

Research Paper N°4

# Fit for Purpose?

Challenges for Irish Public  
Administration and Priorities for  
Public Service Reform

*Richard Boyle & Muiris MacCarthaigh*



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Priorities for Public Service Reform

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## Foreword

The events leading up to the current economic crisis have caused many commentators to ask if our public service, and our system of public administration in Ireland more generally, is fit for purpose. It is important that we try to answer this question in a way that takes account both of past experience of public service reform but also the current and future needs of our society and our economy.

From the Devlin Report in 1969, to *Serving the Country Better* in 1985, the Strategic Management Initiative and *Delivering Better Government* in the 1990s, and more recently *Transforming Public Services* in 2008, repeated attempts have been made to modernise our public service by embracing new management techniques, new structures and processes, new financial systems, and new technologies, but also by seeking to embrace more open and dynamic approaches to delivering public services. Much has been achieved in making these necessary technical changes, a fact that was acknowledged in the OECD review of the Irish public service published in 2008. However the OECD review also noted that 'despite the reforms, the overall political and managerial systems in Ireland are still based on a compliance culture that emphasises controlling inputs and following rules' (OECD, 2008a: 170) and went on to recommend that future reform 'is not about changing structures and systems, but is primarily about getting people to think and work outside of institutional boundaries' (2008a: 267). Clearly we have now reached that point where significant adaptation to meet radically changed circumstances is required.

In this research paper we seek to contribute to the next phase of public service reform by identifying some of the key challenges for Irish public administration and some of the priority areas where change is necessary. We hope that the paper will be both a resource to those who are charged with driving the public service reform process, and also provide the basis for a productive dialogue between research and practice over the coming years.



**Brian Cawley**

**Director General**  
Institute of Public Administration

# Executive Summary

The depth of the current economic and fiscal crisis has raised concerns about the Irish political and administrative system, and prompted calls for fundamental reform of our structures of public governance. Both the state and its financial system are reliant on international support. This crisis requires a coherent response from our public administration. There is recognition that this change cannot simply be a repeat or extension of the public service reform programmes of the past. It will need to be more radical than this. Over the coming years, the numbers employed in the public service will continue to fall and expenditure will need to be restrained, targeted and prioritised. The Public Service Agreement 2010-2014 (the Croke Park Agreement) sets out a framework for change. But there is a need to look beyond the agreement to consider more fundamentally the future role of public administration in the context of the new economic and social dispensation in Ireland. Our public services need to adapt to this new environment if they are to continue to be fit for purpose.

In this paper we set out the main challenges facing public administration and where we see reform as vital. We note what changes have taken place to date, including experience with previous reform efforts, and outline what should happen next. Where appropriate, we draw on national and international practice to provide exemplars of change.

## Enablers of successful public service reform

A reform programme does not, by definition, begin from nowhere. The public service is constantly evolving and there are inherited structures, practices and cultures which any reform initiative must recognise. Nevertheless, the public service must adapt to the new political, economic and social realities it now faces. In order to assist those involved in designing and implementing reform programmes, we identify a number of factors which will facilitate successful reform.

- It is critical to identify priorities (based on overall societal goals) and timeframes for public sector reform and these must be subject to transparent and credible evaluation.
- Public service is defined by a unique set of common values including impartiality, integrity and honesty. It is timely in the context of the challenges ahead to both review and re-affirm the values now necessary to underpin the work of the public service.
- Reform is not cost-free, and poorly planned reform programmes can result in considerable and unexpected costs. Therefore both the financial costs and benefits of reform in different areas, and the potential obstacles to implementation, need to be established from the outset.
- An emphasis on reducing public service numbers must be complemented by systematic planning for managing the related loss of skills and knowledge in public service organisations.

We now turn to the main challenges we see facing the public service in the coming years.

## The challenge of designing a productive public service

The pursuit of increased productivity in public service provision is a constant aspiration, but maintaining or increasing levels of service provision with much reduced resources is now a very immediate and tangible concern for public organisations. The public service will continue to shrink in size during the course of the next few years. Less money will be available for

government programmes. The need for productive public services is greater than ever. Addressing productivity, performance, efficiency and associated organisational design issues will require action on a number of fronts. 'Doing more with less' is important but on its own can lead to dangers of overloading the system. 'Doing less with less' and 'doing better with less' will also need to be on the agenda.

- Several efforts at public service reform over the decades have failed to adequately achieve more joined-up government. There is now another opportunity to address this, including through the use of strategic priorities to promote shared actions across the public service, together with a fundamental re-think and rationalisation of the roles of public service bodies at national, regional and local levels.
- There is a need to comprehensively revise the state agency-department relationship in the context of achieving better performance and to provide a new framework for governing agency-department relationships. Similarly the relationship between local agencies and local authorities must be redesigned and rationalised to reduce unnecessary overlap and reduce costs.
- In EU terms Ireland is an outlier in respect of the relatively more constrained role of local government vis-à-vis central government. Even given the fact that we are a small country there is still a need to examine the potential of local government to take on a greater role in service delivery and regional/local development, not least in providing support to local economic development.
- Greater availability of, and public exposure to, data on the performance of expenditure programmes must be pursued. More information on the continued relevance of programmes, their successes and their limitations needs to be obtained and published if judgements are to be made on the prioritisation of scarce resources.
- New evaluation procedures, including comprehensive spending reviews, are needed to support the allocative priority setting function of the budget. This will mean the closure or restructuring of programmes that fail to perform.
- More benchmarking of performance against baselines, trends and targets is needed. So too is benchmarking of performance against other EU countries across policy areas.
- With regard to regulation, enforcement is a key issue that must remain to the forefront not least to ensure that there is sufficient external scrutiny. While the role of economic regulators in Ireland continues to be developed, similar attention must be given to the management and role of social regulators and the regulatory functions embedded in central and local government.
- More extensive use of network forms of regulation, bringing together those involved across the public service, should be explored to achieve more effective compliance regimes.

### The challenge of renewing public service capacity

The ability of the public service to maintain and provide better services with smaller budgets will require drawing more comprehensively on the management, leadership and implementation skills of a smaller number of public servants. The capacity challenge requires a radical re-examination of how public services operate.

- The current crisis raises questions about leadership and adaptation on the part of Irish public administration. There is a need for leadership development to build greater capacity to work across organisational boundaries, improve

people skills, and to address the adaptive or 'wicked' problems related to culture and change that require solutions that must come from outside the current repertoire. There is a need not only for leadership within organisations, but for the development of capacity for collective leadership of change across the public service.

- There is a need to mobilise the recently established senior public service (SPS) to support focused leadership development; through recruitment and other means to develop a more heterogeneous public service that reflects the society it must serve; to learn from what has gone before; and to move away from responsive activity to reflective action. It is important that the SPS is spread beyond the civil service to incorporate the wider public service sooner rather than later.
- The Organisation Review Process (ORP) has provided a constructive platform for reviewing and developing capacity within the civil service. However it needs to be improved and extended across the public service, and be complemented by 'whole of government' and sectoral reviews.
- Traditionally, the Irish public service has emphasised the generalist approach, and in certain areas that has been found wanting in recent times. The public service, which is now required to address a wide variety of complex areas of policy and delivery, cannot be successful in the future without developing more specialist skills in designated functions and areas, such as economics and human resource management, and also removing any barriers that may exist to the progression of technical and specialist grades within the system.
- A particular capacity issue highlighted by the current crisis is one already flagged in the ORP process – the need to further develop the capacity of Irish officials to operate at EU and international level. Therefore we need to urgently build greater capacity and examine the resources allocated in our public service to operate effectively at international level and to present Ireland's case.
- In the context of reduced numbers and increased mobility, there is a need for a coherent and formalised approach to workforce planning. Organisations must assess current and future budgetary and staffing requirements in the light of known resource constraints, in order to ensure that resources are appropriately targeted towards government priorities.
- There is a serious challenge in the current environment to the motivation of public servants. Performance related pay is not a solution and not an option. Non-pay initiatives to enhance motivation and performance levels such as enhanced leadership, greater delegation, and more emphasis on teams and team performance should be pursued.

### The challenge of implementation

There is much discussion in the media and elsewhere about an 'implementation deficit' in respect of public service reform. With regard to driving the implementation effort, a couple of significant points emerge from previous initiatives. One is that a wide variety of political and administrative implementation structures and processes have been proposed and tried in the past, but with varying degrees of success, and lessons from previous experience must be learned. Another is that reform of structures on its own is not enough. The following issues also need to be considered.

- The new Department of Public Expenditure and Reform will have a central role to play in driving reform and enhancing cohesion. It will be important that the public service reform element of the brief is not 'overwhelmed' by the public expenditure element.

- There is a need for processes such as pooled budgets and a focus on outcome targets which 'cross-cut' different departments and levels of government, in order to incentivise joined-up approaches.
- We strongly endorse the recommendation of the independent review of the Department of Finance that greater expertise in change management is needed across the system. It is vital that managers have the capacity to lead change, lead people and build coalitions of support for change. This requires attention to be given to the development of change leaders. Continuous change will be the order of the day, rather than occasional periodic changes.
- There is a need for a stronger 'challenge' role by the centre, aimed at ensuring that a limited number of priority targets are set and that these targets are sufficiently stretching and challenging. The centre also has an important role to play when problems are encountered with the implementation of agreed reform initiatives. The causes of the implementation problem need to be clearly identified and appropriate responses developed. The centre also needs to promote innovation and guard against a culture of micro-management and risk aversion.
- A public service advisory board should be established. It is important that there is a structured response to the reports of any such board or equivalent body built in to the process to ensure it does not become a 'talking shop'.
- Active engagement of front line staff requires clear and consistent communication, explaining what has to be done and why, and encouraging input and direction from the front line.

### The challenge of engaging the citizen

The public service delivers a wide variety of services to the community. Citizen engagement in the design and provision of public services is an issue at the heart of public service reform. Unless the citizen is centre stage in the process, the chances of reform receiving widespread backing are small. We identify a number of actions that can encourage citizen engagement and enhance trust in government and public services.

- Citizens should be seen as more than passive recipients of services and have a more active voice in the design, delivery and monitoring of policy and services. The active engagement of citizens will further build trust in government and public services, and support the development of responsibility and accountability at all levels.
- At the policy formulation stage, more active engagement of citizens through innovative consultation processes is needed. At the policy design and implementation stage, citizens should be given a more direct role in shaping practice.
- There is a need for greater public access to data on the performance of programmes and services. At its most basic, it is about increasing data transparency for the public, for example through reviewing freedom of information legislation. At its most advanced, it is about giving citizens more control and more informed choices with regard to the public services they use and/or pay for.
- Experimentation should take place with the development of user-driven services, including individualised budgets, particularly in the sphere of social care. In the right circumstances, allowing users to control or influence the way in which services are provided has the potential to improve service quality, be cost effective, and increase people's satisfaction with public services.

## The challenge of securing effective political accountability

Managing accountability at the political-administrative interface at national and local level is at the heart of the challenge of securing effective accountability in the public service. Political accountability has become a much more prominent issue in recent times as a result of the economic and financial crisis and the associated oversight, regulatory and governance failures. There are a number of initiatives that can improve our accountability procedures.

- Given the complexity of contemporary policy-making and the need to meet the requirement of good management practice within the highest echelons of government, there is a pressing need to further clarify the relationship between ministers and senior civil servants, special advisers and programme managers.
- The ability of public servants to 'speak truth to power' is a key principle that needs to be defended and strengthened.
- There is a need throughout the system to ensure that written records are used appropriately and effectively to support the accountability process.
- There is a need to develop the capacity of Management Advisory Committees (MACs) in government departments to operate as effective management teams and to bring more structure and consistency to the relationship between the minister and the MAC. The MAC should be a forum for discussion on major policy issues.
- The capacity of the Oireachtas and its committees to scrutinise and oversee will have to be strengthened. To this end, the proposals in *Programme for Government 2011* (2011) provide a basis for the development of more comprehensive parliamentary oversight of the administration, and should be progressed swiftly.
- The budgetary process and timetable needs to be reformed, including the timely release of more information for public and parliamentary review, the introduction of 'performance informed' budgeting, the integration of evaluation findings, and the creation of a fiscal advisory council as proposed by the independent review of the Department of Finance.

## Conclusion

Tackling these challenges is necessary to secure the efficient and effective provision of public services in changed circumstances. Public administration in Ireland is a national asset and is integral to the process of national recovery. Reform needs strong leadership, at both political and administrative levels. It also requires sound evidence to inform future developments, involves learning from past successes and failures, and benchmarking our experience against that of others. The issues outlined here will support the development of the reform agenda and form the basis for a research agenda aimed at further supporting the public service reform process.

# 1. | Introduction: A crisis in public administration?

Just three years ago, the OECD (2008a) published a landmark report on the Irish public service. It was the first time the OECD had ever attempted to benchmark a complete national public service against good international practice. Their report, produced at a time prior to the economic and fiscal crisis, suggested that our public services were doing a good job and that Ireland has been able to deliver public services relatively well in comparison with other countries. But the report also found considerable scope for improvement, suggesting that there were significant challenges that Irish public services had not yet tackled with sufficient rigour.

