

AN PÁIRTÍ DAONLATHACH

A Changing State

Reforming and Rewarding the Public Service

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Summary

- The Progressive Democrats have developed a radical new plan for the reform of the Irish public service.
- Public servants give loyal and conscientious service to the state; but that service is devalued by antiquated structures and systems.
- Root-and-branch reform of the public service will create incentives, reward excellence and commitment, and greatly enhance efficiency, effectiveness and job satisfaction.
- This plan shows how Irish taxpayers can maximise the return on the £12bn that will be spent this year on their public services.
- Radical new proposals are made for the management of state agencies and departments. The main administrative functions of the civil service will be devolved to executive agencies, enabling the core departments to concentrate on policy formulation and the control of spending.
- New budgetary authority and responsibility will be given to departmental chief executives and agency heads.
- A State Services Board will be established to oversee the strategic management of the entire public service: the board will monitor performance, make top-level appointments, and fix targets and standards for the state service.
- State departments and agencies will be made more accountable to the Oireachtas through a new system of parliamentary questions and through direct reporting to Oireachtas Committees.
- Women are still not achieving their full potential in the public service. New initiatives are needed to help more women gain promotion to middle and senior management positions.
- Our aim is to create a leaner but better-paid public service without resorting to stop-go measures such as general redundancies, blanket embargoes and intermittent pay freezes.

1. The Public Service in Context

Ireland's Public Service

This country owes a great debt to its public servants. They have served the country loyally and well since the foundation of the state and they have provided invaluable support to governments of all political persuasions down the years.

This document proposes major changes in the way that our public servants go about their business. In essence, it requires closing the cultural gap that exists between the public and private sectors in this country in order to make our public service more efficient and more accountable.

The introduction of new structures and new ways of thinking is not something for public servants to fear: in fact, they stand to gain much from a transformation and revitalisation of public service structures, and the creation of a more rewarding and stimulating working environment.

The gainers from public service reform, however, will be not just public servants but the taxpayers and consumers of this country. They deserve the best that their money can buy, and public service reform should ensure that they get it.

The Scale of the Public Service

The Irish public service employs almost 280,000 people, a fifth of the total workforce.

More than 80% of these work in the non-commercial public service and it is with this sector that this document is primarily concerned. The remainder work for commercial state companies such as CIE, the ESB or Telecom Eireann. The cost of running the non-commercial public service, in terms of pay and pensions, amounted to £4.8bn in 1995; this was £700m more than the total income tax yield for that year.

Composition of the Irish Public Service

Total Numbers (in 000s) Employed at September 1995

Civil Service	31.4
Defence Forces	14.0
Garda Siochana	10.7
Education	61.7
Local & Regional Authorities	30.9
Non-Commercial Semi-State Companies	7.9
Commercial Semi-State Companies	56.2
Health Services	64.5
Total	277.3

The Need for Reform

Our public service is still governed by outmoded legislation passed more than seventy years ago.

The Ministers and Secretaries Act of 1924 is the governing piece of legislation for our entire system of public administration. The Act was originally passed in the era of the steam engine, when telefax and television were unknown, when personal computers and pocket calculators had yet to be invented.

Other countries have made radical changes to their administrative systems in the intervening years. By contrast, we have displayed neither innovation nor imagination. Our antiquated system of government has failed to keep pace with technical and technological change.

That system is now showing increasing signs of stress and in, many cases, is now incapable of dealing with the problems of a modern society.

With the cost of government rising at an alarming rate, it is clear that public service reform is central to Ireland's prospects for economic success.

Impact on Competitiveness

The public service has a huge impact on the overall competitiveness of the Irish economy.

This is because:

- the public service is the largest provider of services in the country
- it fills a key regulatory role in most areas of industry and commerce, and
- it is funded through taxation, which is ultimately levied on the traded sector of the economy.

It follows that an efficient and effective public sector is a pre-requisite for an internationally competitive private sector. Otherwise, failings and inefficiencies in the public service will act as a constraint on the development of the wealth-creating sector of the economy.

Take the case of aviation. For several years we erroneously supported the contention that free competition on the Dublin-London route was not in the Irish national interest. When competition was eventually introduced in the mid-1980s passenger numbers soared, tourism revenue boomed and employment increased. Clearly, the Irish economy had paid dearly for that policy failure.

It is imperative, therefore, that we ensure that our public service operates to the highest standards of efficiency and effectiveness.

2. Reforming the Public Service

Efficiency and Effectiveness

The concepts of efficiency and effectiveness must be central to any programme of public service reform.

We may define *efficiency* as doing the thing right, *effectiveness* as doing the right thing. In the Irish context, neither of these objectives will be achieved without major changes in the way that we currently go about the business of government.

Efficiency is, perhaps, the more easily measured and the more easily addressed. How do we deliver a particular service with fewer people or at lower cost? Could that service be delivered better by organisations outside of the public service?

