to agencies, the presence of a representative of the department on the governing board of the agency, a sense of mutual dependency, respect for each other's role, and the availability of sufficient financial resources in the current buoyant economic climate. However, several issues were raised in the case study phase which merit further attention.

11.2 New roles for the parent department
One issue is what role the parent department should play in relation to its agencies. Some departmental respondents in the case study who were responsible for the contacts with an agency see the department's role mainly as supporting and enabling the agency to perform its statutory function by helping them to obtain the necessary resources. They do not consider it their role to strategically direct or monitor the operation of the agency in terms of non-financial performance. One respondent said this was not possible since the agency is not hierarchically subordinated to the department and reporting by the agency on policy and performance was directly to the minister. In other case study departments, or on other levels within the same department, the role of the department is mainly seen as controlling, monitoring and coordinating the agencies under the aegis of the department. This control, monitoring and coordination is meant to be *on a strategic, rather than an operational level*. For some respondents the supporting and the controlling roles seem quite hard to reconcile in practice. The role chosen seems to be dependent also on the function of the agency. Advisory and regulatory agencies tend to be less directed by the parent departments than agencies whose predominant function is implementation. In the case of the advisory and regulatory agencies the supporting role of the department is stressed to a greater extent.

In three out of four case study departments, initiatives have been taken to rethink or reframe the role of the department towards its agencies, although in one of the

departments this is at a very early stage. These departments feel this need because of the high number of agencies currently under their aegis and the changes which have arisen in task allocation. Some departments which were not studied also reported initiatives such as the following:

- the establishment of a 'governance of agencies' unit or think-tank, to reconsider the management of agencies;
- the formalisation of liaison units/persons and of regular meetings;
- the use of service level type-agreements between the agencies and the parent department;
- upgrading of necessary competencies and capacities in the department by e.g. training sessions for liaison units.

Various guidelines such as the Public Financial Procedures and the Code of Practice for the Governance of State Bodies put responsibility for controlling and monitoring the agencies in relation to their financial and non-financial performance very clearly with the parent departments. Of course parent departments carry this work out as a support for the relevant minister. However, there appear to be differences among departments in the extent to which they take on this role, as follows:

- Under the SMI process and the Code of Practice for the Governance of State Bodies parent departments are responsible for checking if strategy, targets and adequate monitoring and reporting systems are being devised by the agencies. The parent departments need to make sure that these management reforms are rolled out in agencies. However some case study departments do not seem to encourage or stimulate the agencies to adopt those systems. Indeed the innovations in some case study agencies regarding their (internal or external) accountability systems seem to come mainly from an internal drive to strengthen their legitimacy and effectiveness. There would seem to be a need for some departments to reorient control and monitoring towards objectives and results. The Department of Finance

considers that it is the responsibility of line departments to ensure that agencies have adequate accountability systems in place.

- For decisions on resources, the responsibility is often shifted to the Department of Finance, even for decisions where the parent department itself has jurisdiction. The Estimates process can be adversarial in nature, as noted by other observers (e.g. NESC, 2002), and in some case study departments the perception seems to be one of the parent department together with the agency against the Department of Finance. Subsequently, the Department of Finance is often blamed for negative outcomes of the Estimates process. However, parent departments could take a more proactive stance and make decisions on allocation within their own portfolio, based on considerations of past performance, future plans and resource needs. The two-stage Estimates process (with negotiations between parent department and agency and with negotiations between the parent department and the Department of Finance) and the gradual devolution of financial management to the line departments increasingly gives the parent departments the opportunity to take such a stance[31]. The departments themselves are responsible for translating their strategy statements into financial priorities through the allocation of budgets within their Vote, as was stated by one respondent in the Department of Finance.

It would be useful for parent departments to become more aware of their responsibility in this. They should be stimulated and supported in devising a general approach in supporting, strategically controlling, monitoring and coordinating the agencies under their aegis.

In New Zealand the key responsibilities and role of parent departments towards the Crown Entities are defined as follows (Guidance for Government Departments in Relation to Crown Entities, 1999: 1-2)[32]:

- o 'providing Minister(s) with an initial briefing and with ongoing advice on risks and issues facing the Crown entities within their portfolios;

- o assistance with the appointment, induction and review of governing bodies, including managing the appointment process on behalf of Minister(s);

- o assistance with setting performance expectations and accountability documents, including purchase and ownership monitoring;

- o relationship management; and

- o reviews of Crown entities'.

One useful way of thinking about the roles of parent departments is the distinction that is made in some countries between the ownership role and the purchaser role. The Dutch government uses a more complicated differentiation of roles for the governance of its departmental agencies (see e.g. Van Oosteroom, 2002:123) including:

- the role of the principal or the contractor, which is mainly concerned with defining and monitoring the objectives and targets of the agency in implementing the policy of the minister and government;

- the role of the owner, which is mainly concerned with optimising the value and continuity of the agency – the owner ensures that the agency adopts proper management systems for investment, finance and risk;

- the role of the supervisor, which can be organisationally separated within the department from the two other roles;

- the role of the banker, which would be that of the Department of Finance.

In each of these roles the parent department will focus on other information, as shown in the Dutch example in Figure 11.1. Additionally, different units within the parent department could be involved in fulfilling the different roles (e.g. policy unit, finance and personnel unit, departmental internal audit function).

**Figure 11.1. Different roles of the parent department
in the Dutch system and their respective focus**
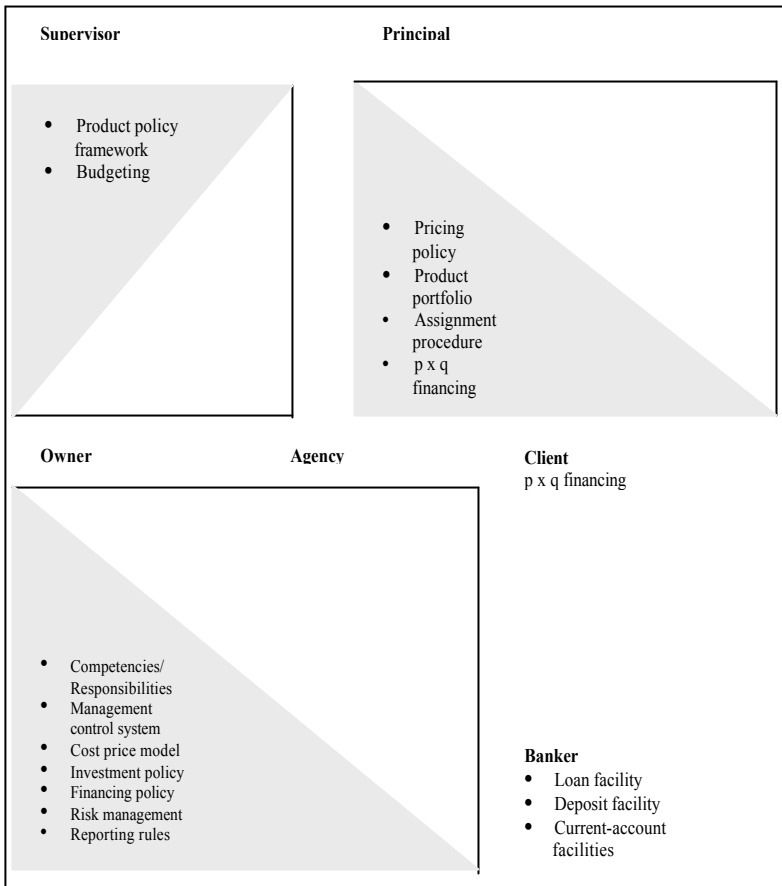
Source: Van Oosteroom, 2002: 122

The department can also play a role as enabler of policy
decisions and as coordinator by:
- evaluating current policy initiatives;
- coordinating or managing the policy design process;
- supplying policy advice itself or critically evaluating the
  policy advice coming from agencies and other advisers;

- integrating these into policy options for political decision making; and
- coordinating and joining-up all the different units and agencies which are involved in the implementation of a certain policy.

Internationally, the adoption of these new roles for parent departments is to some extent dependent on the devolution of competences from the Department of Finance. In different countries, special consideration is given to the role and position of central departments, such as the Department of Finance, in systems with high levels of agencification. Line departments are made more responsible for controlling and managing agencies with respect to non-financial as well as financial performance, with the Department of Finance focussing on overall targets and support to departments where needed. This evolution is ongoing in Ireland, and can be seen in the increasing devolution of managerial autonomy to departments by the Department of Finance.

11.3 Contacts between department and agencies

As outlined in the previous chapters, case study agencies and parent departments have many contacts with one another and on many different levels. There are contacts at high level, as well as at operational level and between units involved in HR and financial management. However there seems to be variation in the following:

- the extent to which contacts are mainly formal or informal;
- the extent to which meetings are held on a regular basis or are mainly issue-driven;
- the extent to which meetings cover only resource issues, or also issues about policy and performance;
- the extent to which contacts are coordinated between the two organisations through high-level meetings which deal with issues emerging from contacts at other levels;
- the extent to which contacts are coordinated internally

within the department through a liaison unit or a main liaison person; and

- the seniority of such a liaison person.

Case study respondents as well as international experience advises regular formal meetings covering issues of policy, performance and resources while keeping other contacts and communication channels very flexible and *ad hoc*. In addition, coordination of contacts at the different levels is seen as most helpful when it operates through high-level meetings and liaison units/persons (e.g. the Fraser-figure in the United Kingdom[33]). Of course such a liaison person in both the agency and the parent department should be of a sufficiently senior level to be recognised fully as a communication partner by the other partner. In addition to regular meetings at high level to discuss issues of policy, performance and resources, departments should consider the usefulness of including the CEO or the chairs of their agencies in the MAC of the department, or convening a number of meetings including them to discuss issues of common interest. This is important where agencies play an important role in developing policy input, which is often the case among Irish agencies.

11.4 Liaison units at two levels

In some case study departments contact with agencies occurs through very different channels (policy, HR and finance) with a lot of contact points and little coordination. In other case study departments a liaison unit coordinates contacts with the agency. This liaison function may be operated by the policy section in the department that deals with the same policy issues as the agency. Although nobody doubted the usefulness of such liaison units, case study respondents made some suggestions:

- Increase the clarity of the exact functions of such units. An important role is to act as the main interface to the agency – or at least coordinator-dispatcher within the department – in relation to resource management (HR

circulars, budget proposals), and policy and performance.

- Strengthen the emphasis of the liaison units on policy formulation, goal and target setting; challenging agencies to devise meaningful performance indicators; and monitoring and evaluating the activities and VFM of agencies.
- Strengthen the skills and management systems of the liaison units to deal with these matters adequately. Liaison units should not be too 'light' to deal with their agency, especially when that agency is significant in terms of budget, staff, or political salience.
- Increase networking and the exchange of best practice between these liaison units so that organisational learning is fostered within or between departments.

To increase the skills and performance of the liaison units on these issues, some departments have created a 'Governance of agencies' unit that aims to devise a common approach to agencies, and that supports and guides the liaison units for individual agencies within the department. Sometimes this unit is a section in the Corporate Services division of the department. It is recommended that each department establish such a unit. It could also be useful for the line departments to have central support on setting up such governance and liaison units through dissemination of best practice and the issuing of guidelines.

11.5   Skills, capacities and attitudes for building trust-enhancing relationships

As noted by several case study respondents, departments need to strengthen their skills and systems in order to adequately deal with their responsibility towards agencies. From the interviews and through international experience the need for the following skills was evident:

- new skills in general management;
- strategic expertise in the policy field, for multiple sources of advice, and for policy evaluation skills in

order to be able to assess the policy proposals from agencies;

- more skills to formally appraise and evaluate agencies;
- skills to support and assess strategic plans and business plans, and to formulate targets;
- skills to monitor and evaluate efficiency and effectiveness;
- skills to deal with result oriented and accrual based financial management practices;
- skills to negotiate and manage performance agreements with agencies;
- adequate resources;
- systems to keep track of the agency's performance over time.

Of course, a lot of these skills are being developed in departments as they deal with current reforms under SMI, such as the formulation of strategy statements and their monitoring, the development of MIF, the implementation of ERIs, and PMDS.

Case study respondents also raised a number of factors which seemed to increase trust, including the following:

- clear statements of each partner's tasks and engagements;
- fixed agreements about mutual exchange of information and the handling of risks;
- respect for each other's role – no interference by departments on an operational level and no competition by the agency in relation to the primacy of the department in policy determination;
- a mutual understanding of the interdependence of the two partners;
- a mutual obligation of 'no surprises';
- transparency – providing sufficient and timely information and establishing open communication lines;
- informal personal contacts;
- regular formal meetings focusing on finance and policy;

- some continuity of contact persons;
- mobility of staff from department to agency (at senior level)[34];
- constructiveness, frankness and good faith in discussion;
- integrity and focus on cooperation.

11.6 Performance agreements

Some departments are developing negotiated agreements with their agencies, which are called autonomy agreements, operational agreements, service level agreements or memoranda of understanding. One agency in our case study was in the process of negotiating such an agreement. These agreements usually outline the following:

- the responsibilities and obligations of each partner;
- the resources which each partner will give to ensure that the responsibilities are carried out;
- what will happen if new responsibilities arise – i.e. how will resources be redistributed.

Such agreements are however to some extent untested in the Irish context because they are relatively new. Some departmental respondents in the case study argued that it was important to ensure that such agreements incorporated sufficient flexibility for agencies to align their strategy to changes in the needs of the parent department, while on the other hand some agencies were keen to see the development of agreements, to outline what they were entitled to from the parent department in return for their efforts.

However, internationally the use of such performance agreements is widespread and is strongly advocated by e.g. the OECD (OECD, 1999; OECD, 2002). These performance agreements differ by country in their duration, degree of formalisation, detail and strictness. Anglo-Saxon countries are more likely to have strict, detailed, market-like and heavily monitored agreements, than for instance

Scandinavian countries where performance agreements are more often frameworks for frequent collaboration and flexible adaptation. But overall there seems to be a consensus that they are useful tools. Evaluation of ten years experience of multi-year performance agreements in Belgium and Flanders indicated the following merits, which are mirrored by international experience (OECD, 1999):

- They stimulate long term planning and a clear connection between policy goals at ministerial level and organisational objectives and targets.

- They clarify the roles and responsibilities of both the parent department and the agency and enhance accountability, not only between the partners but also to government, parliament and the citizen.

- They strengthen the ability of the minister and department to guide the agency by agreeing on objectives and targets, and in the meantime secure the autonomy of the agency to carry out its operations.

- They give the agency more stability in financial resources, in particular when they are linked to multi-annual budgets.

- They stress the importance of negotiation and dialogue between the two partners on objectives and targets, which implies that neither partner sets them unilaterally, and that parent departments have to focus on these.

- By clarifying the expected performance of the agency, increasing performance-based accountability and setting strict limits on resources, they enable a gradual increase in the autonomy of the agency over use of its resources.

Of course performance agreements are no panacea and may create new problems such as over-formalisation, bureaucratic red tape, low flexibility to adapt to new situations and demands, and a lack of ambition in terms of objectives and engagements. However, their careful and well balanced implementation can avoid such problems.

Ideally, performance agreements would cover issues such as: the concrete objectives and targets that the agency has to pursue in fulfilling its tasks; the resources the agency receives for administration and programmes and the extent to which it may use other resources; the autonomy the agency has in using these resources; the obligations of the parent department; the reporting requirements of the agency; the information that the department has to give to the agency; the evaluation and audit provisions; the possible sanctions or rewards; the procedure for adaptation and arbitration in case of disputes; and the means by which the partners will deal with each other (formal contacts, and general principles).

Parent departments should consider the adoption of such performance agreements. Under the SMI process agencies are required to develop multi-year strategic plans, annual business plans and corresponding reports. A performance agreement between the parent department and the agency would certainly have to be linked to these plans and the targets set within them. However it could add a lot of clarity to the current accountability system regarding specific work, information flows, possible sanctions and rewards, procedures for change, and procedures to adapt where there is disagreement.

Such agreements could be seen to add another new instrument to what is already a wide range of accountability instruments. If not introducing performance agreements, parent departments should at least clarify the binding status of strategic plans, business plans and targets submitted by agencies. It would also be useful for them to add something similar to a memorandum of understanding to the strategic plans, which would give more details on the way the *mutual* relationship between the department and the agency is to be managed (e.g. obligations between the department and agency, information flows, procedures for sanctioning, settling disagreements).

11.7 Conclusions

Although the case study agencies and parent departments seemed to have good relationships, it was also clear that their relationship depended on personalities and very high levels of contact. Overall, these relationships seem most sustainable when:

- parent departments reflect on their role towards their agencies and make it clear;

- contacts are formalised and coordinated to some extent;

- specific units within the departments have clear liaison functions and receive sufficient resources to fulfil that function;

- an internal 'governance of agencies' unit exists to coordinate and support the liaison units;

- the skills of the departmental staff to deal with agencies are improved:

- trust-enhancing attitudes are fostered;

- some form of performance agreement is negotiated between parent department and agency (even as an addendum to existing strategic or business plans).

