OECD Public Management Reviews

Ireland

TOWARDS AN INTEGRATED PUBLIC SERVICE

Executive Summary and Chapter 1

OECD

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Executive Summary

Ireland's economic success story is one that many OECD countries would like to emulate. While the reasons underpinning Ireland's success are varied, the Irish Public Service has played a central role in ensuring that the right economic, regulatory, educational and social conditions are in place to facilitate growth and development. As with other OECD countries, Ireland has continually sought to modernise and reform its Public Service systems and practices to ensure that it can continue to meet the needs and expectations of Government and citizens. Over the past decade, thanks in no small part to its economic performance, the country has also seen significant changes in its demographic make-up. Ireland is now looking for new directions in which to further renew its agenda for public service modernisation, so that it continues to deliver improved outcomes for citizens, to respond to shifting and complex societal needs, and support business in gaining competitive advantage, thereby contributing to sustained economic success for Ireland. The approach taken by Ireland in trying to assess its Public Service as a whole is a first in terms of reviewing and seeking to benchmark the Public Service and its contribution to national well-being and quality of life. In undertaking this first such Review, the OECD provides a new and different kind of analysis that seeks to contribute both to a renewed agenda for Public Service reform in Ireland, and to the international effort to describe a comprehensive approach for public service reform. The line of inquiry suggested by the OECD in terms of deepening connections at all levels may offer member states new directions or ways to advance their reform agendas.

As with many other OECD countries that have embarked on significant public service transformation programmes, the focus of the reform efforts to date in Ireland has tended, with some exceptions, to be inward oriented, focusing on improving internal processes and structures. Initiatives, in line with those undertaken in many OECD countries, have focused on a broad range of internal processes to build capacity at individual and organisational levels, improve service delivery, develop organisational and individual performance management, establish governance procedures, create greater transparency, improve consultation and increase the use of evidence-based policy making.

These changes were not only significant, but necessary and the OECD recognises the value of the reforms made, particularly since the development of the *Strategic Management Initiative* and the publication of *Delivering Better Government* in the mid 1990s. While the full benefit of some of the more recent reforms, such as the production of departments' Annual Output Statements linking annual targets to annual expenditure allocations, have yet to be fully realised, broadly speaking Ireland is on a sound trajectory of modernisation. And it can further improve the yield from reforms by renewing focus on their pace and sequencing in order to make them more mutually reinforcing.

These necessary internal reforms, however, represent just one aspect of a broader potential change and modernisation agenda. On their own, they will not be sufficient for the Public Service to meet either the challenges that it now faces or Ireland's ambitions to sustain its economic success and achieve greater value for money in public services. Significant capacity building in terms of deepening project management and implementation skills is still required. In a changing, more complex, diverse, outward-looking, dynamic and educated society, greater focus needs to be placed by the Irish Public Service on citizens and their expectations, and on targeting delivery of services from their perspective so as to achieve broader societal goals. In essence, the Irish Public Service now needs to become more outward focused by better integrating and utilising the systems and processes it has developed, so that it is best placed to more effectively contribute, alongside the broader society (citizens, business, unions and other actors), to the identification and attainment of overall societal goals.

Towards an integrated Public Service

As in other OECD countries, the Irish Public Service is a reflection of national political and administrative cultures, and of past economic and social priorities. The Irish Public Service is composed of a Civil Service (staff working in departments and major agencies), commercial and non-commercial bodies that provide services on behalf of the State as agencies, public hospitals, schools, defence and security services, etc., and local government. While it has created structures and systems to enable horizontal co-ordination, the Public Service remains segmented overall, leading to sub-optimal coherence in policy development, implementation and service delivery. As public policy becomes more diverse and complex, Public Service organisations need to have even more interaction with each other and with stakeholders at local, national and international levels, and across these levels.

It is clear from studying the Irish system, and in particular the health sector, that there are difficulties involved in leading system-level change, and in pursuing system-wide coherence. Ireland is pursuing many multi-annual, multi-stakeholder societal goals – in infrastructure development, energy, climate change, poverty, gender, health etc. If it is to maximise the Public Service's contribution to achieving these societal objectives and to meeting citizens' expectations, then it needs to think increasingly about the Public Service as an integrated "system". In doing so, it will have to amend or revise existing accountability structures and ways of working, to allow for integrated system-wide action where this is required. Moving towards a more integrated Public Service, will allow a greater sharing of expertise and knowledge, but, more importantly, will allow the Public Service to become more focused on its contribution to the achievement of broader citizen-centred societal outcomes.

Achieving an integrated Public Service will require targeted actions in a number of areas. It should be noted that these action areas are interdependent: this is not a suite of options where only a few need to be advanced. Improved dialogue is needed to address fragmentation and disconnects between departments, their Offices and agencies, and other Public Service actors; the use of networks to bring together relevant players from across the Public Service needs to be expanded; performance measures need to look at outcomes rather than inputs and processes, and increased flexibility is needed to allow managers to achieve those outcomes; budget frameworks are needed to facilitate prioritisation and reallocation of spending; a renewed emphasis is needed on the role of

ICT and e-government in strengthening information sharing and integrated service delivery; and greater mobility is needed to help develop and broaden the skills and competency base of generalist staff. In support of all these, a stronger role is needed to lead and support the renewed change, both through the creation of a Senior Public Service, and the development of a more strategic role for the Centre.

Improved governance and performance dialogue: While institutions evolve and adapt over time, the faster the external environment changes, the more reflection is required on what are the appropriate governance arrangements, how to achieve them, and their possible consequences. Appropriate governance arrangements rarely happen independently. The current disconnects between the central Civil Service and the broader Public Service need to be addressed, particularly between departments and agencies, for increased sharing of information and expertise and to put in place improved dialogue to reach shared agreement on performance targets, and to hold each party accountable for the realisation of those targets.

Networked approaches to working: Rather than create new structures, an integrated Public Service is one where individuals are enabled to work together across existing structures to allow greater connectivity between different sectors (central government, health, education, local government, *etc.*), agencies and parent departments, as well as greater connectivity with stakeholders outside the Public Service. This will allow more collaborative, horizontal approaches to policy development and greater agility in identifying and responding to societal needs. The use of "networks" within and across organisations, that span the broad elements of the Public Service will be increasingly important in an integrated Public Service. Ireland has made inroads in developing a network approach through the establishment of the Office of the Minister for Children, and more recently, the Office for Older People and the Office for Disability and Mental Health. Expanding such approaches will present a challenge, as the Public Service will need to simultaneously operate within formal bureaucratic structures of accountability, as well as networks that exploit agility, informality and openness, and reduce duplication of co-ordination efforts. In an Irish context, the multi-stakeholder Social Partnership model represents another possible approach for exploring networked ways of working.

Moving towards a performance focus: As with many other OECD countries, the focus to date in Ireland has been on performance reporting, rather than managing for performance. Instead of focusing on inputs and processes, more information needs to be gathered on outputs and outcomes and what has actually been achieved, so that this can better feed back into measuring how the Public Service is meeting overarching targets and objectives. Realistic expectations of performance need to be developed within organisations that cascade from the top to the individual, and additional managerial discretion is needed to achieve these goals. Developing meaningful outcome measures and indicators of performance is a challenge for all countries. But performance measures and initiatives need to be better aligned with overarching outcomes and high-level societal goals in order for the general public to understand the benefits of the Public Service.

Prioritising spending within budget frameworks: The need to enhance approaches to resource management and allocation is especially important in a potentially tighter fiscal environment. Enhanced performance measurement mechanisms can only reach their full potential when they are utilised by decision-makers at political and senior administrative levels for resource allocation purposes within and among programmes. Building on existing

frameworks, the development of longer-term, more strategic budgetary mechanisms covering spending programmes could contribute to greater certainty for senior managers and more efficient programme delivery.

Using e-government to deliver integrated and citizen-focused services: For citizens and business, the key measure of Public Service performance is how quickly and easily they can access a service and the quality of that service once received. While a number of initiatives have improved both the quality and way in which services are delivered, additional focus is needed on service delivery from the perspective of the citizen, who is not as familiar with how structures and systems operate. E-Government, and the development of a more integrated ICT interface, provides a major opportunity to deliver faster, more readily accessible services and secure internal data sharing to simplify contact with the Public Service. While Ireland has had many successes in developing internal e-government systems, co-operation across different Public Service bodies is not widespread. Fragmentation of responsibility for different elements of e-government has meant that the full potential of ICT is not being realised by public sector organisations for citizens. The integration of functions regarding the technical and financial framework will assist in progressing e-government, especially given the accelerating pace of broadband penetration.

Increased flexibility and mobility for workers: At present, few opportunities exist even for generalist staff to move within and across the Public Service. Limited mobility creates challenges in sharing skills and competencies across the system and in re-allocating resources to those areas most in need. In an integrated Public Service, individual public servants will have, and be expected to have, more varied careers across sectors. A mobility policy is needed to promote and facilitate movement of generalist staff across the different sectors of the Public Service. New arrangements are required for the redeployment of staff across organisational and sectoral boundaries to new higher priority activities. This will assist in raising performance levels, as increased numbers of staff with more varied competencies and skills will be able to compete for a wider range of generalist positions. It will also reinforce cross-Public Service networks, supplement regional labour markets, and promote the Public Service-wide perspective that is needed in an integrated Public Service.

Senior Public Service: Increased open recruitment will allow the Public Service to rapidly acquire necessary skills and competencies that cannot be easily located or grown in the short-term among the existing cohort of generalist public servants. Supporting and driving a renewed reform agenda and developing a broader integrated approach, however, will require significant leadership from senior management who have a detailed understanding of the broad range of issues and challenges unique to the Public Service. The development on a phased basis of a single, integrated Public Service leadership cadre, through the creation of a Senior Public Service with a membership drawn from elements of the broader Public Service, would allow Ireland to strengthen a system-wide perspective at the leadership level and to reinforce core values through the Public Service.

Strong leadership role for the Centre: Success in achieving the vision of a more integrated Public Service will require strong leadership at political and administrative levels to move from a traditional control position, to one of vision, support and direction in developing the modernisation and change agenda. Over the last decade, the Taoiseach, as head of government, has championed the reform agenda, including the initiation of this Review, and this has been a crucial driver for change within the Public Service. Given the scope of changes outlined in this Review, Ireland will continue to require such strong central

leadership if new ways of working are to be successfully implemented. These changes are necessary in order to ensure that reforms are appropriately sequenced, paced, and related to broad societal objectives that arise from the Programme for Government, the Partnership agreement *Towards 2016*[1] national policy frameworks, and high-level strategy documents, *etc*. In addition, the transformational effort will likely require achieving efficiencies and shifting resources across the Public Service in order to assist in co-ordinating and steering the renewed reform agenda. It will need to be appropriately resourced both at the Centre of Government and in each of the key sectors of the Public Service with appropriate links between all those charged with driving change in each area.

Success of reform depends on changing behaviour

Ireland is facing a more complex environment with increased expectations for effective service delivery, and a need for alternative solutions to developing horizontal approaches to policy and service delivery challenges. This requires boldness in developing a renewed programme for Public Service reform. Developing a successful implementation plan in response to the assessment and recommendations in this Review could lead to profound and innovative changes in the Irish Public Service and place Ireland at the forefront of new ways of thinking regarding management and delivery of public services.

While it will be for Ireland to consider the broad directions set out in these findings, and to devise a strategy and programme of actions best suited to its own political and administrative needs, success will depend on rethinking how the Public Service operates and putting the conditions in place to change behaviours.