Effectiveness may be a more difficult question. Are there state programmes for which there is no longer any social or economic justification? Can these be dispensed with entirely?

It is essential, therefore, that the issues of efficiency and effectiveness throughout the public service are addressed in a comprehensive manner as part of any reform campaign. This will require a fresh look at the organisation and structure of our entire public service.

Governing Principles

At the outset, let us lay down five governing principles that should inform our whole approach to public service reform:

- (i) *The state should not be involved in any activity that community effort or private enterprise could carry out more efficiently and effectively.*
- (ii) *State trading enterprises would operate most efficiently and effectively if structured similarly to private businesses.*
- (iii) *State departments would operate most efficiently and effectively if their functions are clearly set out.*
- (iv) *Departmental managers would perform most efficiently and effectively if made fully accountable for the running of their organisations, without central direction but subject to fixed spending limits.*
- (v) *The cost of government activities should be decided as far as possible by real market factors; i.e., the quality, quantity and cost of products supplied must be determined by the purchaser's own needs.*

All the reforms proposed in this document are ultimately based on these five principles.

Putting the Principles into Practice

How can these principles be translated into practice ?

The following initiatives would facilitate implementation of the basic objectives:

- Give each unit of government operational autonomy, with secretaries being restyled 'departmental chief executives' to show that they hold responsibility for the administration of their own areas.
- Assign each chief executive an annual budget to deliver a specified level of services, and make them accountable to a new State Services Board on an annual basis for their stewardship.
- Give wide responsibilities to the State Services Board, which would have power to recommend departmental chief executives for appointment, review their performance, develop managerial talent, and report to the government on the general management of the public service.
- Slim down departments, devolving non-core functions, such as the CSO and the Companies Office, into autonomous executive agencies.

Reforms of this type were successfully implemented in New Zealand and produced major economic benefits for that economy.

A Fresh Look at Structures

The state bureaucracy is growing at a rapid rate. It is time now that we subjected our governmental structures to serious examination:

- If FAS runs a nationwide network of offices to deal with the job needs of the unemployed why does the Department of Social Welfare need to operate a separate nationwide bureaucracy merely to pay unemployed people their dole ?
- If the Revenue Commissioners run a nationwide bureaucracy to collect cash, does the Department of Social Welfare need a separate one to pay it out ?
- If we have democratically elected local authorities in every city and county do we also need a parallel government of several hundred unelected quangos to deal with essentially local issues such as rural development ?

We should aim now for a root-and-branch reform of our whole system of public administration. If agencies or departments have outlived their usefulness, then they should be closed. There should be no repeat of the Land Commission saga: that body seemed to live on in a state of suspended animation for several years after it had been decided to close it down.

3. Rewarding Public Servants

The Benefits for Public Servants

No programme aimed at reforming our system of public administration will be truly successful unless it enjoys the support of the people who work in that system - public servants.

So, before detailing the reforms required to modernise our administrative system, what is in all this for public servants? The answer is, two things - better pay and better working conditions. Public servants would stand to gain significantly in terms of pay from the proposed reforms. They would benefit in three main ways:

- (i) **Productivity:** Reducing public service numbers, where possible, through natural wastage would deliver a huge productivity bonus to be shared with the remaining staff. With fewer people doing more work, they would be higher paid.
- (ii) **Performance-Related Pay:** Officers of all grades in the public service would be given the opportunity to earn bonus payments related to their individual performance and the team performance of the units in which they work.
- (iii) **Tax Cuts:** The Progressive Democrats have published proposals for a major reduction in the burden of personal taxation, particularly on PAYE workers. Public servants would be among the main beneficiaries of these proposals.

For example, a clerical assistant on the mid-point of the salary scale, earning £192 per week, would be almost £17 per week better off as a result of the changes in personal taxation advocated by the Progressive Democrats. This compares with the derisory increase of 87p per week which clerical assistants received from the tax changes in the January 1996 budget.

In regard to working conditions, the reforms outlined here would give each individual public servant more positive involvement in their organisations, more influence over how their work is organised, and more control over their own earning capacity.

Particular initiatives to improve working conditions and boost staff morale would include:

- **devolution** of administrative and financial responsibility within all areas of the public service so as to give greater autonomy to individual officers
- a greater degree of **worker participation** and consultation in the management of their agencies and departments
- the introduction of **proper communications systems** to ensure that staff are kept fully informed of all major management decisions

The career-break system would be extended in order to encourage public servants to gain experience in the private sector, improve their education or engage in voluntary work.

There is also a need for greater transparency in internal promotion procedures, which do not, at present, command the confidence of the majority of staff.

It is essential, too, that every state agency and department should have a fully developed policy for the management of human resources.

The personnel departments of most state organisations play a very minimalist role in areas such as staff training and education and the development of a team-based approach to work that is common among private-sector employers of similar scale.