11.8 Summary

The following table summarises the key findings on the relationship between non-commercial national level agencies and their parent departments, and the relevant recommendations to address each of these findings.

The next chapter will provide a summary of the main findings and recommendations of this report, and outline a number of scenarios in which all the recommendations could be implemented in a coherent and consistent manner.

Table 11.1: Key findings and recommendations on relationships between non-commercial agencies operating at national level and their parent departments

Key findings	*Recommendations to address these*
There is considerable variation in how the different departments manage their agencies.	• Clarify the role of parent departments towards their agencies; and also the respective roles of the Departments of Finance and Taoiseach.
All departments have a liaison unit or person formally linking the agency and department. However not all have a central unit co-ordinating the work of the separate liaison units.	• Establish a 'governance of agencies' unit in each parent department. Central departments could provide guidelines and best practice on how such units liaise with agencies.
The extent to which relationships between agencies and parent departments are formalised, e.g. in relation to service level agreements, regular meetings, subjects of such meetings etc, varied considerably.	• Establish regular formal high-level meetings between agency and parent department, to discuss policy and performance as well as financial resources. • Consider including CEOs or chairs of agencies in the MACs of parent departments • Develop Service Level Agreements between agencies and parent departments, outlining clearly roles and responsibilities of each partner, resources of each, and how these will be distributed if new responsibilities arise.

12

Towards a new approach to agencies

This chapter lists the main findings and recommendations of this research. It then outlines a number of options in order to establish a more coherent model of governance of non-commercial agencies operating at national level in Ireland.

12.1 Summary of the main findings
The main findings from this research can be summarised as follows.

No specific programme of agencification has been followed in Ireland in recent years. Nonetheless there has been a significant increase in the number of commercial and non-commercial agencies, with 601 identified as in operation in late 2003 at national, regional and local level. Almost 60 per cent of these were set up since 1990. Altogether 307 of the agencies are 'duplicate function agencies' – that is, the same function is carried out by a number of similar agencies in different locations (such as county councils, county development boards, regional tourism authorities).

Most of the 601 agencies identified have been set up through legislation. They carry out a range of functions, which can be grouped into implementation, advisory and regulatory functions. Contrary to the situation noted internationally, providing advice (usually on policy) is a significant function for these Irish agencies, although more agencies have been established to implement policy. Agencies are found in a wide variety of policy areas, but the Departments of Environment, Heritage and Local Government; Health and Children; Community Rural and Gaeltacht Affairs; Justice, Equality and Law Reform; Communications, Marine and Natural Resources; Education and Science; and Enterprise, Trade and

Employment are most likely to have agencies operating under their aegis. The Departments of Defence, Agriculture and Food and Foreign Affairs are notable for the low number of agencies under their remit.

Within the total number of agencies, 211 have a non-commercial focus and operate at national level. These agencies are the main focus of this research. The survey of the non-commercial agencies operating at national level (altogether ninety-three responded), together with the case studies of four of these agencies and their parent departments, point to a number of factors important for corporate and public governance of agencies.

There is a very wide variety of agencies, not only in terms of function and age, but in also in terms of resources, management structures and legal status. Often these issues are decided on an ad hoc basis for individual agencies as they are established. There is no general set of criteria to help policy makers decide whether or not to establish an agency to carry out a particular public function, or to decide on the appropriate levels of autonomy and accountability for an agency carrying out a particular task. Once agencies are set up, there is then no standard or regular review of their status.

The survey and case study data also indicated that in general the non-commercial national level agencies had a low degree of autonomy over HR management. Altogether 45 per cent of the ninety-three agencies surveyed had low or no autonomy to decide on general policy on staff numbers, salaries, tenure, promotion and evaluation. The agencies were most likely to have autonomy to decide on general policy in relation to promotion and evaluation, which are less significant factors for HR management, in comparison to for example staff numbers and salary. Control by central departments over staff numbers and salaries is understandably high, in order to monitor and control public expenditure. However in the case study phase of the research, agency staff and some parent department staff reported a lack of transparency and consistency, and a degree of frustration, in the decisions taken by central departments on these issues. In terms of

HR accountability, agencies report regularly on the number of staff which they employ; figures which were used to monitor public sector pay costs by central departments. However there was a lack of analysis of the productivity of staff. One agency in the case study had begun to carry out such analysis, but this was not sought by central departments monitoring public sector costs.

In terms of financial management autonomy, the survey of ninety-three agencies indicated that 77 per cent received the majority of their funding from government sources. Correspondingly, control over financial management was quite tight, with 41 per cent of the surveyed agencies having low or no financial management autonomy to shift budget by year, or by function, to take out loans or to set charges. Agencies were least likely to be able to take out loans or to shift budgets over years. The former can be related to the fact that as non-commercial agencies, the Exchequer was likely to ultimately be responsible for all loans; while the latter can be related to the yearly Estimates system utilised to monitor and control Irish public sector expenditure. However in the case study phase, agency staff appeared to generally be happy with the level of financial autonomy which they had. During the case study interviews, it was reported that the system to allocate budgets was not particularly transparent, but the frustrations expressed with financial autonomy were relatively minor when compared to those expressed in relation to HR autonomy. In relation to financial accountability, this was well developed. The case study agencies report extensively on the rate of expenditure and also on the kind of costs which they finance with their resources. Agencies are required to report, usually monthly, on their actual and proposed expenditure, in order to draw down new funds from their parent department. Audits are also regularly carried out, usually by a number of bodies. Some frustration was reported in the case study phase with the fact that agencies usually used accrual accounting systems while the parent departments relied on cash accounting, and with the fact that the requirements of the Code of Practice for the Governance of State Bodies could be onerous for smaller

agencies, but again there was a general tendency for agencies and parent departments to report that systems of financial autonomy and accountability operated well. However it was evident that there were few incentives for agencies to economise with their funding; in fact there were incentives for them to spend it all by the year-end. If not, they could suffer the sanction of having their future financial allocations reduced.   However few case study agencies reported the existence of specific sanctions for not meeting such financial targets. In general there was a lack of monitoring and accountability in relation to the link between the funding allocated and what it was used for – contrary to what was found in the HR area.

The final area of autonomy focused on was that of the agency's autonomy in relation to policy.   Agencies had significant autonomy in this area. Fifty-four per cent of the ninety-three agencies surveyed had maximum or high policy autonomy from their parent department to decide on the policy instruments which they would use, and the target groups for their work. The case study phase indicated that agencies play an important role in the development of national policy, as they often provide policy options to parent departments, who then determine which option (or combination of options) will be adopted as national policy. Although there could be some ambiguity on the relative roles of agency and department on this, in general each partner was clear about and comfortable with the other's role. Most of the case study agencies and parent departments appeared to have developed good symbiotic relationships in relation to policy development and implementation. However, accountability in relation to policy was quite poorly developed. The case study agencies are currently developing or have developed strategy statement documents outlining their key goals and objectives, but precise targets are not so well developed. In particular, precise targets set in combination by agency and parent department, and actively monitored by parent department, are not the norm. Parent departments place more emphasis on monitoring of HR and financial inputs. It was also notable that very few agencies received rewards, or

suffered sanctions, if they did not meet targets in this area. As with HR and finance, precise links between the funding allocated and the products of that funding were rare.

The third part of the study considered governance structures and relationships. Particularly important among this was the role and functions of boards, which were assessed for the survey and case study agencies. In the ninety-three surveyed agencies, over two thirds of agencies had boards, with members usually either stakeholders or independent experts, and usually appointed with ministerial input. The case study interviews showed that boards provide the agency with strategic direction and monitored their progress. They seemed to play a particularly important role in monitoring financial and policy progress together, as they received more detailed reports than parent departments on these issues. However many respondents noted that current appointment mechanisms do not ensure that all the expertise needed on the board is appointed to it.

The final chapter of the report considered the relationship between agencies and their parent departments, drawing on the case study information. The large increase in the number of agencies has led case study parent departments to consider the relative role of both organisations in devising and implementing policy. Some departments are more advanced in this consideration, usually where they have had agencies carrying out significant amounts of work in their policy area for a number of decades. Other departments are much less proactive in taking up their responsibility in strategically controlling and monitoring their agencies. There is considerable variation in how the different departments manage their agencies. All have a liaison unit or person formally linking the agency and department. However some also have a central 'governance of agencies' unit that co-ordinates the work of the separate liaison units. These departments are more likely to push agencies to develop strategy statements, and associated targets; and to have formalised contacts (as well as frequent informal contacts) with their agencies. Such formal contacts take the form of

regular high-level meetings between the agency and department on policy, and in some cases service level agreements on the responsibilities of each partner and the distribution of resources to carry out these responsibilities. However in some other departments the liaison units are quite 'light' and lack clearly defined responsibilities, while contacts are less formalised and less co-ordinated. In general however the good working relationships between agencies and their parent departments were notable, particularly between the senior personnel interviewed in the agencies and their contact persons in the parent department.

12.2 Summary of recommendations
The recommendations made to improve corporate governance of Irish agencies are outlined in detail in the text of chapters six to eleven. A summary of these is provided below.

Establishment of agencies
It would be useful to develop the following:
- a formal set of criteria to help decision-makers to decide whether or not locate a task in an agency – such criteria could also help decision makers to decide whether or not to locate a new task in a new or existing agency;
- a continuum of legal and structural agency types, with corresponding levels of autonomy and accountability mechanisms, in relation to HR, financial and policy management;
- a framework outlining aspects of governance that should be regulated in the agency's establishing statute, ministerial order and/or memorandum of association – such a framework could be developed into a Bill containing standard clauses which could be used in the legislation establishing an agency;
- a regular review of the agency's status, or sunset clauses in establishing legislation.

HR autonomy and accountability

It would be useful to develop the following:

- Transparent and widely-disseminated procedures to decide on the staff numbers for agencies, and on their salaries and grades.

- More transparency, consistency and explanation in the application of the requirement to 'appoint on the lowest rung of the pay scale'.

- Mechanisms other than strict control of numbers as a means of controlling agency pay costs. The following are suggested:

    o Agencies could be allocated a budget for staff, with freedom to decide on numbers and salaries within this. Certain conditions could be required to be met within this.

    o There is a need to assess the productivity of staff when making decisions on numbers and pay. This would allow more strategic and precise links to be made between pay and non-pay budgets to agencies.

    o There is a need to assess the extent and actual cost of 'catch up claims'.

- Reviews of the staffing needs of agencies on a regular basis, for example every five years.

- Greater consistency in the level of HR management autonomy allocated to agencies of similar type or carrying out similar tasks.

- Automatic approval to employ temporary staff for fixed-term work where this work is temporary in nature and funded through EU or other ring-fenced and temporary funding.

- A system to allow all agencies to play a formal role in selecting their own staff, if not through direct recruitment, then through for example a shared services HR facility.

- A commitment that parent departments, where they are responsible for recruitment of agency staff, would not leave vacancies in the agency unfilled.
- Comprehensive figures on the number of staff employed in all agencies.
- Templates for standard contracts for agency staff.

Financial autonomy and accountability
It would be useful to develop the following:
- Greater clarity on how agency budgets are negotiated and allocated.
- Management information systems incorporating both financial and non-financial information, and with both cash-based and accrual accounting capabilities. This would have several advantages:

  o It would facilitate linking of financial and non-financial targets, allowing greater focus on efficient and effective use of funding, as well as calculation of unit costs for outputs and activities.

  o It would facilitate agencies to rollover committed but unspent funds from one year to the next.

  o It would assist agencies to produce accrual accounts for their own use, as well as cash-based accounts for departments' use.

- Multi-annual budgeting and multi-annual financial allocations so that agencies can carry out multi-annual strategy development more effectively.
- Assessment of the efficiency of agencies' activities as part of Expenditure Reviews.
- The possibility for agencies to transfer savings from pay to non-pay budgets.
- A risk register system for known costs which will arise in the future, to allow agencies to save funds for these. Alternatively agencies could hold cash reserves which could be administered by the parent departments or the Department of Finance.

- Exploration of the possibility for agencies to take out loans to purchase buildings, which could lead to long-term cost savings to the Exchequer.
- The adoption of standard forms and structures of accounts, and of accounting rules, which would allow aggregation of financial information across the public sector.
- Provision of central support/shared services for smaller agencies to comply with requirements of the Code of Practice for the Governance of State Bodies.
- Greater clarity on the part of parent departments on which provisions of this Code do not apply to agencies.
- Smaller agencies 'joining up' to carry out internal audits, thereby sharing staff and expertise.
- Support, ideally from a central department, to provide agency staff with skills to carry out Value For Money audits.

Policy autonomy and accountability
The following recommendations would be useful to support policy autonomy and accountability:
- The development of a small number of broad policy indicators for each agency.
- Regular reports on policy progress (not just or mainly financial progress) from agency to parent department, based on common reporting standards and formats.
- Regular formal meetings to discuss policy progress between senior management of the agency and parent department (see below also).
- Adequate resourcing of liaison units in parent departments so that they are able to carry out policy monitoring work.
- Service level agreements outlining the relative responsibilities and resources of agency and department.
- A strengthening of the strategic management framework, including:

- o   multi-annual budgeting so that agencies can carry out multi-annual strategy development more effectively and efficiently;

- o   clear indicators (particularly non-financial) to measure progress; and

- o   regularly collected and independently monitored indicators.

  These systems could also be integrated with MIF systems.
- More comprehensive reward and sanction schemes for meeting policy objectives.

Boards
The following could usefully be developed in relation to boards:
- A mechanism of ensuring that the expertise needed for optimal strategic direction of the agency is represented on the board. A number of options could be used to ensure this, as follows:

  - o   a list of the expertise needed on the board could be devised;

  - o   more detailed job descriptions for board positions could be developed;

  - o   consultative committees or fora, with expert representatives, could be set up to provide advice to the board on very technical issues;

  - o   talent banks of both women and men qualified to serve on boards could be developed.

- The appointment of a representative of those using the agency's services to boards (or to consultative/advisory committees).
- Investigation of the feasibility of appointing a relatively senior member of the parent department to the agency's board.

- Regular formal meetings between representatives of the board and of the department and minister, in order to update the latter on the non-financial progress of the agency (as the board often reviews the agency's implementation of its strategy in more detail than the parent department).

Relationship between agency and parent department
A number of recommendations are proposed to develop best practice relationships between agencies and their parent departments, as follows:

- Clarify the role of parent departments towards their agencies (is their role to control? to monitor? to support?) and stimulate them to take up these roles.
- Clarify the respective roles of the Departments of Finance and Taoiseach.
- Establish a central 'governance of agencies' unit in each parent department. Central departments could provide guidelines and disseminate best practice on how such units liaise with agencies.
- Focus the department's individual agency liaison units more on goal and target setting for agencies, and on monitoring and evaluating the activities and efficiency of the agencies. Provide these units with adequate resources and skills to do so.
- Establish regular formal high-level meetings between agency and parent department, to discuss policy and performance as well as financial resources.
- Develop Service Level Agreements between agencies and parent departments, outlining clearly the roles and responsibilities of each partner, the resources which each will have, and how these will be distributed if new responsibilities arise. These documents could be linked to the strategy statements of departments and agencies.
- Consider including CEOs or chairs of agencies in the MACs of parent departments.

12.3 Three scenarios for the governance of agencies

In this chapter we have summarised the main findings of this research on non-commercial agencies operating at national level in Ireland, and outlined our main recommendations on their governance. However, these recommendations lack firm ground if they are not embedded in a larger perspective on how Irish departments should engage with the issue of agencification.

Hence this final section will outline some possible future scenarios that focus on different mechanisms to govern agencies. In determining an overall approach to the governance of agencies, each parent department should decide which scenario they find most appropriate. Central departments may also issue guidelines that favour one particular scenario, in order to increase the consistency of approaches towards agency governance throughout the public service. It is crucial that the approach to agencies on different issues such as their creation, autonomy, accountability and relationship with parent departments should be based on an overall approach that is appropriate for the administrative and cultural background of the relevant organisations, as well as for the objectives of public management reform in Ireland.

12.3.1 Three basic mechanisms for governance

Governance literature distinguishes three basic institutional mechanisms for control and coordination in general – hierarchies, markets and networks Thompson et al, 1991; O'Toole, 1997; Kaufmann et al, 1986). Table 12.1 outlines their basic features.