Chapter 1

Main Assessments and Recommendations

Introduction: Towards an integrated Public Service

The Irish Government is mapping the next stage of Public Service reform for continued competitiveness and growth

Over the past decade, Ireland has achieved the highest real economic growth rates within OECD countries (Figure 1.1). This success has been supported by an active and progressive Public Service that over the past decade has sought to modernise itself to improve openness and service quality through a programme of public management reform known as the *Strategic Management Initiative*. In light of a growing and more diverse population with increasing expectations, the Irish Government is looking ahead to see what should be the next stage of reform in order to ensure that the Public Service continues to best meet the needs of citizens and to support sustained economic growth and stability. With this in mind, it has asked the OECD to review public service reforms to date, assess how the Public Service is meeting these new challenges, and to identify a possible agenda for the next stage of reform. This chapter presents an overview of the main assessments and recommendations of this report.

The Irish Public Service is composed of a Civil Service (staff working in departments and major agencies), commercial and non-commercial bodies that provide services on behalf of the State as agencies, public hospitals, schools, defence and security services, etc., and local government.[2] This chapter begins by outlining the economic and social challenges faced by Ireland, and assesses how the Public Service has contributed to the country's success story to date. It then evaluates the actions and reforms the Public Service has undertaken to modernise itself, and identifies the remaining and emerging challenges it faces in the areas of ensuring capacity, motivating performance, moving towards a citizen focus and strengthening governance.

Ireland is now on a path of transformation, moving from an input-control to a more output- and outcome-oriented system. This is in keeping with the direction in which most OECD countries are moving. Ireland has significantly advanced along a "*New Public Management*" continuum, and now finds itself entering into new territory in advancing its public management reform programme. The key challenge that the OECD has identified for Ireland going forward, is that in renewing its reform and change agenda, appropriate mechanisms, systems and structures are established so that the different elements and sectors that comprise the broad Irish Public Service can work cohesively together to meet existing and emerging challenges. Ireland now needs to look towards the development of a more integrated Public Service, with greater connectivity across the different sectors/ agencies. A more integrated approach at national and local level will better allow Ireland to more effectively meet the challenges of achieving wider societal goals and the delivery to the citizen of more coherent and integrated services.

As part of this review, the OECD has conducted a number of in-depth case studies that look at how Public Service management and reform challenges have played out in different

sectors within the Irish Public Service. These case studies are presented at the end of the report and highlights from these are summarised in boxes in this chapter. Each case study identifies specific public management issues within the sector and serves to illustrate broader points raised in the main body of the report. The purpose of these case studies is not to make policy recommendations on what is the right sector approach for the Irish Government, but rather to examine the connections between these sectors, central Government and at how capacity, performance, citizen-focus and governance have been addressed by the Public Service generally, and how they can be further strengthened from a public management perspective.

Background

A growing economy and population has placed new demands on the Irish Public Service

The Public Service has a crucial role to play in enabling, bolstering and furthering economic growth in Ireland. Globalisation, which has been key to Ireland's economic success, has led to a renewed focus on competitiveness in the face of higher labour costs while, at the same time, transforming greater wealth into improved infrastructure and services. The need to rapidly and efficiently invest billions of Euros in infrastructure, scale-up services, integrate an increasingly diverse foreign-born population which now represents 14.7% of the population,[3] manage public-private partnerships and test new service delivery models, requires the Public Service to be more flexible, dynamic, innovative and have increased focus on long-term planning. Achieving value for money requires improved information on performance, as well as mastery of project management skills and of a diverse range of policy instruments to ensure an effective return on investment and risk.

Strong economic growth has also helped foster a better-educated and wealthier population that, in turn, has higher expectations of service quality. A growing and aging population, combined with significant immigration, has led to a more diverse and complex Irish society. This raises issues regarding provision for housing, transport, education and health needs, labour supply and pensions – all of which depend in whole or in part on the Public Service as a service provider, policymaker and/or regulator. Shifts in the geographic location of the population also have implications for public service delivery, as rural populations are generally older and more dispersed, while urban populations tend to be younger and more concentrated. The changing culture and make-up of the population – once relatively homogenous, now increasingly cosmopolitan, heterogeneous and multi-cultural – has also led to changes in the society's needs and expectations. This has important consequences for the Public Service, which must be organised to best deliver timely and well-adapted services on the ground, and to anticipate new services and modes of delivery.

This more complex environment involves partners and stakeholders that may require new forms of consultation and ways of working. A younger, diverse, outward looking population has high expectations regarding consultation on policy and service delivery issues. The strong, consensual Social Partnership model has helped secure industrial peace and put in place a framework for wage setting and for formal consultation on high-level national policy issues. It has shown its capacity to evolve through greater involvement of the Voluntary and Community pillar in recognition of the increasing role the voluntary sector plays in the provision of public services. Looking to the future, the Public Service may wish to explore additional information and participation channels for an increasingly engaged and active citizenry.

Public expenditures have risen sharply, but from a low base and at a slower rate than overall economic growth

To meet these challenges, Ireland has boosted public expenditures and employed substantial numbers within the Public Service. From 1995 to 2005, public expenditures in Ireland experienced real increases of more than 5% annually, second only to Korea in the OECD (Figure 1.1). Much of this spending has been in the health and education sectors. In terms of real average expenditure increases in OECD countries over the past ten years, Ireland was second only to Turkey in increasing investments in primary and secondary educational institutions[4] and was only behind Luxembourg and Korea in health expenditure increases.[5] Much of these increases have reflected a need to play catch-up from historically low levels. In 2005, Ireland still had the third lowest public expenditure rates as a percentage of gross domestic product (GDP), third only to Korea and Mexico (Table 1.1). Once one accounts for the financial flows (profits and other revenues) entering and leaving the country, however, the level of public expenditure expressed as a percentage of gross national income (GNI) is much closer to OECD average levels.[6]

Figure 1.1. **GDP and public expenditure real average annual growth**

OECD, 1995-2005
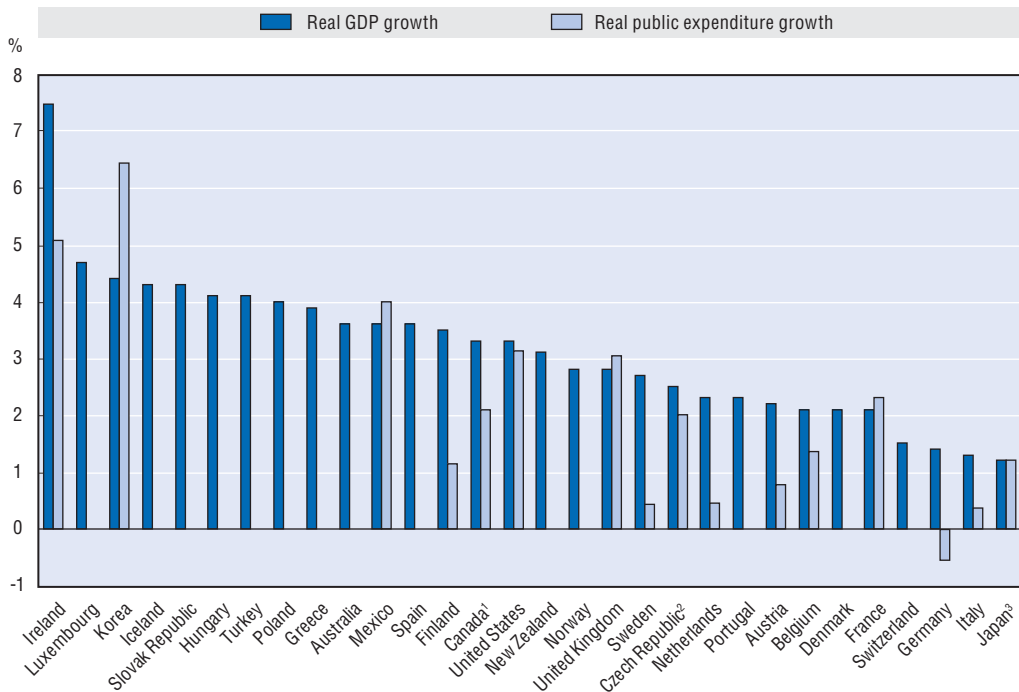
1. 1998-2003.
2. 2002-2004.
3. 1996-2005.
Source: OECD Statistics Database.

The number of Public Service employees has increased significantly by 30% between 1995 and 2007, but also from a low base relative to other OECD countries (Figure 1.2). A policy since the mid-1990s to limit non front-line service employment has

Table 1.1. **Government expenditures as a percentage of GDP**

OECD, 2005

	Government expenditures for the production of goods and services in the public domain	Other liabilities of Government	Other transfers to other economic actors	Investment in gross capital formation or non-produced assets	Total expenditures
Sweden	28.9	2.7	22.3	2.8	56.6
France	24.2	3.1	23	3.5	53.7
Denmark	27.2	2.7	21.5	1.7	53.1
Finland	25.2	1.8	21	2.5	50.5
Hungary	22.2	4.1	19.8	3.9	49.9
Belgium	22.8	4.4	20.9	1.8	49.9
Austria	18.9	3.2	26.8	1	49.9
Italy	19.4	5.4	21.2	2.3	48.3
Portugal	21.9	2.7	20	2.9	47.4
Germany	19.3	2.8	23.5	1.3	46.9
Netherlands	25	2.5	14.8	2.9	45.2
United Kingdom	22.8	2.2	18.8	0.5	44.3
Czech Republic	20.5	1.3	17.1	4.9	43.7
Poland	17.8	2.9	19.2	3.5	43.3
Iceland	26.3	2.1	10.9	3.1	42.4
Norway	20.9	1.2	17.5	2.5	42.2
Luxembourg	16.5	0.2	20.8	4.5	41.9
New Zealand	20.4	2.3	14	3.3	40
Canada	20.3	4.9	11.6	2.5	39.3
Japan	16.1	2.5	13.9	5.7	38.1
Spain	17.4	1.8	15.3	3.6	38.1
Slovak Republic	16.7	1.6	17.6	2.1	38
Greece	14	4	16.6	2.9	37.5
United States	18.5	2.7	12.9	2.6	36.7
Switzerland	12.7	1.6	18.3	2.4	35
Ireland	16.4	1	13.3	3.7	34.4
Korea	13.8	1	8.1	6	28.9
Mexico*	10.8	2.3	4.6	1.7	19.5
Average	**19.9**	**2.5**	**17.3**	**2.9**	**42.7**
Median	**19.8**	**2.5**	**17.9**	**2.8**	**42.9**

Source: OECD National Accounts.

meant that public sector spending and employment growth have not kept up with population and GDP growth. Ireland's real average annual growth rate in public expenditure between 1995 and 2005 was 5.1%, significantly slower than real GDP growth of 7.5% (Figure 1.1). Government policy therefore has actually *decreased* the total number of public sector employees as a percentage of the labour force and *decreased* the overall public sector wage bill as a percentage of GDP. As compared with other OECD countries, 2005 data indicate that general government employment[7] in Ireland represents around 14.6% of the total labour force, which is relatively low among OECD countries and is significantly less than the level of public employment in Norway, Sweden, France, Finland and Belgium (Figure 1.2).[8] Given the emphasis on front-line service delivery, the majority of this increase has been in the health and education sectors: health employment has increased by 73% and education by 42% on their 1995 levels (Table 1.2).

Table 1.2. **Employment in the Irish Service**

Thousands, 1995 to September 2007

|	1995	2007	% Increase
Health	65.2	112.8	73
Education	65.9	93.5	41.9
Semi-State companies	63	53	−15.9
Regional bodies[1]	30.1	40.1	33.2
Civil Service	31.5	38.4	21.9
An Garda Síochána	10.7	13.4	25.2
Defence	14	11.2	−20
Others in the Public Sector	0.5	1.6	220

1. This includes Corporations, County Councils, Urban District Councils and Town Commissioners. Included in the residual category are Regional Fisheries and Tourism Organisations, together with Traffic Wardens. Harbour Authorities are also assigned to this category including those which have become State commercial companies.