The basic objective should be the creation of a leaner and more efficient public service which will be better paid, better motivated and better organised.

Positive Proposals

Successive governments have tried and failed with a number of stop-gap policies in the past.

These have achieved little success in reforming the public service, but have served to alienate and demoralise public servants in a totally counter-productive way. Instead of negative attitudes we need positive proposals that can be supported by the vast majority of responsible public servants.

We must learn from the mistakes of the past and reject simplistic solutions which fail to recognise the complexities of public service employment. We believe that there should be:

- (a) *No General Redundancies:* The redundancy plan of the late 1980s proved to be a costly mistake. Hundreds of millions of pounds were spent removing people from the system only for them to be replaced by new recruits.
- (b) *No Pay Freeze:* The freezing of public service salaries is a crude policy instrument which penalises all public servants irrespective of individual effort. It has a demoralising effect on staff and can lead to the loss of key individuals to the private sector.
- (c) *No Blanket Ban on Recruitment:* Overall bans on recruitment fail to take account of particular needs which can arise in specific sectors.

The reforming measures outlined here will involve no loss in terms of personal income or job security for public servants. Sacrifices would have to be made, however. Restrictive practices would have to be abandoned; flexibility and mobility would have to improve; innovation and imagination would have to be embraced and reliance on tradition reduced.

In return for these sacrifices public servants would stand to gain in terms of both increased net income and enhanced job satisfaction. The basic objective must be to control public service pay, not to control the pay of individual public servants.

4. The Need for Cost Control

Economic Background

The annual cost of running this country has risen by almost £5bn to £12bn over the last ten years.

This expenditure has had to be funded through taxation or debt, both of which have severely depressed the expansion potential of the Irish economy, creating a situation where 200,000 people have left the country in the last ten years and one person in four in the workforce is now unable to find a sustainable job.

The rapid growth in public spending can be attributed to both political and administrative factors:

- (a) *Political Factors:* Governments have decided to introduce new programmes or subsidies or to increase existing ones. Politicians have also fostered the view that problems can be solved through higher spending or through more state intervention.
- (b) *Administrative Factors:* The increasing cost of administering the government machine can be only partly explained by increased workload resulting from political decisions. Inefficient practices and outmoded structures are major contributors to the inexorable rise in the cost of public administration in Ireland.

The rate of growth in programme expenditure can be moderated provided the political will is there to do it. Changing the taxation system to encourage enterprise and effort, for instance, would lead to a substantial reduction in demand for unemployment compensation. Government expenditure cannot be controlled, however, until there has been a radical overhaul of our whole system of public administration.

Opportunities to improve efficiency and reduce running costs have clearly been missed:

- *disappearing functions* (beef intervention, border customs checks) mean that several labour-intensive activities have been largely dispensed with; yet, overall staff levels in the civil service have not fallen as a result
- *technological change* has created great opportunities for efficiency enhancement but the Irish public service does not seem to have reaped the same rewards in this regard as the banking and finance industry, for instance
- *flexible working practices* and reorganisation of existing structures ('process re-engineering' in management jargon) have facilitated major savings in public services in other countries in recent years.

There has been no incentive for public service managers to reduce costs or reduce numbers; in the circumstances, we should not be too surprised that both have risen inexorably.

The Public Service Paybill

The public service paybill has risen by £1.3bn over the last four years. This represents an increase of 36%, compared with cumulative inflation of 10% over the same period.

The sharp rise in public service pay has absorbed much of the benefit of economic growth in recent years, growth which should have been applied to reducing the burden of personal taxation and to the encouragement of enterprise and effort, and why unemployment continues to remain at stubbornly high levels.

Two main factors have contributed to this rapid growth in the public service paybill:

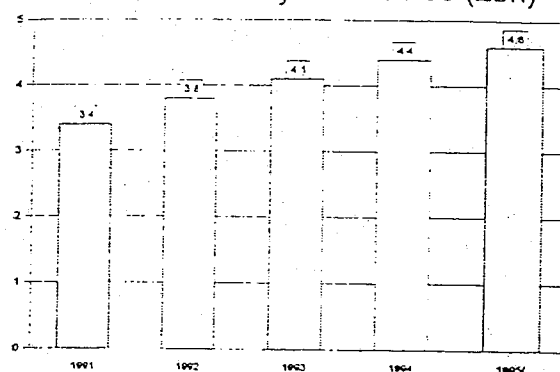
- steep rises in individual pay rates in the public service, and
- a significant increase in the numbers employed in the public service.

Both of these issues will have to be tackled if the overall paybill is to be brought under control.

Public Service Numbers

The number of people employed in the non-commercial public service has grown by more than 14,000 since 1991, an increase of 7%.

