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Reconnect Reorganise Restructure Reform of the Irish Public Sector

Public Sector

Reform of the Irish Public Sector

Over the past two years the Government has developed a broad mandate to reform the public service. This began with the OECD report and was developed by the Transforming Public Services Group and subsequently the Special Group on Public Services Numbers and Expenditure Programmes. Since then, with the decline in the economy, the overall cost of the public service has come under increased scrutiny. In his budget speech the Minister for Finance announced wide ranging pay cuts which were probably broader and deeper than expected within the public service. The effect of these cuts, while required in order to bring government expenditure under control, will be to disenfranchise the public sector workforce. Combining the effects of the October 2008 and December 2009 budgets, the public sector workforce are being asked to deliver the same levels of output with fewer staff that are now less well paid.

It is now incumbent upon the Government to find a means to engage the public sector in a positive manner to deliver real reform of the service. In order for our public services to be delivered at the current level of quality in a sustainable way over the longer term, the public sector will need to be re-organised and restructured. This is important to ensure the ongoing quality of services, but also to provide a means to positively engage with the public sector workforce and ensure they remain committed, motivated and focussed on service delivery.

International experience in public sector reform

In most cases, public sector organisations have a legacy of hundreds of years during which they have developed and evolved to meet changing citizen and regulatory requirements. These changes are often subtle when considered over the lifetime of the public service. In addition, the size, scale and protection of ongoing operations are deterrents to significant change or transformation.

As a result of this, structural inefficiencies can creep into the public sector leading to a lack of efficiency and effectiveness. Hence, for efficiency, customer service or effectiveness reasons, many governments have established public sector reform initiatives which have sought to structurally change how government operates. Examples of this include the reform of government in Pennsylvania, Minnesota, California, Illinois and the significant reform initiatives undertaken in Canada and Australia. These reform initiatives have often been delivered against the backdrop of a fiscal or budgetary crisis and in some cases have resulted in significant industrial unrest (for example Ontario in the 1990s). However ultimately, through perseverance, they have succeeded and the result is the creation of some of the most efficient and customer service focussed administrations in the world.

Based on this and other experience and on our research internationally, we have developed a set of characteristics for efficient government. These are characteristics that governments have adopted or migrated towards as part of their reform initiatives. In this document we outline these characteristics and discuss the future of Irish public sector reform.

The characteristics of efficient government

There are five key characteristics of efficient government which we have identified:

- Separate policy from implementation
- Adopt a shared services strategy for corporate services
- Identify, simplify & integrate common processes across boundaries
- Logically group connected organisations
- Integrate channel services

Separation of policy and implementation

Currently, all of the main government departments and agencies in Ireland are engaged in the development of policy, with a number also engaged in policy implementation both directly and via agencies. However, over the past number of years policy development and implementation has become more complex,with policy developed in one department having an implementation impact in other areas.

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developments in Australia, Canada, France, Iceland, New Zealand, and Norway has been replete with references to clear, defined targets which allow providers to concentrate on their core business. Similarly, policy-making is seen to be more focused, more rigorous and sometimes even more adventurous if it can be made without the undertow of concern for the existing service providers.

Previously, the argument for integration of policy and operations was based on proximity i.e. the proximity of the policy and implementation units facilitated ease of access to implementation resources and information, bringing together the insight required to develop the policy. However, policy itself has also become more complex in that it is more elaborate, impacts on broader social, economic and spatial areas and is influenced at a local, national, European and international level. These complexities require a change to the manner in which policy is developed and rolled out, such that, there are appropriate feedback mechanisms between all stakeholders. Formally establishing these mechanisms through service level agreements or business partnership arrangements will support this separation and create an environment where departments can focus on policy, and agencies can focus on implementation.

Shared services

Many public service organisations around the world have successfully implemented shared services for corporate functions including HR, IT and Finance. These have often yielded savings particularly in the case of IT where savings can be achieved through consolidation of licenses and systems across organisations, as well as a reduction in the number of people required to maintain the IT infrastructure.