Note: Figures shown for Civil Service and Health employees are based on whole time equivalent numbers. Figures for other sectors, in the main, are based on actual numbers employed.

Source: Central Statistics Office website, Database Direct, "Employment and Earnings in Public Sector by Type of Public Sector Employment, Quarter and Statistic". data extracted 12 February 2008.

Figure 1.2. **Employment in the General Government Sector and for Ireland in voluntary schools, hospitals and universities**

Percentage of total labour force, 2005 (or 2004)
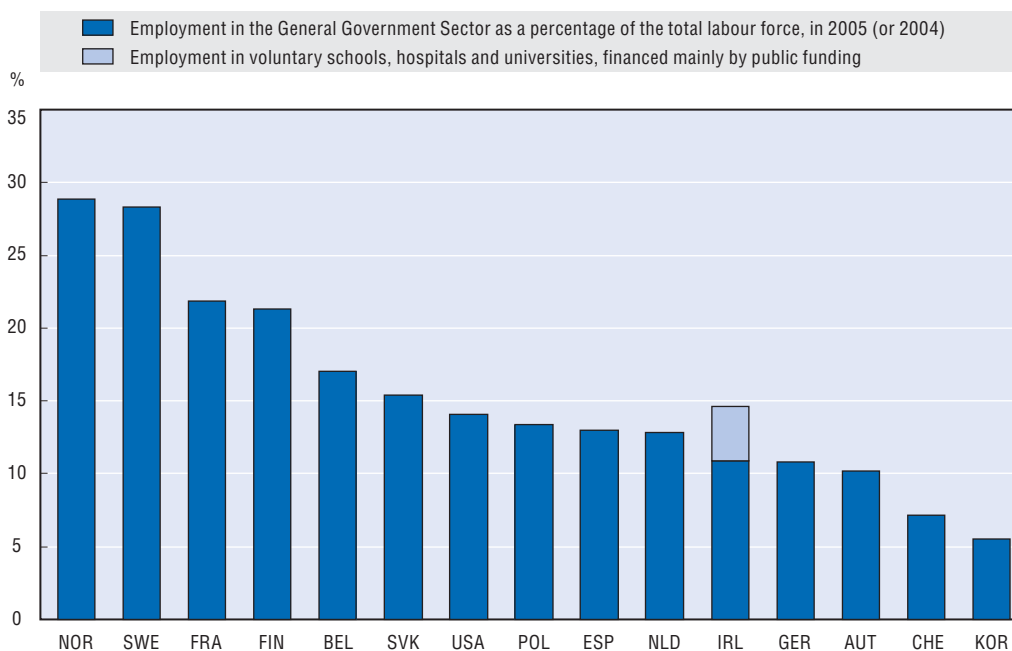
Note: Data are in number of employees (and not in full time equivalents) except for Austria, the Netherlands, Sweden, and Switzerland (those countries would have higher numbers in number of employees).

Source: Central Statistics Office website, Database Direct, "Employment and Earnings in Public Sector by Type of Public Sector Employment, Quarter and Statistic" data extracted 12 February 2008.

In comparison with other OECD countries, Ireland thus has been able to deliver public services with a public sector that is relatively small given the size of its economy and labour force (Table 1.1 and Figure 1.2). Even when factoring in infrastructure investment, Ireland has the third smallest total public expenditure as a percentage of GDP, and this figure has actually decreased over the past 10 years.

*The Irish Public Service cannot afford to stay static: As economic growth slows,
renewed focus is needed on increasing efficiency and effectiveness of the Public Service*

To date, in the context of rising public expenditures, Ireland has been able to meet the growing demands of its citizens for quality public services without great pressure to prioritise spending needs or to achieve additional efficiencies. Growth is slowing, however, and the OECD estimates that GNP growth over the long-term will decline from an average of 7.1% for the period 1995-2005 to 4.6% for the period 2005-2010, with a further decline over the following 20 years to an average growth rate of 3.4%. In a period of slower economic growth, the Irish Public Service cannot afford to stay static. The changing economic and social environment requires it to become more flexible and responsive in order to continue to improve services while maintaining fiscal performance.

In order to respond to these pressures, the Irish Government needs to find a new reform agenda that focuses on value for money, while maintaining the most important elements of its political culture and values. In order to focus resources on policy priorities and innovative practices, the Public Service should focus on finding new ways of working, underpinned by better information on where its needs are, and on its own accomplishments, in order to see where it can improve and where it excels so as to reinforce successes. This will also help it to communicate its achievements to the broader public in terms with which they can relate.

Public Service challenges

*Public Service reforms to date have put frameworks in place that now need
to be embedded in practice*

Many of the reform needs discussed above were anticipated in the current Public Service reform agenda, first outlined in the *Strategic Management Initiative* (SMI), launched in 1994 and expanded through *Delivering Better Government* (DBG) in 1996. These strategies identified a vision of a responsive customer- and performance-oriented Civil Service, and created space for change to take place to fulfil this vision. Until very recently, the Irish Public Service could be characterised as a system that focused largely on controlling inputs such as funds and personnel, rather than focusing on performance and results. By treating reform as a shared national goal, the SMI brought on board Social Partners and introduced many necessary reforms. These include: Quality Customer Service and the creation of Customer Service Charters; regulatory reform, particularly the introduction of Regulatory Impact Analysis (RIA); the Management Information Framework (MIF); the Performance Management Development System (PMDS); Value for Money Evaluations; Output Statements and other initiatives to help improve the focus on performance and the use of performance information for decision making.

While an important start, the reforms introduced to date under DBG/SMI have primarily focused on putting *processes* in place. The Public Service is starting to focus now on how modernisation can lead to improved *outcomes and outputs*. Since 2006, the requirement for departments to issue Output Statements has put in place the necessary framework to measure performance, but more needs to be done to ensure that the indicators and measures produced within them *meaningfully reflect measurable outputs* by improving data collection mechanisms, cascading objectives down from departmental strategies and business plans, and requiring agencies to also produce Output Statements.

Further implementing the reform programme will require more firmly embedding reforms in the Civil Service and implementing the provisions for managerial devolution as originally foreseen under SMI. As part of a move towards a more integrated Public Service, the next set of reforms should also renew focus on updating the capacity, performance, citizen-focus and governance of the broader Public Service. This will move the focus of implementing reforms from process to content, to structure reforms in such a way that the Public Service is more responsive and efficient, and not simply subject to a new set of controls, and to make reforms more mutually supportive and consistent, both internally and across the different sectors and agencies.

Coherence of reforms is challenged by an incremental approach and by new initiatives

While the SMI/DBG provided an initial vision that remains valid, the reforms that it has engendered may have diverged in response to changing needs across sectors. All reforms internationally are, in essence, "mix and match", but in moving forward in a more integrated way, the Irish Public Service should consider how the reforms undertaken today fit together and support one another. Otherwise, this approach will ultimately introduce tensions into the system. The incremental approach to reform, while achieving a certain degree of stability and consensus, has led to isolated reforms that evolve over time, rather than as a coherent reform package.

The next challenge is to renew the vision originally laid out in SMI, taking into account the *coherence* of reforms and how they *interact* with one another. For example, in the context of controls on recruitment to the Civil Service, Ireland has gone down a path of agencification in order to build up needed capacity. Without putting in place the proper governance structures and performance incentives, however, this has led to further fragmentation and reduced transparency (Box 1.3). Reforms must not present stopgap solutions, but rather be integrated in such a way as to lay the foundations for success. Otherwise, Ireland may risk a weakening of the sense of unity that it has traditionally enjoyed as a small, homogenous country with a well-regarded Public Service that has a tradition of discretion, impartiality, and flexibility.

Existing divisions in the Public Service, *e.g.* due to agencification and the lack of mobility across the Public Service and between the Civil Service and the rest of the Public Service, have contributed to fragmentation. This is exacerbated by accountability structures that only allow for limited sharing of responsibility for global outcomes. New government policies such as the Government's "decentralisation" programme – to relocate a number of entire Government departments and some agencies out of Dublin (henceforth referred to in this report as administrative relocation)[9] – are also changing the Public Service landscape, and if not properly implemented, may further contribute to fragmentation. These changes have implications for the Public Service's ability to attract and retain skills, to maintain networks and a coherent approach to policy formulation, and to maintain a common Public Service culture.

Keeping up with the changing context requires public servants to think actively about how reforms fit together and how they can be better sequenced to support each other. The implementation of the administrative relocation policy, for example, creates an opportunity to think about the Public Service in new ways and to introduce HRM reforms and changes that increase mobility across the different sectors and groupings of the Public Service. Increased mobility would broaden career and development opportunities for public servants and allow for greater sharing of resources and services at the regional level.

In the absence of longer-term plans on how this restructuring will affect performance or meet the needs of the wider public, however, the administrative relocation policy poses significant challenges to modernisation and the ability to achieve an integrated cohesive Public Service. Rigidities can arise from administrative relocation due to small unit size and the difficulties of redeployment from one location to another.

Responding to more complex, cross-cutting issues will require an integrated Public Service that acts increasingly through networks rather than top-down structures

Another challenge for the modernisation agenda is to expand reforms beyond the Civil Service to the wider Public Service in each of the individual sectors. The *DBG/SMI* originally targeted the Civil Service with the expectation that changes in ways of working within the Civil Service would, in time, spill over and transform the rest of the Public Service, but this has happened to only a limited extent. The reform process has, in fact, taken longer than expected for the Public Service as a whole and reforms have been adopted to varying degrees within the different organisational cultures of Public Service bodies. While substantial reforms have taken place within the Public Service, there has been limited ability to capture and replicate innovation.

As noted earlier, the needs of the Irish economy and society have changed; they are more diverse, multi-faceted, and fast-paced. In order to respond to the increasing inter-connectedness of policy challenges, Ireland has put in place a number of cross-cutting or horizontal Committee structures at the national level (largely related to the Civil Service), and local agencies and co-ordination bodies at the local level. There is evidence, however, that departments are reluctant to devote resources to cross-cutting activities such as integrated e-government service delivery or improved policy co-ordination at the local level. The challenge of overcoming a stove-piped system is common to all OECD countries, as is the need to develop accountability structures that take into account shared responsibility for commonly-agreed outcomes. Only in this way, however, can the Public Service act as a connected entity that works 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.

Increased interconnectedness and co-operation are also necessary in order to allow the Public Service to achieve economies of scale through shared services and the development of centres of excellence that can serve as repositories for good practice and expertise. Otherwise, the fragmentation of the Public Service risks driving up costs and decreasing efficiency and effectiveness.

Moving forward towards a more integrated approach, the Public Service should examine options to make use of *network* approaches to working, with increased flexibility and autonomy for different actors to take the initiative in advancing and supporting an overall vision and clear objectives. In this way, the different parts of the Public Service can spread reforms further by taking an active role themselves in developing and embedding a common vision for reform without the need for constant approval by central management. Otherwise, centralisation becomes both a reason – and an excuse – for not taking independent initiative in line with the overall strategic direction set out by the Centre. In order for this change to take place, the Centre should consider which reform and modernisation initiatives require its direct leadership, and when it is more effective to stimulate a network to take action by recognising and promoting good practise.

The following sections will look at how an integrated approach to the Public Service will be increasingly necessary in order to deepen and broaden reforms and to improve coherence to address some of the most pressing challenges faced by the Irish Public Service: to mobilise skills across the Public Service and allocate them where they are most needed (*Ensuring Capacity*); to promote a performance culture that is self-reinforcing and focused on value for money (*Motivating Performance*); to present a unified front for integrated service delivery and to achieve back office efficiencies through shared services (*Moving Towards a Citizen-Centred Approach*); and to reinforce governance structures and accountability arrangements in support of all of the above (*Strengthening Governance*).