Public Service Pay Bill 1991-95 (£bn)



Employment Growth in Non-Commercial Public Service 1991-95

(000s at June of each year)

	1991	1992	1993	1994	1995
Civil Service	29.7	30.4	30.3	30.6	31.3
Security	25.3	25.3	25.1	25.2	24.8
Education	56.1	58.3	61.1	62.6	62.9
Health	59.1	60.0	61.2	62.9	64.5
Other	37.7	38.8	38.6	38.8	38.7
Total	207.9	212.8	216.3	220.1	222.2

These figures exclude the commercial state sector, which takes in trading companies such as the ESB, CIE and Telecom Eireann.

Public Service Pay Levels

The rate of pay increases for public servants has outstripped inflation by a significant margin over the last five years.

For the main civil service grades, which serve as a benchmark for many other areas of the public service, pay rises have ranged from just under 19% to over 42%. Cumulative inflation during this period amounted to 13%

The principle of *'to him that hath, shall be given'* appears to have applied, as the lowest earners got the lowest increases, while the highest earners got the highest increases. It is remarkable that, during a period when socialist influence on government has never been stronger, the lowest paid sections of the public service were discriminated against in this way.

Increases in Civil Service Pay Levels 1990-95			
	<i>Oct 1990</i>	<i>Jun 1995</i>	<i>Increase</i>
	<i>£ p.a.</i>		
Clerical Assistant	£10,005	£11,987	+19.8%
Clerical Officer	£12,279	£14,590	+18.8%
Executive Officer	£15,788	£19,517	+23.6%
Higher Executive Officer	£19,047	£23,683	+24.3%
Assistant Principal Officer	£22,862	£30,969	+35.5%
Principal Officer	£29,469	£40,783	+38.4%
Assistant Secretary	£40,011	£51,143	+27.8%
Secretary	£52,825	£75,047	+42.1%

Administration Costs Rising

The rise in public service numbers has triggered not just an increase in wage-related costs but also in general administration expenses.

More people means higher costs in terms of postal services, telecommunications, office equipment and general expenses. Travel and subsistence costs, for instance, are very closely related to overall staff levels. A recent study of civil service expenditure by the Chambers of Commerce of Ireland found that, in the 1992-95 period, while direct salary costs rose by 14%, non-staff costs surged ahead by 31%.

Strangely, despite the expansion in numbers in the civil and public service, the biggest growth area has been consultancy services. The annual bill for consultancy services is now running at more than £11m. Even though we now have more public servants than ever before to run the machinery of government, there is increasing resort to external expertise to deal with political and administrative problems.

Value for Money ?

It is time now to question if higher public spending is really translating into better public services.

Consider how we have managed our resources in the five-period to the end of 1995:

- ☛ *Health spending* has risen by 65%; yet the health service is hardly two thirds better now than it was five years ago
- ☛ *Prison spending* has risen by over 50%; yet the number of inmates has risen by just 7% and the whole system is in chaos
- ☛ *Garda spending* has risen by 40%; yet the force has been unable to contain the growth in crime levels.

All our problems tend to be addressed in terms of extra resources; additional resources are needed in many areas but they do not represent a simplistic solution in every case.

For most areas of state spending there are still no reliable methods of assessing value for money. The problem is that, in most cases, the only measurement of output is the amount of money spent.

Clearly, we need to switch the emphasis from *quantity* to *quality*. We must be prepared to look at the way in which money is spent, the way in which our system is structured. All the indications are that a major reform of our public service is urgently required if we are to achieve the twin objectives of controlling public expenditure and serving the public better.

5. Establishing New Structures

Unified Budgets and Multi-annual Budgets

Budgetary reform is an essential prerequisite for public service reform.

A single-stage budgetary process is required, involving the simultaneous publication of spending, taxation and borrowing plans. Effectively, the entire budgetary process would be conducted in a climate of collective cabinet financial responsibility. In terms of public expenditure, a total spending figure would first be agreed and political discussion would then centre on how this limited pool of cash was to be spread across different spending areas.

This process would be akin to the present annual 'estimates battle', except that under a unified budget the taxpayer stands less risk of becoming a casualty of that battle. No matter what the outcome, the pre-agreed budgetary total could not be exceeded.

It is vital also that governments present multi-annual budgets, setting out three-year fiscal plans for each department. No business could be run on the present system of single-year budgets.

State Services Board

Establishing a State Services Board (SSB) would be the first step towards public service reform.

The SSB would be a small organisation with a modest budget. It would be a three-person committee charged with oversight of the whole public service. Its members, appointed by the Government for a fixed five-year term, would be people with top-level management experience in the public and private sectors, one of whom might be drawn from public administration outside this country. They would be assisted by a small support staff.

The SSB would become the direct employer of the heads of government departments and executive agencies. Its principal functions would be:

- (i) to monitor the performance of government departments and agencies against pre-set performance indicators, and report to government on that performance
- (ii) to make appointments to the most senior positions in the public service, taking over and expanding the duties of the present Top-Level Appointments Committee, and taking sanctions against senior managers where necessary
- (iii) to ensure that recruitment is carried out in line with strict principles of probity and fairness, with no vestige of personal or political patronage, and to revamp the Civil Service Commission to fulfill this role in a modernised public service.