Table 12.1: The main features of hierarchical, market and network mechanisms

	Hierarchy	Market	Network
Basis of interaction	Authority and dominance	Exchange and competition	Cooperation and solidarity
Purpose	Consciously designed and controlled goals	Spontaneously created results	Consciously designed purposes or spontaneously created results
Guidance, control and evaluation	Top down norms and standards, routines, supervision, inspection, intervention	Supply and demand, pricing mechanisms, self-interest, profit and loss as evaluation, courts, the 'invisible hand of the market'	Shared values, analysis of common problems, consensus, loyalty, reciprocity, trust, informal evaluation, reputation
Role of government	Top-down rule-making and steering; dependent actors are controlled by rules	Creator and guardian of markets; purchaser of goods; actors are independent	Network enabler, network manager and network participant
Theoretical basis	Weberian bureaucracy	Neo-institutional economics	Network theory

Within hierarchical institutional arrangements the central pattern of interaction is authoritarian, operationalised through administrative orders, rules and planning on the one hand, and with dominance as the basic control system on the other hand. Meanwhile markets as coordinating institutions are based on competition and exchange between actors. Pricing mechanisms, incentives and self-interested actors coordinate the activities of the different actors by creating the 'invisible hand of the market'. Finally, coordination within networks takes the form of cooperation between actors whose inter-organisational relations are ruled by acknowledgement of mutual interdependencies, trust and the responsibilities of each actor.

12.3.2 Three scenarios for governance of agencies

These three basic mechanisms are evident in the governance of the public sector in OECD countries to a varying extent, depending on the dominant public management doctrine and politico-administrative culture of these countries. The three mechanisms can be used to develop future approaches to deal with Irish agencies. Table 12.2 lists the main features of the different scenarios for governance within the public sector.

In the remaining paragraphs we will take a closer look at each of these scenarios and their implications for different aspects of agency governance, such as the creation of agencies, their autonomy and accountability, their governance structures and their relationship with their parent department. We will also assess the advantages and disadvantages of these scenarios, and outline the extent to which they are pursued in other countries. In the final section we will discuss which scenario or combination of scenarios is likely to be appropriate for the Irish context.

12.3.2.1 The hierarchy-based approach to the governance of agencies

In this scenario a return to traditional bureaucracy is advocated. Current problems regarding the governance of agencies are dealt with by simply re-integrating many of them into their parent department, and bringing them back within hierarchical lines of control and accountability. In this scenario the creation of structurally separate agencies would be exceptional (e.g. only in cases where European regulatory directives oblige them to be established).

The behaviour of agencies is strongly regulated ex ante, or subject to prior approval or veto rights by the parent department. As a consequence, both the management and policy autonomy of agencies is restricted. The staff of agencies are usually subject to civil service rules, and uniformity in HR management across agencies is fostered. Recruitment, promotion and grading decisions are subject to approval by a central department (e.g. Department of Finance).

Table 12.2: The main features of hierarchical, market and network governance

Scenario 1: the hierarchy-based governance approach	Scenario 2: the market-based governance approach	Scenario 3: the network-based governance approach
• A highly integrated public sector, with agencification in exceptional cases • Relationships are hierarchical • Central focus is on compliance with top-down detailed orders, rules and regulation • Obedience and threat of sanction for non-compliance are drivers for performance	• A highly autonomised public sector oriented towards core tasks • Contractualisation of relationships between organisations, based on short-term, 'hard' and detailed contracts and a purchaser-provider split • Central focus on performance and efficiency improvement in individual organisations • Incentives and competition are drivers for performance	• A strongly interconnected, moderately varied public sector as part of a wider field of organisations (e.g. other levels of government, NGOs) • Contractualisation of main relationships, based on 'soft' contracts • Central focus is on joining up the actions of different actors in order to attain effectiveness in overall political objectives, user-oriented services, shared values and norms, and coordination • Public sector motivation and cooperation are drivers for performance

Controls and accountability requirements on HR are strengthened with more detailed reporting mechanisms on staff numbers, salaries etc. Equally, financial management autonomy is restricted to the absolute minimum and financial accountability is optimised in order to avoid misuse of financial resources. Goals, target groups and policy instruments are defined by statute and ministerial order, but within that parent departments and ministers have maximum flexibility to give instructions to which the agency must comply. The activities of the agencies must be

approved by the minister and department through highly detailed business plans. The agency reports extensively on its activities. Evaluation and audits focus mainly on the compliance of the agency with relevant rules, regulations and ministerial instructions.

Boards, which are appointed independently by the minister, comprise mainly government representatives. The board has a supervisory role and may become involved in operational matters where this is considered relevant to the interest of the minister and government. The CEO is appointed, controlled and dismissed by the minister.

The department is the main supervisor of the agency and is highly involved in ex ante regulation and detailed monitoring of the agency's activities. The activities of multiple agencies are coordinated mainly through rules and instructions.

Advantages of this scenario are that the variety in agencies can be significantly reduced, increasing transparency in the public sector. It promotes uniformity between agencies with respect to management, with increased possibilities for staff mobility between organisations. In its ideal form, it fosters control by the minister and department over the agency's activities, decreasing the possibility of 'agency drift' and maximising ministerial accountability before parliament. However, this strategy to restore hierarchy within the public sector is very rarely pursued in its entirety by OECD countries, although some aspects of agency reform programmes include it. Examples include the creation of superdepartments in Australia, and in the US in the case of the Homeland Security Department; the preference for departmental forms of agencies instead of legally autonomous agencies with their own board in the Netherlands and Flanders; and the clarification of the extent to which ministers may instruct different groups of agencies in New Zealand. These measures are mainly intended to decrease the extent of agencification and to regulate the policy autonomy of agencies, but certainly not to the extreme extent that the hierarchy-based governance approach would advocate. Even in countries that adopt such measures, governments

refrain from restricting the management autonomy of agencies. Ex-ante controls through detailed rules and requirements for prior approval are loosened rather than strengthened, since such procedures inhibit the agencies' flexibility to act, as well as their efficiency and effectiveness. The role of boards with non-governmental representatives is considered in most countries as a bonus in certain circumstances, and the role of departments regarding the agencies is seen as much wider than in this approach.

12.3.2.2 The market-based approach to the governance of agencies

In this scenario a proliferation of agencies is not considered to be a problem, as long as these agencies are embedded in well-functioning markets in order to incentivise them and coordinate their activities. This approach advocates the strict separation of policy implementation and policy design by splitting the purchaser-role (to be performed by the departments) and the provider role (to be performed by the agencies). The relationship between the departments and the agencies is contractualised with very detailed output norms and strict sanctions which are laid down in 'hard' short-term contracts. Ideally, there are multiple providers, so departments let agencies compete on product prices, quality and quantity. In addition, due to competition, departments have substantial information which allows them to compare the economy and efficiency of agencies. The focus of the system is mainly on the improvement of performance and efficiency of individual agencies, rather than on the effectiveness of government policy.

In order to give the agencies the flexibility necessary to compete, the autonomy of the agency on HR and financial management is maximised, within rather minimal common restrictions. Ideally agencies have responsibility for wage negotiation, for deciding on staff numbers within their budget, and for long-term liabilities such as pensions. This gives them the ability to develop their own tailor-made and highly flexible HR policy. Accountability on HR issues focuses mainly on hard budget constraints, ex-post reporting on numbers and on staff productivity. With

respect to financial management, the emphasis is on self-financing, and corresponding degrees of autonomy. Shifting budgets between functions and years is not subject to major restrictions and the agency is free to set tariffs and to take loans out which are not protected by state guarantees. Financial accountability is based on performance budgets, accrual and analytical accounting systems with pricing calculation, and on performance audits. Policy autonomy is limited at strategic level, with objectives and detailed and stretch targets laid down in detailed performance contracts between department and agencies. There are extended and detailed reporting mechanisms in place, which are solely based on quantitative indicators of quality and efficiency. The department as a purchaser evaluates the implementation of the performance contract through very extensive and formal procedures, and underperformance results in financial sanctions or in termination of the contract. The overall relationship between department and agency is formal and business-oriented, and contacts cluster around formal contract management (i.e. negotiation, interim monitoring and evaluation). All extra tasks and assignments are negotiated in exchange for extra funding between department and agency. Departments are well equipped to develop objectives and targets, to formulate contracts, and to monitor and evaluate.

In this scenario boards are not considered as agents of the minister or government, but instead they focus solely on the interests of the agency, and board members are selected mainly for their management capacities through open competition procedures based on job descriptions. The board focuses on the strategy of the agency and appoints, controls and dismisses the CEO. Under this approach the government coordinates the different actors within and outside the public sector through the contracts between purchasers and providers, through competition and through the interplay of supply and demand.

This market-based scenario can be considered an extreme version of New Public Management philosophy. Because of the emphasis on contracts between purchasers and providers it has the potential to clarify accountability.

Financial incentives and competition may stimulate agencies to increase performance. And through its focus on accrual accounting and performance based financial management, it feeds information on the relative efficiency of agencies into the decision-making process.

This scenario is an extreme expression of the model of governance of agencies which was pursued by New Zealand and the United Kingdom in the 1980s and during the first half of the 1990s. However, a major drawback experienced in both countries is the excessive emphasis on the objectives and targets of individual agencies to the detriment of cross-agency or 'whole of government' objectives (Verhoest and Bouckaert, 2005). The focus on competition and incentives oriented towards individual agencies also inhibits cooperative relationships with parent departments and between agencies. The heavy and detailed monitoring and evaluation arrangements also proved to be very expensive and to inhibit trust. In New Zealand, the hard performance agreements and purchase agreements even stimulated a risk-averse attitude among CEOs, who developed a check-list mentality and began to strictly comply with what was stipulated in their contracts, instead of taking an entrepreneurial attitude (Gregory, 2003). Since the second half of the 1990s, New Zealand and the United Kingdom tried to overcome the deficiencies of the pure market-based governance approach by attenuating some of its aspects and complementing them with aspects of the network-based governance approach.

12.3.2.3 The network-based approach to the governance of agencies

The network-based approach emphasises a strongly interconnected public sector, rather than an integrated or atomised one. In such a public sector, different types of agencies exist as part of a wider field of organisations (including NGOs, public-private partnerships, and citizens' groups) with which the government can cooperate in order to achieve its objectives. The central focus is on joining up the actions of the different actors in order to obtain overall policy objectives and user-oriented services, based on

shared values and norms. Effectiveness of policy is crucial.

In such a setting agencies also have a role in policy design, with their input to the parent department combining with the policy input of a whole range of societal actors. The creation of agencies is neither proscribed nor adopted as an overall approach. Rather, agencification occurs after consideration of a number of clear criteria. A limited number of different types of agencies exist, with their autonomy and governance structures strongly linked to the nature of their tasks (e.g. regulatory, advisory, service delivery and commercial agencies). In general agencification merely for management flexibility is avoided where possible, by devolving management capability to line departments.

There is a 'clustered variety' with respect to the management autonomy which the agencies have, again depending on the task and the type of agency. HR autonomy is limited by a set of common regulations which exist to ensure mobility of personnel between organisations. HR policy is considered an important instrument to develop shared norms and values throughout the public sector. Therefore agencies are geared towards the creation of a corporate management culture within the public sector through results oriented objectives on HR management. The financial management systems (such as those on budgets, accounting and audits) are performance-oriented in order to stimulate the exchange and consolidation of financial and performance information across organisations. The policy autonomy of the agencies is quite high, with their objectives and targets negotiated within the broad objectives of the department. In this process, relevant actors such as service users, interest groups and other agencies are consulted. Meanwhile the agencies' strategic plans are explicitly linked to those of the departments, of other relevant agencies, and of the government. The partnership between agency and department is laid out in a long-term 'relational' contract (linked to the strategic plan of the agency), which sets out the mutual obligations of each partner and flexible procedures for interaction. A limited set of quantitative and qualitative high-level indicators, some of which are focused on cross-agency collaboration, are used

as tools for consultation and contact between partners. The emphasis is on self-monitoring and self-evaluation by the agencies, with external audits utilised solely to check the reliability of this self-evaluation. Such an evaluation involves departments, user groups, and other agencies. Reporting mechanisms are 'light' and integrate both financial and performance information. In frequent meetings the partners discuss progress, finances and policy matters. Sanctions are only used as a final course of action, which is preceded by increased monitoring and a joint search for measures to improve performance.

Departments and agencies are seen as interdependent partners, each with their own areas of specialisation and with shared responsibility to achieve government objectives. Agencies (and other relevant actors) are represented on the management committees of departments in order to jointly monitor policy design and implementation. Intensive formal and informal contacts are maintained and coordinated. The department has a crucial role in strategically controlling, overviewing and monitoring the whole policy field, including the agencies, in order to assess and improve cooperation and coordination for effectiveness of policy.

In this system, the boards of agencies have an important role in coordination and sharing responsibility. Therefore the parent department, as well as linked public organisations and relevant societal actors, are represented on the board. Selection of board members is predominantly based on the need for involvement of and accountability to societal actors, and these members bring necessary expertise regarding management and policy.

This network based scenario acknowledges the complexity and ever-changing nature of a public administration system which is involved in developing and implementing policies and in which agencies are only one of a number of organisational forms. This scenario calls for a strategic overview by minister and department of the entire spectrum of public administration organisations in order that policy be implemented effectively. Coordination between all relevant actors in a specific policy field is crucial and is enhanced by: intensive networking on all levels;

approaches to manage cross-cutting issues; exchange of information; and mobility and training of personnel. The governance of agencies is part of this wider scheme and is broader than checking if the agency has fulfilled its contract 'to the letter' or if it has complied with relevant rules and regulations.

This scenario reflects to some extent the emerging practice in a number of countries, such as the Scandinavian countries, the Netherlands, and recently Belgium. In addition, since the second half of the 1990s, countries such as New Zealand and the UK, which had adopted an NPM approach, are bringing in aspects of the network based approach by introducing systems of strategic management and networks, and by 'joining-up programmes'.

12.4   Putting the recommendations into practice - a scenario for the governance of Irish agencies

The panorama of Irish agencies and their governance, as outlined in this report, does not easily fit into one of the three scenarios. Although the governance of Irish agencies tends more towards the hierarchy-based governance approach (e.g. on the issue of HR autonomy and accountability), there is clearly an inconsistent and widely varying mix of the three scenarios, although features of the market-based approach are the least evident. Therefore we recommend that departments develop a consistent approach towards the governance of their agencies, either independently or under guidance of the Department of Finance, taking into account the above scenarios. When choosing a scenario for the governance of Irish agencies, it is useful to take into account some general characteristics of the Irish public sector, as follows:

- a culture of careful, pragmatic and non-ideological reforms;
- a strong element of consultation and joint decision-making through social partnership;
- a high level of trust and interpersonal contacts;

- a tradition of involving different societal actors and agencies in policy design;
- a set of common features reflected in recent reforms under the SMI, such as the devolution of managerial responsibility from the Department of Finance to line managers, performance management and a move towards result-oriented performance, performance-based financial management, improvement of information systems, and strategic management of public organisations;
- a trend to rationalise organisational forms or at least to inhibit the growth of organisational forms, evident in health care sector reforms and in the Better Regulation programme;
- an acknowledgment of the usefulness of agency-type organisations that have more flexibility to deal with specific problems than the core administration.

Taking into account the specific features of the policy sector involved, this list of general points can help departments to assess the applicability of the different scenarios to their policy context. Of course it is clear that these general points seem to favour one scenario over the others. The hierarchy-based governance approach with its emphasis on an integrated public administration system, hierarchical control by the minister and department, and a top-down approach, is hard to reconcile with the direction of recent reforms in Irish public administration, as well as with the tradition of involvement of different societal actors, and trust. The market-based approach in its extreme version is difficult to match with the tradition of pragmatic non-ideological reform, and again with the importance of trust, consultation and joint decision making. The network-based governance approach seems to be consistent with the main priorities of reform in the Irish context and also with the Irish politico-administrative culture, since it combines rationalisation and an orientation towards results with consultation and trust. The recommendations listed in this research report are consistent with this approach and could be considered as elements in such a broader scenario.

Nevertheless, departments may find that specific features of their policy sector (e.g. economic policy versus judicial policy) point to the adoption of aspects of the market-based approach or the hierarchical-based approach. The recommendations and scenarios outlined in this report will support Irish government departments in choosing an appropriate new approach to the governance of their agencies.

NOTES

[1] For the purpose of this study, an agency has been defined as a public sector organisation that has the following characteristics:
· is structurally differentiated from other organisations
· has some capacity for autonomous decision making
· has some expectation of continuity over time
· performs some public function
· has some personnel and
· has some financial resources.

See Chapter Four also, on methodology.

[2] The term 'political' here refers not only to party politics, but also to the wider context of politics as the direction and administration of the state.

[3] Under the Next Steps reform programme, the UK government restructured the civil service into a number of accountable and relatively autonomous agencies which carry out, among other tasks, direct service delivery. See Talbot (2004).

[4] ZBOs (zelfstandige bestuursorganen) are decentralised agencies external to ministries (see Verhoest and Bouckaert, 2005).