Two of the most important issues for improvement identified by the OECD were better integration and coordination of public services, and the need for more of a focus on performance and value for money across government. The report also had much to say about the capacity of our public services. Some of their conclusions aligned with those identified through research carried out for an IPA publication *Ireland 2022 – Towards 100 Years of Self Government* (Callanan, 2008), including a need to get more senior public service positions filled by people with direct frontline experience, and a more open recruitment process allowing greater transfer of experience across, into and out of the public service.

But since the publication of the OECD report, the national and international financial and economic crisis has created a vastly different environment for reform of our public administration. As the National Recovery Plan (2010) notes: 'The level of GDP in 2010 will be some 11% below and the level of GNP some 15% below their respective levels of 2007 in real terms. Employment has fallen by about 13% from its peak of 2007 while the unemployment rate has risen from 4.6% to 13.5%. A downturn of this size is without precedent in Ireland's recorded economic history and has few modern parallels at an international level'.

At the end of 2010, in response to the crisis, the government signed a memorandum of understanding for the provision of €85 billion of financial support to Ireland by member states of the European Union through the European Financial Stability Fund (EFSF) and the European Financial Stability Mechanism; bilateral loans from the UK, Sweden and Denmark; and funding from the International Monetary Fund's (IMF) Extended Fund Facility (EFF), on the basis of an agreed support programme. In essence this programme sets out the overall fiscal limits and framework within which the Irish government will operate over this period. This constraint inevitably forces a reassessment of priorities with regard to the delivery of public services and programmes and the general operation of the public administration system.

The depth of the current crisis has provoked many commentators to call for fundamental reform in our political and administrative structures, and indeed to suggest that the political and administrative system itself is in crisis. One of the authors of the Report of the Special Group on Public Service Numbers and Expenditure Programmes (commonly termed the Bord Snip Nua report) has stated that 'Ken Whitaker once described the Bovine TB Eradication Scheme, still trundling along after 50 consecutive years of failure, as the greatest scandal in the history of the State. This judgment must now be revised. The Irish public administration has produced an even more spectacular failure in the shape of the collapsed banking system'. And he also notes that 'any programme of public service reform needs to pursue two objectives simultaneously. The system needs to work much better and it needs to cost much less. The record of the last decade has been one of missed opportunities, waffle, increased cost and reduced effectiveness' (McCarthy 2011).

But as Hardiman comments 'There is something a bit dispiriting about this talk of public sector reform. It was meant to have kicked in with the Devlin report in 1970, then again with the Strategic Management Initiative in the mid-1990s... and now we have the 2008 OECD Report. We still haven't really got to grips with these issues of public sector productivity and

efficiency after all this time' (2009:11). Similarly, the recent report on the Department of Finance by an independent review panel found that 'progress on Public Service Modernisation generally has been very disappointing' (Wright 2010:38).

It is fair to say that public sector reform has been on the agenda of advanced industrial societies since the 1970s when challenging fiscal deficits also resulted in the call for greater market forces to come into play in the provision of public services, as well as a reduction of state interventions. The resulting wave of New Public Management (NPM) reforms had a number of common themes, most prominently:

- A greater focus on delegating tasks and responsibility to public managers
- The introduction of performance-based management schemes
- Changes in the mode of service delivery
- Emphasis on quality customer service
- Changes to personnel management systems, including private sector HR practices

These changes were characterised by changing modes of governance which emphasised delegation, decentralisation and devolution. However, across the globe we are now witnessing a new wave of reforms characterised by consolidation and recentralisation rather than fragmentation. Coupled with structural reform, and contributing to the pace of change, are spending cuts and the need to do 'better with less'. Considerable emphasis is now being put on joined-up government, closer integration of policy formulation and implementation, more fluid public service labour markets, and greater use of technology – though this is not without costs. Building and maintaining public trust in governing institutions has also become an important driver of reform, and accountability remains a public priority. Amongst the common features of the new era of reform, therefore, we find greater emphasis on:

- The renewal of public service values
- Greater focus on coordination and integration
- Reassertion of central controls
- Reduction in agency numbers
- Citizen engagement

Related to the broad reform agenda and to the economic and financial crisis is a concern over public trust in the institutions of government. Traditionally, the level of public trust in government in Ireland has tended to be slightly below the EU average, but there has been a dramatic fall in the level of such trust since 2008. At just over 20 per cent saying they trust government in spring 2010, Ireland expressed the third lowest level of trust in government of any of the EU15, with only Spain and Portugal lower, and the sixth lowest of the EU27 (Boyle, 2010).

We have a situation where just a few short years ago Irish public administration was given a relatively clean bill of health by the OECD, but now there is a growing perception in light of the current economic problems that public administration in Ireland is not 'fit for purpose' and is in need of significant reform. At the same time there is recognition that change cannot simply be a repeat or development of the change programmes of the past, or merely 'tweaking the machine'. As Laffan notes: 'Change programmes in the public service, such as the Strategic Management Initiative (SMI), did not equip the system of public administration nor the senior public servants with the capacity to identify or to guard against the risks

to Ireland from the vicious circle of damaging public and private practices and policies. Unless the failures of accountability and responsibility are addressed the cycle of crises will continue as a very high cost to Irish society' (2010).

It is in this context that this paper identifies what we see to be the main challenges for Irish public administration as it seeks to maximise its performance and support national recovery. These challenges are:

- The challenge of designing a productive public service
- The challenge of renewing public service capacity
- The challenge of implementation
- The challenge of engaging the citizen
- The challenge of securing effective political accountability

Before examining these challenges, however, we turn briefly to consider a number of 'enablers' of successful public service reform.

## 2. | Enablers of successful public service reform

A reform programme does not, by definition, begin from nowhere. The public service is constantly evolving and there are inherited structures, practices and cultures which any reform initiative must recognise. Currently, the development of the Irish public service is taking place within a framework of proposals for reform emanating from:

- The Report of the Task Force on the Public Service: Transforming Public Services (Department of the Taoiseach, 2008)
- The Report of the Special Group on Public Service Numbers and Expenditure Programmes (2009)
- The Report of the Local Government Efficiency Review Group (2010)
- The Public Service (Croke Park) Agreement 2010-14 (2010)
- The National Recovery Plan 2011-14 (2010)
- The Programme for Government 2011
- The Report of the Review Group on State Assets and Liabilities (forthcoming)

Also, since 2009, there has been a recruitment and promotion moratorium in place in respect of the civil service, local authorities, non-commercial state bodies, the Garda Síochána and the Permanent Defence Force. Plans are for the number of public servants to continue to reduce, by up to 25,000 by 2015 (approximately 8 per cent of the current public service workforce). Nevertheless, the public service must adapt to the new political, economic and social realities it now faces. In order to assist those involved in designing and implementing reform programmes, we set out below a number of factors which, based on international evidence, will facilitate successful reform.

### 2.1 Legitimising reform

Recent work by the OECD (2010a: 212-3) identifies a number of factors that facilitate reform. Chief amongst these are that:

- The governance regime pursuing reform is characterised by sufficient stability, clarity and authority
- The political institutions that must sanction the reform command public confidence
- Political leaders must have sufficient standing and credibility to proceed
- Reforms should be subject to transparent and credible evaluation
- The administrative leadership must be seen to act in the public interest, as interpreted by the duly elected government

### 2.2 Prioritisation of reforms

It has been repeatedly identified that the public service in Ireland has been most successful in working across organisational boundaries when there is clear and direct political prioritisation of desired goals and objectives. Examples often cited include management of the EU presidency at a critical time in the Union's development, containment of foot and mouth disease and the work of the Office of the Minister for Children and Youth Affairs.

The OECD's review of the Irish public service also noted the importance of government identifying societal goals towards which the resources of the state administration can be directed. This is to ensure that the public service acts 'in an integrated fashion to address common societal issues, rather than as a loose grouping of individual corps, each with its own institutional interests and agendas' (2008a:25).

### 2.3 Reviewing and re-affirming public service values

Work by MacCarthaigh (2008a) notes that after over a decade of reforms, public service values in Ireland are in a state of flux. An essential enabler of any public service reform programme must be to establish the values essential to a performing public service. This process involves questioning whether or not the traditionally held values of public service that have served the state well are still appropriate and whether other 'newer' values should be promoted. Finding the right balance between the values of efficiency and fairness, accountability and innovation, and confidentiality and transparency are challenges faced by public services internationally. And in the context of organisational mergers, and increased mobility between public and private sector employment, ensuring that these values are commonly understood and shared is vital. Values are also the bedrock of organisational culture, which itself is a major determinant of how organisations perform (O'Donnell and Boyle 2008). Therefore values must not just be reviewed and re-affirmed at the collective level, but must also be considered at the organisational level.

### 2.4 Minimising the cost of reform

Reform is not cost-free, and poorly planned reform programmes can result in considerable and unexpected costs, and have detrimental effects on service quality as well as on organisations themselves. They can also leave the morale and motivation of those involved lower than if nothing had been done.

Work undertaken by MacCarthaigh (2010a) found that the process of agency rationalisations in Ireland initiated in late 2008 was taking longer than originally anticipated. Progress was delayed by issues relating to infrastructure challenges (such as investment in information technology systems) but also by such matters as developing and processing legislation through parliament for those new agencies resulting from mergers.

Recent debates on public service reform have tended to focus heavily on demonstrable reductions in personnel numbers and the associated cost reductions. Apart from normal retirement, voluntary or compulsory redundancy schemes do involve up-front costs. Planning for the impact of reduced staff numbers, and in particular an awareness of the importance of knowledge management techniques to address the loss of know-how and skills, must be further developed within the public service (O'Riordan 2005, 2006).

## The costs of reform: Experience from the UK

Following almost 90 different reform programmes at central government level in the UK (involving both ministries and agencies) between 2005 and 2009, the National Audit Office (NAO) undertook a review of such reorganisations and the associated costs. A survey of 51 reorganisations at central government level (involving departments and agencies) over 4 years found that it cost almost £200 million per year, the bulk of which was for creating and reorganising agencies. The principal areas of expenditure were related to staff (41 per cent, including redundancies and salary increases for pay harmonisation), property and information technology costs (11 per cent, including leases and contract terminations) and consultancy costs (7 per cent). In its final report the NAO proposed a number of recommendations to guide future reforms and to minimise costs:

- 1 There should be a single team in government with oversight and advance warning of all government reorganisations
- 2 For announcements of significant reorganisations, a statement should be presented to parliament, quantifying expected costs, demonstrating how benefits justify these costs and showing how both will be measured and controlled
- 3 Intended benefits should be stated in specific measurable terms that enable their later achievement (or otherwise) to be demonstrated
- 4 The planned and actual costs of reorganisations should be separately identified within financial accounting systems so costs can be managed and subsequently reported
- 5 A breakdown of planned and actual costs and financial benefits of every significant central government reorganisation should be reported to parliament in the organisation's annual report in the year the reorganisation is announced
- 6 Each body at the heart of a central government reorganisation should share with the Cabinet Office an analysis of lessons learned within two years of the date of the reorganisation

Source: National Audit Office 2010: 6-7

## 2.5 Summary

Key findings emerging from this section suggest that experience shows that critical enablers to public sector reform are as follows:

- It is important to identify priorities (based on overall societal goals) and timeframes for public sector reform and these must be subject to transparent and credible evaluation.
- Public service is defined by a unique set of common values including impartiality, integrity and honesty. It is timely in the context of the challenges ahead to both review and re-affirm the values now necessary to underpin the work of the public service.
- Reform is not cost-free, and poorly planned reform programmes can result in considerable and unexpected costs. Therefore both the financial costs and benefits of reform in different areas, and the potential obstacles to implementation, need to be established from the outset.
- An emphasis on reducing public service numbers must be complemented by systematic planning for managing the related loss of skills and knowledge in public service organisations.

We proceed next to examine the main challenges facing public administration in Ireland in the coming years.

### 3. | The challenge of designing a productive public service

Public service employment in Ireland has varied between 14 per cent and 17 per cent of total employment throughout the 2000s. Equivalent figures for other countries are difficult to obtain, but in 2005 employment in general government as a percentage of the labour force in Ireland (15 per cent) was around the OECD average (Boyle, 2010:15).

The pursuit of increased productivity within public service provision is a constant aspiration, but maintaining or increasing levels of service provision with much reduced resources is now a very immediate and tangible concern for public organisations. Across the OECD, in response to concerns over the fragmentation of government, we see re-concentration of central ministerial support services such as internal audit, procurement and facilities management, *ad hoc* downsizing operations, and greater emphasis on shared services and the joining-up of services (OECD 2010b: 56).

#### 3.1 What has been done so far and where are we now?

*Serving the Country Better* (1985), a white paper on public service reform, placed significant emphasis on managing for results and the need for improvement in management systems. This was taken further under the Strategic Management Initiative and *Delivering Better Government* (1996) (SMI-DBG) reform agenda which promoted better control and management of the public finances. Similarly, the OECD (2008a) review of the Irish public service suggested that departments need to enhance their performance monitoring capacity and be much better at measuring the performance of public services in order to ensure good value for taxpayers money. The OECD stressed that it is better to have some form of quantitative and/or qualitative performance information than to continue to base discussions on inputs, anecdotes and weak evidence. They also emphasised that the public service needs to design societal indicators that allow it to link reforms and service improvements to outcomes that are understandable to the general public and that we need to develop more of an evaluation culture in our public services. *Transforming Public Services* (Department of the Taoiseach, 2008) subsequently recommended a greater use of output targets and a cultural change to tackle underperformance.