Essentially, the SSB would exercise a controlling role over the strategic management of the public service, something for which nobody seems to be taking responsibility at present.

Let Managers Manage

There is a structural management problem at the top of the Irish civil service.

Heads of government departments - incongruously titled *secretaries* - are severely circumscribed in their ability to manage:

- they cannot decide their own *staffing levels*; this is done for them by the public service division of the Department of Finance
- they cannot set *salary levels* for their own staff; this is also done for them by the Department of Finance
- they cannot buy goods and services from the *supplier of their choice*; they have to buy almost everything from a state monopoly - the Office of Public Works.

Under this system no single person is responsible for the management of any individual government department. In this situation it is very difficult to implement any strategy aimed at containing costs and promoting efficiency.

The Need for Management Autonomy

Departmental chief executives (DCEs) must be given much greater autonomy to manage.

Each DCE should be assigned an *administrative budget* and a *programme budget* to run their departments. These budgets should be separately identified:

- (a) ***Programme Budget:*** This would cover the direct cost of state programmes, such as welfare payments or farm subsidies, as determined by political decision
- (b) ***Administrative Budget:*** This would cover the administrative cost of running a department, of which staff-related costs would normally be the main component.

Each DCE would be encouraged and incentivised to deliver savings on the administrative budget. Containment of controllable costs should become a key management objective. The culture of cost control should not be something imposed by 'dreaded mandarins' from the Department of Finance but something central to the management ethos of every government office.

To this end, responsibility for pay and grading structures should be delegated to a much greater degree to departmental managers, giving them greater flexibility to make the most efficient use of available resources.

They could still participate in centralised bargaining, as employers in the private sector do at present.

Contracting for Services

The proposed arrangements would introduce a contractual element into the relationship between departmental heads and the state.

Effectively, DCEs would contract with their employer, the State Services Board, to deliver a specified level of services for a specified budget.

The financial terms of that contract - spending allocations, policy priorities - would be determined at political level by ministerial decision. The performance of that contract would be monitored on behalf of ministers and taxpayers by the SSB.

This would introduce a clarity and transparency to the management of the public finances which is not there at present, and would make it easier to maintain control over government expenditure.

Cash Limits

It is imperative that better discipline is brought to bear on the financial management of the Irish public service. Cash limits represent the best means to achieve this.

The system of cash limits would be designed to operate in the following way:

- the overall *administrative budget* of each department would be benchmarked at its 1996 level in real terms
- *increases in administrative budgets* would only be allowed where departments had been assigned additional responsibilities by political decision
- a separate *cash limit* would apply to the pay element of the administrative budget, pegging it also at its 1996 level in real terms.

The importance of the last point cannot be underestimated: if public service pay had only risen in line with inflation over the last three years, then the resulting saving to the government would have been over £600m.

Within these cash limits DCEs would be free to run their departments as they see fit. It would be up to them to decide how to allocate their resources: with regard to pay, for example, a reduction in numbers through natural wastage could release money to fund significant salary increases for remaining staff, without breaching the cash limit.

The objective of management should be not merely to *meet* their cash limits but to *beat* them. In other words, we should not merely be content to stop the cost of public administration from growing: we should be trying to reduce it.

Evaluation of Expenditure

The reforms outlined here would greatly facilitate a proper evaluation of government spending.

The sharp rise in public expenditure in recent years has been defended on the grounds of social justice. It has been argued that increasing public spending is effectively a redistributive measure aimed at helping the disadvantaged sections of society: not so - public servants have gained more than social welfare recipients from the growth in public spending over the last three years.

Growth in Government Spending 1992-95			
	1992	1995	Increase
	£m		
Social Welfare Payments	3,426	4,157	+731 (+21%)
Public Service Pay	3,761	4,635	+874 (+23%)

Our present system does not adequately distinguish between administrative costs and programme-related costs, between government services and the cost of delivering those services. Reforming the system would help to ensure that any increase in government spending is well targeted and not simply consumed in higher administration costs. An enhanced role for the Comptroller and Auditor General is envisaged in the area of value-for-money auditing.

Accountability

Any reforms introduced must enhance the accountability of the public service, not reduce it.

Parliamentary control of government activity has weakened as the scale of that activity has widened. As government has expanded into more and more areas, elected representatives have found it increasingly difficult to scrutinise state spending. New initiatives on accountability are needed to protect the interests of taxpayers and consumers:

- all agencies and departments should report on an annual basis to the *Oireachtas Committee* relevant to their sphere of activity
- all agencies and departments should produce an *audited annual report*; few government departments do so at present
- the *State Services Board* should report annually on the whole public service, evaluate its performance and make recommendations as it sees fit.