[5] Public law focuses on relations between the individual and the state (Morgan and Hogan, 1998). Public law bodies function under public law but are partially or completely institutionally separate from ministeries and/or can be partially separate or fully separate legal bodies (OECD, 2002: 18-19).

[6] Private law regulates relations mainly between private individuals (Morgan and Hogan, 1998). Non-commercial private law bodies and quasi-corporations would exclude government companies, but the latter function under private law, usually with a full legal identity separate from the state (OECD, 2002: 18-19).

[7] Talbot (2004) does not consider the extent to which such reductions in running costs could be related to factors such as reductions in rental costs, or in payments of the London allowance, which are related to relocation of agencies outside the London area. If these factors are substantial then it is possible that it is relocation rather than agencification which contributes to reduced costs.

[8] In addition, it has been argued that agencification emphasising the utility of private sector mechanisms of management can

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lead to a loss of the public sector ethos in policy implementation. This approach is neatly summed up by Jenssen (2002: 292) as one where 'the political system is seen as a supermarket driven by the sovereign consumer'. It is problematic at a time when the public agenda is increasingly dominated by moral and ethical questions, such as how to solve pollution and inadequate health care. In a related issue, Van Thiel (2004) reports that evaluations of agency performance in the Netherlands indicated that agencification can have the unintended effect of increasing fees for services.

[9] See *Statistical Bulletin* Vol. LXXVI No. 3, (September 2001), pp. 649-650, Dublin: Central Statistics Office.

[10] See the description of the characteristics of SSBs in the Institute of Public Administration's *Administration Yearbook and Diary 2004*, p. 177.

[11] Even though some hospitals are technically counted as SSBs, e.g. the Adelaide & Meath, Beaumont, Leopardstown Park, St. James', St. Luke's and St. Anne's Hospital.s

[12] See http://soc.kuleuven.be/io/eng/ for further information.

[13] Local authorities are provided for in the Constitution as part of Government, and so differ in this respect from many other agencies in the database. However they do meet the criteria outlined in the definition of 'agency' in chapter four, and therefore are included in the database.

[14] The health boards have been abolished since the database was first compiled in 2003.

[15] To calculate this figure, each of the nineteen groups of duplicate function agencies is counted as one agency (e.g. thirty-five CEBs are counted as one CEB agency), and added to the non-duplicate function agencies.

In this table, some duplicate function agencies were established in a number of different decades – for example, health boards were established in both the 1970s and 2000s. Such duplicate function agencies were therefore counted as established in both decades, and as a result the total number of non-duplicate function agencies adds to more than 312.

[16] To calculate this figure, each of the nineteen groups of duplicate function agencies is counted as one agency (e.g. thirty-five CEBs are counted as one CEB agency), and added to the non-duplicate function agencies.

[17] See Per Laegreid, Vidar Rolland, Paul G. Roness and John-Erik Agotnes (2003) 'The structural autonomy of the Norwegian state 1947-2003', paper prepared for Seminar on

organisational forms, autonomy and control in the public sector, Bergen, 1-2 December, 2003

[18] To calculate this figure, each of the nineteen groups of duplicate function agencies is counted as one agency (e.g. thirty-five CEBs are counted as one CEB agency), and added to the non-duplicate function agencies.

[19] To calculate this figure, each of the nineteen groups of duplicate function agencies is counted as one agency (e.g. thirty-five CEBs are counted as one CEB agency), and added to the non-duplicate function agencies.

[20] EU legislation was the most important influence, cited by 53 per cent; with EU funding cited as an influencing factor by 11 per cent.

[21] In several countries there is an increased reluctance to create public law bodies or private law bodies and preference is given to the creation of departmental agencies. This is mainly due to perceived problems in accountability and ministerial control of such corporated bodies. In our view well-constructed governance arrangements can help to reduce such problems. Available at http://www.civilservice.gov.uk/improving_services/agencies_ and_public_bodies/guidance_for_departments/index.asp

[22] This was most memorably stated by one interviewee who compared the Department of Finance to Ian Paisley, as its role is to say no.

[23] Such stipulations include the following: 'issues from a grant-in-aid subhead will be made by the relevant minister with the consent of the Minister of Finance. The accounts of the grantee are audited by the C&AG. The books and accounts of the grantees may be required for examination by the C&AG under the C&AG act 1993'.

[24] In this way the virement rules for moving funds between subheads of a Vote are also applied to agency budgets, although this is not explicitly required in the Public Financial Procedures.

[25] It is important to note that these agencies are still subject to the usual control mechanisms implemented on staff numbers by the Department of Finance, so that their autonomy to recruit staff is limited in that way.

[26] These questions had a low response rate.

[27] Take for example an agency that has received €500,000 during the year. It has spent €400,000 on programmes, staff etc, and owes suppliers €70,000 for goods and services received. It is

due to receive another €100,000 in January. On a cash accounting basis, the net profit or reserves of the agency would be €100,000 (i.e. €500,000 less €400,000). On an accruals accounting basis, the net profit or reserves would be €130,000 (i.e. €500,000 + €100,000 – €400,000 – €70,000).

[28] In fact the number of players inputting to policy development was notable, including the EU, national political groups, the agency, the department and grassroots groups.

[29] *Sustaining Progress* is the current national agreement under the social partnership process. It provides for payments to public sector staff in return for increases in productivity.

[30] Some interviewees did note the existence of 'pseudo boards' at some agencies. These boards were usually advisory only, with no powers.

[31] This is much more problematic in countries where the estimates process has only one stage, with negotiations on agency budgets carried out between the agency, the parent department and the Department of Finance.

[32] However, these roles do not apply in all cases. Departments discuss these areas with the relevant department and minister(s) to determine which responsibilities will apply and to what degree.

[33] A 'Fraser-figure' is a senior official in a government department who would support ministers in their roles in relation to agencies

[34] International experience shows that staff mobility in both directions enhances trust and mutual understanding to an even greater degree. In the case studies, we only noted movements from department to agency.

[35] A number of the agencies outlined in the database have been abolished since this study first began in Autumn 2003, in particular some operating under the aegis of the Department of Health and Children, such as the health boards.

[36] Institute for Government

[37] See http://www.cmodservices.gov.ie/cpmr/

[38] See www.ipa.ie

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The database of 601 agencies operating in Ireland in Autumn 2003[35]

Agency Name	Parent Body
Ballyfermot Partnership	ADM
Ballymun Partnership Ltd	ADM
Blanchardstown Area Partnership	ADM
Bray Partnership	ADM
Canal Communities Partnership	ADM
Cavan Partnership	ADM
Clondalkin Partnership Company	ADM
Comhair Chathair Chorcai	ADM
Donegal Local Development Company	ADM
Drogheda Partnership Company	ADM
Dublin Inner City Partnership	ADM
Dundalk Employment Partnership Limited	ADM
Finglas/Cabra Partnership	ADM
Galway City Partnership	ADM
Galway Rural Development Company	ADM
Inishowen Partnership Board	ADM
KWCD Partnership	ADM
Leitrim Partnership	ADM
Longford Community Resources Ltd	ADM
Meitheal Mhaigheo	ADM
Monaghan Partnership Board	ADM
North West Kildare/North Offaly Partnership	ADM
Northside Partnership	ADM
Páirtíocht Chonamara	ADM
Páirtíocht Gaeltacht Thir Chonaill	ADM

PAUL Partnership, Limerick	ADM
Roscommon County Partnership	ADM
Sligo LEADER Partnership Company	ADM
South Kerry Development Partnership	ADM
Southside Partnership	ADM
Tallaght Partnership	ADM
Trá Lí Partnership	ADM
Waterford Area Partnership	ADM
Westmeath Community Development Ltd	ADM
Wexford Area Partnership	ADM
Wexford County Partnership	ADM
COFORD (National Council for Forest Research and Development)	Agriculture and Food
Coillte Teoranta – Irish Forestry Board	Agriculture and Food
Agriculture Appeals Office	Agriculture and Food
Bord Bia – Irish Food Board	Agriculture and Food
Bord Glas – Horticultural Development Board	Agriculture and Food
Irish National Stud Company Limited	Agriculture and Food
National Milk Agency	Agriculture and Food
Teagasc – Agriculture and Food Development Authority	Agriculture and Food
Veterinary Council	Agriculture and Food
SDS	An Post
National Theatre Society Ltd – Abbey Theatre	Arts Council
Arts Council/An Chomhairle Ealaion	Arts, Sport and Tourism
Bord na gCon – Irish Greyhound Board	Arts, Sport and Tourism
Bord Scannan na hÉireann – Irish Film Board	Arts, Sport and Tourism

Campus and Stadium Ireland Development Ltd	Arts, Sport and Tourism
Chester Beatty Library	Arts, Sport and Tourism
Fáilte Ireland – National Tourism Authority	Arts, Sport and Tourism
Horse Racing Ireland	Arts, Sport and Tourism
Irish Manuscripts Commission	Arts, Sport and Tourism
Irish Museum of Modern Art	Arts, Sport and Tourism
Irish Sports Council	Arts, Sport and Tourism
National Archives	Arts, Sport and Tourism
National Concert Hall	Arts, Sport and Tourism
National Gallery of Ireland	Arts, Sport and Tourism
National Library of Ireland	Arts, Sport and Tourism
National Museum of Ireland	Arts, Sport and Tourism
SFADCo (Tourism)	Arts, Sport and Tourism
Irish Financial Services Regulatory Authority	Central Bank and FSA of Ireland
National Statistics Board	Central Statistics Office
Bus Átha Cliath – Dublin Bus	CIÉ
Bus Éireann – Irish Bus	CIÉ
Iarnrod Éireann – Irish Rail	CIÉ
An Post	Communications, Marine and Natural Resources
Aquaculture Licence Appeals Board	Communications, Marine and Natural Resources
Arklow Harbour Commissioners	Communications, Marine and Natural Resources
Baltimore and Skibbereen Harbour Commissioners	Communications, Marine and Natural Resources
Bantry Bay Harbour Commissioners	Communications, Marine and Natural Resources

Bord Gáis Éireann	Communications, Marine and Natural Resources
Bord Iascaigh Mhara – Irish Sea Fisheries Board	Communications, Marine and Natural Resources
Bord Na Móna	Communications, Marine and Natural Resources
Broadcasting Commission of Ireland	Communications, Marine and Natural Resources
Broadcasting Complaints Commission	Communications, Marine and Natural Resources
Central Fisheries Board	Communications, Marine and Natural Resources
Commission for Communications Regulations	Communications, Marine and Natural Resources
Commission for Energy Regulation	Communications, Marine and Natural Resources
Commissioners of Irish Lights	Communications, Marine and Natural Resources
Digital Hub Development Agency	Communications, Marine and Natural Resources
Dingle Harbour Commissioners	Communications, Marine and Natural Resources
Drogheda Port Company	Communications, Marine and Natural Resources
Dublin Port Company	Communications, Marine and Natural Resources
Dun Laoghaire Harbour Company	Communications, Marine and Natural Resources
Dundalk Port Company	Communications, Marine and Natural Resources
Eastern Regional Fisheries Board	Communications, Marine and Natural Resources

EirGrid plc	Communications, Marine and Natural Resources
Electricity Supply Board (ESB)	Communications, Marine and Natural Resources
Galway Harbour Company	Communications, Marine and Natural Resources
Irish Maritime Development Office	Communications, Marine and Natural Resources
Irish National Petroleum Corporation	Communications, Marine and Natural Resources
Kilrush Harbour Authority	Communications, Marine and Natural Resources
Kinsale Harbour Commissioners	Communications, Marine and Natural Resources
Marine Casualty Investigation Board	Communications, Marine and Natural Resources
Marine Institute (Foras na Mara)	Communications, Marine and Natural Resources
MediaLabEurope	Communications, Marine and Natural Resources
Mining Board	Communications, Marine and Natural Resources
National Oil Reserves Agency	Communications, Marine and Natural Resources
New Ross Port Company	Communications, Marine and Natural Resources
Northern Regional Fisheries Board	Communications, Marine and Natural Resources
North-Western Regional Fisheries Board	Communications, Marine and Natural Resources
Port of Cork Company	Communications, Marine and Natural Resources

Port of Waterford Company	Communications, Marine and Natural Resources
Radio Telefis Éireann (RTÉ)	Communications, Marine and Natural Resources
River Moy Commissioners	Communications, Marine and Natural Resources
Shannon Foynes Port Company	Communications, Marine and Natural Resources
Shannon Regional Fisheries Board	Communications, Marine and Natural Resources
Sligo Harbour Commissioners	Communications, Marine and Natural Resources
Southern Regional Fisheries Board	Communications, Marine and Natural Resources
South-Western Regional Fisheries Board	Communications, Marine and Natural Resources
Sustainable Energy Ireland	Communications, Marine and Natural Resources
Tralee and Fenit Pier and Harbour Commissioners	Communications, Marine and Natural Resources
Western Regional Fisheries Board	Communications, Marine and Natural Resources
Westport Harbour Commissioners	Communications, Marine and Natural Resources
Wexford Harbour Commissioners	Communications, Marine and Natural Resources
Wicklow Port Company	Communications, Marine and Natural Resources
Youghal Harbour Authority	Communications, Marine and Natural Resources
Area Development Management (ADM) Ltd	Community, Rural and Gaeltacht Affairs

Bord na Leabhair Gaelige	Community, Rural and Gaeltacht Affairs
Commissioners of Charitable Donations and Bequests	Community, Rural and Gaeltacht Affairs
Dormant Accounts Fund Disbursements Board	Community, Rural and Gaeltacht Affairs
National Advisory Committee on Drugs	Community, Rural and Gaeltacht Affairs
Placenames Commission	Community, Rural and Gaeltacht Affairs
Údarás na Gaeltachta	Community, Rural and Gaeltacht Affairs
Western Development Commission	Community, Rural and Gaeltacht Affairs
Army Pensions Board	Defence
Board of Civil Defence	Defence
Coiste an Asgard	Defence
Advisory Council for English Language Schools	Education and Science
An Chomhairle um Oideachais Gaeltachta agus Gaelscolaíochta	Education and Science
Carlow VEC	Education and Science
Cavan VEC	Education and Science
Clare VEC	Education and Science
Commission on Child Abuse	Education and Science
Commission on School Accommodation	Education and Science
Contae Thiobraid Árainn Thuaidh VEC	Education and Science
Cork City VEC	Education and Science
Cork County VEC	Education and Science
Donegal VEC	Education and Science
Dublin City VEC	Education and Science
Dublin County VEC	Education and Science

Dublin Institute for Advanced Studies	Education and Science
Dún Laoghaire VEC	Education and Science
Further Education and Training Awards Council (FETAC)	Education and Science
Galway City VEC	Education and Science
Galway County VEC	Education and Science
Higher Education and Training Awards Council (HETAC)	Education and Science
Higher Education Authority	Education and Science
Inspectorate (Education)	Education and Science
Institúid Teangeolaíochta Éireann (ITÉ)	Education and Science
Integrate Ireland Language and Training Ltd. (IILT)	Education and Science
International Education Board Ireland	Education and Science
Irish Council for Science, Engineering and Technology (incl. Embark)	Education and Science
Irish Research Council for Science, Engineering and Technology (inc. Embark Initiative)	Education and Science
Irish Research Council for the Humanities and Social Science	Education and Science
Kerry Education Service VEC	Education and Science
Kildare VEC	Education and Science
Kilkenny VEC	Education and Science
Laois VEC	Education and Science
Léargas – The Exchange Bureau	Education and Science
Leitrim VEC	Education and Science
Limerick City VEC	Education and Science
Limerick County VEC	Education and Science
Longford VEC	Education and Science
Louth VEC	Education and Science
Mayo VEC	Education and Science

Meath VEC	Education and Science
Monaghan VEC	Education and Science
National Adult Learning Council	Education and Science
National Centre for Guidance in Education	Education and Science
National Centre for Technology in Education	Education and Science
National Council for Curriculum and Assessment	Education and Science
National Education Welfare Board	Education and Science
National Educational Psychological Service	Education and Science
National Qualifications Authority of Ireland	Education and Science
Offaly VEC	Education and Science
President's Award – Gaisce	Education and Science
Registration Council (for Secondary Teachers)	Education and Science
Residential Institution Redress Board	Education and Science
Roscommon VEC	Education and Science
Royal Irish Academy	Education and Science
Royal Irish Academy of Music	Education and Science
Sligo County VEC	Education and Science
South Tipperary VEC	Education and Science
State Examinations Commission	Education and Science
Waterford City VEC	Education and Science
Waterford County VEC	Education and Science
Westmeath VEC	Education and Science
Wexford County VEC	Education and Science
Wicklow County VEC	Education and Science
BioResearch Ireland	Enterprise Ireland
Crafts Council of Ireland	Enterprise Ireland
Optronics Ireland	Enterprise Ireland
PEI Technologies	Enterprise Ireland