The management of cross-cutting issues, or joined-up government, as a way of improving quality whilst promoting greater efficiency was first promoted significantly as part of the SMI-DBG agenda. The DBG report noted that: 'Reallocation of resources to reflect the changing needs of the economy and of society will be crucial. Reallocation is not simply a matter of transferring resources within a department; an approach across departments is essential' (1996: 9). DBG recommended a system of strategic result areas (SRAs) as a means of identifying key priority areas of government activity so as to promote a shared agenda across the public service. However, SRAs were never operationalised. The whole thrust and focus of the OECD (2008a) review was on the development of more integrated public services. They emphasised the growing importance of networks, spanning organisations and sectors, and the management of networks as crucial to public service development.

DBG also saw the introduction of a structured regulatory reform initiative aimed at enhancing the contribution of the public service to national productivity, focused initially on reducing red tape. In later years this broadened out to incorporate wider regulatory reform. A government white paper, *Regulating Better* (2004), provides the basis for work

on what has become known as the Better Regulation agenda, including regulatory impact analysis, modernisation of the statute book, regulatory mapping and improving the regulatory environment for business. The OECD's 2010 review of regulatory practice in Ireland, found that progress in regulatory reform was 'patchy' and that 'buy in (was) far from complete' (2010c: 42). The report also found that the use of regulatory impact analysis was weakly integrated within the administration. It argued for the need to strengthen the better regulation programme and to have 'more networking' on regulatory issues across the public service.

Most recently, in the context of the economic and financial crisis, the emphasis for the public service has been on achieving more with less. *Programme for Government 2011* (2011) sets out further significant reductions of public service staff numbers. Major cutbacks in expenditure programmes are also planned.

### 3.2 Where to next?

The public service will continue to shrink in size during the course of the next few years. Less money will be available for government programmes. In that context, the need for productive public services is greater than ever. Addressing productivity and associated organisational design issues will need action on a number of fronts, including more joined-up government, better performance and evaluation practices, and the further development of regulatory reform.

#### 3.2.1 Joined-up government

It is evident that fragmented structures for public service delivery are no longer tolerable, but the question of what to join up and how to do it is fundamentally tied to the priorities of government. *Programme for Government 2011* (2011) promises to 'introduce a reformed incentive system for all grades within core Government departments to reward cross-departmental teams that deliver audited improvements in service delivery and cost effectiveness'. While this is a welcome step towards greater joined-up service, we identify here three further areas that are in need of particular attention: the overall coherence of structures at central, regional and local level; the relationship between agencies and departments; and the relationship between local and national government.

##### *Clarifying and defining roles at central, regional and local level*

There is evidence, cited elsewhere in this report, of duplication, overlap and inefficiency in public services at present. Over the past decade in particular a wide range of structures to deal with health, social and economic services have developed at a number of levels, including some designed to address the problem of fragmentation in delivery. There is a need now to clarify what should be done at central level and what can more appropriately be done at regional and/or local level. This will involve considering a more coherent role for local government, and the rationalisation of regional and local agencies. The current over-emphasis on detailed centralised control needs to be changed and more attention given to devolution and decentralisation of powers, but within a tight overall strategic control framework.

### *The relationship between agencies and departments*

The functioning of agencies cannot be considered independently of the need to manage policy coordination and delivery across departments and agencies jointly. The sheer number of agencies created since 1990, and the resulting variety in governance and accountability arrangements has created considerable problems of coordination for sponsoring departments. And as in most other EU states that have experienced a sustained increase in the number of agencies, the back office supports required to oversee their work has undermined the envisaged savings. Currently, a process of agency rationalisation is underway in Ireland but as noted above, the experience to date suggests that it takes longer than originally envisaged for such rationalisations to be fully realised.

A new performance framework for governing agency-department relationships has been in preparation for the last couple of years and we would strongly recommend that it be published so as to provide the basis for a new means of structured engagement. The proposals in *Programme for Government 2011* (2011) to scrap agency boards where appropriate in favour of direct accountability to ministers is in line with the recommendations of the OECD's report on the Irish public service (2008a), and should form part of the new performance-based regime. In this context it is worth noting some recent developments in agency-department relationships identified by the OECD which have emerged in response to practical problems encountered to date. The new strategies for agency management involve:

- More emphasis on carefully defining outputs
- Less emphasis on the annual budget process as a tool for the steering and control of outputs; more emphasis on permanent performance dialogue
- More transparency on input use by agencies
- No price versus output split in budget negotiations, and no split in the ownership versus client roles of core ministries (OECD 2010b: 73)

Traditionally, the absence of comprehensive information on the organisation of Irish state agencies has inhibited planning and development, as well as the coordination of services. Using new resources such as the Irish State Administration Database (Hardiman, MacCarthaigh and Scott, 2011) should enable those charged with managing the re-organisation of administrative structures to make more informed decisions about policy coordination and institutional reconfiguration and simplification in line with government priorities, and by so doing also bridge a gap that has emerged in recent years between practitioners and the academic community.

### Integrated service delivery: the case of Service Canada

Service Canada seeks to improve the interface between the federal government and the public through more integrated and innovative service offerings across a multi-channel environment. As a new mode of service delivery, it emerged as a result of the Government On-Line and Modernizing Services for Canadians initiatives. According to the government of Canada, its aim is to provide a one-stop point of access for Canadians with respect to all federal programmes and services. Implementing the Service Canada initiative led to massive public sector reorganisation and today approximately 22,000 staff work within it, conducting nearly 1 million transactions daily. Other than an online portal, Service Canada is accessible by a single telephone number, from which staff can either provide assistance or redirect the caller to the relevant government office.

In order for Service Canada to achieve its service delivery integration objectives, it faced the challenge of convincing government agencies to join-up their services with its infrastructure. Many of these agencies had their own IT infrastructure and methods of dealing with the public that had developed independently of other government agencies. Service Canada achieved this by demonstrating the benefits to collaboration which could be achieved by using networked rather than hierarchical governance processes, which would allow greater flexibility for the agencies involved and greater ease of access to the citizen. The creators of the project also pointed out that pooling services would allow agencies to identify overlap and duplication of such services and address the real needs of Canadians. The use of a more advanced and comprehensive service platform would also enhance the integrity of their service programmes. Roy and Langford found that the initiative better enables the federal government to design an integrated set of service strategies for specific groups of people, such as the elderly or youth, and thus provides citizens with greater access to government services.

Source: Roy and Langford, 2009

### *The relationship between local and national government*

Ireland's position as an outlier in comparison to most of its EU counterparts in respect of the competencies and tasks performed by local authorities has long been identified (Barrington 1975, Callanan 2003). In recent decades, the distribution of tasks in Ireland between local and national levels has tended to result in the 'upwards' migration of functions from local authorities to national government, and in some cases onwards to state agencies, albeit with local government being given a mandate to coordinate local measures relating to economic development and social inclusion. The current crisis offers an opportunity to rethink the role of local government and its relationship to national government, as well as to examine the potential of local authorities as engines for local economic development. Local forms of taxation (in the form of site value tax or other charges) are set to increase in line with the Commission on Taxation Report (2009), but this development should take place alongside a broader discussion about the role of local authorities in service delivery and regional/local development.

As referred to earlier, the role of the various local and regional agencies currently operating across the state, and their relationship to local authorities, must also be revisited in this context. The approach to managing 'decentralised' departmental offices and sharing back office functions with local authorities and agencies has also increased in importance.

Indications are that local government is likely to be given an enhanced role in areas such as enterprise support and community development. This also demands a more developed, two-way relationship between national and local government, as is the norm in other countries (Callanan, 2009). This new basis for central-local relations would be to the mutual benefit of both parties, and be in the interests of better informed policies and more effective services. It would improve the evidence base available to ministers and public servants by being able to draw upon the experience of those involved in front-line implementation at local level.

### 3.2.2 Performance and evaluation

Performance must be addressed at three levels: policy development and implementation; organisational performance; and also individual performance. More generally with regard to performance and its reporting, Boyle (2009) has identified six key attributes of good design:

- A consistent, comparable and structured approach to underpin reported indicators
- A good 'performance story' to accompany the indicators
- Clearly specified outcome indicators and attention to detail
- Information on targets, baseline data and trends over time to guide performance assessment
- Good presentation and effective use of technology
- Output and activity indicators as well as outcome indicators when discussing organisational performance

With regard to evaluation, there is a need to further develop the system for evaluation of public expenditure in Ireland. The Value for Money and Policy Review (VFMPR) initiative has made a useful but limited contribution to evaluation to date. As McNamara (2007: 111) points out it '...cannot be expected to result in fundamental challenges to the existing pattern or magnitude of public expenditure'. The VFMPR has a useful role in improving the performance of programmes and building an evaluation culture, but it does not address in a comprehensive manner fundamental questions relating to the continued relevance of expenditure programmes.

The OECD note that some countries have used special forms of policy evaluation in the context of the budget process under names such as 'strategic policy reviews' (Australia), 'strategic programme reviews' (Canada), 'interdepartmental policy reviews' (Netherlands) and 'spending reviews' (United Kingdom):

These procedures are seen as a tool that can particularly support the allocative (priority setting) function of the budget. There are three main differences with the policy evaluations conducted by line ministries: i) spending reviews not only look at the effectiveness and efficiency of programmes under current funding levels but also at the consequences for outputs and outcomes of alternative funding levels; ii) the Ministry of Finance holds final responsibility for the spending review procedure; and iii) the follow up of spending reviews is decided in the budget process (2010b: 78).

Such alternative evaluation procedures need to be developed in Ireland. Allied with this, more public data on the performance of expenditure programmes as determined by evaluative activity needs to be developed, along the lines of the ExpectMore initiative in America.

### Evaluating expenditure programmes: the case of ExpectMore.Gov

The content on ExpectMore.gov is developed by the US Office of Management and Budget and federal agencies. A standard questionnaire called the Program Assessment Rating Tool, or PART for short is used to assess programmes. The PART asks approximately 25 important questions about a programme's performance and management. For each question, there is a short answer and a detailed explanation with supporting evidence, including evaluation findings. The answers determine a program's overall rating.

Programmes that are *performing* have ratings of effective, moderately effective, or adequate. Programmes categorised as *not performing* have ratings of ineffective or results not demonstrated (not enough evidence available to form a judgement). At the start of the process, in 2002, approximately half the programmes assessed fell into the results not demonstrated category. This had dropped to under 10 per cent by 2008.

Improvement plans are required for each programme. In the case of ineffective programmes (generally around 3 to 5 per cent of programmes) this may be re-targeting of the programme, or working with Congress to abolish the programme and absorb or re-allocate the expenditure to other more effective programmes.

Source: <http://www.whitehouse.gov/omb/expectmore/>

In general, there is a need for more benchmarking of performance, both against targets and in comparison with other countries, particularly in an EU context. The National Economic and Social Council (NESC) note that those policy areas which have developed joint goal setting, monitoring and learning at a European level, such as environmental protection, have had greater levels of success: 'Success in the 21st century EU requires a national policy system with greater ability to record, compare, analyse and discuss its own policy and service systems (in a wide range of policy areas) at agency, departmental, political and EU level' (2010: 227). By comparison, they note 'In public finance and banking supervision the lack of sufficient real benchmarking and diagnostic monitoring, at either EU or national level, eventually had disastrous consequences' (2010: 195). It is important that benchmarking is transparent and where possible includes international comparators.

### 3.2.3 Regulatory reform

Many regulatory tasks have been delegated from government departments to independent state agencies in Ireland. The accountability of these regulatory agencies is a matter of considerable public interest given the financial and economic consequences of their decisions. The Honohan (2010) report into the banking crisis provided damning criticism of the regulatory regime in this particular case. The regulator was shown to have relied excessively on a regulatory philosophy 'emphasising process over outcomes' (2010: 8), while the Central Bank and the Financial Regulator had an 'unduly deferential approach to the banking industry' (2010: 9).

Brown and Scott identify a number of challenges that will need to be addressed in the regulatory arena in the coming years:

Significant challenges remain...these include skills shortages within central government departments (exacerbated to some degree by policies to reduce public sector staffing numbers through early retirement), some sense of 'mission creep' on the part of some regulators into more mainstream policy development (as distinct from operational responsibility) and the remaining issue of some inconsistent legislative drafting that has created inexplicably different models for agencies that are effectively mandated to carry out similar oversight roles of similar industries. Issues pertaining to enforcement styles are influenced, not only by cultural factors, but also by Ireland's common-law system and particularly its Constitution which curtails the capacity of actors other than the courts with respect to the imposition of sanctions (Brown and Scott, 2010: 33).

### Regulatory reform at times of crisis: lessons from the OECD

Country insights reveal that regulatory reform during a period of recession may be difficult to pursue given the political will required for change. But if reforms are postponed until after an economy recovers, this may be too late as there is usually less incentive to reform. A crisis is an occasion to test institutions and regulatory environments. Countries that have best used past crises to push tough reforms and introduce more robust systems have fared better in the current crisis than countries that did not.