Such measures are essential if efficiency and effectiveness are to be adequately monitored on a systematic basis.

6. Executive Agencies

The Need for Separation of Functions

The structure of the civil service needs to be changed so as to give it a tighter focus. Essentially, we must endeavour to separate the delivery of policy advice from the provision of services.

The core departments should concentrate their efforts on three main aspects of government:

- *policy formulation and review*
- *preparation of legislation, and*
- *evaluation and monitoring of public spending.*

These are also the key areas to which ministers should devote their attention. There is increasing evidence of failure in these areas. In terms of policy, for instance, ministers are relying less and less on civil servants for advice, turning instead to a variety of external sources. Even vital issues like attacks on the elderly now require task forces and unnecessary deferral of decision-making.

The objective should be to separate the key functions outlined above from routine administration to the greatest possible extent. Both ministers and departmental civil servants should, as far as possible, avoid involving themselves in the minutiae of public administration. Their task is to create the structures to enable the administrative system to function as efficiently and effectively as possible. Establishing executive agencies must be a key part of this process

Advantages of Executive Agencies

The bulk of the administrative functions currently carried out directly by government departments should be devolved to executive agencies within the civil service.

Executive agencies offer a number of advantages in terms of administrative efficiency:

- ☞ *management change* is most easily achieved within discrete units
- ☞ *organisational structures* can be more readily tailored to suit the needs of the particular task in hand
- ☞ *performance measurement* is easier in organisations with a clear focus.

Telecom Eireann is an example of how an organisation can benefit from separation from the civil service. The transfer of administrative functions to executive agencies would substantially reduce the size of the core government departments. Instead of unwieldy giants with thousands of staff, we should aim to create slimline organisations of more manageable proportions.

Units Suitable for Agency Status

There are several parts of the civil service which could be easily hived off as independent executive agencies.

The table lists ten areas of civil service administration which would be prime candidates for agency status. Together, they have a combined administration budget of more than £500m per year. The conversion of these ten organisations alone would transfer almost 60% of civil service employees into executive agencies.

In Britain, where the agency concept has been promoted for the last ten years, about 65% of civil servants now work in such bodies and the ultimate target is to raise that figure to 80%.

Conferring agency status on the prison service, for instance, is an essential prerequisite to sorting out the chaos in our penal system. The breakdown in that system is a contributory factor to the rise in crime.

Top Ten Candidates for Agency Status

	<i>No. of Employees</i>	<i>% of Total Civil Service</i>
1. Revenue Commissioners	6,200	19.7%
2. Social Welfare Services Office	3,920	12.5%
3. Prison Service	2,500	8.0%
4. Agricultural Inspectorate	1,690	5.4%
5. Department of Defence Civilian Services	1,340	4.3%
6. Office of Public Works	820	2.6%
7. Courts Service	790	2.5%
8. Central Statistics Office	560	1.8%
9. Valuation Office & Ordnance Survey	450	1.4%
10. Meteorological Service	260	0.8%
Total	18,530	59.0%

Some parts of the civil service, such as the Revenue Commissioners and the Social Welfare Services Office, could be converted to agency status quite speedily.

Others have major management deficiencies which would have to be rectified before conversion to agency status could be contemplated. It might require two to three years to prepare such organisations for administrative independence.

Fewer Agencies, Not More

The need to create executive agencies should not obscure the need to reduce the overall number of state agencies engaged in the business of government.

It has been shown that the establishment of just ten new agencies would effectively transform the structure of the Irish civil service. The creation of these agencies would fit into a clear administrative context: accordingly, the new bodies:

- would deal with central government functions only
- would only handle functions devolved from existing civil service departments
- would not involve any increase in the overall size of government.

This contrasts with the proliferation of government bodies which has taken place in recent years.

Nobody knows the precise number of agencies now controlled or funded by central government. We now have bodies dealing with agriculture, arts, fisheries, sport, tourism and several other areas, as well as a bewildering variety of commissions, committees, task forces and working parties.

In the area of industrial development and job-creation alone, for instance, there are now more than one hundred separate state-funded agencies.

The devolution of departmental responsibilities to executive agencies should go hand-in-hand with a significant reduction in the overall number of government bodies. An essential part of this process would be the transfer of additional functions to a reformed system of local government.

Management and Accountability of Executive Agencies

The management structures outlined already for departmental chief executives would similarly apply to the heads of executive agencies.

Agency chief executives would operate on the same contractual basis as DCEs. They would undertake to deliver a specified level of service for a specified budget and their performance would be monitored by the State Services Board.

A key rationale for the establishment of executive agencies is the opportunity afforded to enhance the accountability of the government system.

This rationale has been ignored in Ireland. The Arts Council, for example, is not, strictly speaking, a fully-fledged executive agency, but it does operate at one remove from departmental control. The relevant minister uses this fact to avoid answering parliamentary questions on anything to do with the Arts Council.