Carlow Enterprise Board	Enterprise, Trade and Employment
Cavan Enterprise Board	Enterprise, Trade and Employment
Clare Enterprise Board	Enterprise, Trade and Employment
Companies Registration Office	Enterprise, Trade and Employment
Competition Authority	Enterprise, Trade and Employment
Cork City Enterprise Board	Enterprise, Trade and Employment
Cork North Enterprise Board	Enterprise, Trade and Employment
Donegal Enterprise Board	Enterprise, Trade and Employment
Dublin City Enterprise Board	Enterprise, Trade and Employment
Dún Laoghaire-Rathdown Enterprise Board	Enterprise, Trade and Employment
Employment Appeals Tribunal	Enterprise, Trade and Employment
Enterprise Ireland	Enterprise, Trade and Employment
FÁS (Foras Áiseanna Saothair) incl. FÁS International Consulting Ltd.	Enterprise, Trade and Employment
Fingal Enterprise Board	Enterprise, Trade and Employment
Forfás	Enterprise, Trade and Employment
Galway County and City Enterprise Board	Enterprise, Trade and Employment

Health and Safety Authority	Enterprise, Trade and Employment
IDA Ireland	Enterprise, Trade and Employment
Kerry Enterprise Board	Enterprise, Trade and Employment
Kildare Enterprise Board	Enterprise, Trade and Employment
Kilkenny Enterprise Board	Enterprise, Trade and Employment
Labour Court	Enterprise, Trade and Employment
Labour Relations Commission	Enterprise, Trade and Employment
Laois Enterprise Board	Enterprise, Trade and Employment
Leitrim Enterprise Board	Enterprise, Trade and Employment
Limerick City Enterprise Board	Enterprise, Trade and Employment
Limerick County Enterprise Board	Enterprise, Trade and Employment
Longford Enterprise Board	Enterprise, Trade and Employment
Louth Enterprise Board	Enterprise, Trade and Employment
Mayo Enterprise Board	Enterprise, Trade and Employment
Meath Enterprise Board	Enterprise, Trade and Employment
Monaghan Enterprise Board	Enterprise, Trade and Employment

National Standards Authority of Ireland	Enterprise, Trade and Employment
Nitrigin Éireann Teo.	Enterprise, Trade and Employment
North Tipperary Enterprise Board	Enterprise, Trade and Employment
Offaly Enterprise Board	Enterprise, Trade and Employment
Office of the Director of Consumer Affairs	Enterprise, Trade and Employment
Office of the Director of Corporate Enforcement	Enterprise, Trade and Employment
Office of the Registrar of Friendly Societies	Enterprise, Trade and Employment
Patents Office	Enterprise, Trade and Employment
Roscommon Enterprise Board	Enterprise, Trade and Employment
SFADCo Ltd (Industrial)	Enterprise, Trade and Employment
Sligo Enterprise Board	Enterprise, Trade and Employment
South Cork Enterprise Board	Enterprise, Trade and Employment
South Dublin Enterprise Board	Enterprise, Trade and Employment
South Tipperary Enterprise Board	Enterprise, Trade and Employment
Waterford City Enterprise Board	Enterprise, Trade and Employment
Waterford County Enterprise Board	Enterprise, Trade and Employment
West Cork Enterprise Board	Enterprise, Trade and Employment

Westmeath Enterprise Board	Enterprise, Trade and Employment
Wexford Enterprise Board	Enterprise, Trade and Employment
Wicklow Enterprise Board	Enterprise, Trade and Employment
European Consumer Centre	Enterprise, Trade and Employment/EU
An Chomhairle Leabharlanna – Library Council	Environment, Heritage and Local Government
Bord Pleanála	Environment, Heritage and Local Government
Border Regional Authority	Environment, Heritage and Local Government
Border, Midland and Western Regional Assembly	Environment, Heritage and Local Government
Building Regulations Advisory Body (BRAB)	Environment, Heritage and Local Government
Carlow County Council	Environment, Heritage and Local Government
Carlow County Development Board	Environment, Heritage and Local Government
Cavan County Council	Environment, Heritage and Local Government
Cavan County Development Board	Environment, Heritage and Local Government
Clare County Council	Environment, Heritage and Local Government
Clare County Development Board	Environment, Heritage and Local Government
Clonmel Borough Council	Environment, Heritage and Local Government

Comhar – National Sustainable Development Partnership	Environment, Heritage and Local Government
Cork City Council	Environment, Heritage and Local Government
Cork City Development Board	Environment, Heritage and Local Government
Cork County Council	Environment, Heritage and Local Government
Cork County Development Board	Environment, Heritage and Local Government
Donegal County Council	Environment, Heritage and Local Government
Donegal County Development Board	Environment, Heritage and Local Government
Drogheda Borough Council	Environment, Heritage and Local Government
Dublin City Council	Environment, Heritage and Local Government
Dublin City Development Board	Environment, Heritage and Local Government
Dublin Docklands Development Authority	Environment, Heritage and Local Government
Dublin Regional Authority	Environment, Heritage and Local Government
Dún Laoghaire-Rathdown County Council	Environment, Heritage and Local Government
Dún Laoghaire-Rathdown Development Board	Environment, Heritage and Local Government
Dundalk Borough Council	Environment, Heritage and Local Government
ENFO – The Environmental Information Service	Environment, Heritage and Local Government
Environmental Protection Agency	Environment, Heritage and Local Government

Fingal County Council	Environment, Heritage and Local Government
Fingal County Development Board	Environment, Heritage and Local Government
Fire Services Council	Environment, Heritage and Local Government
Galway City Council	Environment, Heritage and Local Government
Galway City Development Board	Environment, Heritage and Local Government
Galway County Council	Environment, Heritage and Local Government
Galway County Development Board	Environment, Heritage and Local Government
Heritage Council	Environment, Heritage and Local Government
Housing Finance Agency plc	Environment, Heritage and Local Government
Irish Water Safety Association	Environment, Heritage and Local Government
Kerry County Council	Environment, Heritage and Local Government
Kerry County Development Board	Environment, Heritage and Local Government
Kildare County Council	Environment, Heritage and Local Government
Kildare County Development Board	Environment, Heritage and Local Government
Kilkenny Borough Council	Environment, Heritage and Local Government
Kilkenny County Council	Environment, Heritage and Local Government
Kilkenny County Development Board	Environment, Heritage and Local Government

Laois County Council	Environment, Heritage and Local Government
Laois County Development Board	Environment, Heritage and Local Government
Leitrim County Council	Environment, Heritage and Local Government
Leitrim County Development Board	Environment, Heritage and Local Government
Limerick City Council	Environment, Heritage and Local Government
Limerick City Development Board	Environment, Heritage and Local Government
Limerick County Council	Environment, Heritage and Local Government
Limerick County Development Board	Environment, Heritage and Local Government
Local Government Computer Services Board	Environment, Heritage and Local Government
Local Government Management Services Board	Environment, Heritage and Local Government
Longford County Council	Environment, Heritage and Local Government
Longford County Development Board	Environment, Heritage and Local Government
Louth County Council	Environment, Heritage and Local Government
Louth County Development Board	Environment, Heritage and Local Government
Mayo County Council	Environment, Heritage and Local Government
Mayo County Development Board	Environment, Heritage and Local Government

Meath County Council	Environment, Heritage and Local Government
Meath County Development Board	Environment, Heritage and Local Government
Met Éireann	Environment, Heritage and Local Government
Mid-East Regional Authority	Environment, Heritage and Local Government
Midland Regional Authority	Environment, Heritage and Local Government
Mid-West Regional Authority	Environment, Heritage and Local Government
Monaghan County Council	Environment, Heritage and Local Government
Monaghan County Development Board	Environment, Heritage and Local Government
National Building Agency Ltd	Environment, Heritage and Local Government
National Traveller Accomodation Consultative Committee	Environment, Heritage and Local Government
North Tipperary County Council	Environment, Heritage and Local Government
North Tipperary County Development Board	Environment, Heritage and Local Government
Offaly County Council	Environment, Heritage and Local Government
Offaly County Development Board	Environment, Heritage and Local Government
Radiological Protection Institute of Ireland	Environment, Heritage and Local Government
Referendum Commission	Environment, Heritage and Local Government

Rent Tribunal	Environment, Heritage and Local Government
Roscommon County Council	Environment, Heritage and Local Government
Roscommon County Development Board	Environment, Heritage and Local Government
Sligo Borough Council	Environment, Heritage and Local Government
Sligo County Council	Environment, Heritage and Local Government
Sligo County Development Board	Environment, Heritage and Local Government
South Dublin County Council	Environment, Heritage and Local Government
South Dublin County Development Board	Environment, Heritage and Local Government
South Tipperary County Council	Environment, Heritage and Local Government
South Tipperary County Development Board	Environment, Heritage and Local Government
South-East Regional Authority	Environment, Heritage and Local Government
Southern and Eastern Regional Assembly	Environment, Heritage and Local Government
South-West Regional Authority	Environment, Heritage and Local Government
Temple Bar Properties Limited	Environment, Heritage and Local Government
Waterford City Council	Environment, Heritage and Local Government
Waterford City Development Board	Environment, Heritage and Local Government

Waterford County Council	Environment, Heritage and Local Government
Waterford County Development Board	Environment, Heritage and Local Government
West Regional Authority	Environment, Heritage and Local Government
Westmeath County Council	Environment, Heritage and Local Government
Westmeath County Development Board	Environment, Heritage and Local Government
Wexford Borough Council	Environment, Heritage and Local Government
Wexford County Council	Environment, Heritage and Local Government
Wexford County Development Board	Environment, Heritage and Local Government
Wicklow County Council	Environment, Heritage and Local Government
Wicklow County Development Board	Environment, Heritage and Local Government
Dublin Tourism	Fáilte Ireland
Midlands-East Regional Tourism Authority Ltd	Fáilte Ireland
North West Regional Tourism Authority Ltd	Fáilte Ireland
South East Regional Tourism Authority Ltd	Fáilte Ireland
South West Regional Tourism Authority Ltd	Fáilte Ireland
Western Regional Tourism Authority Ltd	Fáilte Ireland
Central Bank of Ireland and Financial Services Authority of Ireland	Finance
Committee on Top-Level Appointments in the Civil Service	Finance
Economic and Social Research Institute	Finance

ERDF and Cohesion Fund Financial Control Unit	Finance
Institute of Public Administration	Finance
National Development Finance Agency	Finance
National Lottery	Finance
National Treasury Management Agency	Finance
Office of Public Works	Finance
Office of the Chief Medical Officer for the Civil Service	Finance
Office of the Civil Service and Local Appointments Commissioners	Finance
Office of the Comptroller and Auditor General	Finance
Office of the Information Commissioner	Finance
Office of the Ombudsman	Finance
Office of the Revenue Commissioners	Finance
Ordnance Survey Ireland	Finance
Standards in Public Office Commission	Finance
State Laboratory	Finance
Valuation Office	Finance
Valuation Tribunal	Finance
Prize Bond Company Ltd	Finance/An Post
NDP/CSF Evaluation Unit	Finance/EU
NDP/CSF Information Office	Finance/EU
NDP/CSF IT Unit	Finance/EU
Boord o Ulstèr-Scotch	Foras Teangra
Foras na Gaeilge	Foras Teangra
Agency for Personal Service Overseas (APSO)	Foreign Affairs
DCI Advisory Board (The Advisory Board for Development Cooperation Ireland)	Foreign Affairs
The Fulbright Commission	Foreign Affairs

Irish Council for Science, Technology and Innovation	Forfás
Irish National Accreditation Board	Forfás
National Competitiveness Council	Forfás
Science Foundation Ireland (SFI)	Forfás
Loughs Agency	Foyle, Carlingford and Irish Lights Commission
Board for Employment of the Blind	Health and Children
Bord Altranais – Nursing Board	Health and Children
Bord na Radharcmhastóirí – Opticians Board	Health and Children
Bord Uchtála – The Adoption Board	Health and Children
Comhairle na nOspidéal	Health and Children
Consultative Council on Hepatitis C	Health and Children
Crisis Pregnancy Agency	Health and Children
Dental Council	Health and Children
Drug Treatment Centre Board	Health and Children
East Coast Area Health Board	Health and Children
Eastern Health Shared Services	Health and Children
Eastern Regional Health Authority	Health and Children
Food Safety Authority of Ireland	Health and Children
General Medical Services (Payments) Board	Health and Children
General Register Office	Health and Children
Health Boards Executive	Health and Children
Health Insurance Authority	Health and Children
Health Research Board	Health and Children
Health Service Employers Agency	Health and Children
Hospital Bodies Administrative Bureau	Health and Children
Hospitals Trust Board	Health and Children
Institute of Public Health in Ireland	Health and Children
Irish Blood Transfusion Service	Health and Children
Irish Health Services Accreditation Board	Health and Children

Irish Medicines Board	Health and Children
Medical Council	Health and Children
Mental Health Commission	Health and Children
Midland Health Board	Health and Children
Mid-Western Health Board	Health and Children
National Breast Screening Board/BreastCheck	Health and Children
National Cancer Registry Board	Health and Children
National Children's Advisory Council	Health and Children
National Children's Office	Health and Children
National Council for the Professional Development of Nursing and Midwifery	Health and Children
National Council on Ageing and Older People	Health and Children
National Disease Surveillance Centre	Health and Children
National Social Work Qualifications Board	Health and Children
National Strategy for Nursing and Midwifery in the Community	Health and Children
National Treatment Purchase Fund	Health and Children
North Eastern Health Board	Health and Children
North Western Health Board	Health and Children
Northern Area Health Board	Health and Children
Office for Health Management	Health and Children
Office of Tobacco Control	Health and Children
Pharmaceutical Society of Ireland	Health and Children
Poisons Council	Health and Children
Postgraduate Medical and Dental Board	Health and Children
Pre-Hospital Emergency Care Council	Health and Children
Social Services Inspectorate	Health and Children
South Eastern Health Board	Health and Children
South Western Area Health Board	Health and Children

Southern Health Board	Health and Children
Special Residential Services Board	Health and Children
VHI – Voluntary Health Insurance Board	Health and Children
Western Regional Health Board	Health and Children
Women's Health Council	Health and Children
Office for Health Gain	Health Boards
Rosslare Europort	Iarnród Éireann
Censorship of Films Appeal Board	Justice, Equality and Law Reform
Censorship of Publications Appeal Board	Justice, Equality and Law Reform
Censorship of Publications Board	Justice, Equality and Law Reform
Chief State Solicitor's Office	Justice, Equality and Law Reform
Commission on Liquor Licensing	Justice, Equality and Law Reform
Courts Service	Justice, Equality and Law Reform
Criminal Injuries Compensation Board	Justice, Equality and Law Reform
Equality Authority	Justice, Equality and Law Reform
Film Censors Office	Justice, Equality and Law Reform
Forensic Science Laboratory	Justice, Equality and Law Reform
Garda Síochána Complaints Appeal Board	Justice, Equality and Law Reform
Garda Síochána Complaints Board	Justice, Equality and Law Reform
Human Rights Commission	Justice, Equality and Law Reform

Inspector of Prisons and Places of Detention	Justice, Equality and Law Reform
Irish Prison Service	Justice, Equality and Law Reform
Judicial Appointments Advisory Board	Justice, Equality and Law Reform
Judicial Studies Institute	Justice, Equality and Law Reform
Land Registry	Justice, Equality and Law Reform
Legal Aid Board (incl. Refugee Legal Service)	Justice, Equality and Law Reform
National Childcare Co-ordinating Committee	Justice, Equality and Law Reform
National Consultative Committee on Racism and Interculturalism	Justice, Equality and Law Reform
National Crime Council	Justice, Equality and Law Reform
National Disability Authority	Justice, Equality and Law Reform
NDP Gender Equality Unit	Justice, Equality and Law Reform
Office of the Data Protection Commissioner	Justice, Equality and Law Reform
Office of the Director of Equality Investigations	Justice, Equality and Law Reform
Office of the Director of Public Prosecutions	Justice, Equality and Law Reform
Office of the Refugee Applications Commissioner	Justice, Equality and Law Reform
Parole Board	Justice, Equality and Law Reform
Probation and Welfare Service	Justice, Equality and Law Reform

