

Mac Gill Summer School
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*Cost effective, accountable and
innovative public services*

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Beyond Croke Park

The Public Sector and its Performance Matters!

- ▶ Its essential role
- ▶ Economic policy and implementation
- ▶ Social policy and implementation
- ▶ Its cost



Disclaimer



Views today are personal

In particular do not
represent views of NCC

But its not just the economy - stupid!

(Apologies to Bill Clinton)

- Public service activities and objectives serve vital public purposes.
- They are essential to any civilised and decent society - and are often complex to deliver.
- Their quality, good or bad, tells us a lot about ourselves.

Perceived public service shortcomings are considerable

.... deficits in accountability, recruitment, lack of responsiveness, poor training, incompetent, politicised, inward looking, smug, unproductive, antiquated and restrictive work practices, resistant to change, hierarchical, indifferent to quality of service delivery and costs

We need major step changes?

- ▶ Acceptance that improving productivity is essential for economic survival
- ▶ **No more** trading off of pay increases for promises of increased productivity
- ▶ But this requires transparently fair systems for pay settlement and excellent HR practices
- ▶ zero tolerance for restrictive practices

And.....

Proportionate rewards and
sanctions

Why is reform and promoting change and flexibility so difficult -1?

- ▶ Concepts of noble purpose, service organisation and accountability have been diminished by all stakeholders
- ▶ “Decentralisation” -civil service organisations treated as playthings of populist requirements?
- ▶ Cultures of possession stronger than cultures of performance and innovation

Why is reform and promoting change and flexibility so difficult - 2?

- ▶ In contrast with the private sector unsuccessful public service organisations do not go out of business...or do so too late
- ▶ Essential drivers of **change** and **innovation** are muted
- ▶ Inappropriate views of costs and value for money

Mutually reinforcing drivers of necessary change

1. Introduce **contestability** and **choice** into programme delivery and design wherever possible.
2. Be clear about and strengthen accountability.
3. Renew the Noble Purpose of the Public Service.

Apply contestability across the three main categories of public service?

1. Service delivery
2. Policy advice and implementation
3. Regulation

1. Service delivery

*Avoid monopoly provision and provide
for **choice** where possible*

Contestability – a key approach for the redesign of the delivery of public services

- Much of the public service functions as a monopoly supplier - blunts incentive for meeting customer/client needs
- makes improving performance more difficult
- Contestability is broader than privatisation or outsourcing
- IDA an exemplar?

Contestability can take different forms

- Education - money follows the student, students and parents have choice; schools and universities are not allocated budgets by the State;
- Health contrasts with education. Institutional budgets result in rationing of services; Alternative of funding following the user e.g. proposals for universal health insurance and recent Ruane report
- London Bus Service - numbers of companies but integrated timetable, fare structure and livery
- Motor vehicle testing (why did we grant a monopoly?)

Dublin Bus services – a illustration?

- Poor quality (though improving) encourages private car usage for commuting - Dublin 21%; average 42%
- Customer service low in hierarchy of values
- But when contestability introduced on the Airport routes - new services introduced

Improving public transport in urban areas

- Core problems - predictability and reliability of bus services
- Taxi drivers pressing for a cap on numbers
- Minister right to allow free entry
- But follow the logic of the market - as well as relaxing restrictions on supply, relax restrictions on demand
- Allow taxi drivers to look for business at bus stops - passenger cost sharing?



Contestability in Policy advice

Department of Finance

- ▶ **Vital role**
- ▶ **We all have an interest in its effectiveness**

How do we rate?

Even without a review of the Department of Finance, we already know that we are near bottom of the EU class in terms of best practice in national financial management, - Dan O'Brien, Irish Times, 28 June 2010

Key shortcomings

1. No foresight capacity in Department of Finance; no measures in place to insulate public finances from crisis or to flash warning lights
2. Rejection of IMF suggestion (2005) for outside involvement in Department's work
3. Apparent failure to strengthen human resources capacity during the good times




And.....

4. EU Commission (2007) found Ireland's public finance arrangements to be the most deficient among 19 EU countries which participated in a study. Second from bottom came Greece. High predictive value.

Eddie Molloy, Irish Times, April 8 and 9, 2010

While every other department is being subjected to an organisational review by the Department of An Taoiseach, the Department of Finance reviewed itself and concluded that “the department is widely acknowledged to be a professional and effective organisation with dedicated and highly skilled staff”.