Ensuring capacity

As noted earlier, the Public Service – and in particular the Civil Service – is doing more with less relative to the size of the overall economy and workforce, and this has been a factor in Ireland's international competitiveness. The Public Service is primarily made up of a generalist workforce that traditionally has been recruited at entry levels and then developed within the system. While, in general, it continues to be a valued path for new graduates, the Public Service has had to compete with opportunities offered by a growing economy (including higher salaries and greater promotion prospects in the private sector). The capacity to both effectively implement policy and to anticipate future policy needs will depend on its ability to recruit and retain the best of the workforce, and to develop and allocate them to maximum effect.

In order to stay competitive, the Public Service has conducted two "benchmarking exercises" that have raised average public sector salaries by 8.9% to bring them in line with private sector compensation. In order to continue to attract and retain the best, however, these efforts may have to be supplemented with other incentives, including offering more managerial flexibility and problem solving autonomy, more interesting career tracks and more concrete indicators of achievement in order to reinforce pride in the Public Service.

It may be worth considering how HRM and other reforms can better reinforce one another in pursuit of overall Public Service objectives. In order to implement the increased managerial delegation foreseen in *SMI*, for example, the Public Service will need to put in place an HRM strategy, improved individual performance management, and reinforce leadership with an integrated vision of the Public Service in order to reinforce Public Service values.

Centralised HRM controls limit management flexibility within organisations and mobility across the Public Service

Ireland has a centralised HRM system with an exceptional level of *ex ante* controls on staff numbers, grades and compensation in comparison with other OECD countries. As noted earlier, overall staff numbers are currently subject to an effective hiring limit, though in practice, it is possible to increase staff subject to Department of Finance approval, in particular for front-line service delivery functions (*e.g.* in agencies) and in line with government priorities as they emerge. The Civil Service, in particular core policy departments, has been impacted the most by these limits. This may have had implications on its capacity both at the Centre and within departments, to effectively plan and implement the reform agenda and, in particular, to undertake management functions such as HRM and performance management.

Grading and pay conditions across the Civil and Public Services are also very similar. This has been reinforced by strong union representation and by the prominent role of the Department of Finance in providing guidance and oversight of HRM. Pay increases for the majority of both Civil and Public Service staff are agreed at central level via Partnership agreements and benchmarking.

The centralisation of HRM in relation to numbers, processes and conditions has major implications for the Public Service. It tends to: 1) limit Public Service mobility and career development opportunities; 2) inhibit the autonomy of local level management; and 3) limit the development and sharing of skills and competencies as needed across the broader system. If Ireland is to move towards a more integrated Public Service, these challenges will need to be addressed through an HRM strategy that is governed by explicit choices about the direction and values that should underlie the Public Service. It will also need to be supported through a more integrated senior leadership drawn from across the Public Service.

An integrated Public Service will require greater staff training and mobility to meet staffing needs and improve competition and career opportunities

While the high level of coherence in HRM processes and conditions across the Public Service would normally be conducive to the mobility of staff across the different corps of the Public Service (*e.g.* Civil Service, agencies, and local government), in practice, mobility of generalist public servants is limited. Public Service reforms (*e.g.* agencification, the opening of many posts to lateral entry) have actually led to multiple management systems across the Public Service that undermine the clarity of values, and create silo management systems for different types of staff. While limited opportunities exist for movement between bodies (and with the private sector), they are seldom used.

 The division of generalist public servants into clusters with few career/mobility opportunities outside of their original group or point of entry, leads to unnecessary rigidities and creates small labour markets. While significant efforts have been made in training with regards to skills and capacity in management, technical areas (*e.g.* ICT) or for sector-specific skills (*e.g.* health), more needs to be done to deepen project management and implementation skills across the Public Service, in particular for smaller agencies and for local government. Greater mobility and openness is required in order to improve the sharing of skills and the reallocation of generalist staff to where most needed, and to increase competition within the system. Increasing mobility would also help to reinforce a more integrated vision of the Public Service among staff.

The Public Service should set out to increase its strategic planning capacity throughout the Public Service at all levels by promoting an integrated Public Service perspective in key staff. This can be done through secondments or exchanges. But it is not sufficient to just provide for these opportunities; the diversity of experiences must also be valued and publicly recognised as an important input to the Public Service. This means defining competencies and identifying hiring and promotion criteria that are not, in themselves, defined by traditional public service career paths.

Increasing mobility will also require the Public Service to remove the traditional divide between the labour markets in order to create a unified Public Service labour market. This step will reinforce overall performance by increasing promotion opportunities for good performers. It is also important in the context of the administrative relocation programme,

which will lead to the creation of regional labour markets. The priority should go to the promotion of careers across integrated Public Service organisations – especially careers between agencies and central departments. While creating immediate difficulties in maintaining and renewing capacity, the administrative relocation programme will also impact very significantly on the organisation and values of the Public Service and will create labour market challenges that have yet to be addressed. It should be core to any new thinking on HRM.

Given the current rigidities within the Public Service, the Public Service may also wish to consider how it can best build up centres of competence where skills can be developed and shared, either centrally or in a distributed fashion.

Increasing managerial flexibility and delegation will require a strengthening of staff performance management

In addition to re-examining the capacity needs of the Public Service in terms of numbers and skills, the existing potential of the Public Service also needs to be exploited more effectively. Today's Irish Public Service, as a whole, is fairly paid as the result of the benchmarking exercises between public and private sector pay. This alone however, is insufficient to motivate staff. Many public servants feel that the system inhibits rather than challenges them, that it does not reward innovation, and is quick to penalise failure. Changing this will require the Public Service to recognise and reinforce good performance. Further delegation of managerial responsibilities to senior management, as originally envisaged in the *SMI*, should be implemented incrementally, as performance management and reporting is strengthened at the organisational level.

Public servants should agree that, if they are to be paid as well as the private sector for equivalent work, they should also perform as well. Unfortunately, the current performance management system does not give them the opportunity to demonstrate their level of productivity or to be rewarded for individual good performance. In addition to the lack of outcome and output indicators for the Public Service, the major difficulty with the performance management system lies in the high level of centralisation of the HRM rules which tend to undermine linkages between individual or team performance and compensation.

In order to recognise individual performance, Ireland should continue to take its current careful approach to the expansion of performance-related pay, as it requires performance metrics that are not yet developed in the Public Service. A first step in this direction would be through team-based performance awards. It could also replace discrete levels in the pay scales with pay bands in sectors and/or agencies that are deemed ready, and authorise departments and agencies to set individual pay within the relevant band.

A HRM strategy based on an overall view of the Public Service is needed to guide reforms

The central control of inputs does not adequately take into account the accompanying reforms that are needed to improve the performance of a small Public Service. Such reforms include re-examining issues of efficiency of front-line service delivery, managerial delegation and flexibility, preserving central strategic capacity, and reallocating to high priority areas staff made redundant as the result of structural reforms. For example, agencification requires stronger monitoring capacity which central departments currently lack. While the short-term logic of hiring restrictions was understandable and necessary,

the longer-term consequences on the strategic function are now being felt. As a consequence, there is little forward planning for the future, especially as the population and the Public Service itself ages.

In general, HRM reforms to date neither match emerging business challenges nor are they consistent with Public Service values and other public management reforms such as agencification (Box 1.3). HRM reforms should be seen not only as a modernisation of processes, but should also be linked to statements as to how the Government should function. That is, how should the HRM evolve to adjust to the agency system, or delegate managerial authority? How structured should it be? How open to lateral entries should the systems be and why? How representative of the wider society it should be? And, most importantly, how does HRM contribute to the achievement of pre-determined outputs and outcomes of public policy?

Box 1.1. Civilianisation of An Garda Síochána in the justice sector

In the past 15-20 years, new types of criminality and additional legislative requirements have created more administrative work for the Irish police force (Garda Síochána). While the effective hiring limits in the Public Service do not apply to the Garda, a significant percentage of them have been occupied by administrative work because the limits did apply to civilian clerical staff. By having relatively less costly civilian staff doing clerical work and bringing in professional and technical staff for more specialised tasks, more Gardaí could be freed up to do police work. Latterly, civilianisation has also been seen to have a role in renewing the culture of the force.

Ireland has a relatively low percentage of civilian staff in its police force relative to other OECD countries, and increased civilianisation is generally supported in principle by stakeholders. The current approach, however, has met with resistance within the Garda Síochána. This is, in part, because the current policy of civilianisation has not been based on a clear and shared needs assessment that links the scale of civilianisation needed with the problem at hand. The resulting approach continues to focus on visible input measures, rather than a plan to achieve agreed-upon outcomes/outputs. Under such circumstances, organisations tend to find alternative ways of spending new resources allocated to them. The Garda Síochána should develop HRM capacity to assess its functional resource requirements and skills needs, in light of the workload and an analysis of future challenges. It also should develop capacity for workforce planning and for linking inputs to the delivery of outputs and the achievement of outcomes.

The need for greater mobility and to bring in scarce skills from the general labour market is recognised. Within the Civil Service, for example, recent reforms have been implemented to create lateral entries and therefore renew skills and capacities. More could be done, however, to address the consequences of increased external mobility on the overall culture and core values of the Public Service. The Government should continue in its move to open the Public Service labour market to non-public servants where needed.

Part of the disjoint in the HRM reforms arises from the fact that changes to the HRM system tend to arise out of Social Partnership discussions. The Partnership Verification process has been an important driver for change in the Public Service. If Ireland is to move towards more sophisticated HRM, however, the Public Service – through the Centre – must be in the driving seat for devising strategic HRM reforms, and provide a clear vision of the

connections between the features of the HRM system and business objectives of the Public Service and the programmes for Government.

Ireland is unusual among those OECD countries with a classical, career-based Public Service, in that it has not taken advantage of its centrally determined pay levels and common HRM systems to develop a more sophisticated career planning system. While some workforce planning is taking place at a sector and sub-sector level, the Public Service should better develop long-term workforce planning in the context of the ageing of the Irish population and Irish Public Service in the years to come. This includes: 1) The reallocation of human resources across sectors resulting from an increased demand for additional staff; 2) a new division of labour between government and the private sector in terms of public service delivery; 3) the need to take advantage of departures to bring in new skills, decrease staff numbers in some areas, change the allocation of staff across sectors; and 4) the necessity to maintain institutional memory and replace capacity when staff leave.

Functional reviews of Public Service capacity by sector would help the Government better assess the capacity it needs to deliver public services which match the level of economic development, and society's demands for improved quality.

Maintaining Public Service values and a whole of Public Service perspective will require integrated Public Service leadership

These changes will require leadership that is based on an understanding of the Public Service as a whole. In order to support Public Service values, the Government would gain in the long run by *creating a Senior Public Service,* along similar lines to those established by other OECD countries, such as Australia, Canada and the United States. A Senior Public Service would facilitate the development of specific opportunities for careers across the different parts of the Public Service, reinforce and develop skill-sets among the senior cohort of the Public Service and deepen coherence within the system. Ireland may wish to examine how such Senior Public Services have been established by other countries, including, for example, mandatory mobility requirements and a combination of open-ended employment in the Public Service and term-bound positions in the senior service. Ireland may also wish to consider how best to develop connections between such a group and middle management in order to ensure succession in the group and disseminate leadership values across staff at different hierarchical levels.

A Senior Public Service should not be limited to the Civil Service in order to have a broader perspective on the Public Service as a whole. It would provide opportunities for ensuring the development and embedding of a strong "whole-of-government/whole-of-Public-Service" ethos throughout the Public Service, with emphasis on providing leadership and direction.