Reception and Integration Agency	Justice, Equality and Law Reform
Refugee Appeals Tribunal	Justice, Equality and Law Reform
Registration of Title Rules Committee	Justice, Equality and Law Reform
Registry of Deeds	Justice, Equality and Law Reform
State Pathology Service	Justice, Equality and Law Reform
Victim Support	Justice, Equality and Law Reform
Arigna Catchment Area Community Company	LEADER II Groups
Ballyhoura Development Ltd	LEADER II Groups
Barrow-Nore-Suir Rural Development Ltd	LEADER II Groups
Blackwater Region LEADER Company Ltd	LEADER II Groups
Carlow Leader Rural Development Co Ltd	LEADER II Groups
Cavan-Monaghan Rural Development Co-op Society Ltd	LEADER II Groups
Comhar Iorrais (Leader) Teo	LEADER II Groups
Comhdháil Oileáin na hÉireann	LEADER II Groups
County Sligo LEADER Partnership Company Ltd	LEADER II Groups
Donegal Local Development Company Ltd	LEADER II Groups
East Cork Area Development Ltd	LEADER II Groups
Galway Rural Development Company Ltd	LEADER II Groups
Inishowen Rural Development Ltd	LEADER II Groups
IRD Duhallow Ltd	LEADER II Groups
Irish Country Holidays	LEADER II Groups
Irish Farmhouse Holidays Ltd	LEADER II Groups

Kildare European Leader II Teo	LEADER II Groups
Laois Rural Development Company Ltd	LEADER II Groups
Longford Community Resources	LEADER II Groups
Louth Leader	LEADER II Groups
Meath Community Partnership Company Ltd	LEADER II Groups
Meitheal Forbartha na Gaeltachta Teo	LEADER II Groups
Mid-South Roscommon Rural Development Company Ltd	LEADER II Groups
Muintir na Tíre	LEADER II Groups
Offaly LEADER Company Ltd	LEADER II Groups
Rural Dublin LEADER Company Ltd	LEADER II Groups
Rural Resource Development Ltd	LEADER II Groups
South West Mayo Development Company Ltd	LEADER II Groups
Tipperary LEADER Group Ltd	LEADER II Groups
Tuatha Chiarraí Teoranta	LEADER II Groups
Waterford Leader Partnership Ltd	LEADER II Groups
West Cork LEADER Co-operative Society Ltd	LEADER II Groups
West Limerick Resources Ltd	LEADER II Groups
Western Rural Development Company Ltd	LEADER II Groups
Wexford Organisation for Rural Development	LEADER II Groups
Wicklow Rural Partnership Ltd	LEADER II Groups
Salmon Research Institute	Marine Institute
Carlow Childcare Committee	National Childcare Management Committee
Cavan Childcare Committee	National Childcare Management Committee

Clare Childcare Committee	National Childcare Management Committee
Cork City Childcare Committee	National Childcare Management Committee
Cork County Childcare Committee	National Childcare Management Committee
Donegal Childcare Committee	National Childcare Management Committee
Dublin City Childcare Committee	National Childcare Management Committee
Dublin South Childcare Committee	National Childcare Management Committee
Dún Laoghaire-Rathdown Childcare Committee	National Childcare Management Committee
Fingal Childcare Committee	National Childcare Management Committee
Galway City and County Childcare Committee	National Childcare Management Committee
Kerry Childcare Committee	National Childcare Management Committee
Kildare Childcare Committee	National Childcare Management Committee
Kilkenny Childcare Committee	National Childcare Management Committee
Laois Childcare Committee	National Childcare Management Committee
Leitrim Childcare Committee	National Childcare Management Committee
Limerick City Childcare Committee	National Childcare Management Committee
Limerick County Childcare Committee	National Childcare Management Committee

Longford Childcare Committee	National Childcare Management Committee
Louth Childcare Committee	National Childcare Management Committee
Mayo Childcare Committee	National Childcare Management Committee
Meath Childcare Committee	National Childcare Management Committee
Monaghan Childcare Committee	National Childcare Management Committee
Offaly Childcare Committee	National Childcare Management Committee
Roscommon Childcare Committee	National Childcare Management Committee
Sligo Childcare Committee	National Childcare Management Committee
Tipperary North Childcare Committee	National Childcare Management Committee
Tipperary South Childcare Committee	National Childcare Management Committee
Waterford City Childcare Committee	National Childcare Management Committee
Waterford County Childcare Committee	National Childcare Management Committee
Westmeath Childcare Committee	National Childcare Management Committee
Wexford Childcare Committee	National Childcare Management Committee
Wicklow Childcare Committee	National Childcare Management Committee
National Pensions Reserve Fund Commission	National Treasury Management Agency
Foras Teangra (North/South Language Body)	North/South Ministerial Council

Foyle, Carlingford and Irish Lights Commission (FCILC)	North/South Ministerial Council
InterTradeIreland	North/South Ministerial Council
Safefood: Food Safety Promotion Board	North/South Ministerial Council
Special European Union Programmes Body	North/South Ministerial Council
Tourism Ireland Ltd	North/South Ministerial Council
Waterways Ireland	North/South Ministerial Council
Law Reform Commission	Office of the Attorney General
Office of the Parliamentary Council to the Government	Office of the Attorney General
Government Supplies Agency	OPW
Office of the Appeal Commissioners	Revenue
Lyric FM	RTÉ
Raidió na Gaeltachta	RTÉ
TG4	RTÉ
National Microelectronics Applications Centre Ltd	SFADCO
National Technology Park Plassey Ltd.	SFADCO
Bord Pinsean – Pensions Board	Social and Family Affairs
Combat Poverty Agency	Social and Family Affairs
Comhairle	Social and Family Affairs
Family Support Agency	Social and Family Affairs
Pensions Ombudsman	Social and Family Affairs
Reach	Social and Family Affairs
Social Welfare Appeals Office	Social and Family Affairs
Social Welfare Tribunal	Social and Family Affairs
Central Statistics Office	Taoiseach

Information Society Commission	Taoiseach
National Centre for Partnership and Performance	Taoiseach
National Economic and Social Council	Taoiseach
National Economic and Social Development Office	Taoiseach
National Economic and Social Forum	Taoiseach
North/South Ministerial Council - Joint Secretariat	Taoiseach
Aer Lingus Group plc	Transport
Aer Rianta cpt	Transport
CIÉ – Córas Iompair Éireann	Transport
Commission for Aviation Regulation	Transport
Dublin Transportation Office	Transport
Irish Aviation Authority	Transport
Medical Bureau of Road Safety	Transport
National Roads Authority	Transport
National Safety Council	Transport
Railway Procurement Agency	Transport
Arramara Teo	Údarás na Gaeltachta

The 211 non-commercial agencies operating at national level (the survey database), Autumn 2003

Agency Name	Parent Body
Agriculture Appeals Office	Agriculture and Food
Bord Bia – Irish Food Board	Agriculture and Food
Teagasc – Agriculture and Food Development Authority	Agriculture and Food
Veterinary Council	Agriculture and Food
Arts Council/An Chomhairle Ealaíon	Arts, Sport and Tourism
Bord Scannan na hÉireann – Irish Film Board	Arts, Sport and Tourism
Chester Beatty Library	Arts, Sport and Tourism
Fáilte Ireland – National Tourism Authority	Arts, Sport and Tourism
Irish Manuscripts Commission	Arts, Sport and Tourism
Irish Museum of Modern Art	Arts, Sport and Tourism
Irish Sports Council	Arts, Sport and Tourism
National Concert Hall	Arts, Sport and Tourism
National Gallery of Ireland	Arts, Sport and Tourism
Irish Financial Services Regulatory Authority	Central Bank and FSA of Ireland
National Statistics Board	Central Statistics Office
Aquaculture Licence Appeals Board	Communications, Marine and Natural Resources
Bord Iascaigh Mhara – Irish Sea Fisheries Board	Communications, Marine and Natural Resources
Broadcasting Commission of Ireland	Communications, Marine and Natural Resources
Broadcasting Complaints Commission	Communications, Marine and Natural Resources
Central Fisheries Board	Communications, Marine and Natural Resources

Commission for Communications Regulations	Communications, Marine and Natural Resources
Commission for Energy Regulation	Communications, Marine and Natural Resources
Commissioners of Irish Lights	Communications, Marine and Natural Resources
Digital Hub Development Agency	Communications, Marine and Natural Resources
Irish Maritime Development Office	Communications, Marine and Natural Resources
Marine Casualty Investigation Board	Communications, Marine and Natural Resources
Marine Institute (Foras na Mara)	Communications, Marine and Natural Resources
MediaLabEurope	Communications, Marine and Natural Resources
Mining Board	Communications, Marine and Natural Resources
National Oil Reserves Agency	Communications, Marine and Natural Resources
Sustainable Energy Ireland	Communications, Marine and Natural Resources
Bord na Leabhair Gaelige	Community, Rural and Gaeltacht Affairs
Commissioners of Charitable Donations and Bequests	Community, Rural and Gaeltacht Affairs
Dormant Accounts Fund Disbursements Board	Community, Rural and Gaeltacht Affairs
National Advisory Committee on Drugs	Community, Rural and Gaeltacht Affairs
Placenames Commission	Community, Rural and Gaeltacht Affairs

Western Development Commission	Community, Rural and Gaeltacht Affairs
Army Pensions Board	Defence
Board of Civil Defence	Defence
Coiste an Asgard	Defence
An Chomhairle um Oideachais Gaeltachta agus Gaelscolaíochta	Education and Science
Commission on Child Abuse	Education and Science
Commission on School Accommodation	Education and Science
Dublin Institute for Advanced Studies	Education and Science
Further Education and Training Awards Council (FETAC)	Education and Science
Higher Education and Training Awards Council (HETAC)	Education and Science
Higher Education Authority	Education and Science
Institúid Teangeolaíochta Éireann (ITÉ)	Education and Science
Integrate Ireland Language and Training Ltd. (IILT)	Education and Science
International Education Board Ireland	Education and Science
Irish Council for Science, Engineering and Technology (incl. Embark)	Education and Science
Irish Research Council for Science, Engineering and Technology (inc. Embark Initiative)	Education and Science
Irish Research Council for the Humanities and Social Science	Education and Science
Léargas – The Exchange Bureau	Education and Science
National Adult Learning Council	Education and Science
National Centre for Guidance in Education	Education and Science
National Centre for Technology in Education	Education and Science
National Council for Curriculum and Assessment	Education and Science

National Education Welfare Board	Education and Science
National Educational Psychological Service	Education and Science
National Qualifications Authority of Ireland	Education and Science
President's Award – Gaisce	Education and Science
Registration Council	Education and Science
Residential Institution Redress Board	Education and Science
Royal Irish Academy	Education and Science
Royal Irish Academy of Music	Education and Science
State Examinations Commission	Education and Science
Crafts Council of Ireland	Enterprise Ireland
Companies Registration Office	Enterprise, Trade and Employment
Competition Authority	Enterprise, Trade and Employment
Employment Appeals Tribunal	Enterprise, Trade and Employment
Enterprise Ireland	Enterprise, Trade and Employment
FÁS (Foras Áiseanna Saothair) incl. FÁS International Consulting Ltd.	Enterprise, Trade and Employment
Forfás	Enterprise, Trade and Employment
Health and Safety Authority	Enterprise, Trade and Employment
IDA Ireland	Enterprise, Trade and Employment
Labour Court	Enterprise, Trade and Employment
Labour Relations Commission	Enterprise, Trade and Employment
National Standards Authority of Ireland	Enterprise, Trade and Employment

Office of the Director of Consumer Affairs	Enterprise, Trade and Employment
Office of the Director of Corporate Enforcement	Enterprise, Trade and Employment
Office of the Registrar of Friendly Societies	Enterprise, Trade and Employment
Patents Office	Enterprise, Trade and Employment
European Consumer Centre	Enterprise, Trade and Employment/EU
An Chomhairle Leabharlanna – Library Council	Environment, Heritage and Local Government
Bord Pleanála	Environment, Heritage and Local Government
Building Regulations Advisory Body (BRAB)	Environment, Heritage and Local Government
Comhar – National Sustainable Development Partnership	Environment, Heritage and Local Government
ENFO – The Environmental Information Service	Environment, Heritage and Local Government
Environmental Protection Agency	Environment, Heritage and Local Government
Fire Services Council	Environment, Heritage and Local Government
Heritage Council	Environment, Heritage and Local Government
Irish Water Safety Association	Environment, Heritage and Local Government
Local Government Computer Services Board	Environment, Heritage and Local Government
Local Government Management Services Board	Environment, Heritage and Local Government

Met Éireann	Environment, Heritage and Local Government
National Traveller Accommodation Consultative Committee	Environment, Heritage and Local Government
Radiological Protection Institute of Ireland	Environment, Heritage and Local Government
Referendum Commission	Environment, Heritage and Local Government
Rent Tribunal	Environment, Heritage and Local Government
Economic and Social Research Institute	Finance
ERDF and Cohesion Fund Financial Control Unit	Finance
Office of Public Works	Finance
Office of the Information Commissioner	Finance
Standards in Public Office Commission	Finance
State Laboratory	Finance
Valuation Office	Finance
Valuation Tribunal	Finance
NDP/CSF Evaluation Unit	Finance/EU
NDP/CSF Information Office	Finance/EU
NDP/CSF IT Unit	Finance/EU
DCI Advisory Board (The Advisory Board for Development Cooperation Ireland)	Foreign Affairs
The Fulbright Commission	Foreign Affairs
Irish Council for Science, Technology and Innovation	Forfás
Irish National Accreditation Board	Forfas
National Competitiveness Council	Forfás
Science Foundation Ireland (SFI)	Forfás

Bord Altranais – Nursing Board	Health and Children
Bord na Radharcmhastóirí – Opticians Board	Health and Children
Bord Uchtála – The Adoption Board	Health and Children
Comhairle na nOspidéal	Health and Children
Consultative Council on Hepatitis C	Health and Children
Crisis Pregnancy Agency	Health and Children
Dental Council	Health and Children
Drug Treatment Centre Board	Health and Children
Food Safety Authority of Ireland	Health and Children
General Medical Services (Payments) Board	Health and Children
General Register Office	Health and Children
Health Boards Executive	Health and Children
Health Research Board	Health and Children
Health Service Employers Agency	Health and Children
Hospital Bodies Administrative Bureau	Health and Children
Hospitals Trust Board	Health and Children
Institute of Public Health in Ireland	Health and Children
Irish Blood Transfusion Service	Health and Children
Irish Health Services Accreditation Board	Health and Children
Irish Medicines Board	Health and Children
Medical Council	Health and Children
Mental Health Commission	Health and Children
National Breast Screening Board/BreastCheck	Health and Children
National Cancer Registry Board	Health and Children
National Children's Advisory Council	Health and Children
National Children's Office	Health and Children
National Council for the Professional Development of Nursing and Midwifery	Health and Children
National Council on Ageing and Older People	Health and Children
National Disease Surveillance Centre	Health and Children

National Social Work Qualifications Board	Health and Children
National Strategy for Nursing and Midwifery in the Community	Health and Children
National Treatment Purchase Fund	Health and Children
Office for Health Management	Health and Children
Office of Tobacco Control	Health and Children
Pharmaceutical Society of Ireland	Health and Children
Poisons Council	Health and Children
Postgraduate Medical and Dental Board	Health and Children
Pre-Hospital Emergency Care Council	Health and Children
Social Services Inspectorate	Health and Children
Special Residential Services Board	Health and Children
Womans Health Council	Health and Children
Office for Health Gain	Health Boards
Censorship of Films Appeal Board	Justice, Equality and Law Reform
Censorship of Publications Appeal Board	Justice, Equality and Law Reform
Censorship of Publications Board	Justice, Equality and Law Reform
Courts Service	Justice, Equality and Law Reform
Criminal Injuries Compensation Board	Justice, Equality and Law Reform
Equality Authority	Justice, Equality and Law Reform
Film Censors Office	Justice, Equality and Law Reform
Forensic Science Laboratory	Justice, Equality and Law Reform
Garda Síochána Complaints Appeal Board	Justice, Equality and Law Reform

Garda Síochána Complaints Board	Justice, Equality and Law Reform
Human Rights Commission	Justice, Equality and Law Reform
Inspector of Prisons and Places of Detention	Justice, Equality and Law Reform
Irish Prison Service	Justice, Equality and Law Reform
Judicial Appointments Advisory Board	Justice, Equality and Law Reform
Judicial Studies Institute	Justice, Equality and Law Reform
Land Registry/Registry of Deeds	Justice, Equality and Law Reform
Legal Aid Board (incl. Refugee Legal Service)	Justice, Equality and Law Reform
National Childcare Management Committee	Justice, Equality and Law Reform
National Consultative Committee on Racism and Interculturalism	Justice, Equality and Law Reform
National Crime Council	Justice, Equality and Law Reform
National Disability Authority	Justice, Equality and Law Reform
NDP Gender Equality Unit	Justice, Equality and Law Reform
Office of the Data Protection Commissioner	Justice, Equality and Law Reform
Office of the Director of Equality Investigations	Justice, Equality and Law Reform
Office of the Director of Public Prosecutions	Justice, Equality and Law Reform

Office of the Refugee Applications Commissioner	Justice, Equality and Law Reform
Parole Board	Justice, Equality and Law Reform
Probation and Welfare Service	Justice, Equality and Law Reform
Reception and Integration Agency	Justice, Equality and Law Reform
Refugee Appeals Tribunal	Justice, Equality and Law Reform
Registration of Title Rules Committee	Justice, Equality and Law Reform
State Pathology Service	Justice, Equality and Law Reform
National Pensions Reserve Fund Commission	National Treasury Management Agency
Chief State Solicitor's Office	Office of the Attorney General
Law Reform Commission	Office of the Attorney General
Office of the Appeal Commissioners	Revenue
Bord Pinsean – Pensions Board	Social and Family Affairs
Combat Poverty Agency	Social and Family Affairs
Comhairle	Social and Family Affairs
Family Support Agency	Social and Family Affairs
Pensions Ombudsman	Social and Family Affairs
Reach	Social and Family Affairs
Central Statistics Office	Taoiseach
National Centre for Partnership and Performance	Taoiseach

National Economic and Social Council	Taoiseach
National Economic and Social Development Office	Taoiseach
National Economic and Social Forum	Taoiseach
Commission for Aviation Regulation	Transport
Interim Railway Safety Commission	Transport
Medical Bureau of Road Safety	Transport
National Roads Authority	Transport
National Safety Council	Transport

The survey questionnaire and cover letter

Letter distributed to CEOs of non-commercial national level agencies

12 August 2004

Dear

Re: Corporate governance of Irish public service bodies

I am writing to request your assistance with a study on the governance and accountability of Irish public sector bodies. This study has been commissioned by the Committee for Public Management Research (CPMR) and is being carried out by the Institute of Public Administration (IPA), in conjunction with the Institut voor Overheid[36] of the Catholic University of Leuven, which is carrying out a related study of public sector bodies in Belgium.