A similar situation obtains with regard to other semi-state bodies. The result is a serious breakdown in the democratic accountability of the state apparatus.

It is essential that arrangements are put in place to make all executive agencies of government fully accountable through the democratic system. These would operate on the following basis:

- The relevant minister would be answerable to *the Oireachtas* for all aspects of policy in relation to executive agencies under his control.
- Agency chief executives would report annually to *Oireachtas Committees* on all aspects of administration and policy implementation within their organisations.
- Agency chief executives would be required to make written answers to *parliamentary questions* from deputies on administrative issues.

As a fail-safe measure to prevent any possibility of avoidance or evasion, a deputy dissatisfied with a direct reply from an agency would have the power to raise that matter by way of question to the minister, even where a policy issue was not involved.

The effect of introducing executive agencies into the Irish administrative system should be to strengthen accountability, facilitate public scrutiny and improve transparency.

Annual Reports

The subject of annual reports has already been touched on in regard to government departments. The need for prompt and comprehensive reporting would be all the greater in executive agencies, given the dominant role envisaged for them in the whole system of public administration.

AIB Group, a £24bn institution with 15,000 employees, operating in half-a-dozen countries, can deliver its annual results within 44 days of its year-end. The Irish prison service, by contrast, struggles to produce its annual report within 44 months. This is not good enough.

All executive agencies of government would be required to present their annual reports no later than six months from the relevant year-end, and would be encouraged to do so within three. Annual reports should be useful tools for performance evaluation, not historical curiosities published years after the events to which they refer.

7. The Issue of Quality

We Deserve the Best

The taxpayers of this country will pay the government more than £12bn in 1996 to provide a range of public services.

As consumers of government services they are entitled to expect the very best. Despite this, ideas of quality assurance and customer service appear to come low on the agenda of government departments and offices.

We need a culture of excellence in our public service. This means that we should not accept, for example:

- a *prison service* that is patently incapable of coping with the problem of criminality in our society
- the worst *roads* in Europe, with potholes turning many rural journeys into obstacle courses
- we accept a *bovine TB eradication* scheme which has swallowed up hundreds of millions of pounds without achieving its objective, and which is still costing a million pounds *every week*

We must recognise that money is not the answer to everything: higher spending does not translate automatically into better services. We must focus on quality rather than quantity.

The Quality Deficit

The quality management concept is now widely embraced in the private sector of the Irish economy.

The National Standards Authority of Ireland (NSAI) publishes a catalogue listing the organisations which have attained ISO 9000/9001/9002, the internationally recognised quality management standards. Holders of the ISO standards include not just manufacturers but insurance companies, hotels, hauliers, architects and estate agents.

The NSAI catalogue lists over 1,100 Irish-based holders of these standards. Of these, just over 20 - less than 2% - are state organisations, even though the state accounts for almost 25% of total employment. Clearly, there is a quality management deficit in the Irish public sector.

It is worth noting that, if the Blood Transfusion Service Board had operated a quality management system, the horrendous problems which have arisen with regard to Hepatitis C might never have occurred.

Quality Management and the Public Sector

The quality management concept is virtually unknown throughout most of the Irish public service.

The ISO certificates held by the public sector are largely concentrated in the semi-states, particularly the commercial semi-states such as Aer Lingus, Aer Rianta, Bord na Mona, ESB and Telecom Eireann. It should be noted that these certificates do not necessarily cover entire organisations but certain aspects of their operations.

ISO 9000/1/2 Certificates held by Public Sector Bodies <i>position at March 31, 1995</i>		
	<i>Employees</i>	<i>Certificates</i>
Commercial Semi-States	56,200	20
Non-Commercial Semi-States	7,900	2
Local Authorities	30,900	-
Health Services	64,500	-
General Public Service	117,800	-

It is not acceptable that more than 90% of public servants still work in organisations which have not attained a recognised international quality standard.

Commercial pressure is forcing the private-sector to meet the ISO standards. Many transnational corporations now insist that they will purchase only from suppliers who have attained this status. In the public sector, political pressure must substitute for commercial pressure. The issue of quality must be afforded priority status in the management of our public services.

A more demanding standard of quality management must be demanded of the public sector:

- ☞ all public bodies could be required to meet the ISO 9000 standard within a specified period of time
- ☞ alternatively, government could develop and enforce its own quality regime, such as the Citizens' Charter in the U.K.

At the very least consumers should be given some idea of what they are entitled to expect from the state in terms of quality.

In Northern Ireland, the Passengers' Charter sets out the standards to which Northern Ireland Railways must operate in relation to punctuality, reliability, cleanliness and other matters. Performance against these criteria is measured every month and publicly displayed in all stations. Surely, the introduction of this kind of management philosophy would do wonders to improve customer service in organisations like Bus Eireann, Dublin Bus and Iarnrod Eireann ?