Motivating performance

Ireland is at a stage of performance reporting rather than managing for performance

As noted earlier, the Irish Government has taken significant steps to develop frameworks for collecting performance information, especially evaluations (*e.g.* Value for Money and Policy reviews) and, to a lesser extent, performance measures (*e.g.* Output Statements at the departmental level and PMDS at the individual level). Most recently, a requirement for efficiency reviews was introduced in the 2008 Budget.

There are currently few examples, however, of how performance information is being used as an input for management, planning, resource allocation or decision making. This, in part, reflects the quality of indicators and of the information available, but more importantly, it reflects the lack of integration of such information into key decision-making processes. Unless performance initiatives show clear management linkages, they risk not moving beyond managing performance reporting, *i.e.* replacing rigid input controls with controls of performance indicators, to using performance information as an input into managing for improved performance.

There is a need to develop a performance culture that is based on achieving outputs and outcomes rather than compliance with processes. The Performance Verification Process is, for example, a monitoring mechanism of co-operation, in an industrial relations context, with modernisation processes under the pay agreements, rather than a forum for a holistic review of organisational performance. As such, it does not permit linkages to be made between individual compliance with general service delivery improvements. While this exercise has laid the groundwork for embedding current reforms, it is something of a misnomer in that it is not really about performance. This inconsistency has created some frustration among management and staff who have participated in modernisation efforts, but cannot clearly show the results of their efforts in output or outcome terms.

More linkages between performance initiatives and decision-making can be achieved, for example, by linking a medium term expenditure framework and Output Statements (see below). Value for Money Reviews should be systematically taken into account during the budget preparation process when deciding on additional spending and reallocation of budgets. In order to more closely tie Output Statements and strategic plans with performance levers, individual and division goals – as expressed, for example, in the PMDS – should link back into departmental objectives as mentioned in departmental strategic plans and Output Statements. This could strengthen the focus on policy results and help to develop a performance culture based on common language and expectations.

The meaningful use of performance information as a management tool will help to shift emphasise from input control and process compliance to delivering measurable results. This requires the establishment of mechanisms to promote dialogue for a shared understanding and ownership of what is meant by performance and of the specific targets agreed upon. It will also require greater coherence across performance management initiatives, as well as among the objectives and indicators that are identified within these systems. Ireland still has to tackle the difficult challenge of improving indicators and data sources, and to increase managerial flexibility to improve performance within fiscal constraints.

A *performance dialogue between departments and agencies is needed to promote consensus on performance and on targets*

As noted earlier, agencification has been a significant feature of the Public Service in recent times. As shown in the case study on agency management (Box 1.3), however, the potential value added by agencies is less a result of their policy autonomy and more a result of their performance focus. In order to fully achieve this performance focus, they will need additional managerial flexibilities, for example: flexible budgeting between years; the removal of more *ex ante* controls on spending; and flexibility in allocating funds between different types of spending and, most importantly, between personnel and other expenses (or at the very least, within personnel expenses, staff numbers and pay levels).

Departments also have a greater role to play in promoting agency performance. The traditional input-focused dialogue between agencies, departments and the Department of Finance should be replaced by a formal long-term performance dialogue, which entails a process of setting different types of targets and evaluation, and making links between inputs, processes, outputs and outcomes. This involves supporting departments and other government bodies in the difficult task of developing measurable indicators, collecting data on them, making commitments to improvements, and then being accountable for those gains. The immediate benefit will be greater understanding, consensus and experience about what is meant by managing performance. International models for building performance focus include reforms introduced by the United Kingdom and the Netherlands.

The Government should extend the departmental Output Statement framework to include agencies as the mechanism to support the new performance dialogue between departments and their agencies. Accordingly, the administrative control of departments over their agencies should be lessened. In fact, one way to reward good management in agencies is to provide them with additional managerial flexibility.[10]

In many cases, departments and agencies will have to build up the expertise to develop performance measures and monitor performance as part of this dialogue process. Parent departments should enhance their performance monitoring capacity by creating an internal, department–wide agency performance review process. Departments also need to make a significant effort to better analyse the linkages between costs (including personnel) and the actual outputs and outcomes of agencies.

The many and various performance reporting exercises should be aligned to improve impact and reduce reporting burden

The gradual approach to introducing performance management initiatives has resulted in a combination of isolated instruments, rather than a well-designed integrated strategy. Additional reporting burdens generated by performance information requests creates a sense of "reform fatigue" which is exacerbated when performance initiatives are not well-aligned. The whole-of-government-strategy on performance should be made explicit and clarified in order to communicate what is meant by improving performance, why information is being requested and how it will be used.

The Public Service should increase the coherence between departmental strategic plans and Output Statements. Links should also be created between performance initiatives at the departmental level and at the level of divisions and individuals. There is a need to clarify the cascade of performance targets and to send clear messages to staff explaining exactly what performance means. The integrated performance strategy should also include a government-wide planning and reporting framework.

The quality of performance indicators and information should be improved and information collection better integrated

Performance initiatives have suffered from a lack of clear and measurable indicators as well as varied or poor quality performance information. This is a common challenge across OECD countries. As the government-wide requirement for departments to produce annual Output Statements is only in its first year, the focus should now be on improving the quality of indicators and performance information collected and provided through

these statements. This will take time, but will also require investments in performance management capacity.

The Management Information Framework (MIF) has had some difficulties because it was conceived and implemented before the rollout of most other performance reporting initiatives. Therefore it is not well integrated with the data needs of the indicators developed under these other initiatives. Instead, it has tried to anticipate all possible needs making it unnecessarily unwieldy and complex. A mismatch between operational data produced within the MIF and data needs in Output Statements and strategic plans also increases reporting burden.

Improving performance information depends on sequencing the definition of information needs and the development of corresponding systems to go hand-in-hand so that objective information is gathered about public sector performance in the form of outputs, outcomes or evaluations. Robust performance data are needed in order to underpin a greater performance orientation and to allow the Government to develop "quick wins" which build support for further implementation and provide the basis for developing additional reforms.

As the experience with Output Statements increases, the Public Service should make a concerted effort to *improve departmental Output Statements* by creating 1) more relevant and measurable performance indicators; 2) real-time operational data; 3) baseline performance information; 4) clearly defined targets; and 5) more quantifiable targets which measures outputs and outcomes as opposed to processes. The experience of other countries is that increasing a performance focus takes several years, and even then, is a difficult challenge to meet.

More integrated use of management information in performance reporting, in particular through the MIF, would reduce reporting burdens. The Public Service should pilot some projects which co-ordinate the development of data needs between the MIF, the expenditure control units within the Department of Finance and some select departments in the development of their Output Statements and strategic plans. This will produce an integrated performance reporting that can be used as a model for the rest of the Public Service. Supporting databases may also be necessary on a sector basis. Once initial steps are taken, the system can then be expanded to include more conceptually difficult and data-poor activity areas. Performance indicators should be aimed at capturing the results and impacts that policies have had on society, leaving the measurement and implementation of operational goals to devolved bodies within the Government. One of the benefits of improved performance information will be to provide the Public Service with information on its own costs, in order to allow it to make informed decisions about the type of service delivery tool that can achieve the most value for money.

Increase flexibility and encourage prioritisation by moving from micro to macro spending controls

A strengthened and integrated performance management system, complemented by a performance culture, will set the stage for increasing managerial flexibility to improve performance as discussed earlier in the section on Capacity. This does not obviate the need for spending controls. As a tool to limit overall public expenditures, the effective hiring limits have not provided the Public Service with much flexibility to reallocate resources to new priorities. Moving away from *ex ante* controls should be accompanied by overall budget

limits under which additional flexibility is allowed. The Government should consider a more "top-down" budgeting framework with aggregate expenditure totals driving the process instead of the current medium-term fiscal target within the existing three year medium-term expenditure framework.

A fixed medium-term expenditure framework with hard aggregate expenditure ceilings would help to constrain overall spending, and promote reallocation and the development of efficiency measures. This would also set out more clearly the Government's policy directions and the environment in which they are being considered, and set a medium term economic and fiscal framework for planning purposes, especially in light of the National Development Plans and the Social Partnership Agreements.

Moving towards a citizen-centred approach

The bottom-line for the citizen is the speed, quality and appropriateness of public services. Delivering this requires the Public Service to adopt a citizen-centred approach that matches the service interface with citizens' own quality expectations which are often driven by their contact with the private sector. One major opportunity for the improvement of service delivery – and for joining up the different parts of the Public Service – is through the use of e-government. Moving forward, both improving public services online and offline will depend on renewed leadership to work in an integrated fashion, and a re-examination of how to best share funding and accountability.

Adopting a citizen-centred approach also depends on making the Public Service more open to feedback on policy and services from citizens, users and other stakeholders to help set service priorities. Irish citizens and residents are being transformed by the Internet and their own growing expectations from being *users* of public services to participants and even *partners* in shaping and delivering public services. In order for the Public Service to keep up with, and tap into, these larger social forces, it should promote transparency as a value that will make the Public Service more dynamic and increase the public's trust by fostering a debate on the Public Service's contribution to societal outcomes such as life expectancy and competitiveness.

The major challenge for the Public Service is to improve service quality through timely, user-focused and integrated public services

In recognition of the service challenge, the Public Service has put in place initiatives such as the Quality Customer Service (QCS) and Citizen Charters to better measure user satisfaction, to improve customer focus, and to explain to customers what exactly they can expect from the Public Service in terms of service delivery. QCS initiatives, including customer service charters, Public Service excellence awards, central guidelines on standards of customer service delivery, and customer satisfaction surveys, should be implemented more systematically and monitored more closely.

QCS surveys have shown that, in general, the public is satisfied with their contact with the Civil Service, and that the more contact they have, the better their opinion of the Civil Service. The Public Service, as a whole, needs more quantitative performance measures and targets for faster and more efficient delivery of services that help citizens link Public Services with achieved benefits. This will give the Public Service more self knowledge about its achievements and operations in order to respond to anecdotal stories. It also allows it to influence the terms of debate about the quality of public services, and to develop indicators that are comprehensible and meaningful to the

general public. More basic service delivery items should be compared and benchmarked across government. The customer service achievements of all Government departments and sectors should be reviewed annually in a single report on each. The Public Service also should encourage public bodies to adopt and achieve international standards and quality frameworks, such as the European Common Assessment Framework or the Canadian Common Measurements Framework.

E-Government efforts should be renewed with an emphasis on achieving efficiencies for reinvestment into improved service quality

Ireland has produced many quality e-government services and the initial focus of putting services online has moved on to improving business processes and back offices systems as those early adopters have realised the value of this approach. While there have been some large, complex ICT projects which have failed in the past, there are many examples from organisations such as the Irish Revenue Commissioners, the Department of Agriculture, Fisheries and Food, the Department of the Environment, Heritage and Local Government and others that have demonstrated the value of this approach and their ability to deliver.

Part of the challenge has been the strong fiscal environment that has lessened pressure to use e-government as a means to improve service efficiency through business process re-engineering. Under such conditions, there is a temptation to simply spend more to solve a problem. In response to this, the Centre has set up processes for the control of large ICT expenditures. In this context, a tightening fiscal environment should actually be seen as an opportunity to create pressure for renewed innovation for efficiency and effectiveness.

In order to better harness e-government for other modernisation objectives such as value for money, quality customer service, and administrative simplification, the Centre should improve linkages between the modernisation and e-government initiatives to send a message to leaders across the Public Service that e-government is not about ICT alone, but that ICT and business units need to work together. Improved integration with the modernisation and change programme would help e-government initiatives re-orient themselves towards supporting the business lines of their departments. For example, reinforcing and extending QCS efforts in the e-government arena could help make online services more user-friendly by promoting a revision of processes from a user's perspective. This involves a structured approach to the development of online services, *i.e.* a system to support and capture innovation from the bottom up in order to improve the effectiveness of the system as a whole. It also reflects different traditions regarding population registration and identity verification.