A key objective of the study is to survey non-commercial public sector bodies to assess their autonomy and accountability. We would be grateful therefore if you could take approximately 25 minutes to fill out a questionnaire on this for your organisation, by 15 September 2004. The questionnaire is to be completed on-line, and will be completely confidential, as only personnel in the Research Division of the IPA will be issued with passwords to access the data. The questionnaire is being hosted on the server of the Institut voor Overheid and is accessible at the following web address: www.soc.kuleuven.ac.be/io/survey/Irishagencies2004. It is intended that the questionnaire be completed by the CEO of each organisation; however you may consider it more appropriate to pass it on to another senior member of your organisation for completion.

Instructions for completing the questionnaire are included on the webpage. If for any reason you are not able to access the

webpage and would like a PDF version of the questionnaire emailed to you, or if you have any other queries or comments, please contact the survey manager Dr Anne-Marie McGauran at ammcgauran@ipa.ie or 01–240 3758.

Your answers will be reported in a way that will not reveal the identity of your organisation, and the aggregate findings of the survey will form a major part of a CPMR report on the governance of Irish public sector bodies, to be published in mid 2005. In the meantime, all those who complete the questionnaire will receive a copy of the summary findings from the survey, as well as a copy of the final CPMR report. The results of the study will provide a valuable resource to assist the future development of governance in Irish public sector bodies, and so assist you in your work.

Yours sincerely

Web questionnaire on the governance and accountability of Irish public service bodies

Introduction
Thank you for accessing this site. It contains a questionnaire which will provide key information for a study of the autonomy and accountability of Irish public sector bodies. This study has been commissioned by the Committee for Public Management Research (CPMR[37]) and is being carried out by the Institute of Public Administration (IPA[38]), in conjunction with the Institut voor Overheid (Institute for Government) of the Catholic University of Leuven, which is carrying out a related study of public sector bodies in Belgium.

This page contains the following information:
The structure of the questionnaire
How to complete the questionnaire
Contact details for further information

Structure of the questionnaire
The questionnaire consists of four sections.
– Section one: The Organisation. This seeks information on the organisation's history and its current functions.
– Section two: Autonomy. This assesses the autonomy of the

organisation in terms of HR, finance and policy.

– Section three: Accountability and responsibility. This provides information on the organisation's board and the responsibilities of its CEO.

– Section four: Accountability and direction. This records information on the organisation's strategy and direction.

How to complete the questionnaire
To complete the questionnaire, please click on each section
Section one
Section two
Section three
Section four
to enter these sections and complete them.

The questions look for three types of answer. These are

– select one option of those listed;

– select more than one option of those listed; or

– provide a text answer in the space provided.

At the end of each section you will be given options both to record the information you have submitted, and to proceed to the following section. If you do not want to complete all the sections at the same time, you may also access each section independently from this page.

Definitions are also included for various terms – if you hold your cursor over these terms, a textbox with the definition will be visible.

Contact details for further information
For any queries you may have in completing this questionnaire, please contact the survey manager Dr Anne-Marie McGauran, at **ammcgauran@ipa.ie**, or 01-240 3758; or Dr Peter Humphreys, at **phumphreys@ipa.ie**, or 01-240 3755.

Thank you.

Section one

Respondent information

Organisation name (text answer) _____

What is your function in the organisation? (please select one option)

– CEO   _____

– company secretary _____

– financial director   _____

– HR director   _____

– senior manager   _____

– other (please specify)   _____

The organisation

1. To what Government Department or agency does your organisation report directly? (text answer) _____
   _____

2. What is the policy field in which your organisation operates? (please select up to two options)

– communications	_____	infrastructure	_____
– culture	_____	sports	_____
– education	_____	training	_____
– enterprise	_____	finance	_____
– environment	_____	natural resources	_____
– health	_____	safety	_____
– information	_____	research	_____
– social service	_____	equality	_____
– justice	_____	local development	_____
– public administration	_____	other, please specify	_____

3. What is the main function of the organisation? (please select up to two options)

   - to advise   _____

   - direct implementation of policy   _____

   - provision of information   _____

   - commercial development   _____

   - promotional (non-commercial) development _____

   - registration   _____

    – regulation   _____
    – co-ordination   _____
    – other (please specify) _____

4. Where is the organisation physically located? (please select one option)
    – within a Department   _____
    – outside a Department   _____
    – other (please specify) _____

5. In what year was your organisation established in its present form? (text answer) _____

6. Did the organisation exist in a previous form? (please select one answer)
    – Yes _____
    – No   _____   If no, please proceed to question 8

7. If yes, what organisation/s preceded it and approximately when were they set up? (text answer) _____

_____

8. What was the influence of the EU in the organisation's [current] set-up? (please select one option)
    – strong influence   _____
    – some influence   _____
    – no influence   _____

If no influence, please proceed to Qn. 10

9. If there was EU influence, what was this due to? (please select one option)
    – EU legislation   _____
    – EU funding   _____
    – both   _____
    – other, please specify_____

10. Under what type of legislation was the organisation set up? (please select one option)
    – Irish Act   _____
    – Irish statutory instrument   _____

- EU legislation   _____
- Other, please specify   _____
- Not applicable   _____

11. What is the legal status of the organisation? (please select one option)
    - private company   _____
    - public company   _____
    - statutory corporation   _____
    - corporate body   _____
    - other, please specify   _____
    - don't know   _____
    - not applicable   _____

12. What were the employee numbers (full-time equivalents) at the end of 2003? (text answer) _____

13. What was the organisation's budget for 2003? (text answer) _____

14. Does Freedom of Information legislation apply to the organisation? (please select one option)
    - Yes _____
    - No _____

Section two - Autonomy

15. Human Resources – is the organisation able to **set general policy** for the organisation on the following, without Ministerial/Departmental influence?
- Staff numbers (please select one option)   yes   no   N/A
- Staff salary levels (please select one option) yes   no   N/A
- Conditions for promotion (please select one option)
                                  yes   no   N/A
- Staff tenure (please select one option)   yes   no   N/A
- Staff evaluation schemes (please select one option)
                                  yes   no   N/A

16. Human Resources – is the organisation able to decide on the
     following for **individual** members of staff, without
     Ministerial/Departmental influence?
–   Salary (please select one option)
          o   yes for all staff
          o   yes for most staff
          o   yes for some staff
          o   no
          o   N/A
–   Promotion (please select one option)
          o   yes for all staff
          o   yes for most staff
          o   yes for some staff
          o   no
          o   N/A
-    Tenure (please select one option)
          o   yes for all staff
          o   yes for most staff
          o   yes for some staff
          o   no
          o   N/A

–   Staff evaluation (please select one option)
          o   yes for all staff
          o   yes for most staff
          o   yes for some staff
          o   no
          o   N/A
–   Dismissals (please select one option)
          o   yes for all staff
          o   yes for most staff
          o   yes for some staff
          o   no
          o   N/A

17. Finance – Can the organisation do the following:
–   Take out loans (please select one answer)
          o   Yes, fully without conditions set by
                   Minister/Department and without prior approval
                   from Minister/Department
          o   Yes, within conditions set by
                   Minister/Department or with prior approval from

        Minister/Department
-     o   No
-     o   N/A

– Set charges for services (please select one answer)
  - o   Yes, fully without conditions set by Minister/Department and without prior approval from Minister/Department
  - o   Yes, within conditions set by Minister/Department or with prior approval from Minister/Department
  - o   No
  - o   N/A

– Shift budget allocations between different functions (please select one answer)
  - o   Yes, fully without conditions set by Minister/Department and without prior approval from Minister/Department
  - o   Yes, within conditions set by Minister/Department or with prior approval from Minister/Department
  - o   No
  - o   N/A

– Shift budget allocations between years (please select one answer)
  - o   Yes, fully without conditions set by Minister/Department and without prior approval from Minister/Department
  - o   Yes, within conditions set by Minister/Department or with prior approval from Minister/Department
  - o   No
  - o   N/A

18. Policy – how does the organisation decide on the target group for its actions/functions? (please select one option)

– Organisation takes most of the decisions itself, Minister/Department only slightly involved in the decision making process and sets few restrictions

– Organisation takes most of the decisions itself, following consultation with the Minister/Department

– Organisation takes most of the decisions itself under conditions or restrictions set by the Minister/Department

– The Minister/Department takes most of the decisions,
  following consultation with the organisation
– The Minister/Department takes most of the decisions,
  independently of the organisation
– Other (please specify) _____
– Not applicable

19. How does the organisation decide on the policy instruments
     whereby it delivers its functions? (please select one option)
– Organisation takes most of the decisions itself,
  Minister/Department only slightly involved in the decision
  making process and sets few restrictions
– Organisation takes most of the decisions itself, following
  consultation with the Minister/Department
– Organisation takes most of the decisions itself under
  conditions or restrictions set by the Minister/Department
– The Minister/Department takes most of the decisions,
  following consultation with the organisation
– The Minister/Department takes most of the decisions,
  independently of the organisation
– Other (please specify) _____
– Not applicable

Thank you for completing this section.
To record and forward this information please click here.
Then, to proceed to section three, please click here.

Section three - Accountability and responsibility
20. Does the organisation have a board which is responsible for
     overseeing the direction and delivery of the organisation's
     performance? (please select one option)
– yes
– no
– N/A. If the answer is no or N/A – please skip to question 23

21. If yes to question 20, who appoints the board members?
     (please select all relevant options)
– Minister alone
– Minister after formal consultation with organisation

- Minister after informal consultation with organisation
- Minister after nomination by and/or consultation with interest groups
- other (please specify) _____

22. How many board members are there from the following groups, and how many of these have voting rights?

Type of representative	Number of these representatives	Number of these representatives with voting rights
– Central Government reps	_____	_____
– Other Governmental reps	_____	_____
– Reps of employee organisations	_____	_____
– Reps of employer organisations	_____	_____
– Reps of stakeholders	_____	_____
– Reps of employees of the organisation	_____	_____
– Independent experts	_____	_____
– Other	_____	_____

23. Has the board/organisation established an audit committee? (please select one option)
- yes
- no
- N/A. If the answer is no or N/A – please skip to question 26

24. If yes, how many members does the audit committee have? (text answer) _____

25. And how many members have expertise in the following?
- audit and accounting _____
- general management _____
- other _____

26. Does the organisation/board publish an annual report? (please select one option)

– yes

– no

27. Does the organisation/board have a code of business conduct defining the standards of behaviour to which board members are to subscribe? (please select one option)

– yes

– no

28. Does the organisation/board have a code of business conduct defining the standards of behaviour to which employees of the organisation are to subscribe? (please select one option)

– yes

– no

29. Does the organisation use the following? (please select one option)

– an external audit service

– an internal audit service

– both

– none of these

30. If the organisation uses an external audit service, in what year was the last external audit carried out? (text answer)
   _____

31. Which of the following are considered in either the external or internal audit process? (please select all options which apply)

– Financial results

– Organisational results

– Legality and compliance

– Internal control systems

– Other (please specify) _____

32. What is the organisation's main source of income? (please
     select one option)
–   direct budget allocation from Government
–   transfers from other Government budgets
–   fees/charges
–   gifts/sponsorship/membership
–   other (please specify) _____

Thank you for completing this section.
To record and forward this information please click here.
Then, to proceed to section four, please click here.

Section four - **Accountability and direction**
33. Does the organisation produce a document which specifies
     the following? (please select one answer for each item)

– strategy	yes	no	N/A
– objectives	yes	no	N/A
– planned investment	yes	no	N/A
– financial targets	yes	no	N/A
– non-financial targets	yes	no	N/A

34. If the above are specified in a document, in what type of document are these specified? (please select all relevant options)

	Internal unpublished document	*Unpublished document for Government*	*Unpublished document for EU*	*Published document*	*Other*
strategy	_____	_____	_____	_____	_____
objectives	_____	_____	_____	_____	_____
planned investment	_____	_____	_____	_____	_____
financial targets	_____	_____	_____	_____	_____
non-financial targets	_____	_____	_____	_____	_____

35. Does the organisation report on how it has delivered on the following? (please select one answer for each item)
   – strategy   yes   no   N/A
   – objectives   yes   no   N/A
   – planned investment   yes   no   N/A
   – financial targets   yes   no   N/A
   – non-financial targets   yes   no   N/A

36. If the organisation reports on delivery of the items listed in question 35, in what type of document are these reported? (please select all relevant)

	Internal unpublished document	*Unpublished document for Government*	*Unpublished document for EU*	*Published document*	*Other*
strategy	_____	_____	_____	_____	_____
objectives	_____	_____	_____	_____	_____
planned investment	_____	_____	_____	_____	_____
financial targets	_____	_____	_____	_____	_____
non-financial targets	_____	_____	_____	_____	_____

37. What are the specific rewards for delivery on the following? (please select all relevant)

	Increased resources	*Increased wages*	*Greater autonomy*	*None*	*Other (specify)*
strategy	_____	_____	_____	_____	_____
objectives	_____	_____	_____	_____	_____
planned investment	_____	_____	_____	_____	_____
financial targets	_____	_____	_____	_____	_____
non-financial targets	_____	_____	_____	_____	_____

38. What are the specific sanctions for non-delivery on these? (please select all relevant)

	Decreased resources	Decreased wages	Less autonomy	None	Other (specify)
strategy	_____	_____	_____	_____	_____
objectives	_____	_____	_____	_____	_____
planned investment	_____	_____	_____	_____	_____
financial targets	_____	_____	_____	_____	_____
non-financial targets	_____	_____	_____	_____	_____

39. Please describe the targets specified by your organisation (please select one option)
– Predominantly quantitative
– Predominantly qualitative
– N/A

40. Who appoints the CEO? (please select one option)
– the board
– the board after nomination by or consultation with the organisation (i.e. management or employees)
– the Government or Minister
– the Government or Minister after nomination by or consultation with the board or with the organisation itself (i.e. management or employees)
– another actor (please specify)_____

41. Is the specific role of the CEO recorded in writing? (please select one option)
– yes
– no. If no, please proceed to question 43

42. If yes, where is this written? (please select all relevant options)
– legislation
– CEO contract
– other (please specify) _____

43. Is the specific accountability of the CEO recorded in writing? (please select one option)
– yes
– no. If no, please proceed to question 45

44. If yes, where is this written? (please select all relevant options)
– legislation
– CEO contract
– other (please specify) _____

45. What is the CEO accountable for? (please select relevant answer for each option)

– results	yes	no	N/A
– functioning of organisation	yes	no	N/A
– administration of budget	yes	no	N/A
– compliance with rules and regulations	yes	no	N/A
– other	yes	no	N/A
– none of these	yes	no	N/A

46. On what type of contract is the CEO appointed? (please select one option)
– permanent
– fixed term

47. To what extent do the following happen in your organisation? For each item, please number as follows:

1 - they do not happen; 2 - to some extent;
3 - to a large extent; 4 - not applicable

– Development of innovative products and/or services _____
– Charging for services to customers _____
– Multi-annual business plans _____

– Managing divisions in the organisation on the basis of
  objectives and results   _____

– Internal allocation of resources to divisions on the basis of
  results   _____

– Development of internal reporting and evaluation systems to
  enable the governing board to assess results with regard to
  objectives   _____

– Development of internal reporting and evaluation systems to
  enable management to assess results with regard to
  objectives   _____

– Extension of internal management autonomy to lower
  management levels in terms of financial management

                                                      _____

– Extension of internal management autonomy to lower
  management levels in terms of HR management

                                                      _____

– Development of results oriented HRM (such as performance
  related pay, setting of objectives and targets)

                                                      _____

– Development of systems to calculate product prices

                                                      _____

– A shift in the role of the organisation's board from more
  operational to more strategic oriented control

                                                      _____

– Public reporting on the organisation's financial performance
  in e.g. annual reports   _____

– Public reporting on the organisation's non-financial
  performance in e.g. annual reports   _____

– Quality standards for production / service delivery

                                                      _____

– Customer surveys   _____

– Quality management systems (e.g. ISO)   _____

– Internal units that monitor quality   _____

Thank you for completing the questionnaire. To record and
forward this information, please click here.