Shared services formed a significant part of the cost savings achieved by the Government of Ontario and also in Western Australia where up to Aus$500Mn was saved through an IT shared services initiative. In Ontario, to encourage adoption, the Government permanently rescinded 30% of every agencies corporate services budget which was then only made available for the current year to support transition to their states finance shared services centre. With a budget reduction of 30%, each agency had the option of continuing to operate their own corporate services or using those of the shared services centre.

Identify, simplify and integrate

Finance, HR and IT shared services centres are examples of simplified and integrated processes for all of government resulting in efficiencies to the State. However, these functions, while prevalent in most government departments and agencies, do not represent the significant portion of the public service workforce. Most government

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agencies are engaged in activities which relate to a small set of common processes, including:

- entitlements (including grants, pensions, welfare payments, housing, etc.);
- inspections (including compliance, inspections, investigation, audit and enforcement);
- collections (of revenue or income) and
- licensing.

...efficiencies come from the use of common processes and systems, better leveraging existing talent, improved spans of control, reduced fraud and a reduction in the number of times the citizen or business needs to engage with Government.

Organising government executive agencies to undertake these activities for Government as a whole, provides significant benefits to the citizen and to Government. The efficiencies come from the use of common processes and systems, better leveraging of existing talent, improved spans of control, reduced fraud and a reduction in the number of times the citizen or business needs to engage with Government.

Taking entitlements as an example - as a citizen it is currently possible to claim entitlements for: child benefit; social housing; medical card; education grants; energy efficiency and disabled persons grant, all of which are available from separate government organisations. Hence, the citizen needs to have their entitlement established six times by six distinct agencies involving different resources, processes, forms and IT systems. This also results in six different payments to the individual, with the associated costs and risks. Centrelink in Australia has demonstrated the effectiveness and efficiency of a centralised entitlements agency over the past almost ten years. The Canadians have successfully integrated inspections, collections and licensing organisations to deliver significant savings and improve customer service.

A further consideration for organising Government in this manner is that it can allow staff within the public service to develop specialist careers, if they so choose. In effect, each of the process groups that have been identified have competencies associated with them that would allow the definition and management of career paths and career progression along specific areas relevant to the public service.

Logically group connected organisations

While we have identified a number of common processes that can be logically grouped together, there are a number of sections of the public service that interoperate by servicing the same community, but cannot be structurally grouped together. An example of this is the justice network which includes the courts service, the police service, the prisons and the Attorney General; or the health network which includes the GP's, primary care centres, community care centres, acute hospitals and long-term care facilities. By putting in place mechanisms to enable connected agencies to share data and automate otherwise manual processes, the quality,

efficiency and effectiveness of those agencies has been shown to increase substantially.

In the United States, Pennsylvania State has operated an integrated Justice Network (JNET) since 1997 – this initiative has led to improved safety in the community, crime reduction, greater efficiency and lower costs in the justice sector through better real time access to information which is shared across the justice community. In Ireland, the Courts Service and An Garda Síochana have put in place an electronic facility to exchange court outcome data. This initiative has yielded efficiencies for both organisations, and is a great example of a shared network. Continuation of this initiative across the sector can deliver additional benefits to the sector and to the community.

In California, Kaiser Permanente operate the healthcare system for the State providing GP, primary care, community care, acute hospitals, after hospital care and health insurance services. While they operate or control many of these constituent organisations, the organisations themselves are entirely distinct. However, through the provision of an integrated system which enables the sharing of data across the entire health care system, Kaiser have demonstrated their ability to cost effectively drive down the rate of certain acute diseases.

Integrated channels

Providing a "one stop shop" for citizen or business access to government services has long been the holy grail of the public sector, and no less so in Ireland. However, ensuring that the customer, not the administrator, is at the centre of service provision is a fundamental change to the way in which many governments organise themselves. Organising government agencies based on customer service requirements will lead to efficiencies by reducing the administrative burden on the citizen; reducing re-work in Government and reducing the number of contacts that the citizen has to make. Research has shown that each time a citizen is transferred to another operator or agency as part of their service request, their satisfaction with the Government drops 20% - this can be the greatest driver for citizen centred government reform.