In terms of online service delivery, Ireland has begun to fall behind in international benchmarks such as for the 20 online services monitored by the European Commission. In this respect, it has followed a pattern seen in many OECD countries where large bodies have managed to advance quicker than smaller bodies given benefits of scale and the ability to recruit needed skills. This may be an unintended consequence of fragmentation due to agencification, as well as the lack of shared ICT service agencies, except in the local government sector.

Government bodies that lag behind in the implementation of e-government should be pushed to develop in multiple ways: 1) clearer objectives and related, measurable targets are needed, as well as accountability for delivery; 2) more guidance and technical tools

such as contract templates; 3) the sharing of good practices and good practice criteria; 4) the nomination of centres of excellences could, for example, contribute to a raised standard of e-government by sharing good practice and providing technical assistance and/or services on behalf of other bodies. In these areas, the experiences of Denmark, Canada, and the Netherlands could be instructive.

Integrating e-government activities will require leadership co-ordinated vision and shared funding and accountability

Moving towards a citizen-centred approach requires the Public Service to look past its own internal logic to adopt that of the citizen. Citizens should not have to master the structure of the Public Service in order to get a response. Not surprisingly, however, the most pressing challenge for online service development in Ireland is to improve co-operation between Public Service bodies.

Since 1999, Ireland has sought to put in place a seamless electronic interface for users to access electronic services, known as the Public Service Broker (PSB). This initiative was envisaged to be an Amazon.com-type service for the public sector which would provide a single point of entry for access to all public electronic services, regardless of who provided them within the Public Service. This visionary approach has experienced several setbacks, however, and for the moment, has fallen short of expectations. It is linked to too few online services, and its centrepiece – the Reach online authentication service – is generally not considered to be user friendly as its registration process involves both online and mail-in procedures, resulting in a lengthy and complicated process.

As there are no real rewards for those willing to take risks by working with the PSB, common financing is needed in order to create incentives and shared ownership of cross-government services. Collaboration and joint applications must be a precondition to receive monies through common funding. It is also essential to reinforce the cost and benefit analysis capacity of departments and agencies in order to better quantify, and make explicit, potential benefits of both shared and integrated services.

The Centre should also act as a champion for connected and aligned e-government at the highest levels in order to provide unified e-government leadership. Currently, different parts of the Public Service have focused on different parts of the e-government agenda: 1) putting services online and developing the Information society; 2) sharing services and increasing Public Service-wide efficiency; and 3) achieving efficiency and service benefits through business process re-engineering. These approaches need to be brought together into a common strategy and clear leadership to encourage – and even force – government bodies to embrace whole-of-government objectives and to collaborate to deliver on those objectives. This does not imply a single organisational structure, but clarity of voice and co-ordination of the overall message.

Finally, the Public Service should prioritise the development of the standards and architectures that underpin integrated and shared services. This requires close co-ordination across policy and implementation responsibilities, and an integration of reform levers (expenditure control, operating protocols, technical standards, interoperability, and the overall architecture of the public ICT domain). Given their strategic importance, Secretaries General should agree on the core processes and implementation mechanisms as part of a new strategy for e-government, and then on a framework of key processes and supporting information.

An open Public Service is a necessary element of user satisfaction and a source of input for improving services and policies

Ireland has shown a willingness and leadership to have an open Public Service. This is reflected in its recent consultation guidelines and the frequency of consultation both through administrative channels, as well as through the mechanisms of Social Partnership. Exposing the Public Service to greater external scrutiny and inviting in new ideas and partners, however, will only work if the Public Service fosters a risk-taking culture that will allow public servants to experiment and to make mistakes.

While much public information is already available under the Freedom of Information Act, the Public Service should consolidate information in order to make it more transparent and easily accessible. For example, in addition to ensuring that the results of Regulatory Impact Analysis (RIA) are made available through the relevant Department's website, they should also be available through one centralised location. It may not always be clear to the public or interested stakeholders, which Department or Office is taking the lead on a particular regulatory issue, and as such, one single, easily accessible webpage listing such documents (perhaps with links to the relevant departmental website for additional information), ensures that such information can more readily be made available to, and accessed by, the public and interested stakeholders. The requirement that annual reports from 2006 onwards would include information on RIA published in the preceding year (as outlined in the Partnership agreement *Towards 2016*) will also help to improve transparency and openness. Renewed effort should also be made to streamline information about Public Service contacts, regulations and service standards in order to promote clear Public Service delivery standards and to make them more accessible to citizens and other users of public services.

Greater openness can sometimes slow down implementation by adding additional processes. This needs to be acknowledged, but additional burdens can be eased by providing a framework for consultation[11] in order to match the purpose of consultation and participation initiatives with the type of consultation needed. The Public Service should also explore greater cross-departmental and/or cross-agency communication on proposed public consultation processes, so that greater co-ordination of consultation efforts can take place. This will allow similar topics or issues to be addressed in composite documents with the results shared. Not only could this allow for better targeting of consultation processes, but would also ensure that duplication in the system is minimised. The creation of a consultation portal – a central database where the public or interested parties could see what processes are underway in thematic areas, and would allow them to submit comments online – could also improve response rates.

Consultation and participation efforts could also be improved through greater clarity and transparency, *i.e.* who is consulted and how is their input used. This does not necessarily mean that everything must be taken on board, but it does mean that participants should be able to hear back from Public Service bodies that their views have been heard and understood. The Public Service can achieve this by integrating a quality customer service perspective into policy formulation and development.

The commitment to greater openness should extend beyond the Public Service management and unions – broadening the discussion on the common objectives for the Public Service to the broader civil society. Social Partners are well-placed to enhance common cause with citizens in order to bring their voices into discussion arenas. This can

be achieved by continuing other forms of consultation and participation as a complement to Social Partnership – both directly by the Public Service and by using Social Partnership consultation mechanisms. The focus should be on delivering benefits for the economy and the society as a whole. In addition, workplace Partnership structures should be used to help generate ideas on how to improve performance, rather than focusing only on conformity with the modernisation process. An example would be the practical application of the lifecycle model to service design and delivery.

Strengthening governance

Given the economic and societal changes that Ireland has faced – and has yet to face – the key challenge for Ireland's modernisation agenda looking into the future is how to strengthen the governance of the Public Service. Strengthening public governance involves looking at how the Public Service can better respond to changing problems, actors and circumstances, in light of its core values, by addressing the formal and informal arrangements through which public decisions are made and public actions are carried out. To this extent, strengthening governance is not about reaching a particular state of affairs, but instead achieving a constant state of preparedness by putting in place the incentives, channels and working methods to achieve needed change in the Public Service.

Maintain focus on whole-of-government and long-term objectives

While political actors help to ensure responsiveness and political accountability, the Public Service also has a responsibility for providing a long-term and integrated perspective on meeting societal demands. By their nature, political systems tend to focus on short-term results, while administrative systems focus on longer-term interests. Improved alignment of the political and the administrative agendas can be fostered through greater transparency of information and analysis, so as to improve the responsiveness of the Public Service and to extend the planning horizon of politicians.

Translating individual constituent interests and complaints into a plan for broader system improvements will require a broad view of the Public Service that extends beyond day-to-day service delivery and fire fighting. In order to develop reforms of complex systems that cut across service delivery responsibilities and that can take many years to implement, the Government should further build up strategic capacity within the Civil Service and across the broader Public Service in order to improve the pace and sequencing of reform (Box 1.2).

Politicians can promote socially, economically and environmentally sustainable development by putting short-term goals in a longer-term perspective and in the context of budget realities. Policy analysis and advice emphasising long-term scenarios are therefore needed to help provide this perspective. Greater public awareness of long-term budget projections produced by the Department of Finance (DoF) would promote dialogue among politicians, public servants, Social Partners and civil society on the subject of long-term social and economic challenges faced by Ireland, and the possible policy responses. The Government could therefore make further use of these projections and promote more discussion of their policy implications in order to explain the need for reform over the long-term. Greater use of independent *ex ante* policy evaluations, such as those set out in the Regulatory Impact Analysis (RIA) or Poverty Impact Analysis (PIA) models, would also better inform Cabinet decision making.

> ### Box 1.2. **Reconfiguration of hospital services in the health sector**
>
> The Public Service is seeking to transfer and consolidate the services provided by five acute hospitals in the North East of Ireland to one new regional hospital. Its objective is to better rationalise the delivery of highly specialised surgical and acute medical procedures so that surgeons are given the chance to perform procedures often enough to maintain their skills. Due to fragmentation of services across the regions – largely for historical reasons – not all acute care hospitals can provide all of the surgical procedures required by their local populations, while in other cases, hospitals are not seeing sufficient throughput to allow consultants to see a minimum number of cases per annum. Some procedures are provided so infrequently by individual hospitals that, from a clinical perspective, they are unsafe for patients.
>
> This reform takes place in light of high public pressure on the Government, the Department of Health and Children, and the Health Service Executive, to substantially improve and reform health services at national level. While regional in focus, success of this reform depends on the governance arrangements between the Department and the Health Service Executive, the co-ordination of acute hospital care and related health service provision – including community and long-term care. It also raises issues on the Public Service's capacity to sequence reforms in order to maintain public trust, to analyse user data and to conduct consultation to develop policies that have the support of major stakeholders.
>
> This is not a resources issue in the short-term. Even with unlimited resources, it would not be safe for patients to have specialist services provided in hospitals that lack the necessary critical mass of activity and patient throughput. Part of the challenge is communicating this to the local citizenry who may feel that the Government is just trying to save money by closing hospitals. There are specific challenges, however, that need to be addressed if the reform is to be successful: 1) achieving an integrated approach; 2) planning for budget needs, and 3) assuring proper personnel planning, in particular with regard to the supply of General Practitioners.

Review the government agencification framework in order to promote efficiency, innovation and better services

While adding needed capacity to the Public Service, the way in which agencies have been set up in recent years has decreased the overall accountability of the Public Service, while increasing fragmentation and complexity (Box 1.3). The establishment of an overall governance framework for agencies will require that the Government rethink the organisational form of service delivery as a whole, deciding what functions in principle should remain in central departments, what functions should be devolved to local authorities, and what functions should be carried out at arm's length from the Civil Service.

When establishing an agency, the Government should seek to match governance structure with agency objectives. For example, many Irish agencies are working in areas that are clearly delineated, have few products, and have relatively easily identifiable performance objectives and measurement criteria. The governance structure of a "departmental agency" – with large managerial autonomy, but little policy independence and clear hierarchical relationships to line departments – fits better these types of agencies. Ireland could usefully consider exploring this type of agency structure for service delivery functions.

> **Box 1.3. Managing agencies**
>
> While state agencies have existed throughout Irish history, the more recent creation of agencies in the Public Service has taken place in an *ad hoc* manner, in response to new regulatory and service delivery challenges. The proliferation of agencies in Ireland has allowed the Government to increase Public Service capacity without giving the impression of building up a bigger bureaucracy, at a time when policy makers are concerned about possible bureaucratisation. To a certain extent, agencies have also given the Government needed flexibility to deliver services in response to increasing citizens' expectations. This flexibility seems to have been mostly in the areas of recruitment and financial management, but there has also been a tremendous amount of freedom in setting policy objectives which has led to mission creep of some agencies.
>
> Like many OECD countries, Ireland has had difficulties in establishing a clear governance framework for agencies. One consequence is that the increased complexity of the Public Service has made it more opaque to citizens, private companies, and Government departments themselves. Finding the right governance and accountability structure for the management of state agencies involves choosing structures and reporting relationships that are adapted to their purposes. This has not been the case in Ireland. For example, Irish agencies have utilised participative management to a greater extent than in most OECD countries, even though participative board structures are not well adapted to basic service delivery. In addition, local agencies seem to have been set up to compensate for some perceived weaknesses of the local government system, which is not sustainable in the long run, and has led to large scale duplication of roles.

