



Delivering Better Government

Second Report to Government of the Co-ordinating Group of Secretaries - A Programme of Change for the Irish Civil Service

May 1996

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FOREWORD

BY THE TAOISEACH, MR JOHN BRUTON, T.D.

A shrinking world in which the wheels of change are turning faster all the time calls for new responses. In an increasingly competitive environment, a flexible, efficient and effective Civil Service is essential. It is vital that we have an Irish Civil Service geared to meet the challenges this country faces.

I have a long standing personal commitment to change and reform of the Civil Service to enable it to do this.

In the Government Programme A Government of Renewal we set ourselves the task, on taking office, of reforming our institutions at national and local level to provide service, accountability, transparency and freedom of information.

The Government, having considered the Report of the Co-ordinating Group of Secretaries, were happy to approve the framework which will implement the programme of change for the Civil Service.

Central to this programme is the delivery of the highest quality of service to the customers of the Civil Service at all levels. To achieve this, authority and responsibility will have to be devolved throughout the Civil Service. In that way, we can put to fuller use the wide talents and spirit of initiative that is within the Civil Service.

A more results and performance oriented Civil Service is essential. Rigorous systems of setting objectives and managing performance need to be put in place to support this. Civil Servants must be clearly rewarded for good performance and take responsibility for poor performance, within a structure that emphasises teamwork within and between Departments.

I am satisfied that a strategic direction has now been set for the Irish Civil Service of the future and that it will lead directly to improved service for all its customers, provided with courtesy and with a minimum of red tape.

Taoiseach

MEMBERSHIP OF THE CO-ORDINATING GROUP OF SECRETARIES

Name	Department/Office
Mr Paddy Teahon Secretary	Taoiseach (Chair)
Mr Kevin Bonner Secretary	Enterprise and Employment
Mr Sean Dorgan Secretary	Tourism and Trade (to 1 September 1995)
Mr Michael Dowling Secretary	Agriculture Food and Forestry
Mr John Hurley Secretary	Finance (Public Service Management and Development)
Mr Cathal Mac Domhnaill Chairman	Revenue Commissioners
Mr Edward McCumiskey Secretary	Social Welfare
Ms Julie O'Neill Assistant Secretary	Tanaiste
Dr Don Thornhill Secretary	Education
Facilitator	
Professor John Murray	Trinity College Dublin
Secretariat	
Ms Brenda Boylan	Taoiseach
Ms Mary Doyle (Secretary)	Taoiseach
Mr Eric Embleton	Finance
Ms Karen Gibson	Taoiseach
Mr Adrian O'Donovan	Taoiseach
Mr Aidan Timmins	Taoiseach

ACKNOWLEDGEMENTS

The Co-ordinating Group thank all those who contributed to their work by making the submissions listed in Appendix A. The Group have drawn extensively on these submissions in the relevant parts of this Report. The contribution of the Working Groups of Assistant Secretaries on financial management, personnel management and cross-Departmental issues, respectively, was much appreciated by the Group, as were the papers prepared by a number of Study Groups in the Department of Finance. These are listed in Appendix B.

The report of the 1993/94 M.Sc Class of Assistant Secretaries, entitled Strategic Management in the Irish Civil Service: A Review Drawing on Experience in New Zealand and Australia, was of particular assistance to the Group.

The Co-ordinating Group wish to thank the Secretaries and Heads of Offices for valuable comments on a draft of this Report and to thank the Programme Managers for suggestions made in discussions with representatives of the Group.

INTRODUCTION

Following consideration of the First Report of the Co-ordinating Group of Secretaries, established under the Strategic Management Initiative (SMI), the Government on 2 March 1995 mandated the Group to:

- review existing systems for making decisions, allocating responsibility and ensuring accountability in the Irish Service; and
- bring forward for Government consideration, proposals for an integrated programme to modernise the systems and practices in question and for the consequent modernisation of existing personnel and financial management in the Civil Service.

This Report is the Group's response to the Government decision.

It is the task of Government to set the agenda for the Civil Service through its policy programmes. Accordingly, the Co-ordinating Group set its mandate in the context of the Government Policy Agreement A Government of Renewal which contains a wide-ranging agenda for change and renewal of the Public Service, based on a renewal of the relationship between Government and people. The Co-ordinating Group's recommendations are designed to ensure that the Civil Service is efficiently and effectively managed to achieve the objectives set for it by Government.

KEY OBJECTIVES

The central thrust of this report is the achievement of an excellent service for the Government and for the public as customers and clients at all levels, building on the good service that is provided at present.

This is essential on social grounds because of the importance of the services provided by the Irish Civil Service to the well-being of the individual citizen and to the coherence of society as a whole. It is also essential for economic reasons because of the importance for national competitiveness of the work of the Civil Service.

In order to achieve this excellent service, the Co-ordinating Group believe it is essential to examine certain key issues and to put in place structures and processes to develop and implement a programme of change. In particular, the barriers to better management which have been identified in many reports, including the individual Departmental Statements of Strategy and the reports of the Assistant Secretary Groups, must be addressed.

The changes now recommended critically involve assigning responsibility and authority to the person or persons who actually deliver a service. The consequent changes recommended in the management structures of the Civil Service are designed to ensure that the assigning of responsibility and authority leads, in turn, to the delivery of an excellent service across the range of Civil Service activities, including the provision of policy advice. These services will be delivered in a modern, flexible and professional manner which fully respects the core public service values of equity and integrity.