Among the other lessons that can be drawn from the implementation process of regulatory reforms in Sweden during times of crisis, is that the benefits of the reforms are not visible immediately. It is crucial that solid political groundwork precedes regulatory reforms. Favourable public opinion and vigorous support is necessary to sustain reform efforts. A high level of social protection can also contribute to the acceptance of reform by the workers, as has long been the case in the Nordic countries, such as Sweden. In Korea, a clear public perception of the benefits of reforms, with a rapid recovery from the 1997-98 crisis helped to maintain support for regulatory reform. Conversely, benefits were probably less directly visible in Japan due to a protracted recovery, which did not help to mobilise public support for reforms.

Source: OECD, 2010d

The recent NESC report *Re-finding success in Europe* (2010) has criticised the public service not only in respect of deficiencies in financial regulation but also for its failure to engage in and learn from networked modes of governance, such as partnerships of agencies developing norms of practice and benchmarking performance. Scott and Brown (2010) point out that actors in the regulatory arena are increasingly participating in and using networks, and that this is likely to be a growing feature of regulatory capacity development. But it is not without its difficulties, not least '...a sense that enforcement practices have been overly influenced by a keenness to maintain the equilibrium of well-established social networks' (2010: 32). Enforcement is therefore still a key issue. The Honohan report contrasted the status quo of walking

softly and carrying no stick with a preferred alternative approach of walking softly but carrying a big stick (Honohan, 2010: 55-56). And while considerable emphasis has been put on the role and accountability of economic regulators in Ireland, similar attention has not to date been given to social regulators and their management and role. It is also often forgotten that a wide range of regulatory functions still resides within government departments and local authorities and these need to be incorporated in the ongoing audit and review of regulatory processes.

The use of regulatory impact assessment (RIA) in Ireland has not been adequately integrated into the policy development process. *Programme for Government 2011* (2011) seeks to address this by requiring departments to carry out and publish RIAs before government decisions are taken. Their extended use offers considerable scope for improving the quality of legislation and for advancing networked forms of governance which can achieve more effective policy at reduced cost. But it does require resources dedicated to undertaking the work.

### 3.3 Summary

Key findings emerging from this section are as follows:

- Several efforts at public service reform over the decades have failed to adequately achieve more joined-up government. There is now another opportunity to address this, including through the use of strategic priorities to promote shared actions across the public service, together with a fundamental re-think and rationalisation of the roles of public service bodies at national, regional and local levels.
- There is a need to comprehensively revise the state agency-department relationship in the context of achieving better performance and to provide a new framework for governing agency-department relationships. Similarly the relationship between local agencies and local authorities must be redesigned and rationalised to reduce unnecessary overlap and reduce costs.
- In EU terms Ireland is an outlier in respect of the relatively more constrained role of local government vis-à-vis central government. Even given the fact that we are a small country there is still a need to examine the potential of local government to take on a greater role in service delivery and regional/local development, not least in providing support to local economic development.
- Greater availability of, and public exposure to, data on the performance of expenditure programmes must be pursued. More information on the continued relevance of programmes, their successes and their limitations needs to be obtained and published if judgements are to be made on the prioritisation of scarce resources.
- New evaluation procedures, including comprehensive spending reviews, are needed to support the allocative priority setting function of the budget. This will mean the closure or restructuring of programmes that fail to perform.
- More benchmarking of performance against baselines, trends and targets is needed. So too is benchmarking of performance against other EU countries across policy areas.

- With regard to regulation, enforcement is a key issue that must remain to the forefront not least to ensure that there is sufficient external scrutiny. While the role of economic regulators in Ireland continues to be developed, similar attention must be given to the management and role of social regulators and the regulatory functions embedded in central and local government.
- More extensive use of network forms of regulation, bringing together those involved across the public service, should be explored to achieve more effective compliance regimes.

Having considered key aspects for developing more productive public services, in the following section, we consider how the capacity of the public service can be augmented in order to achieve better services.

## 4. | The challenge of renewing public service capacity

The capacity of the public service refers to ‘the ability of departments and offices to get things done, to address challenges, follow through on commitments and ultimately achieve valued outcomes for the citizen’ (O’Riordan 2011: 10). This capacity influences and is influenced by the capacity of the state to mobilise and gain consensus for social, political and economic reform. Equally it is related to the nature of policy goals and the manner in which the decisions of public authorities are to be translated into action. There is, therefore, an inter-dependent relationship between state capacity, policy capacity and public service capacity.

### 4.1 What has been done so far and where are we now?

*Serving the Country Better* (1985) brought a number of innovative developments to bear on building capacity and initiative in the public service. It endorsed the work of the Top Level Appointments Committee (TLAC) established in 1984 to recommend candidates to ministers and government for the most senior positions in the civil service. It also promoted greater use of inter-departmental competitions to promote mobility. Reductions in the number of grades was proposed, along with a new system of performance appraisal and staff exchanges between the public and private sectors, though it had less success in these areas. It also proposed initiatives aimed at encouraging equal participation by women.

The slow progress of much of this agenda is evidenced by similar calls in the OECD (2008a) review of the public service. With regard to capacity, the review called for more senior public service positions to be filled by people with direct frontline experience, and a more open recruitment process allowing greater transfer of experience across, into and out of the public service. The OECD criticised centralised public service numbers management controls which were seen to limit management flexibility within organisations and mobility across the public service.

*Transforming Public Services* (Department of the Taoiseach, 2008) subsequently proposed the removal of barriers to movement between different sectors and organisations in the public service. It also proposed the development of leaders and a greater emphasis on public service values, to be facilitated through the creation of a senior public service (SPS) with an initial focus on assistant secretary grades and upwards in the civil service.

### 4.2 Where to next?

The ability of the public service to maintain and provide better services with smaller budgets and less people will require drawing more comprehensively on the management, leadership and implementation skills of public servants. Murray (2010: 91) has called for a ‘revolution in public sector productivity’ as the only answer to the capacity challenge. We identify below some of the means through which productive capacity might be enhanced in the current climate, notably leadership, development of organisational capacity, workforce planning, motivation, and mobility.

## 4.2.1 Leadership

The issue of leadership capacity in our public service has come into sharp focus in the context of the recent financial and economic crisis. One critical question relates to the extent to which a lack of leadership capacity in the Irish public service may have contributed to the crisis. Answering this question with any accuracy is rendered complex, not least by the difficulty in finding a commonly accepted definition of leadership, and particularly one that is meaningful in the world of public management. John Kotter (1990) argued that management and leadership are distinct, but different sides of the same coin: leadership is about change while management is about continuity and stability. Both of these modes of operation are important in our public service, not least because in order to do their job well public service organisations must be both conservative in order to maintain necessary consistency and continuity, but also sufficiently adaptive to anticipate and deal with changing circumstances. The challenge is one of achieving the correct balance. The question therefore is: have we achieved the right balance?

The willingness to face up to harsh realities, whether on matters relating to the design or implementation of public policy or the functioning of the organisation and its people, is at the heart of successful adaptation, and this in turn is critical to understanding the role of leadership in the current crisis in Ireland. The theory of adaptive leadership developed by Heifetz and colleagues at Harvard University (Heifetz and Linsky, 2002) proposes that public service leadership must be seen primarily as promoting and achieving adaptation to changing circumstances. It is interesting to note that the independent review of the Department of Finance (Wright, 2011: 6) takes up this theme of adaptation when it suggests that the Department 'should have adapted its advice in tone and urgency after a number of years of fiscal complacency... it should have shown more initiative in making these points'. Adaptive leadership recognises that organisations embody collective systems, and that therefore leadership is not a role played all of the time by a few senior people, but rather an activity that people at all levels of the organisation have the opportunity to engage in on a daily basis. Fundamentally it suggests that this leadership activity needs to be directed towards the real challenges of adaptation, not the technical challenges of adjustment.

Given this perspective on leadership, what then can we say about the role of leadership in times of crisis, and more specifically what can we say about public service leadership in the context of our own current crisis? Insofar as public administration is defined as being concerned with all units and levels of government and at any one point in time represents an accumulated set of relationships, practices and culture, then the current crisis can reasonably be described as posing questions about leadership and adaptation on the part of the Irish public administration as a whole.

To determine the capacity of the public service to provide leadership, it is useful to consider some of the strengths and weaknesses of public service managers as reflected in the results of research conducted by the IPA over the past few years. In the first piece of research (McLoughlin and Wallis 2007) the data is based on the competencies identified for over 200 senior public sector managers using a 360 degree leadership diagnostic. Allowing that there are naturally many individual variations in the data, the composite profiles of these managers reflect a strong capacity for strategising, for structuring and controlling tasks, people and processes, for seeking consensus and team outcomes, and for adopting a more 'custodial' and conserving style of management. On the other hand the capacities for influencing and engaging with people and networks, for tolerating and managing conflict, or for 'frame breaking' initiatives are less well developed. In a further piece of research that involved a survey of senior public service managers aimed at eliciting their views on leadership (O'Rafferty et al, 2008), managers identified culture, fear of failure and the dominant management style as

the three most significant inhibitors of leadership in the Irish public service. When asked about which changes would do most to encourage leadership behaviour they identified having greater scope and latitude in their roles as the primary factor. They also identified a lack of collective leadership in the public service as being a serious inhibitor to progress.

The data from these surveys, perhaps not surprisingly given the prevailing values and culture, reflect well-developed competencies for thinking strategically and for managing ongoing process, but much less capacity for working across organisational boundaries, for networking and people skills, and for dealing with the adaptive or 'wicked' problems related to culture and change that require solutions that must come from outside the current repertoire. Yet these are the nature of the key challenges we now face.

In relation to leadership in the Irish public sector, Aylward et al (2002) argued that the Irish public service is over-managed and under-led. To the extent that management is more concerned with operational detail, structure and control, consistency, current operations and can be exercised from within the authority roles embedded in the hierarchical structure of the public service, then this is still the case today. If the current crisis has taught us anything it has surely taught us that in a variety of areas the old ways no longer work because the nature of the problem has changed – society has changed, the market has changed, people have changed. This also applies to public administration.

The weakness of leadership compared to management capacity in the system has been brought sharply into focus in the recent crisis. Aylward et al (2002) argued that top public service managers 'must break out of the cultural frameworks they have inherited and create new leadership roles that others can look to for direction and inspiration'. As evidenced in numerous reports, the Irish system of public administration tends to operate out of silos, and there has been a lack of collective leadership and action that has also proved detrimental in the recent crisis.

If we are to learn from the current crisis and develop leadership in our system to successfully anticipate and adapt to changed circumstances there are a number of critical leadership capacities that need to be further developed. The authors of the OECD review (2008a: 36) urge us to look beyond our own internal logic and embrace new ways of looking at some familiar problems. They also argued that we need to develop a system where disciplined innovation, risk taking and experimentation is actively encouraged. This demands that public servants move beyond familiar interpretations and assumptions that may seek to preserve and confirm settled positions, mindsets or vested interests. The leadership challenge now is to develop the capacity for anticipating and interpreting the significance of critical environmental changes; for being aware of, and open to, disconfirming data; for challenging established mindsets and cultures in the interests of better adaptation; for developing the skill and the will to manage the inevitable conflicts that arise from change both inside and outside the organisation; for developing greater capacity for exploring and creating public value which also means developing a greater tolerance for risk; for developing the capacity for collective leadership and action; and creating a truly learning system of public administration.

To develop these capacities will require a number of initiatives such as mobilising the recently established senior public service (SPS), to support mobility and focused leadership development that is not aimed at simply reinforcing management capacities that are already well developed, but rather at developing the leadership capacities to manage change. It will need greater and more meaningful engagement between senior public servants and citizen, academic and other networks. It will require that through recruitment and other means we develop a more heterogeneous public service that reflects the society it must serve, and by creating opportunities, not least through developing a more productive dialogue between research and practice, to learn from what has gone before and to move from responsive activity to reflective action. In this context it is important that the SPS is spread beyond the civil service to incorporate the wider public service sooner rather than later.

#### 4.2.2 Organisational capacity

The Organisational Review Programme (ORP) launched in 2007 provides a constructive platform for reviewing and developing capacity within the core civil service. To date, the ORP has involved reviewing the capacity of seven departments and is scheduled to complete the remaining departments by end 2012. The previous government proposed that the ORP be extended across the public service. Each ORP has considered ten attributes, grouped under three headings: strategy, managing delivery and evaluation. A review of the ORP carried out by O’Riordan (2011) found that while departments had developed action plans to address the findings of the ORPs, in the absence of a programme of follow-up reviews, there is no mechanism for ensuring the findings are acted upon. She also identified a number of common issues that need to be addressed, including:

- Support and direction from the centre in relation to human resource issues such as the performance management and development system and workforce planning, as well as the governance of agencies
- Development of greater performance measurement across the service
- Enhancing the capacity of Irish officials at EU level

Completing the ORP programme is important in order to develop a comprehensive picture of capacity at the heart of the administrative system. Equally, tackling the weaknesses and lacunae identified in the reviews should form part of any overall reform initiative for the public service. But ORPs on their own assess capacity on an organisation-by-organisation basis, and run the risk of maintaining a ‘silo’ approach. They need to be accompanied by ‘whole of government’ and sectoral reviews of capacity, including addressing the common issues highlighted by the ORP process.