The Government should establish clear guidelines and criteria for establishing new agencies and for operating existing ones. The new agency rationale should prohibit the creation of agencies solely for increasing resources and personnel allocated to a specific policy priority. If a capacity need is identified in a sector, a review of the relevant departmental mandate should be carried out first. The decision to create an agency should only be made following an assessment of personnel and capacity needs, and of the best type of governance structure needed to conduct government policy in this area.

Enable departments and other Public Service bodies to take a more active role

Departments also have an important role to play in improving the responsiveness of the wider Public Service. As noted earlier in the section on performance, a performance dialogue between departments and agencies is crucial in order to develop a consensus on objectives and to increase accountability. This will require departments to build up their capacity in their oversight and performance management roles.

This necessary transition has been impeded by the strong role of the Centre – in particular, in its input control capacity – which tends to draw responsibility away from departments and other Public Service bodies for the ownership of the reform agenda. By retaining power and central control in areas like budget and resources, the Centre has limited the managerial devolution that was originally envisaged under SMI, and reduced the pressure on departments to take responsibility. The end result is that innovators within the Public Service feel constrained. Those who do innovate have few opportunities to identify and generalise these across the Public Service.

Departments should re-establish themselves as the focal point for issues that arise in their sector. They need to capitalise on their broad view and knowledge of their sector area by identifying trends and anticipating problems and, convening actors – drawn both from their agencies as well as other stakeholders – around clusters of issues that require a joined-up approach. By fostering such networks, departments can respond to some of their own capacity limitations by drawing on outside expertise and communities of practice. As the policy experts, departments should also be responsible for identifying innovative practices as part of the performance dialogue with their agencies.

As noted earlier, the effective limit on Public Service hiring may have led to a shift in personnel resources away from oversight and management responsibilities to service delivery. Across the Public Service – including in the Centre – bodies have relatively low numbers of staff dedicated to advancing the modernisation programme. Given the scale of the change required and the size and diversity of the Public Service, the Public Service should explore mechanisms for reallocating resources to reinforce champions and change agents throughout the Public Service. This includes strengthening the leadership and communication role provided by the Centre, as well as supporting the internal implementation of the reform and modernisation process within departments and in each of the sectors, *e.g.,* health, education and local government, so that the reform and modernisation agenda can be built up and embedded at the local level.

Some may argue that central fiscal control has also weakened innovation and capacity at the local level. Compared with many other OECD countries, a relatively large part of Ireland's government expenditure is spent at the local level, in areas such as environmental protection (including waste management – Box 1.4), road transportation and safety and water supply and sewerage (health and education are national responsibilities). These expenditures will probably rise further in the future, but relative to other OECD countries, there is little local fiscal autonomy in Ireland and the share of sub-national revenues (as part of total government revenues) is very small.

The Public Service could usefully explore the challenges and opportunities of greater devolution to local government in order to build up an evidence base for future discussion on devolution, as well as to identify the capacity needs of local authorities. This could be supported by piloting increased mobility between local authorities and the Civil Service so as to allow for greater development of competencies and skills. Only when the Government has been able to evaluate and draw lessons from the experiences of pilot projects should further consideration be given to the possibility of devolution of specific responsibilities. Accompanying changes in resource and oversights should also be taken into account.

The Centre should be responsible for setting the conditions for advancing reform throughout the Public Service

As noted earlier, the SMI/modernisation process has primarily been driven to date by the Centre – the two lead Civil Service Departments of the Taoiseach and Finance. The Department of the Taoiseach has taken the role of providing leadership, direction, support, research, and building consensus for reform, particularly through its role in co-ordinating Social Partnership. The Department of Finance has taken the lead role in implementing reforms in the area of financial management, performance management and HRM, drawing on its guidance, training, technical assistance, and financial and personnel control functions.

> **Box 1.4. Waste management in the local government sector**
>
> The establishment of, and increase in, waste management charges, and the withdrawal of the local authorities from many parts of the waste collection market have created new opportunities for the private sector. This has led to a shift from public service provision by local authorities to an increased involvement of private enterprises in the waste market. The shift has raised, on the one hand, concerns about private sector responsibility for certain environmental and social goods previously ensured by the public sector. And, on the other hand, concerns about potential conflict of interest in the dual role of local authorities as both regulators and service providers. This has prompted the national Government to commence a comprehensive review of the regulation of the sector which is now well advanced and has included a formal public consultation.
>
> A number of conditions necessary for the effective implementation of national waste management goals have not been met. In particular, insufficient co-ordination of regional plans may have led to unanticipated outcomes such as an excess of landfill capacity and raise the risk of missing long-term environmental goals. In addition, the local authorities' reluctance, until now, to use existing policy tools fully (*e.g.* pricing, contractual and regulatory tools) has contributed to less efficient waste collection due to unequal terms of competition and uneven treatment of citizens (*e.g.* in terms of waivers and unserved communities). These problems are only now being addressed in the review of regulatory arrangements.
>
> The private sector has entered into markets under a system where the planning, regulatory, and contracting tools have been largely available, but underutilised. Market entry involves major investments and creates vested interests. While changing the rules all at once will have a potentially destabilising impact, the current system is clearly underperforming. This case illustrates the importance of planning and managing adequately from the outset the market delivery of public services. It also suggests that the Public Service is reacting to broader changes in the market and international regulatory (European Union) environment, rather than taking a more proactive approach. Absent the Public Service role, new arrangements quickly become entrenched, regulatory and contractual changes are subject to judicial challenge, and the cost of changing the system become greater over time.

These distinct and complementary roles in relation to the reform and modernisation agenda, are not necessarily well understood by staff in the wider Public Service, in particular as one moves further away from the Centre. Over the medium-to-long term, however, the shift from input controls to managing for performance will allow the Centre to reduce some of its (time and resource intensive) control functions in order to focus on the more strategic aspects of its responsibilities such as establishing frameworks for performance dialogues, and identifying and promoting innovative practices across the Public Service. This will also enable the Centre to spread more effectively a performance oriented to the rest of the Public Service and to improve the linkages between reforms such as QCS, performance, HRM, regulatory reform, financial management and e-government as they are implemented across the Public Service.

The strategic functions of the Centre include identifying future challenges and obstacles, and promoting dialogue on desired societal goals and indicators – both within the Public Service and with the Oireachtas, Social Partners, civil society, the media, and other stakeholders. This is an important step in order to identify a future vision for the Public Service, to make it responsive and accountable for global outcomes, and to measure progress on issues that are of importance to the general public.

In order to better communicate the benefits of Public Service reforms, the Centre should develop coherent communication strategies to draw more linkages between the everyday work of the Public Service and broader societal outcomes. This requires renewed efforts to develop quality indicators at both the very broad, macro level as well as for intermediate outputs that can help provide the link between action and results. This will both help to build up trust within the general population and to reinforce the public service ethos of public servants.

A networked approach is needed to achieve an integrated Public Service

As noted at the beginning of this chapter, meeting future challenges will depend on the ability of the Public Service to act in an integrated way in order to own and to deliver on crosscutting priorities (Box 1.5). The Public Service has made significant efforts to improve its level and rate of responsiveness to crosscutting societal issues. Many mechanisms and

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Box 1.5. School planning in the education sector

In recent years, the school planning and building programme in Ireland has increased exponentially in scale and complexity as the result of population growth and migration. From 1997-2005, spending on primary and post-primary school buildings has expanded by more than 500%. Under the National Development Plan (NDP) 2007-2013, the Government plans to provide an additional 100 000 primary school places over the next seven years, to catch-up with existing need and to prepare for the projected increase in primary school-age population.

This rapidly changing context is raising a number of new challenges for school planning: 1) **speed and responsiveness** – up to 2007, new housing developments were being built so quickly in some areas that the accompanying infrastructure could not keep up; 2) **agility** – the population base of existing neighbourhoods is changing so that the mix of schools may also need to change in order to serve both parochial and secular students; 3) **capacity** – the Public Service may not have the planning and development tools to anticipate needs, rally resources and manage projects; and 4) **coherence** – the different sectors may not be sufficiently working together to help anticipate needs and make the most of infrastructure for community as well as educational use.

In order to meet these challenges, the Department of Education and Science must work with a network of partners both inside and outside of the Public Service. While its policy responsibilities remain fairly centralised, implementation is a shared responsibility. The Department (which is responsible for school planning at the national level) works with individual schools (which are responsible for project management), local authorities (which are responsible for spatial planning), and churches and associations (which serve as school patrons). This is a particular challenge as the Irish school system is fragmented and small-scale (over 50% of schools in Ireland have 4 or fewer teachers), with individual voluntary boards each managing a single school. This is the result of the system's historical evolution and is in keeping with the preferences of many Irish citizens, but it results in a system that lacks efficiencies of scale.

The Department of Education and Science also consults with local authorities about planned residential developments and the need for community facilities in school buildings. Progressive local government authorities are showing innovative practices such as negotiating with the developers/builders for school sites, but the capacity to undertake such proactive action varies across local governments. The Government recently announced that it would be introducing new guidelines requiring local government involvement in school planning.

Committee structures already exist in the Irish Civil Service, including the excellent Office of the Minister for Children, and more recently, the Office for Older People and the Office for Disability and Mental Health.

The increased complexity of the environment in which the Public Service operates does not require more structures. Instead, the Public Service needs to promote more networked ways of working, in which all of the parts of the Public Service are empowered to work together to solve the problems of the public. In many ways, the Irish Public Service is already rich with informal networks that reflect the small size of the country and of the Public Service. Further activating these networks so that they can take on a broader range of crosscutting issues, however, requires a significant investment of leadership and strategic capacity in place to manage networks, and to prioritise and allocate resources prior to a crisis or prior to the implementation of a major policy.

The systems and structures for horizontal coherence are in place in Ireland, but they will not be effectively used until accountability structures are aligned with broad social outcomes. The accountability system in the Irish Government is clear and well laid-out, but is built on clear-cut responsibilities for individuals and organisations, rather than in terms of the interests of the whole-of-government. As a result, public servants tend to maximise their own organisational policy objectives and interests and are unlikely to take collaborative risks. While successive government programmes have identified crosscutting priorities, the Public Service needs to reorganise its accountability structures and working processes in order to support these priorities. The Irish Public Service is not alone with respect to this problem. This is one of the biggest challenges shared by OECD governments today.

Conclusion

An integrated Public Service will depend on changing behaviour rather than structures

The next few years present both a challenge and an opportunity for the Irish Public Service. An implementation challenge exists because new ways of working are needed in order to meet increased expectations with constrained resources. Thus, the incentives, structures, and arrangements of the Public Service will need to be adjusted accordingly in order to make it more agile and responsive to an ever-evolving environment. Demographic change, increases in public expectations, and infrastructure needs will continue to put pressure on available finances, even as new needs continue to arrive on the horizon.

Greater flexibility within the Public Service is required as part of the move from input control to managing for performance. This will also mean that a common vision for the Public Service is more important than ever, so as to allow individual bodies to set out and agree on clear objectives to guide their actions. Changes in human resource management, performance management and governance models are all needed in order to allow public servants to understand the necessary changes and to share in the common vision organised around the needs of citizens. This requires a Public Service culture in which change is embedded rather than imposed. Only in this way can a coherence of the reform agenda be achieved. This will transform the Public Service as a whole.

While there is broad recognition that reform is urgently needed in the Public Service, it also has an opportunity to mobilise itself. There is a tremendous reservoir of goodwill and trust in the Public Service that can be tapped into if the Government shows courage, leadership, and vision. Achieving an integrated Public Service will require mobilising its

greatest resource – its core values – in order to unlock further value through shared services, improved cross-governmental co-ordination and devolution, and by taking shared responsibility for performance.