Legal requirement for
regular, systematic and
external reviews would
enhance contestability ...
and accountability (more
later)

Contestability in regulation

Periodic and independent evaluation needed

- How effectively are the regulators doing their jobs?
- Question if circumstances have changed to such an extent that mandates need to be changed from time to time or perhaps terminated?

Second enabler - clarity and strengthening accountability

- Accountability is an important foundation for ensuring better performance
- The transmission mechanisms between actions and consequences do not work satisfactorily - though perhaps not uniquely in the public sector?

Need for clarity about accountability and responsibility

- Need to explicitly link responsibilities, capacity, authority and consequences - real accountability
- Need for reform of the Public Services Management Act - introduce real and transparent cascading responsibilities, accountabilities,and capacity
- By doing so we will encourage real devolution

And by so doing enhance self-worth and satisfaction of public servants

- ▶ Through having the capacity and authority to do the job
- ▶ Ambiguity breeds frustration and low morale

Clarify management responsibilities

Secretaries General currently do not have statutory responsibility for appointments and discipline of staff at and above Principal Officer level

Responsibility and control should match

Distinguish between political and managerial accountability

State bodies and agencies – common legislative provisions?

- Legislative clarity about respective roles and responsibilities of managements and boards
- Clear distinctions between roles and functions of bodies and those of relevant Government Departments and Ministers

Appointment and selection of board members of public bodies

- Ministerial choice and confidence in appointees are important, but
- Suitability - test that is always applied?

Suggestions

- Inform Board members of their responsibilities before appointment and require acknowledgement
- Structured search and selection processes
 - nominations committees and data bases

Outline reform programme - first steps

Reinforcing contestability and accountability

1. Amend Public Service Management Act

- Assign authority, accountability and responsibilities as CEOs to Secretaries General of Departments
- Establish legally meaningful systems of cascading managerial responsibilities

Amend the Public Service Management Act - more

- Provide for mandatory, independent and external expert and recurring (3-5 years) reviews of Departments and their policy advice and implementation effectiveness; ensure that membership of review teams includes international experts
- Require Government, Ministers and Secretaries General to formally respond to the Oireachtas to the reviews; to be done in turn by way of formal written reports with proposed actions.

Outline reform programme - public finances

Fiscal Policy Council - or similar mechanism

All revenue and expenditure projections to be independently appraised and outcomes published

State Bodies

Apply similar system of
review and reportage
and improve
governance

Outline reform programme - break up remaining public service monopolies


4. Begin with road transport - National Transport Authority to review operations and performance of Bus Éireann and Dublin Bus; explore application of London model
5. Provide for structured mechanisms to allow taxis to look for business and to promote journey sharing

Health service

1. Implement Ruane Health Funding report?
2. Require HSE to withdraw gradually from service provision except as a last resort; concentrate on its role as funder and procurement agency
3. Put governance boards in all hospitals
4. Remove budget funding for hospitals- money should follow the patient

Third enabler: Renewing the noble purpose of the public service – ideals and values


- Values are vital
- Tradition of public service ethos was strong - but needs renewal?



Public service standards,
including behaviours and
service quality, are very
significant influencers of wider
society..... for better or for
worse

Dr T K Whitaker writing about “Economic Development”

“ We were a good team. Nobody had asked us to map out an escape route from the utter despondency of the mid-1950s, plagued by emigration, unemployment and virtual stagnation. We undertook this initiative of own accord, on top of our normal duties.....”



Noble purpose will be
strengthened by
contestability and
strengthened
accountability

Do we need to change our assumptions and rhetoric?

1. We live in a republic - res publica
2. Citizens are stakeholders; these are the people public servants serve and to whom they are ultimately accountable
3. They are more than service users and customers
4. Public service is a noble profession and has a duty of service

Part of a bigger project - developing a robust public ethic ?

- ▶ Weak civic society ethic, corroded by clientelism, inappropriate local preoccupation and sectoral focus
- ▶ Clientelism (and corruption) is not always about greed - perceived higher obligations to extended family and “tribe”, rather than to the society and state - Obama

Developing a robust public morality

- ▶ Influence of the Catholic Church since 1850s?
- ▶ Little said about “rendering to Caesar” - e.g paying taxes, much said about sexual behaviour
- ▶ Little accountability or transparency
- ▶ Did not encourage collective maturity?

**2016 - 100th anniversary of the Easter
Rising - 6 years from now**

Almost 100 years of State building

**Time for us now to give priority to
strengthening the effectiveness of
our public institutions?**



Thank you