Achieving this goal is difficult - however the Canadian Government has demonstrated what can be achieved through their "citizen first" initiative. They launched a series of initiatives aimed at reforming their public sector and reducing costs; two of the key metrics they used to measure the success of this initiative were annual customer and employee satisfaction surveys – which were used to provide the Government with its ongoing mandates to drive their reform initiative. Beginning with a reform of how the public sector presented itself in the phone book (providing government listings by service type, not by organisation), the Canadians have rolled out a series of initiatives all aimed at providing easier access to services and reducing, or removing, any hand offs. Their solutions have leveraged a range of technologies including kiosks, call centres, online and traditional offices. They continue to operate their programme and publish the results of their surveys online annually.

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What next for reform of the Irish public service

Reform of any public service is a significant undertaking as it involves changes to the work practices and organisational structures of the many thousands involved in the service, and can often impact on the clients of that service. However, reform has been successfully delivered under differing circumstances across a number of regions. Reform always requires political commitment: it has generally only been successfully achieved by a government that had a strong political mandate to deliver reform, and who was able to deal with the inevitable negative impact that certain reform initiatives can sometimes generate.

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Reform considerations

Once the political organisation has decided to tackle reform, there are some key considerations to ensure that it is effectively delivered. These include:

Leverage your mandate In the Minnesota Drive to Excellence programme which sought to reform the State Government, the governor issued his first status report in 2005 just as they were about to begin. This report set out the reform imperative which he had established in conjunction with the public service and was based on the fiscal constraints the State faced. Today, it is possible to log onto the Minnesota Drive to Excellence web site where monthly status reports are published on the progress of their reform initiatives. The programme began by identifying the target initiatives through collaboration with over 200 public servants and succeeded by sharing the success and outcomes of the initiatives with the employees and citizens of the State ever since.

Establish a clear leader Successful public sector reform initiatives have been driven by a cabinet level leader who worked with a mixed public and private sector team seconded to their ministry. It is only by assigning a leader at this level that true change can be delivered successfully. This has been evidenced in the Minnesota, Pennsylvania, California and Canadian initiatives. This mix of public and private sector helps ensure that the programme doesn't suffer from the Tolstoy syndrome which has bedevilled many large public sector change initiatives.

Create a vision To successfully deliver significant change, the stakeholders of that change, in this case the employees, customers and leaders of the public service need to understand the purpose of the change and what the future might look like. This vision needs to be clearly articulated and bought into by all of the constituents.

Get buy-in Active stakeholder engagement is required to deliver buy-in to any initiative. Public Sector reform can conjure up negative imagery – providing a vision that the key stakeholders (citizens and employees) can focus on, that provides insight to the end state and a positive image to aim towards is a key contributor towards achieving buy-in. It also helps to deal with the sometime negative elements of the reform or cost reduction initiative. Related to this, our experience has shown that communications cannot happen enough. It is imperative that proactive communications happen at all times and to all levels involved in the process.

Take time with the design Of critical importance during any transformation initiative is to ensure that the design validates the vision and can be implemented. By taking time at the design phase, the ultimate outcome will be of far higher quality and will yield significantly more successful results. Additionally, a well run design phase would help achieve greater buy-in.

Phase implementation Transformation and change should be delivered incrementally. It is critically important that service is not affected during the transition phase to the new structure. This can best be achieved by undertaking the transformation journey one step at a time, ensuring that each phase of the journey is successfully delivered and the benefits are being achieved before moving on to the next phase.

Conclusion

The cuts applied by the Government were necessary in the context of the fiscal environment that we find ourselves in. However, in order to help the economy become more efficient and Ireland to become more competitive as a State, we require an efficient and motivated high quality public service. It is incumbent on the Government to now follow through on their initial actions; to engage with the public service and set out a shared vision for a reformed service. One which will operate in the context of the current fiscal constraints but which will be a positive working environment delivering a high quality service in a sustainable way.

It is incumbent on the Government to now follow through on their initial actions; to engage with the public service and set out a shared vision for a reformed service.

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