A particular capacity issue for the public service is finding the appropriate balance between generalist and specialist staff. Traditionally, the Irish public service has emphasised the generalist approach, and that emphasis has been found wanting in recent times. Taking the independent review of the Department of Finance as an example, they found that the Department does not have critical mass in areas where technical economic skills are required and has too many generalists in positions requiring technical economic and other skills (Wright, 2010: 6). Such a finding would likely be echoed across many parts of the public service with regard to the need for more specialist expertise in particular areas, such as economics, accountancy and human resource management. The public service, which is now required to address a wide variety of complex areas of policy and delivery, cannot be successful without developing specialist skills in designated functions and areas and also removing any barriers that may exist to the progression of technical and specialist grades within the system.

A particular capacity issue thrown into high relief by the current crisis is one already flagged in the ORP process – the need to further develop capacity of Irish officials to operate at EU level (and indeed to operate effectively in a wider international context). The internationalisation of complex issues such as finance and banking requires a focus on Ireland’s competence in the international sphere. There is a pressing challenge now facing the system in terms of reputation and presence in the international and European corridors of power. Therefore we need to urgently build greater capacity and examine the human resources needed in our public service to operate effectively at international level and to present Ireland’s case.

### 4.2.3 Workforce planning

In the context of reduced numbers and increased mobility, there is a need for a coherent and formalised approach to workforce planning. The OECD (2008a) were highly critical of workforce planning in the Irish public service, noting that it is neither done at a central level (as in France), nor at the organisational level. Subsequently, some initiatives have been taken in the health and local government sectors, but they are relatively limited to date and need to be much more extensive and formal.

In the context of achieving a wider plan and vision, organisational restructuring also has the potential to enhance capacity. South Dublin County Council and the Revenue Commissioners, for example, re-structured to enable greater flexibility and cross-functional working. Redeployment of staff occurred, and there were greater opportunities for e-working and innovation more generally (O'Donnell, 2006: 82-88). Therefore organisational restructuring also needs to be considered as an enabler to support better management and utilisation of a reduced workforce.

#### Workforce planning in Canada: The case of Saskatchewan

The 2010–11 plan for the Public Service Commission and the Statement of Organizational Culture for the Saskatchewan Public Service serve as the foundation for workforce planning efforts for the entire public service. The strategies in the plan support the achievement of the desired culture and address the highest priority employee and organisational issues facing the public service. The plan outlines the strategies and actions required to build a highly skilled and productive workforce to ensure achievement of the vision that sees 'the Saskatchewan public service as a leader in public sector management and policy and dedicated to delivering programs and services valued by the people of Saskatchewan'.

Source: <http://www.psc.gov.sk.ca/workforceplanning>

### 4.2.4 Motivation

What motivates public servants to achieve and sometimes over-achieve has been a subject of increased interest internationally. Many people join and remain within the public service because they have a strong desire to meaningfully contribute to society. Internationally, however, the reforms of the last twenty years which have involved many extrinsic incentives (such as pay-for-performance and contract-based employment measures) have challenged assumptions about public service motivation (Perry and Hondeghem 2008). In the context of increased demands, much diminished resources, and increased media and political criticism, it is timely to review the basis on which public servants in Ireland are motivated and the skills currently available across the service to meet the challenges ahead.

Public service pay is clearly an issue of some concern with regard to motivation. In a review of national and international experience with public service grading and pay systems, O'Riordan (2008: 54) came to the conclusion that performance related pay is not desirable in the Irish public service. In this she reaches a similar conclusion to other international experts, such as Behn (2000). In a similar vein, OECD (2005a, 2005b) studies of performance related pay in the public service

note that while one of the main reasons for introducing performance related pay is to improve employee motivation and thereby improve performance, there is little or no evidence of improved motivation as one of the achievements of performance related pay. O’Riordan (2008: 54) notes initiatives that have been shown to enhance motivation and performance levels: career advancement, having more influence over one’s job, team work, work-life balance and having managers who are good at leadership. These approaches need to be more pro actively pursued to address problems of motivation. The restatement of public service values both across the system and in specific organisations also provides an important underpinning of behaviour and performance.

#### 4.2.5 Mobility

The model for recruitment to the public service in Ireland has been slow to evolve when compared with other states. The career-based public sector model aims to maintain a corps of generalists, but in spite of this, mobility of staff around the public service in Ireland has in practice been limited. The system has also been slow to embrace greater labour market mobility between the private and public sectors, including outside appointments to the senior tiers. In comparison with other OECD states, Ireland therefore tends to find itself in an outlier position in relation to its openness to external recruitment and the delegation of responsibility to lower levels of the service.

Associated with mobility is the application of the grading and pay system. A review by O’Riordan (2008) found that:

Fundamental changes in respect of the centralised nature of the grading and pay system are not warranted. However, some reduction in the overall number of grades and greater integration of general and departmental grades should be on the agenda. Reform in this area would mitigate against the disadvantages of a very hierarchical system, afford organisations greater flexibility and provide many staff with increased career opportunities (2008: 54).

*Transforming Public Services* (Department of the Taoiseach, 2008) provided for the initial redeployment of public servants across the service, and the *Public Service (Croke Park) Agreement* has extended this development. A number of related initiatives are currently underway to standardise terms and conditions in order to facilitate mobility, collaboration and the transfer of skills, and which will provide for a more coherent labour market. *Programme for Government 2011* (2011) also signals an intent to reduce the number of grades within the public service. As for the development of the senior public service, greater mobility will need to be underpinned by change management programmes and a restatement of common public service values.

### 4.3 Summary

Key findings emerging from this section are as follows:

- The current crisis raises questions about leadership and adaptation on the part of Irish public administration. There is a need for leadership development to build greater capacity to work across organisational boundaries, improve people skills, and to address the adaptive or 'wicked' problems related to culture and change that require solutions that must come from outside the current repertoire. There is a need not only for leadership within organisations, but for the development of capacity for collective leadership of change across the public service.
- There is a need to mobilise the recently established senior public service (SPS) to support focused leadership development; through recruitment and other means to develop a more heterogeneous public service that reflects the society it must serve; to learn from what has gone before; and to move away from responsive activity to reflective action. It is important that the SPS is spread beyond the civil service to incorporate the wider public service sooner rather than later.
- The Organisation Review Process (ORP) has provided a constructive platform for reviewing and developing capacity within the civil service. However it needs to be improved and extended across the public service, and be complemented by 'whole of government' and sectoral reviews.
- Traditionally, the Irish public service has emphasised the generalist approach, and in certain areas that has been found wanting in recent times. The public service, which is now required to address a wide variety of complex areas of policy and delivery, cannot be successful in the future without developing more specialist skills in designated functions and areas, such as economics and human resource management, and also removing any barriers that may exist to the progression of technical and specialist grades within the system.
- A particular capacity issue highlighted by the current crisis is one already flagged in the ORP process – the need to further develop the capacity of Irish officials to operate at EU and international level. Therefore we need to urgently build greater capacity and examine the resources allocated in our public service to operate effectively at international level and to present Ireland's case.
- In the context of reduced numbers and increased mobility, there is a need for a coherent and formalised approach to workforce planning. Organisations must assess current and future budgetary and staffing requirements in the light of known resource constraints, in order to ensure that resources are appropriately targeted towards government priorities.
- There is a serious challenge in the current environment to the motivation of public servants. Performance related pay is not a solution and not an option. Non-pay initiatives to enhance motivation and performance levels such as enhanced leadership, greater delegation, and more emphasis on teams and team performance should be pursued.

Having considered the challenge of enhancing public service capacity, we turn now in the next section to identify ways in which the implementation of reform can be addressed.

## 5. | The challenge of implementation

There has been much discussion in the media and elsewhere concerning an ‘implementation deficit’ in respect of public service reform. Much of the mood is captured in a quote from the president of the Dublin Chamber of Commerce: ‘Strategies and reports aplenty have been published. However, confidence does not flow from their mere publication, but from measurable evidence that they will be delivered within a reasonable time period’ (Brennan, 2010). Indeed the literature on the difficulties associated with implementation of public service reform is long established in many countries. Essentially, implementation of public service reform is concerned with the process by which public services are re-structured and re-designed, and the process by which change is managed.

### 5.1 What has been done so far and where are we now?

The creation of a separate Department of the Public Service in 1973 was an early attempt to provide a ‘driver’ for public service reform implementation. But this approach led to problems, including fragmentation and duplication of responsibilities. The Department of the Public Service was abolished in 1987 and its functions re-absorbed into the Department of Finance.

The *Serving the Country Better* (1985) white paper proposed a variety of implementation mechanisms, and achieved varying degrees of success. It envisaged an important oversight role for the Public Service Advisory Council, a statutory body set up to advise the minister for the public service on matters relating to public service organisation and personnel management. But the council was allowed to lapse when the Department of the Public Service was merged with the Department of Finance in 1987, and its annual reports were regarded as having limited impact.

The SMI-DBG change programme had somewhat more success with regard to implementation, but more so at the administrative rather than the political level. At political level, a minister of state at the Department of Finance and Department of the Taoiseach was appointed with responsibility for pursuit of the SMI agenda. A joint Oireachtas committee on the SMI was established, but it focused mostly on customer action plans of selected organisations rather than examining reform more broadly. At administrative level, a number of participative mechanisms and processes were put in place to drive change, including a coordinating group of secretaries general.

Following the publication of *Transforming Public Services* (Department of the Taoiseach, 2008) the government established a cabinet committee on transforming public services, appointed a minister of state with responsibility for public service transformation, set up a programme office in the Department of the Taoiseach and also announced they would establish a public service board to be chaired by the minister of state and with a majority of its members from outside the public service. However, the public service board was not followed through in practice.

### 5.2 Where to next?

A couple of significant points emerge from previous initiatives. One is that a wide variety of political and administrative implementation structures and processes have been proposed and tried in the past, but with varying degrees of success. Another is that reform of structures on its own is not enough. There also needs to be a shared agenda for reform, clear targets and timescales and a change management process in place. We strongly endorse the recommendation of the

independent review of the Department of Finance that greater expertise in change management is needed across the system (Wright, 2010: 39).

Boyle and Humphreys (2001: 65-76) propose a three-tier approach to implementation – top down, middle out, and bottom up – with action needed at each tier if implementation is to be successful. This structure is used here to provide the basis for an implementation framework for public service reform.

### 5.2.1 Top down implementation

Political engagement affects the pace and depth of public service reform. To date, limited political engagement has been one of the contributory factors in the relatively slow pace of reform in the Irish public service. Stronger and consistent political engagement is needed. The introduction of a cabinet minister and minister of state with responsibility for reform is a welcome development. The proposed economic council on which the Taoiseach, Tánaiste, Minister for Finance and Minister for Public Expenditure and Reform will sit could be an important source of momentum. Administratively there is a need then for a strong central function to support the minister and drive change. The review of the Department of Finance noted that while the public service modernisation agenda is relatively well defined, ‘...what is missing is a strong organisation for effective implementation’ (Wright, 2010: 38). The new Department of Public Expenditure and Reform will have a central role to play in driving reform and enhancing cohesion. It will be important that the public service reform element of the brief is not ‘overwhelmed’ by the public expenditure element.

In an analysis of the Cabinet Office and Treasury in the UK, Parker et al. found a ‘strategic gap’ at the heart of government, and called for the development of strategic leadership, defined as ‘the process of setting clear priorities, linking those priorities to funding, collaborating with departments to draw up work plans, and performance managing the most important goals’ (2010: 8). The final advice of the study by Parker et al. would appear particularly apt for Ireland:

The centre must do more to set out strategic priorities for government, but step back from micro-managing policy and delivery. It must keep control of the overall public finances, while encouraging innovation within and across departments to find productivity improvements. The centre must also help departments to strengthen their internal governance while encouraging and facilitating collaboration across boundaries (2010: 10).

In particular there is a need for a ‘challenge’ role by the centre, aimed at ensuring that a limited number of priority targets are set and that these targets are sufficiently stretching and challenging. There is a need for robust conversations with line departments and agencies, and similarly with local authorities. The centre in this context aims to ‘raise the bar’ for everyone and encourage progress. At the same time, it provides an opportunity for organisations to raise issues bearing on their ability to implement change. The centre also has an important role to play when problems are encountered with the implementation of agreed reform initiatives. A significant issue is determining what to do when initiatives do not proceed as planned. The obstacles to implementation need to be clearly identified and appropriate responses developed at an early stage.

There is also a need for changed processes such as pooled budgets and a focus on outcome targets which ‘cross-cut’ different departments and levels of government. In Scotland and Finland, for example, ministers have been allocated issues that cross between departments; this is in contrast to the traditional approach of linking minister’s responsibilities with particular departments.

The public service board or equivalent, not pursued to date under *Transforming Public Services*, but recommended in the independent review of the Department of Finance (Wright, 2010: 7) offers an additional opportunity for a high-level driver of change. The aim here is to bring outside expertise and knowledge to act as an additional catalyst for reform. But as the experience with the old Public Service Advisory Council shows, it is not of itself guaranteed to have an impact. It is important that there is a structured response to the reports of any such board or equivalent body built in to the process, as for example takes place with regard to the advisory committee in Canada.