8. Equality and Promotion

Women in the Public Service

The position of women in the public service still leaves much to be desired.

The bar on married women working in the public service ended twenty years ago. Yet, female employees are still over-represented at the more junior grades and under-represented at the more senior grades. The table below illustrates this phenomenon for the ten main general grades in the civil service; these grades account for just over half of all those employed in the service. The picture in the wider public service is similar.

Women in the Civil Service: Males/Females in Main General Service Grades at December 1995				
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Female %</i>
Secretary	13	1	14	7.7%
Assistant Secretary	85	5	90	5.6%
Principal Officer	298	43	341	12.6%
Assistant Principal	727	224	951	23.6%
Administrative Officer	72	27	99	27.3%
Higher Executive Officer	1,093	673	1,766	38.1%
Executive Officer	1,071	1,199	2,270	52.8%
Staff Officer	261	796	1,057	75.3%
Clerical Officer	930	3,435	4,365	78.7%
Clerical Assistant	984	4,102	5,086	80.7%
<i>Totals for Grades</i>	<i>5,534</i>	<i>10,505</i>	<i>16,039</i>	<i>65.5%</i>

The data above provides ample evidence that there is a 'glass ceiling' in the Irish civil service.

The complexity and intractability of the problem is illustrated by the situation in nursing and national teaching and their respective unions. Both professions are dominated by females; both unions are headed by males. Given that both unions have entirely democratic structures there are clearly deep-seated factors which are constraining women from achieving their full potential.

Clearly, there are several factors which influence the career performance of women in the workplace. That performance cannot be entirely ascribed to the circumstances prevailing in any particular employment in either the public or private sectors.

Nevertheless, it is incumbent on all major employers such as the public service to do everything to ensure that women are given equal opportunities for career advancement.

Addressing Gender Inequality

The issue of gender inequality needs to be addressed not just on grounds of equity, but also of efficiency. If women are not achieving their full potential, then the public service is not enjoying the full benefit of the talent available to it.

Public service management can pursue a number of initiatives to remedy the present situation:

- ⇒ Interview boards for recruitment and promotion should have a greater female component than at present.
- ⇒ A mentoring system should be introduced whereby successful female officers take responsibility for developing self-confidence and promoting ambition in female officers in more junior positions.
- ⇒ The graduate recruitment process should be examined to ascertain why, in the case of the civil service, women make up only 27% of the key administrative officer grade, the intake point for those who go on to fill many of the top posts.

The last issue is particularly important. Given full equality of educational opportunity, there is no reason why the composition of the administrative officer cohort should not be close to 50/50. If that situation was achieved the chances of women making it into the senior levels of the civil service would be greatly enhanced.

Age Discrimination

Discrimination on the basis of age seems to be inherent in public service promotion practices.

The Association of Higher Civil Servants has estimated that, in competitions for Principal Officer positions in the civil service, of those called for interview 40% were over 40 years of age, but only 20% of those appointed were over 40. Every effort should be made to ensure that all promotions are made on the basis of ability. A widespread perception of age discrimination would have a very demoralising and demotivating effect on large sections of the public service.

Grade Discrimination

The complicated grading structures used within the public service constitute a major barrier to mobility, equity and efficiency.

The public service is divided between general and specialist grades. For certain professional grades, opportunities for promotion outside their own area are limited by this division and they are frustrated from fulfilling their true potential. We must ensure that there is a level playing field and that those in professional and specialist positions are not discriminated against.

There is a need to rationalise the existing grade structures, and also to abandon the archaic titles attaching to some public service positions and to replace them with something more modern.

9. Conclusion: How Do We Get There ?

How can the proposals outlined in this document be translated into reality and how long would it take ?

Provided the political will is there to do it, a comprehensive reform of the Irish public service can be accomplished within the lifetime of a single government. The main steps in the reforming process would be:

- (i) *Consultation:* A major process of consultation with representatives of the public service unions and staff associations would be undertaken at the outset. A timetable would be set for this process to ensure that it did not become open-ended.
- (ii) *Legislation:* A new State Services Act would be required to supersede the existing Ministers and Secretaries Act and to give legislative effect to the reforming proposals outlined here.
- (iii) *Establishment of State Services Board:* Once the Board was operational it could start implementing the new contractual arrangements for heads of departments on a phased basis.
- (iv) *Creation of Agencies:* Reform of the civil service would proceed rapidly once major administrative units had been converted into executive agencies.

This programme would go hand-in-hand with other reforming measures such as decentralisation of responsibility to democratically elected local authorities and the privatisation of commercial state enterprises such as Telecom Eireann and Aer Lingus.

Within five years we could transform the public service into a group of dynamic organisations with a keen focus on value for money and the need to deliver a quality service to the taxpayers and consumers of this country.