Definitions

Public service body – a public sector organisation that has the following characteristics:
– Performs some public function
– Is structurally differentiated from other organisations
– Has some capacity for autonomous decision making
– Has some expectation of continuity over time
– Has some personnel and
– Has some financial resources.

Qn 2 - Policy field
– *infrastructure* – includes housing, infrastructure services, infrastructure
– *natural resources* – includes agriculture, fisheries, environment, natural resources
– *health* – includes health and medical
– *local development* – urban and rural
– *social service* – includes charity, childcare, children, social development, social security

Qn 3 - **Function of organisation**
– *Implementing policy* – e.g. direct service delivery, or transfer of funds
– *Regulation* – regulation of economic or social issues in wider society; or regulation of the public sector
– *Advice and policy development* – providing objective advice about policies
– *Information* – collection and/or provision of information, for public use
– *Research*
– *Commercial development*
– *Promotional* – focused on developing a sector, but not for commercial ends, e.g. the promotion of the Irish language, or of safety, or of literacy
– *Representation* – providing segments of civil society with representational and participatory opportunities
– *Registration* – registration of professional groups, e.g. nurses

– *Co-ordination* – co-ordinating the activities of a number of different groups or organisations

Qn 4 - **Location** – the location in which the office space of the organisation is physically based

Qn 15 - **Ability to set general policy on HR** – meaning that the organisation has free choice to set general principles and rules with regard to the use of resources in the HR area

Qn 15/16 - **Staff tenure** – i.e. length of contract, such as temporary or permanent

Qn 18 - **Target group** – groups at whom the organisation's policy instruments are directed

Qn 19 - **Policy instrument** – instruments with which policy is implemented, e.g. subsidies, training, provision of information

Qn 22 - **Board members**
– other Governmental representatives – e.g. those from local government
– representatives of employee organisations – e.g. those from trade unions
– representatives of employees of the organisations – e.g. a staff representative
– representatives of stakeholders, e.g. interest groups

Qn 23 - **Audit committee** – a committee with responsibility for independent review of systems of internal control and the external audit process

Qn 29 - **Internal audit service** – review of the financial management and results of the organisation, by the organisation

Qn 29-**30** - **External audit service** – review of the financial management and results of the organisation, by an external body

Qn 33-38

Strategy – means by which resources will be used to meet organisation's objectives

Objectives – the goals of the organisation's work

Planned investment – investment to expand the organisation, or to expand its existing work

Financial targets – a specified goal in terms of finance, e.g. to spend 100,000 euro on a specific policy area

Non-financial targets – a specified goal in a non-financial area, e.g. number of persons to be trained, number of webpage hits

Qn 33 - Documents

Unpublished document for Government - e.g. progress on meeting Sustaining Progress commitments

Unpublished document for EU - e.g. progress report for Structural Funds monitoring committees

Qn 37 - Rewards

Increased resources - increased financial resources for the organisation

Increased wages - wage increase or bonus for manager or other staff

Greater autonomy - more autonomy for the organisation in relation to overseeing Government Department/organisation

Qn 40 - CEO – the manager of the organisation, the person who is responsible for the day-to-day management of the organisation and thus also for implementation of its functions

Validity of the survey data

Comparison of the demographic information available for both the total number of non-commercial agencies operating at national level (211) and those that completed the survey (93) indicated similarities between both populations.

Comparison was carried out of the parent body to which agencies reported, as outlined in Table 1 below.

Table 1: Parent body to which agencies report

Parent body	Percentage of 211 agencies	Percentage of 93 surveyed agencies
Health and Children	19	19
Justice, Equality and Law Reform	15	13
Education and Science	13	11
Communications, Marine and Natural Resources	8	8
	8	10
Environment, Heritage and Local Government	10	12
	7	9
Other	4	3
Enterprise, Trade and Employment	4	3
Arts, Sport and Tourism	3	1
Finance	3	4
Community, Rural and Gaeltacht Affairs	2	4
Social and Family Affairs	2	2
Agriculture and Food	2	1
Taoiseach		
Transport		

This table shows that the range of parent bodies to which the respondent agencies reported is very similar to the range of parent bodies to which all national level non-

commercial agencies report, indicating that the sample is representative of the agency population overall.

A comparison was also made of the decade in which the agencies were established – see Table 2.

Table 2: Decade in which agencies were established

Decade in which agency was established	Percentage of 211 agencies	Percentage of 93 surveyed agencies
Unknown	1	2
Pre 1900s	3	3
1910s	1	0
1920s	4	3
1930s	1	2
1940s	5	3
1950s	3	2
1960s	6	5
1970s	9	3
1980s	9	10
1990s	34	38
2000s	24	29

This table indicates that the decade in which the surveyed agencies were set up correlates very well with the decade in which all national level non-commercial agencies were set up.

A comparison was also made of the functions which the agencies carry out. This issue is more difficult to compare as only a maximum of two such functions was allowed per agency, even though a number carry out more than two functions. In addition, for the database of 211 agencies, this issue was defined through documentary research, while for each agency responding to the survey it was self-defined. This allows greater variation between the sample and whole population than is the case for information such as parent department and date of agency establishment. Nonetheless, many similarities were evident, as the table outlined below indicates.

Table 3: Main functions of agencies

Function	Percentage of 211 agencies	Percentage of 93 surveyed agencies
Advice	20	23
Other	11	18
Regulation	16	13
Implement policy	16	15
Information	8	13
Registration	6	6
Promotional development	14	6
Co-ordination	3	4
Commercial development	5	3

Note: some agencies have more than one main function

The above table shows that the range of functions carried out by the sample of agencies was similar to the range of functions carried out by all agencies, with the exception of the 'other', 'promotional development' and 'information' functions.

Overall, comparison of the demographic information from the database of 211 public service agencies and the agencies which completed the questionnaire indicates that the responding sample is strongly representative of the population of agencies as a whole.

Explanation of matrices

Strategic HR autonomy
This measures combinations of the ability of agencies to decide on strategic general policy in relation to staff numbers, staff salary levels, conditions for promotion, staff tenure and staff evaluation schemes (see question 15 of the questionnaire in Appendix 3). The score is based on a matrix developed by the Instituut voor de Overheid for their 2002 study of Belgian agencies. Agencies which are able to decide on all of the above issues without ministerial/departmental influence have maximum strategic HR autonomy, those which are able to decide on four of these issues independently have strategic HR autonomy, down to those who are unable to decide on any of these issues independently and which have no strategic HR autonomy.

The scores for each answer are as follows:
Yes – 1
No – 2
Maximum total possible (there are five variables) = 10 (no strategic HR autonomy)
Minimum total possible = 5 (maximum strategic HR autonomy)

Ranked scores:
10 – no strategic HR autonomy
9 – minimum strategic HR autonomy
8 – low strategic HR autonomy
7 – moderate strategic HR autonomy
6 – high strategic HR autonomy
5 – maximum strategic HR autonomy

In a number of cases an answer of 'not relevant' or a missing answer was given. Where this was the case for one or two of the five items, then the score was recalculated based on the number of answers given. For example if four answers were given, two 'yes' and two 'no', then the total score was 6 out of a maximum score of 8. This worked out

at a ranked score of 7.5, rounded up to 8, so this agency then scored a ranked score of low strategic HR autonomy.

Where more than two items out of five had missing or not relevant answers, the case was treated as missing data.

General HR autonomy
This measures combinations of the ability of agencies to decide on HR conditions for individual members of staff, in relation to salary, promotion, tenure, evaluation and dismissals (see question 16 of the questionnaire in Appendix 3). The scores allocated for each answer were as follows:

Yes, can decide for all staff – 1
Can decide for most staff – 2
Can decide for some staff – 3
Cannot decide – 4
Maximum total possible (there are five variables) = 20 (no HR autonomy for individual staff)
Minimum total possible = 5 (maximum HR autonomy for individual staff)

As the agencies could provide a range of answers, the ranked scores were therefore as follows:

5 – maximum HR autonomy for individual staff
6-10 – high HR autonomy for individual staff
11-14 – moderate HR autonomy for individual staff
15-19 – low HR autonomy for individual staff
20 – no HR autonomy for individual staff

Scores of e.g. between 11 and 15 could be scored where the agency had autonomy for all staff on some issues, and for no staff on other issues.

Again in a number of cases an answer of 'not relevant' or a missing answer was given. Where this was the case for one or two of the five items, then the score was recalculated based on the number of answers given. For example if four answers were given, two 'for some staff' and two 'for most staff', then the total score was 10 (2 x 2 plus 2 x 3) out of a maximum score of 16. This worked out at a ranked score of 12.5, rounded up to 13, so this agency then scored a ranked score of moderate strategic HR autonomy.

Where more than two items out of five had missing or not relevant answers, the case was treated as missing data.

Financial autonomy
This measures combinations of the ability of agencies to be able to take out loans, set charges, shift budget allocations by function and shift budget allocations by year (see question 17 of the questionnaire in Appendix 3). The scores allocated for each answer were as follows:

Yes, can decide without ministerial/departmental approval – 1
Can decide with ministerial/departmental approval – 2
Cannot decide – 3
Maximum total possible (there are four variables) = 4 (maximum financial autonomy)
Minimum total possible = 12 (no financial autonomy)

As the agencies could provide a range of answers, the ranked scores were therefore as follows:

4 – maximum financial autonomy
5-6 – high financial autonomy
7-8 – moderate financial autonomy
9-11 – low financial autonomy
12 – no financial autonomy

Scores of e.g. between 5 and 7 could be scored where the agency could decide on two issues without departmental/ministerial approval and on two others with departmental/ministerial approval (2 x 1 plus 2 x 2), yielding a ranked score of 6, high financial autonomy.
Again in a number of cases an answer of 'not relevant' or a missing answer was given. Where this was the case for one or two of the four items, then the score was recalculated based on the number of answers given. For example if three answers were given, two stating 'yes, with ministerial/departmental approval' and one stating 'no', then the total score was 7 (2 x 2 plus 1 x 3) out of a maximum score of 9. This worked out at a ranked score of 9, so this agency then scored a ranked score of low financial autonomy.
Where more than two items out of four had missing or

not relevant answers, the case was treated as missing data.

Policy autonomy

This matrix measures the autonomy of the agency in relation to its choice of target group and policy instruments (see question 18 of the questionnaire in Appendix 3). The scores for each answer were as follows:

Agency decides, little or no departmental/ministerial involvement – 1
Agency decides following consultation with department/minister – 2
Agency decides within conditions set by department /minister – 3
Department/minister decides following consultation with agency – 4
Department/minister decides, agency not involved – 5

   In some cases, these conditions were set by legislation. In this case, the score given was 3, the median score for autonomy, as in this case neither the agency nor the department had autonomy over each other.

Maximum total possible (there are two variables) = 2 (maximum autonomy)
Minimum total possible = 10 (no autonomy)

The ranked scores are therefore:
2 – maximum policy autonomy
3-4 – high policy autonomy
5-6 – moderate policy autonomy
7-8 – low policy autonomy
9 – minimum policy autonomy
10 – no policy autonomy

Where one missing 'not relevant' or 'other' answer was given, the ranked score was then based on the other answer. Where both answers fell into this category the cases were treated as missing data.

Case study interview schedule - main topics discussed

Functions and form
What is the agency set up to do? (objectives, goals)

Why was the agency set up in its current form? If changed in form – why?
Advantages/disadvantages of this structure for delivering function?
Could the tasks be carried out by another body? e.g. department, private sector?

Autonomy – **HR**
Does the agency have enough autonomy in terms of HR (e.g. staff nos, salary, tenure, promotion) in order to deliver on its goals? Why has it this level of autonomy?
Who is influencing its autonomy in this area? – e.g. department, minister, Department of Finance, parliament, legislation, social partners, other
If not enough autonomy, what improvements would you consider?

How is allocation of staff numbers decided? Who is involved? Links to financial allocation? To work requirements?
Are there any changes you would like to see?

Autonomy - **Finance**
Does the agency have enough financial autonomy (e.g. take out loans, shift budgets over years, generate own income etc) to deliver on its goals?
Why has it been given this level of autonomy?
Who is influencing its autonomy in this area? – e.g. department, minister, Department of Finance, parliament, legislation, social partners, other
If not enough autonomy, what improvements would you consider?

Systems of budgeting and accounting
Are the format and allocation rules for budgets and accounts for the agency the same as for other departmental

agencies? Are there general regulations on these issues?

Autonomy - policy
How much autonomy does the agency have to develop policy instruments, and decide on its target groups?
Why has it been given this level of autonomy?
How do the following influence its policy autonomy? – department, minister, Department of Finance, parliament, legislation, social partners, other
Does the agency have enough policy autonomy to deliver on its goals?
If not, what improvements would you consider?

For advisory agencies
How does agency feed into policy development? Formal systems? MAC?
What would optimal system for policy making between department and agency look like?
Could more policy making capacity be developed, in agency and in department?

Accountability – ex post
Who decides on content of strategy, objectives, non-financial targets? (e.g. agency, minister, department, legislation, board, interest groups, lobby groups, EU, social partners)
Does this help the agency deliver its functions?
Who decides on targets? Do they reflect the key objectives and goals of the agency?
Are performance targets used? Are there any changes you would like to see?

Who reviews progress? How are the progress reviews/reports used by department in relation to agency budget, control etc? Would more public view of this be helpful?
Are there any changes you would like to see?
Sanctions and rewards – should the agency have/not have them? For what? Why? Would they help agency deliver on objectives?

Accountability – HR
What is reported on in relation to HR? e.g. productivity of staff, cost per unit of staff, gender breakdown (anything?)
Who are these reports to? Are these reports adequate, too long, too short? How are the reports used?

Accountability – **Finance**
How is your yearly financial allocation decided? Links with
HR allocation? With agency goals?

Who decides on financial targets for the agency? (e.g.
agency, minister, department, legislation, board, interest
groups, lobby groups, social partners, EU, other)
How does this work? Are there any changes you would like
to see?

Audit – are you satisfied with current auditing practice?
Should more or less be audited? Should there be more
external auditing? Any Value for Money auditing? Are there
any changes you would like to see?
Audit committee – how does it work? What is its role?
Should there be more with accounting/audit experience on
it?

What is the link between internal audit and the systems of
internal control which you have?

Role of Code of Practice on Governance of Semi-State
Bodies – how useful do you find it? What issues have you
transposed into practice? Which issues cause difficulties?
Which ones would you like to see developed? Do you think
requirements are too heavy/too light for agencies?

Accountability – **Board**
Main role of board – steering, operations, control and
monitoring?
Membership – appointment mechanisms, representatives -
optimal to carry out agency functions?
Where are role and membership laid out – in legislation?
Interelations between board, CEO, department, minister?
Conflicting control and accountability lines? If so, can
these be resolved?
Does board help agency deliver on it goals?
Are there any changes you would like to see?

Accountability – **CEO**
Role – is it constrained? Easy to keep within role?
Who monitors and evaluates CEO's performance?   How?
Role of incentives? Role of fixed-term contracts?
Are there any changes you would like to see?
Who/what is ultimately accountable for performance of

agency? Is this effective?

Contact and trust

What type of contact is there between agency and minister/department? Frequency? Formality?
Different department people for different issues? Does this work?
Contacts with other departments, e.g. Finance. Frequency? Formality?
Does this help or hinder to deliver on agency's goals?
Trust between agency and department – is it good or bad? If bad, could it be improved?
Does level of trust help agency deliver on its goals?
Are there any changes you would like to see?

How does management of agencies by the department work? Do you think any other structures/competencies are need in the department to optimise this work? E.g.?

Is there a general policy in the department for dealing with the department's agencies? If not, is one likely to be developed, or are there plans for future developments in how the department deals with its agencies?

Is there a general government policy on agencies?

What is the role of the Department of Finance? And of the Department of An Taoiseach?

Contacts between board and department?

Other actors

Influence – role of different actors – how do they influence direction and strategy?
Is the agency accountable to them in any way? How? To whom in particular?
(actors = department, minister, Department of Finance, local authorities, parliament, lobby groups, social partners, EU, others)

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