### Canadian Advisory Committee on the Public Service

The advisory committee on the public service was established in 2006 to provide an external perspective and expert advice to the prime minister and the clerk of the Privy Council on the renewal and future development of the public service. The committee comprises nine eminent Canadians, all of whom are recognised leaders in their professions and in Canadian society.

The Committee meets twice a year, and produces an annual report which is annexed to the clerk of the Privy Council's Annual Report to the Prime Minister on the Public Service of Canada. Annual Public Service Renewal Action Plans are based on this direction, and lay out clear actions to further advance the renewal agenda.

Source: <http://www.tbs-sct.gc.ca/ren/cpmc/menu-eng.asp>

There is also a need for wider parliamentary engagement with the reform process to maintain focus and accountability. A further central support could involve more structured engagement and dialogue between those charged with implementing public service reform and third level and other research institutions. In recent times, there has been relatively limited engagement between government and research institutions on public management issues and reform programmes generally.

### 5.2.2 Middle out implementation

There is much that can be learned from the SMI-DBG programme with regard to extending the ownership of change across the system. One of the successes of SMI-DBG was in the area of management engagement across the public service where it learnt from the experience of earlier reform efforts that: 'Centrally devised and driven programmes can meet with strong opposition, primarily because of a view of reform being imposed. The approach on this occasion was, and remains, characterised by extensive consultation with and involvement of management across the public service' (Embleton, 1999: 7).

At organisational and sectoral levels, implementing and sustaining reform requires the capacity to lead and manage major change. As mentioned above in the section on leadership, lack of change management skills can pose particular problems and requires targeted training and development of staff. In particular, it is vital that managers have the capacity to lead change, lead people and build coalitions of support for change. This requires attention to be given to the skills and capacity development of change leaders. Capacity weaknesses in leadership have been identified as a problem (O'Riordan, 2011).

Indeed, this notion of developing a critical mass of management support for implementation and change is vital to the success of any change programme. Aylward et al (2002) note:

In summary, top managers must become leaders and effective communicators and their performance and that of their assistant secretaries must be supported by an SES (senior executive service). They must tirelessly prioritise and personally engage with change; eschew operational detail; plan for and address cultural blockages to change, particularly among middle managers; and design and oversee key reform of decision-making and reward systems consistent with the change programme. In essence, top managers must break out of the cultural frameworks they have inherited and create new leadership roles that others in their departments can look to for direction and inspiration (2002: 68).

### Reforming the Finnish public service: identifying a leadership and change skills gap

In 2006 Finland introduced regionalisation and productivity programmes aimed at addressing problems associated with an ageing public service. The programme presented difficulties in its implementation. It was discovered that these difficulties were not due to any lack of technical knowledge but to limited leadership skills and the absence of a strategy to manage change. One explanation identified was the educational profile of leaders of change within organisations: many had not been trained to be organisational leaders but rather their training focused on technical aspects and not on how to manage the effects of their decisions.

There was not enough preparation to facilitate managers to take up of their new role as leaders of the change process. Top or senior managers are not necessarily the authors of the reform initiatives but they play the pivotal role of implementing them. Therefore, they should understand and be committed to lead the change process. Moreover, top managers need to have the necessary tools to cope with the process of change.

Source: Huerta Melchor, 2008

### 5.2.3 Bottom up implementation

To develop pressure and support for implementation and change from a bottom up perspective ultimately means ensuring that front line staff, and also service users and citizens more widely, are engaged with the process. Where change is managed poorly, employees are more likely to express their dissatisfaction by a withdrawal of discretionary effort. In particular there is a real danger of disaffection of rank and file staff in a context where the emphasis is on overall reductions in staffing levels and simply achieving 'more with less'.

Despite attempts to involve front-line staff in reform initiatives, it can often be a source of frustration. The level of staff involvement can vary from place to place, and the time taken up by engagement can feel overwhelming if managed poorly. Active engagement of front line staff in meaningfully progressing change is a significant challenge for many organisations. Clear and consistent communication, explaining what has to be done and why, giving a full context for the changes and ensuring that questions are answered quickly and clearly, can help ensure that employees understand the changes and their role within them.

### Involving the front line – London Borough of Lewisham

The London Borough of Lewisham has made particular progress in developing e-government initiatives. A significant part of their success has been due to the structured engagement of front line staff. Lewisham's people management strategy recognises the role and involvement of its staff as the key to the development of integrated and accessible services for local people. A front line academy (FLA) has been created as a forum of communication and support for front line staff.

Around 190 staff have attended customer champion workshops, which provide an opportunity for staff to examine the changes impacting across the council and to share experience and best practice. These staff have been integral to supporting the cultural change necessary to deliver excellent customer focused services.

A regular newsletter is circulated to around 1500 staff, which highlights change issues affecting front line staff, publicising other FLA activities as well as learning and development opportunities. Service improvement workshops between front line and back office staff and suggestions from staff have resulted in service improvements being implemented, for example, separate queuing systems to reduce waiting times for customers with disabilities, and lower desks to aid customers who are unable to stand easily.

Source: I&DEA, 2008, <http://www.idea.gov.uk/idk/aio/87366>

Ultimately, public service reform is about providing quality services to citizens, and that must involve promoting greater inclusiveness in the policy making process so as to better address citizens needs. It is vital therefore that the views of service users and of citizens are built into the change process and act as a stimulus for change. Some organisations are taking significant steps to involve service users in the planning of policy and review of services. In other cases the evidence is far less compelling. There is a need to broaden out citizen participation in the policy and implementation process, as discussed in the section on citizen engagement.

### 5.3 Summary

Key findings emerging from this section are as follows:

- The new Department of Public Expenditure and Reform will have a central role to play in driving reform and enhancing cohesion. It will be important that the public service reform element of the brief is not 'overwhelmed' by the public expenditure element.
- There is a need for processes such as pooled budgets and a focus on outcome targets which 'cross-cut' different departments and levels of government, in order to incentivise joined-up approaches.
- We strongly endorse the recommendation of the independent review of the Department of Finance that greater expertise in change management is needed across the system. It is vital that managers have the capacity to lead change, lead people and build coalitions of support for change. This requires attention to be given to the development of change leaders. Continuous change will be the order of the day, rather than occasional periodic changes.

- There is a need for a stronger 'challenge' role by the centre, aimed at ensuring that a limited number of priority targets are set and that these targets are sufficiently stretching and challenging. The centre also has an important role to play when problems are encountered with the implementation of agreed reform initiatives. The causes of the implementation problem need to be clearly identified and appropriate responses developed. The centre also needs to encourage innovation and guard against a culture of micro-management and risk aversion.
- A public service advisory board should be established. It is important that there is a structured response to the reports of any such board or equivalent body built in to the process to ensure it does not become a 'talking shop'.
- Active engagement of front line staff requires clear and consistent communication, explaining what has to be done and why, and encouraging input and direction from the front line.

In the next section we move to identifying ways in which the users and recipients of public services can play a role in their design and improvement.

## 6. | The challenge of engaging the citizen

The public service delivers a wide variety of services to the community. Citizen engagement in the design and provision of public services is an issue at the heart of public service reform. Unless the citizen is centre stage in the process, the chances of reform receiving widespread backing are small.

### 6.1 What has been done so far and where are we now?

Quality of service provision has been the main focus of reform with regard to citizen engagement to date. Changes arising from the *Serving the Country Better* white paper in 1985 led to improvements for customers, but they were at a fairly basic level. The provision of a quality service to the public then became one of the central tenets of the SMI-DBG change programme. In 1997 a formal quality customer service (QCS) initiative was started, overseen by a QCS working group.

The initial phase of the QCS initiative had a number of shortcomings. Research conducted by the IPA (Humphreys 1998 and 2002) found that customer action plans developed as part of the initiative were extremely varied in quality. Despite the national reforms, many departments lacked a genuine commitment to customer services. For the managers in departments, the needs of customers rarely took centre stage and ranked low in their list of priorities. Consultation with citizens was lacking, and there was little consistency in the development of quality standards.

In part as a response to these criticisms and as a way of further embedding the QCS principles across the public service, in 2002 the QCS working group oversaw the introduction of a customer service charter initiative. The QCS working group also developed mechanisms to acknowledge and recognise improvements, notably through the inauguration of the Taoiseach's bi-annual public service excellence awards. An annual awards scheme for excellence in local government was also established in 2004 by Chambers Ireland, in partnership with the Department of the Environment, Heritage and Local Government.

Also in the local government sector, local authority service indicators were launched in 2000. They involve all local authorities reporting annually on performance results against a set of agreed service indicators (housing, water services, planning, fire services, environmental issues, etc.). A number of limitations have been identified with this process, such as limited use of the indicators by a number of authorities, and limited attempts to make the indicators meaningful to the public (Department of the Environment, Heritage and Local Government, 2004).

One other main focus of citizen engagement worthy of note is an increased emphasis on consultation with service users and citizens generally. An example would be the consultation exercise on the white paper on crime launched in 2009. Also, in the field of regulatory reform, significant efforts have been made to develop consultation practice (Department of the Taoiseach, 2005). But an OECD (2010c) review found varying levels of engagement with stakeholders and recommended the need for more 'teeth' to the consultation guidelines as well as the need for more consistently high standards.

### 6.2 Where to next?

*Transforming Public Services* (Department of the Taoiseach, 2008: 14) refers to the need for Ireland's public services to deepen citizen engagement. In line with the OECD (2008a) review, much emphasis is placed on the increased use of

information and communication technologies. *Programme for Government 2011* (2011) outlines a number of commitments for more information to be given to citizens, including opening up the budgetary process, the greater availability of more performance data, and the creation of a website [www.fixmystreet.ie](http://www.fixmystreet.ie) to assist residents in reporting problems and getting a response with regard to issues such as street lighting and graffiti.

But for citizen engagement to develop in a meaningful manner requires a shift in focus. While better customer service and enhanced consultation are important initiatives, ultimately such initiatives deal with the citizen primarily as a relatively passive receiver of services. It is in having a more active voice in the design, delivery and monitoring of policy and services that citizen engagement will play a more prominent role in the future reform of the public service. Drawing on international developments, we have identified three issues which are likely to be particularly important with regard to citizen engagement in the coming years: citizen engagement in strategic planning and policy design; public access to and use of government data; and the development of user driven services.

### 6.2.1 Citizen engagement in strategic planning and policy design

Putnam (1994) suggests that greater involvement of citizens and higher levels of volunteerism lead directly to higher levels of social capital, particularly social trust and cooperation. Conventional means of citizen involvement with policy, such as public hearings, consultation papers etc. tend to engage only a small number of citizens. Often, these are people with a particular interest in the policy area and with the resources to engage fully in such processes. Moving to greater citizen engagement through such means as deliberative democracy requires the achievement of wider participation (Bingham, Nabatchi and O'Leary, 2005). There is a particular role for local government in this process. Tierney (2009: 46) notes that the local level 'provides the best opportunity for re-creating an active citizenship'. Local initiatives such as participatory budgeting have been tried in some local jurisdictions.

#### Participatory budgeting in Cologne city

Participatory budgeting was introduced in Cologne in 2008 as part of a wider agenda of citizen participation. Participatory budgeting has been piloted in the city through an e-participation internet platform. The platform empowers citizens to participate in planning the budget by submitting proposals, comments and assessments, and submitting votes for or against specific proposals. The system encourages ongoing online discussions. To manage the flow of conversation and to target contributions, the interactive website was overseen by forum facilitators.

The levels of involvement in Cologne surpass comparable projects elsewhere in Europe – around 5,000 proposals were submitted during the first trial and more than 52,000 votes were entered. There were around 120,000 unique visitors to the website. The pilot phase of the project cost approximately €300,000 to set up and run. The project won the 2009 European Public Sector Award in the category of citizen involvement (<http://www.epsa2009.eu/en/media/show/&tid=9>).

Participatory budgeting is becoming an increasing feature in a number of German municipalities.

Sources: Cabinet Office, 2009: 34; Franzke, 2010

At the policy design and implementation stage, citizens can be given a more direct role in shaping practice. Examples exist of user participation in the planning of public spaces and public buildings. These practices and the principles that underpin them can be further built upon. Similarly, citizens can be directly involved in the design and monitoring of performance indicators of public services.

The Obama administration in the USA has launched a number of high-profile strategic planning exercises with an online component, including the Citizen's Briefing Book during the presidential transition period, and the Office of Science and Technology Policy's 2009 consultation about open government. However, these initiatives also highlight some of the potential problems and limitations associated with a move to more active online engagement. Borins (2010: s220) notes that 'The Citizen's Briefing Book received 44,000 proposals and 1.4 million votes – from a population nine times the size of Canada. A number of marginal ideas – legalizing marijuana, legalizing online poker, and revoking the Church of Scientology's tax-exempt status – were, to the administration's chagrin, very popular'. Efforts need to be made to try to ensure that engagement initiatives are not sidelined into dealing with minority interests but more actively engage the wider citizenry.

### 6.2.2 Public access to government data

There are a number of initiatives in the relatively early stages of development at present to make performance and financial information more available and accessible directly to citizens. For example, in Ireland Fingal county council have an open data initiative <http://data.fingal.ie/>. The aim of such initiatives is to enable citizens to examine and compare services and make informed decisions, drive improvements in services, and hold government at all levels to account. The concept of members of the public acting as 'armchair auditors' monitoring spending and performance data to act as an additional scrutiny of value for money has also been mooted.