The Irish Public Service should keep in mind that it is more effective when it operates in a united and integrated fashion. Public Service reform therefore needs to focus on the Public Service as a whole, rather than on a group of disparate parts. This will allow it to focus on developing complementary capacities, which involves thinking about how the outputs of the parts support a greater outcome. It entails identifying the incentives needed to maintain the sharing of information and people in a networked fashion across the different parts of the Public Service. The modernisation agenda needs to transform a series of *ad hoc* initiatives into an integrated reform programme. In tightening, albeit more sustainable economic times, such vision and leadership is needed to help the country make difficult choices, both for the nation as a whole as well as for its different regions. Only in this way, will the Public Service be able to move away from a central control paradigm to a more responsive and flexible approach to meet the needs and expectations of the country as a whole.

Notes

1. National Social Partnership Agreement, (2006), *Towards 2016: Ten Year Framework Social Partnership Agreement 2006-20015*.

2. The Irish Public Service is a collective term for all permanent administrative and technical staff employed on behalf of the State. The Public Service includes the staff working in all state agencies that are not formally part of a department/ministry, but provide services on behalf of the State (such as the police, the Defence Forces, health service personnel, teachers, etc.). For the purposes of this review, the term Public Service is also understood to include the Irish Civil Service. The Civil Service comprises the staff of: 15 government departments (ministries); the Courts Service; the houses of parliament (the Oireachtas); the office of the President; and certain state agencies such as the Office of Public Works and the Revenue Commissioners.

3. CSO, 2006.

4. Real expenditures on educational institutions for primary, secondary and post-secondary non tertiary education from both public and private sources for the period 1995 to 2004. See Chart B2.4a of *Education at a Glance* 2007.

5. Real per capita expenditures on health from both public and private sources for the period 1995 to 2005. See Chart 5.1.3 of *Health at a Glance* 2007.

6. Public expenditure as a percentage of GNI in Ireland was 39.8 % in 2004.

7. For Ireland, employment in voluntary schools, hospitals, universities and public enterprises (but not semi-state bodies) is added to make this number comparable with the general government employment figures of other OECD countries.

8. 2007 data from the Central Statistics Office (CSO) Ireland shows that employment in the Irish Public Service is 16% of the total labour force. This data is based on specific CSO methodology which is not comparable with OECD data for other countries.

9. In December 2003, the Irish Government announced a major programme to relocate some 10 000 Dublin-based civil and public servants to approximately 53 locations around Ireland, including the relocation of 8 Government Departments in their entirety. This is known in Ireland as the "decentralisation" programme, but the OECD report refers to this policy as "administrative relocation".

   The Irish programme does not provide for any transfer of functions from central government to other government organisations, or the private sector, but instead physically relocates central government functions, and staff to regional areas outside the greater Dublin area. In addition, some central government functions that are currently housed within one geographic location or office in Dublin, are now being relocated or dispersed to various regional areas.

10. Managerial flexibility for agencies should be increased, however, only after they acquire confirmed capacity in strategic management, financial management, auditing, and accounting. The criteria such as those laid out by the Dutch Government for the creation of new agencies in the Netherlands might be used as an example (See Box CS2.4 in the case study on Managing Agencies).

11. The International Association of Public Participation lists five reasons for public consultation and participation: 1) for informing participants about costs and benefits of potential new policy; 2) for consulting them on policy analysis and options; 3) for involving them in order to understand their concerns and aspirations; 4) for collaborating with them to identifying policy options; or 5) to empower them to make decisions. See *www.iap2.org/associations/4748/files/Spectrum.pdf*.

ANNEX A

Management and Consultation

In December 2006, the Government of Ireland commissioned a major review of the Irish public service which was undertaken by the OECD. The objectives of this Review were:

- To benchmark the Public Service in Ireland against other comparable countries, including identification of appropriate measures to compare the productivity and effectiveness of the Irish system, or discrete elements of it, against comparable international best practice, and
- To make recommendations as to future directions for Public Service reform which will support the Irish Government's drive for delivery of world class services to the citizen, within existing resources commitment, and contribute to sustainable national competitive advantage.

The review was conducted by the OECD's Public Governance and Territorial Development Directorate through a multi disciplinary team of OECD staff members and national experts from a number of OECD countries. It was overseen by a High Level Steering Group (Table A3), chaired by the Secretary General to the Government. This Group was assisted in its work by the Project Liaison Group (Table A4), at Assistant Secretary General Level, which was established to support the OECD's fieldwork. These Groups were supported in their work by Ms. Jocelyne Bourgon, former Canadian Ambassador to the OECD, and President Emeritus, Canada School of Public Service.

As part of the fact-finding phase of the Review, the OECD met with a large number of key stakeholders (Table A1 and Table A2) at political and administrative levels as well as representatives of the Social Partner pillars and academics. In addition, a major public consultation process was undertaken involving a media campaign, an invitation to the Social Partners and other interested parties to make submissions, and the facilitation of dialogue between the OECD and a Consultative Panel (Table A5). Over 930 submissions were received from private individuals and organisations. A qualitative analysis was undertaken, by the Institute of Public Administration, on the submissions received from organisations. Both this analysis and the submissions received were forwarded to the OECD as an important supplementary information stream.

Table A1. **OECD Interviews: Political Level**

Taoiseach, Mr. Bertie Ahern, T.D.*
Tánaiste and Minister for Finance, Mr. Brian Cowen T.D.
Minister for Health and Children, Ms. Mary Harney, T.D.
Minister for Education and Science, Ms. Mary Hanafin T.D.
Minister for Justice, Equality and Law Reform, Mr. Brian Lenihan T.D.
Minister for Environment, Heritage and Local Government, Mr. John Gormley, T.D.
Fine Gael Deputy Leader and spokesperson on Finance, Mr. Richard Bruton, T.D.
Labour Party Deputy Leader and spokesperson on Finance, Ms. Joan Burton T.D.
Chairman of the Public Accounts Committee, Mr. Michael Noonan, T.D.
Chairman of the Joint Committee on Finance and the Public Service, Mr. Michael Finneran, T.D., and Vice-Chair, Dr. Martin Mansergh, T.D.
Chairman of the Oireachtas Joint Committee on the Environment and Local Government, Mr. John Cregan, T.D.
Chairman of the Oireachtas Joint Committee on Health and Children, Mr. John Moloney, T.D.
President of the Association

* Teachta Dála: member of Dáil Éireann, the lower chamber of the Oireachtas (Parliament) of the Republic of Ireland.

Table A2. **Other OECD Interviews**

Advisory Group on Garda Management and Leadership Development
Assistant Secretaries' Network
Association of Chief Executives of State Agencies (ACESA)
Association of Chief Superintendents
Association of Garda Sergeants and Inspectors
Association of Garda Superintendents
Indecon Economic Consultants
Cavan County Council
CEOs of a number of State Agencies
City and County Managers' Association
Comhar, Sustainable Development Council
Commission on School Accommodation
Consultative Panel for OECD Review
Dublin City Council
Economic and Social Research Institute (ESRI)
Environmental Protection Agency
Fingal County Council
Health Service Executive (HSE) Management
Health Services National Partnership Forum (HSNPF)
Dublin City Council
Garda Commissioner
Garda Inspectorate
Garda Representative Association
Health Services National Partnership Forum
High Level Steering Group (Secretary General Level)
Irish Business and Employers Confederation (IBEC)
Irish Waste Management Association
Institute of Public Administration (IPA)
Irish Patients' Association
Liberties Primary Care Team
Limerick County Council
Local Government Audit Service
Local Government Computer Services Board (LGCSB)
Local Government Management Services Board (LGMSB)
Monaghan Alliance
*National Centre for Partnership and Performance (*NCPP)
National Economic and Social Council (NESC)
National Economic Social Forum (NESF)

Table A2. **Other OECD Interviews** (cont.)

OECD Liaison Group (Assistant Secretary General Level)
Ombudsman and Information Commissioner
Our Lady of Lourdes Hospital, Drogheda (including GPs in the North East)
Our Lady's Hospital, Navan
PA Consulting
Patient Focus
Performance Verification Group (PVG) – Education Sector
Public Appointments Service
Public Services Committee, Irish Congress of Trade Unions (ICTU)
Representatives of Government Departments and Offices including:
Agriculture, Fisheries and Food;
Arts, Sports and Tourism;
Communications, Energy and Natural Resources;
Community, Rural and Gaeltacht Affairs;
Education and Science;
Environment, Heritage and Local Government;
Finance;
Health and Children;
Justice, Equality and Law Reform;
Social and Family Affairs;
Taoiseach;
Transport;
Comptroller and Auditor General;
Office of the Minister for Children;
Office of the Revenue Commissioners;
Reach
Social Partner Pillars – Irish Congress of Trade Unions (ICTU), Business/Employer Pillar, Farming Pillar and the Community and Voluntary Pillar
South Dublin County Council
St. James's Hospital
St. Vincent's University Hospital
Trinity College Dublin
Trustees of a number of schools

Table A3. **High Level Steering Group: Members**

Dermot McCarthy (Chair), Secretary General, Department of the Taoiseach
Ciaran Connolly, Secretary General (PSMD), Department of Finance
Sean Aylward, Secretary General, Department of Justice, Equality and Law Reform
Geraldine Tallon, Secretary General, Department of Environment, Heritage and Local Government
Brigid McManus, Secretary General, Department of Education and Science
Michael Scanlan, Secretary General, Department of Health and Children
Fachtna Murphy, Commissioner, An Garda Síochána
Michael McLoone, Chairman, County and City Managers' Association
Professor Brendan Drumm, Chief Executive Officer, Health Service Executive
Professor Tom Collins, Education Department, NUI Maynooth
Moling Ryan, Chairman, Association of Chief Executives of State Agencies
Philip Kelly, Assistant Secretary General , Department of the Taoiseach

Table A4. **OECD Liaison Group: Members**

Philip Kelly, Assistant Secretary General, Public Service Modernisation and Social Partnership Division, Department of the Taoiseach (Chair)
Michael Errity, Assistant Secretary General, Personnel and Remuneration Division, Department of Finance
Jim Duffy, Assistant Secretary General, Centre for Management and Organisation Development, Department of Finance
Pat Burke, Assistant Secretary General, Secretariat Division (including Personnel, Communications and Freedom of Information), Department of Education and Science
Bernard Carey, Assistant Secretary General, National HR and Workforce Planning Division, Department of Health and Children
Niamh O'Donoghue, Director General, Department of Social and Family Affairs
Des Dowling, Assistant Secretary General, Local Government Division, Department of the Environment, Heritage and Local Government
Noel Waters, Assistant Secretary General, Human Resources Division Department of Justice Equality and Law Reform

Table A5. **Consultative Panel: Members**

Dermot McCarthy, Secretary General, Department of the Taoiseach (Chair)
Philip Kelly, Assistant Secretary General, Department of the Taoiseach
Catherine Byrne (formerly with Irish National Teachers' Organisation)
Des Geraghty (Affordable Homes Partnership)
Peter McLoone (Chair of the Irish Congress of Trade Unions Public Service Committee)
Maurice Pratt (CEO, C and C Group plc.)
Emily O'Reilly, (Ombudsman and Information Commissioner)
Ann Fitzgerald, (National Consumer Agency)
Alan W. Gray, (Indecon)
Professor Brigid Laffan, (University College, Dublin)
Professor John Murray, (Trinity College Dublin)
Professor Neil Collins, (Department of Government, University College Cork)
Fr. Sean Healy, (Conference of Religious of Ireland)
Michael Berkery, (Irish Farmers Association)