In Stockholm, for example, the city council has put efforts into providing information on childcare providers. Since 2008, a website has provided comparative information, including staff-to-pupil ratios, the percentage of staff who are graduates and the location of the nursery on a standard-format map. Users of the site can search by distinctive features, such as pedagogic approach, as well as dietary, cultural or religious criteria. Having searched through the information available, citizens are able to apply online for a place for their child at their selected provider. The website and the online application process have cut by 50 per cent the amount of time spent administering information and application forms (Cabinet Office, 2009: 29). Such initiatives both provide information in a form useful for citizens, and empower them to use the information to inform their choices with regard to service provision.

### American open government initiatives

The USA, at both city and federal level, is a leader in empowering citizens through access to information on how public money is spent and what is achieved as a result of this expenditure. For example, in 2009, the White House issued the federal government's Open Government Directive (OGD). The directive requires each federal agency to formulate a plan for how it intends to increase openness and public engagement in its programmes and operations. In response to the directive, each federal agency developed its own open government plan by April 2010.

Websites providing information on a national basis, such as <http://www.data.gov/> and <http://www.recovery.gov> are building on what has been achieved by individual US cities. For example, the Open Book portal in New York State gives citizens access to up-to-date information on how public money is being spent. It provides easy-to-use search tools as well as access to catalogues of raw data which can be re-used and re-interpreted by interested members of the public, researchers and academics (Cabinet Office, 2009: 31).

The UK government has also taken steps to open up government data. A decision was made in 2010 to publish the Treasury's Combined on-Line Information System (COINS) which contains spending plans and outturns across central and local government amongst other things (<http://www.hm-treasury.gov.uk/coins>). Interest groups, newspapers and companies have started to use this data, for example the Guardian newspaper produced an online tool that allows individuals to explore the data.

There are, therefore, varying degrees to which data availability impacts on citizens. At its most basic, it is about increasing data transparency for the public. At its most advanced, it is about giving citizens more control and more informed choices with regard to public services they use and/or pay for. But a number of issues need to be tackled if access to data is to be effective. Some of these issues are organisational, such as ensuring quality data, changing organisational culture and increasing public engagement. Other issues are technological, such as improving the technology infrastructure and enhancing information security (Lee and Kwak, 2011: 24-26). Yet others require political action, such as reviewing freedom of information legislation. Increasing public access to government data is an important but not straightforward task.

### 6.2.3 User driven services (personalisation)

A definition of what is meant by user driven services is provided by the House of Commons Public Administration Select Committee:

Under the general heading of 'user-driven services', we consider what is termed 'coproduction' in public services – the notion that service users work with service practitioners and professionals to 'co-produce' desired outcomes such as good health or safe communities. We also examine 'user-directed' services, where service users are able to control or direct (often by financial means) the services they receive. 'User-driven services' is a useful catch-all term to cover the different forms of deeper user involvement in public services. The core underpinning idea is the same, however: that successful public services will both enable and engage the people they are designed to serve (2008: 9).

Involving public service users by allowing them to control or influence the way in which services are provided has the potential to improve service quality, be cost effective, make for more appropriate services and increase people's satisfaction with public services. It is, however, still early days for many forms of user driven services, such as giving users individual budgets in areas such as social care, often referred to as personalisation. Initial evidence on such initiatives seems promising, offering a way to both empower citizens and cut costs. But there is a need for comprehensive and rigorous monitoring and evaluation before reaching firm conclusions. Also, involving service users is not always appropriate in all circumstances. In some cases it could create inequalities of service and levels of inequity, as well as being risky and expensive. The balance has to be struck between user empowerment and user responsibility. It is important to determine where user involvement is desirable, and in what form.

### Personalising services: Wraparound Milwaukee

Wraparound Milwaukee acts as a single system of care for children with serious emotional disturbance in need of comprehensive mental health care and supportive services who are at imminent risk of institutional placement. It uses pooled budgets from the agencies that used to provide care separately for these children to knock down funding (and therefore delivery) silos.

Wraparound Milwaukee becomes the sole payer of services for the child, with a lead professional working closely with the family to coordinate a comprehensive package of services. Working in partnership, the lead professional and the family choose from between seventy different support services to create the right package. There is one lead professional per ten young people and all families also have access to 24/7 mobile crisis intervention services and a family advocacy group.

Wraparound Milwaukee was designed in 1995 and its philosophy is 'one family, one case manager, one plan'. It serves around 900 children at any given time, and operates with a budget of \$40 million a year. Since starting the programme in 1995, daily residential treatment usage has been reduced from 375 young people per year to 80, with the average length of stay down from 12 months to 4.5 months, and psychiatric hospitalisation has been reduced from 5,000 inpatient days to 300 days. This has generated huge efficiency savings – in 2007 the cost of care for a child in Wraparound Milwaukee was around \$400 per month compared with over \$8,000 per month for residential treatment or \$27,000 per month for inpatient psychiatric care.

Sources: Cabinet Office, 2009: 44, and <http://county.milwaukee.gov/WraparoundMilwaukee.htm>

In the UK, in the social care area most local authorities are setting up a resource allocation system to calculate the amount of money a service user can receive in a personal budget. Needham and Tizard (2010) note that:

Users can choose to manage the money themselves as a direct payment or to have it managed by the local authority or a third party (as an individual service fund). The user (along with their carer, where appropriate) and a support planner (who may be a social worker, another local authority employee or someone from a third party organisation) then work to put together a seven-stage support plan. Spending plans must be linked to approved outcomes and signed off by the local authority, but users are encouraged to be creative in how funds are spent. This may be something very different from a traditional package of care services: for example a personal budget holder could buy goods and services from multiple providers in different sectors simultaneously (2010: 5-6).

There are many issues still to be addressed in determining in which areas greater personalisation of public services may usefully be applied. But the potential to radically transform the way services are delivered to the benefit of the citizen suggests that experimentation with the approach is worthwhile.

### 6.3 Summary

Key findings emerging from this section are as follows:

- Citizens should be seen as more than passive recipients of services and have a more active voice in the design, delivery and monitoring of policy and services. The active engagement of citizens will further build trust in government and public services, and support the development of responsibility and accountability at all levels.
- At the policy formulation stage, more active engagement of citizens through innovative consultation processes is needed. At the policy design and implementation stage, citizens should be given a more direct role in shaping practice.
- There is a need for greater public access to data on the performance of programmes and services. At its most basic, it is about increasing data transparency for the public, for example through reviewing freedom of information legislation. At its most advanced, it is about giving citizens more control and more informed choices with regard to the public services they use and/or pay for.
- Experimentation should take place with the development of user-driven services, including individualised budgets, particularly in the sphere of social care. In the right circumstances, allowing users to control or influence the way in which services are provided has the potential to improve service quality, be cost effective, and increase people's satisfaction with public services.

We now turn in the next section to the challenge of securing political accountability for reform.

## 7. | The challenge of securing effective political accountability

In the context of the 2011 election, much attention has been given to political reform. Issues such as the abolition of the Seanad, the role of the Dáil vis-à-vis the executive and electoral reform have been prominent features of debate. Less attention however has been given to the challenge of managing accountability at the political-administrative interface at national and local level. But this issue is at the heart of the challenge of securing effective accountability in the public service. As a former chair of the Committee of Public Accounts has commented:

...the Oireachtas and its Committees have not, in general, been effective in holding the Executive and state agencies accountable. There have been exceptions but the spate of tribunals, in particular, shows how weak our parliamentary structures are. The courts, the tribunals and even social partnership have all been empowered at the expense of parliament. This is the antithesis of democracy and cannot be allowed to continue (Mitchell, 2010: 146).

### 7.1 What has been done so far and where are we now?

MacCarthaigh and Manning (2010: 433) note that it was not until the late 1960s that the issue of parliamentary reform became a matter of significant concern for the main political parties, and that while some important developments have occurred there remains much scope for improvement. In relation to the political-administrative interface, *Serving the Country Better* (1985) proposed parliamentary and legal changes as part of its management improvement programme. Three main changes were suggested: to develop a new committee structure to enable the Dáil to satisfy itself on the adequacy of the management systems used in departments; to provide for the legal separation, where appropriate, of the distinct roles of advising on policy and managing operations (a reiteration of proposals first put forward in the Devlin report in 1969); and improved access for members of the Oireachtas to information on departmental activities. However, these proposed reforms were not fully acted on.

The DBG-SMI programme had more success with regard to reform of accountability arrangements. DBG set out proposals for new accountability structures to more clearly delineate the responsibilities of ministers and ministers of state, advisers and programme managers, secretaries general and heads of offices, and individuals/teams of civil servants (1996: 22-29). Within the constitutional and legal requirement of governmental-ministerial accountability with the minister as 'corporation sole', these proposals aimed to clarify and allocate authority and accountability for service delivery at the various levels outlined above. Subsequently, the Public Service Management Act 1997 introduced a new management structure to the civil service. As MacCarthaigh (2008b) notes:

In relation to the policy-administration divide, the Act specifies that the responsibility for policy objectives and agreeing necessary results lies with ministers, while secretaries general advise ministers and ensure their department produces the necessary results...The managerial role of secretaries general is much more explicit as a result of the Act (2008b:81).

The Report of the Working Group on the Accountability of Secretaries General and Accounting Officers, 2002 (commonly known as the Mullarkey Report) also examined issues concerning the accountability of secretaries general and accounting officers, and set down rules of good governance for those at the most senior positions of the civil service. In 2005 the Civil

Service Regulation (Amendment) Act further supported the devolution of authority agenda. In relation to appointments, performance, discipline and dismissal of civil servants, this Act provides that each minister is the appropriate authority regarding management of staff at the grade of principal officer level and above, and each secretary general is responsible for staff below the level of principal officer.

## 7.2 Where to next?

Political accountability has become a much more prominent issue in recent times as a result of the economic and financial crisis and the associated failures of oversight, regulation and governance. *Programme for Government 2011* (2011) has a substantial agenda of political and parliamentary reform. We have identified three complementary issues that will need further consideration and action to enhance political accountability in the coming years: managing the political-administrative interface; parliamentary scrutiny of public service activities; and budgetary accountability.

### 7.2.1 Managing the political-administrative interface

Murray (2008) has identified the vital role of providing advice and wise counsel at the interface of the political and administrative systems:

...the delivery of advice inhabits a restricted domain occupied by those who must make decisions central to a country's wellbeing and those appointed to provide them with counsel that is well judged, independent, evidence-based and timely...To state the obvious, the delivery of public services ultimately depends on the quality of policy decisions. No amount of capacity to deliver services efficiently will make the wrong service a good one. Yet how the capacity to provide wise counsel is shaped remains unclear. Policy emerges from an unstable brew of political-administrative interaction, analysis, evidence, judgement, expediency and incident (2008: 112).

The issue of confidence and trust between the minister and his/her senior public servants is indeed of vital importance. In this context, the ability of public servants to 'speak truth to power' is a key principle that needs to be defended and strengthened. While the independent review of the Department of Finance found that department officials had provided warnings on pro-cyclical fiscal policy, it also found that it should have adapted its advice in tone and urgency (Wright, 2010: 6). In the same vein, all senior public servants need to be willing and able to provide an appropriate level of challenge to either settled or new policies in the public interest.

Written records are an important aspect of the ministerial-administrative relationship also highlighted in the Wright report: 'A written record enhances the accountability of officials to provide advice and forces clarity of thought. It helps to ensure clear internal communications between different areas of the Department. A record also establishes clear accountability for advice not taken. The lack of a coherent record of budgetary advice represents a major shortcoming in the systems of the Department of Finance' (2010: 29). There is a need throughout the system to ensure that written records are maintained appropriately to support the accountability and decision-making process.

At the level of minister-departmental relationships, the doctrine of the minister as *corporation sole* has long been a source of discussion and contention. Advocates for change argue that while ministers should be responsible for decisions which they make, civil servants should also have responsibility for decisions which they make. In some states ministers are legally separate from their departments and negotiations on work programmes are the norm based around such divisions of responsibility. But this can only work if there is transparency about what decisions were taken, and who took them. The degree to which this is feasible in all circumstances is unclear at present, but *Programme for Government 2011* (2011) specifies an intention to reformulate the Ministers and Secretaries Acts and the Public Service Management Act. The *Cabinet* system as used by Commissioners at the EU level and in a number of EU states offers much food for thought in respect of how a delineation of responsibilities at the political-administrative interface can be achieved.

The role of the management advisory committee (MAC) of government departments (in other words the senior management team) in liaising with the minister is also of vital importance. MACs assist in policy development and monitor implementation, and are also a key part of the ministerial-administrative relationship. In the UK, management boards have been established for departments. Research by Parker et al (2010: 9) showed that: 'Whitehall boards are at the heart of this leadership question. They bring together senior officials with external non-executive directors. Our research shows that the best boards focus heavily on performance management and meet regularly with ministers to shape joint strategy'. The leadership role of the MAC within departments needs to be further developed, as does the capacity of the MAC to work effectively as a team. Ministers periodically attend MAC meetings, but also sometimes send along substitutes. There is a need to bring more structure and consistency to the relationship between the minister and the MAC.

Programme managers and special advisers have been a feature of the political-administrative landscape in Ireland for many years and their roles are frequently discussed. Quinn (2008: 217) felt that the system of programme managers liaising together and with special advisers worked well. However, others have criticised the system for excessive cost, and also politicisation of the administration through the employment of party staff affiliates on the public pay-roll (Connaughton, 2002: 14). Special advisers are political appointments employed to provide expert advice, and offer advice of a political nature on individual policy issues (Connaughton, 2002: 14). As with programme managers, some commentators have identified a positive role for such staff. A review of experience in New Zealand by Eichbaum and Shaw (2007: EV123) found that:

...many of the senior officials who participated in one of our surveys made it clear that special advisers have an important role to play in protecting them from demands from Ministers which might, were they required to submit to them, expose officials to the risk of politicisation... Providing everyone is clear about roles and responsibilities, then, it may be that special advisers actually make it easier for officials to conduct themselves in ways which are consistent with traditional understandings of civil service impartiality.

As was noted earlier, the Public Service Management Act 1997 attempted to bring greater clarity to the relationships between ministers, secretaries general, programme managers and special advisers. Nevertheless, there remains some ambiguity. Indeed, realistically a degree of ambiguity is perhaps inevitable, even desirable. However, so vital in the next few years is the allocation of responsibility at the most senior levels of government that there must be a clearer definition and understanding of the roles and responsibilities of the various actors at the political-administrative interface.

## Ministerial and civil servant accountability in New Zealand

New Zealand undertook radical and large-scale reforms to its public sector and civil service in the 1980s. At the heart of the reforms was a desire to improve the accountability of the public service by establishing clear lines of responsibility between ministers and civil servants. The architects of New Zealand's management reforms envisioned ministers and chief executives in a contractual principal-agent relationship, in which ministers would 'purchase' outputs from chief executives using a system of detailed purchase agreements. However, this arrangement proved problematic, as it was costly and rigid, and ministers proved to be largely uninterested in negotiating contracts. The system evolved so that the State Service Commission became the principal assessor of chief executive performance, with ministers providing valuable feedback. Concerns were also raised about the way in which the contract system encouraged departments to focus on the delivery of outputs at the expense of broader outcomes. Consequently, detailed purchase agreements were replaced with more streamlined and outcome-focused statements of intent and output plans, which set out ministerial objectives, and civil service delivery plans.

Both the statement of intent and the output plan are scrutinised annually by the relevant parliamentary select committee, which uses these documents to formally evaluate the department in the form of a financial review. This review evaluates the success of the department's annual undertakings, and incorporates financial and service performance ratings from the Auditor-General.

Initially, chief executives were only responsible for departmental outputs, but this was changed so that they are also responsible for managing for outcomes, which requires them to take a broader view of their work and its impact on government policy as a whole, and is aimed at encouraging collaboration.

Source: Lodge and Kalitowski, 2007: 12

### 7.2.2 Parliamentary scrutiny of public service activities

The parliament must fulfil its constitutional role of holding the government to account, and this is now widely deemed to extend beyond the political to include the administrative apparatus. The development of the Oireachtas committee system, a comparatively recent initiative, has been a major element in the achievement of better engagement between parliament and the bureaucracy. Yet there is scope for improving the quality and nature of the oversight and accountability tasks which are the hallmark of an effective committee system.

An example of the limited role of parliament in scrutiny is the challenge of holding regulators to account. Regulatory agencies have a substantial amount of autonomy in relation to developing and executing policies. As such the perceived lack of accountability of regulators has initiated much debate and concern regarding who oversees the regulators. Consistent with the findings of Westrup (2002) and Gallagher (2005: 235-237), there is a combination of reasons why the Oireachtas committee system has not operated effectively in holding public bodies such as regulators to account: asymmetry of information; lack of resources and expert assistance; and lack of political incentive to fulfil the scrutiny role.

Oireachtas committees have limited staff support, particularly specialist research staff devoted to the respective committees. There is an Oireachtas library and research service but it has a broad role in serving all members of the Dáil and Seanad (Dennison, 2010). Ward (2010: 11) suggests that if government is serious about comprehensive Oireachtas scrutiny, then the capacity to scrutinise will have to be bolstered. An extended role for the Office of the Comptroller and Auditor General has been suggested as one means of enhanced support to parliament. Proposals in *Programme for Government 2011* (2011) include the production of an annual 'Public Service Delivery' report and greater use of performance information, to provide a basis for the development of more comprehensive parliamentary oversight of the administration. Equally, plans for one in four sitting weeks of the Houses of the Oireachtas to be dedicated to committee work should provide the opportunity for more detailed analysis of performance information. And there is a proposal for an Investigations, Oversight and Petitions Committee to act as a channel of consultation and collaboration between the Oireachtas and the Ombudsman.

### Expert assistance

In the UK parliament, parliamentary committees and commissions of enquiry have helped to expand scrutiny, for example of the estimates, in an attempt to shift the balance of power somewhat from the executive towards parliament. The UK parliamentary research organisation has set up a separate scrutiny unit of researchers to help committees. The National Audit Office provides support to departmental select committees to review departmental estimates, business plans and annual reports.

In the Australian State of Victoria, the Public Accounts and Estimates Committee (PAEC) seconds a performance auditor from the Auditor General's Office to help with research for the Committee's review of departmental estimates.

Source: CCAF-FCVI, 2004: 9

### 7.2.3 Budgetary accountability

Economic pressures and demands from citizens place an increasing emphasis on the budgetary process. There is a strong focus on securing value for money from budgetary decisions, and in ensuring that there is effective accountability for the use of public money allocated during the budgetary process. But as with general parliamentary scrutiny, as discussed above, there is currently limited accountability in practice in the budgetary process. The independent review report of the Department of Finance was very critical of the budgetary process:

Over the ten year period of review, the Programme for Government and Social Partnership Processes helped overwhelm the Budget process. Instead of providing an appropriate fiscal framework for prioritisation of competing demands on the Government's overall agenda, the Budget essentially paid the bills for these dominant processes. Relatively clear advice to Cabinet in June on the risks of excessive spending and tax reductions was lost by the time of December Budgets (Wright, 2010: 25).

To address this issue requires action on a number of fronts, including the availability of performance information in the budget, the timeliness and structuring of the budget process, and the capacity of parliament to scrutinise the budget.

With regard to the availability of performance information, a proposal in the National Recovery Plan (2010) to introduce performance budgeting represents an important first step, and this is reflected in *Programme for Government 2011* (2011) which envisages a comprehensive performance report for the previous year to accompany the annual book of estimates. Performance budgeting refers to the inclusion of performance information (the outputs and outcomes delivered by public funds) into the budgetary process. Most countries who have introduced performance budgeting pursue *performance informed budgeting*, which the OECD (2008b: 2) define as existing where 'resources are indirectly related to proposed future performance or to past performance. The performance information is important in the budget decision-making process, but does not determine the amount of resources allocated and does not have a predefined weight in the decisions. Performance information is used along with other information in the decision-making process'. We would support a move to performance informed budgeting, rather than simply including performance information in the budget without any influence, or at the other extreme trying to allocate results directly on the basis of results achieved. More of a focus on outcome reporting is needed as part of this process.

### Performance budgeting in the Netherlands

In 1999, the Ministry for Finance proposed a radical revision of budgeting and accounting procedures. The new budgetary framework was called VBTB (Van Beleidsbegroting Tot Beleidsverantwoording – From Policy Budget to Policy Accountability). The intention was that by better linking of objectives, performance and resources, politicians would be better able to make ex ante decisions on resource allocation and improve ex post accountability. The budget centred on three 'W' questions:

- What do we want to achieve?
- What steps will we take to achieve it?
- What should it cost?

A review conducted in 2004 concluded that access to and insight regarding the budget had been improved. 800 budget items had been reduced to 150, resulting in greater flexibility to shift money from one budget item to another. More information on outputs and outcomes was provided, though not covering all areas. There was an indirect link between performance information and budget decisions in practice.

New rules in 2005 introduced a 'comply or explain' clause, whereby a department should inform parliament about those budget items where it does not make sense to develop performance indicators. This was a recognition of the limits of performance indicators and the need for realistic expectations about performance budgeting. But for the majority of items where performance indicators are used, improvements in the production and use of performance indicators have been taking place.

Source: van Nispen and Posseth (2009)

But performance budgeting on its own is not enough. One of the architects of the New Zealand approach to public management reform has stated that 'There is not much point in feeding a lot of performance information into a poorly functioning budget process e.g. one that is endlessly subservient to short term political priorities and not concerned with rational analysis of spending options' (Scott, 2008: 7). The budgetary process and timetable itself needs to be reformed. The report by the Independent Review Panel of the Department of Finance has suggested major changes to improve the budgetary process, which if implemented would significantly improve the process (Wright, 2010: 25-26). These include the creation of a fiscal advisory council to provide for third party validation of departmental analysis and the government's fiscal plan. Evaluation procedures, as discussed above in the section on the challenges of designing a productive public service, also have an important role to play in the budget process.

### 7.3 Summary

Key findings emerging from this section are as follows:

- Given the complexity of contemporary policy-making and the need to meet the requirement of good management practice within the highest echelons of government, there is a pressing need to further clarify the relationship between ministers and senior civil servants, special advisers and programme managers.
- The ability of public servants to 'speak truth to power' is a key principle that needs to be defended and strengthened.
- There is a need throughout the system to ensure that written records are used appropriately and effectively to support the accountability process.
- There is a need to develop the capacity of Management Advisory Committees in government departments to operate as effective management teams and to bring more structure and consistency to the relationship between the minister and the MAC. The MAC should be a forum for discussion on major policy issues.
- The capacity of the Oireachtas and its committees to scrutinise and oversee will have to be strengthened. To this end, the proposals in *Programme for Government 2011* (2011) provide a basis for the development of more comprehensive parliamentary oversight of the administration, and should be progressed swiftly.
- The budgetary process and timetable needs to be reformed, including the timely release of more information for public and parliamentary review, the introduction of 'performance informed' budgeting, the integration of evaluation findings, and the creation of a fiscal advisory council as proposed by the independent review of the Department of Finance.

We now move in the next section to the identification of a number of research questions arising from the challenges identified, to inform a research agenda for the provision of an evidence base to support public service reform.

## 8. | Generating evidence to support public service reform

The public service is entering a period of profound change. Reductions in numbers and budgets will place huge pressures on the service to be more effective and efficient within available resources. New ways of working will be required. Leadership will be more important than ever. And sound and reliable information is needed to guide and support change.

As public service reform proceeds, there is a need to track the changes and identify what works and what does not. The identification and promotion of good practice can help the development of more effective public services. There is also a need to put Irish reforms in comparative perspective, identifying what we can learn from other jurisdictions (and what we can teach them). Research has a central role to play in providing the evidence base for change, supporting and informing the reform process. Here, we identify some of the main questions that will drive our agenda for providing evidence to support reform

### The challenge of designing a productive public service

- What is the appropriate size of an efficient and effective public service in Ireland?
- How can joined-up government work more effectively?
- In what circumstances are agencies appropriate and what are the best governance arrangements for agencies?
- How can barriers to shared services be overcome?
- What functions are best performed at what level of government?
- How can local government more effectively coordinate and deliver local services?
- What performance and evaluation structures, processes and information are needed to enhance value for money?
- How can spending reviews best inform decisions on the totality and reallocation of resources needed for public expenditure programmes?
- What regulatory regimes are needed to secure reform?
- How can effective accountability of regulators be secured?
- How can the effective enforcement of regulation be improved?

### The challenge of renewing public service capacity

- How can leadership of the public service be further developed to secure desired change?
- How can adaptive leadership practices be more widely developed across the public service?
- What range of specialist skills is needed and how are these skills best incorporated in the public service?
- How can organisational capacity and system-wide capacity needs best be assessed?
- How can workforce planning help secure the best use of resources?
- How can public servants best be motivated and incentivised to provide excellent service?
- How will openness, mobility and external recruitment impact on capacity?

### The challenge of implementation

- What configuration of capacity is needed at the centre of government to oversee and drive change?
- How will a newly developed centre for public service reform provide an effective challenge function to ensure action on the reform agenda?
- How can senior managers create the cultural conditions to encourage staff to engage with change and develop leadership at all levels?
- What steps are needed to ensure active engagement of front line staff in the change process?

### The challenge of engaging the citizen

- What are the best means of involving citizens more actively in the strategic planning and policy design of public services?
- How can performance and financial data be more effectively opened up to the public for public use?
- In what circumstances are user driven services and personalised budgets most appropriate?

### The challenge of securing effective political accountability

- How should the roles and responsibilities of ministers, civil servants, programme managers and advisers be delineated and defined?
- How can the oversight and accountability role of Oireachtas committees be developed?
- What are the most appropriate roles and functions of management advisory committees?
- How can principles such as 'speaking truth to power' and practices such as maintaining written records be preserved and enhanced?
- What performance information is needed for budgeting?
- What are the best arrangements for budget timetable and scrutiny processes?

Other related questions will undoubtedly arise during the coming months and years, but it is our hope that the issues as presented in this paper will contribute to both the process of national recovery and the improvement of our public administration.

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