In order to underpin these changes, major initiatives are proposed in relation to management structures, to human resource management and financial management systems. The aim of these changes is to make the Civil Service more responsive to the needs of Government and of the citizen and to facilitate it in delivering the highest quality service. Better integration of decision-making and

consequent action by Departments are also key objectives. Finally, in view of its role in contributing to the competitiveness of the economy, it is essential that the changes result in a Civil Service geared appropriately to carry out its functions and tasks.

FRAMEWORK FOR CHANGE

The Group's recommendations for change represent a comprehensive and integrated framework which sets out the strategic direction for the Civil Service and which has as its central aim the delivery of quality services to the public. The implementation of the change programme will involve the undertaking of specific initiatives within that framework. Each of these initiatives will be considered and decided on by Government in the normal way. Taken together, the initiatives will constitute an ambitious programme of change and, of their nature, they can be implemented only on a phased basis. Their implementation will be based on partnership and co-operation between the Government and the Civil Service and within the Civil Service itself.

STRUCTURE OF THE REPORT

This Report now sets out the change framework in three main sections:

- "Better Government for the People" sets out the vision of Irish Civil Service of the future and recognises clearly that quality services, including sound policy advice, are the essence of an excellent Civil Service. The framework recommended by the Group is designed to ensure that these quality services will be provided in an open and transparent way, avoiding unnecessary regulation and dealing systematically with key issues that cross Departmental boundaries.
- "Delivering Better Government" addresses the conditions internal to the Civil Service necessary to achieve the changes envisaged. Key requirements in this part of the framework are a new management structure for the Civil Service, a new approach to human resource management, and a new and fully integrated performance management process. Key also are the reform of financial management systems to support the change process and the effective use of information technology.
- "Making it Happen" recommends an implementation framework and a number of specific initiatives aimed at:
 - the widening and deepening of the SMI process within Departments and across the Civil Service and, from now on, the Public Service;
 - the publication of Statements of Strategy Documents for each Government Department and Office in 1996;
 - the widening of the SMI process to all Public Service bodies within twelve months;
 - the development and implementation of the five communication and consultation processes identified as essential in respect of the change process.

COMMUNICATION, CONSULTATION AND PARTICIPATION

The Group are strongly of the view that meaningful change will be achieved provided that five soundly based communication and consultation processes are put in place:

- at the political level, including both Government and Opposition Parties;
- between Government and the Civil Service;
- between the Civil Service and its customers and clients at every level;
- at the senior levels of the Civil Service; and
- between all levels within the Civil Service through direct involvement of people at all levels, and through consultation with trade unions and associations.

The Group recommend that Secretaries and Heads of Offices be given a lead role in developing detailed proposals in a number of key areas which the Group believe are essential to the successful implementation of the change process. The central involvement of other senior management levels in this process will also be critical to its success. In fulfilling its mandate each Group should also draw, as appropriate, on expertise from outside the Civil Service.

Each such lead Group will be required as a first step in their work to put in place structures to involve people at all levels in the Civil Service in developing and implementing programmes of action in these key areas.

The communications and consultation processes will be designed to enable all those involved to gain a full understanding of the initiatives now being proposed and, through involvement in the development of the initiatives, to take ownership of the change process. Of pre-eminent importance in this regard will be arrangements to consult with the Irish Congress of Trade Unions and the Civil Service unions.

The arrangements proposed in the overall context of communication, consultation and participation are developed further in Part III of this Report - Making it Happen.

CONCLUSION

The Group believe that the comprehensive approach proposed will underpin the ambitious programme of change set out in the Report to ensure that the Irish Civil Service is adequately prepared to meet the present and emerging challenges facing the country.

PART I

Better Government for the People

THE GOVERNMENT'S VISION FOR IRELAND

The profound changes in the nature of work and in society generally are a dominant feature of the late twentieth century. The depth and speed of change will be no less in the imminent twenty-first century. These, plus the inherent uncertainty of the future, are causing the pattern of organisational and individual life to alter radically. Central themes in the reshaping of organisational life are the necessity for flexible, responsive structures and systems, based on knowledge as the most fundamental resource. Central themes in the reshaping of the individual's life and work are the necessity for career mobility and the acquisition and use of knowledge as the basis for effective work.

Government is not excluded from the impact of these changes. Indeed, it has a central role to play in guiding and giving specific shape to the pattern of change in the nation.

To capture the necessity for, and the character of, the required change in the Civil Service, the Group suggest that a most useful starting point lies in the articulation of a vision or statement of a desired future - in this instance for the country and for the Civil (and Public) Service –and to proceed towards it in a pragmatic manner, within an agreed time-frame.

As already indicated, the Group set their present work in the context of the vision presented by the Government in its Policy Agreement A Government of Renewal, which states as follows:

In the lifespan of this Government, we pledge ourselves to:

- the reform of our institutions at national and local level to provide service, accountability, transparency and freedom of information. In so doing, we are committed to extending the opportunities for democratic participation by citizens in all aspects of public life;
- the completion of progress towards peace and reconciliation in Northern Ireland based on parity of esteem between communities and the full development of the Forum for Peace and Reconciliation;
- the continued commitment to the employment needs of all our people – especially the long-term unemployed – is a clear priority if we are to successfully address the causes of poverty and marginalisation in our society;
- the development of an innovative enterprising economy which meets the demands of international competition, and shares the rewards of effort, initiative and success;
- the reform of our tax system, in particular to relieve the tax and PRSI burden on those with low incomes and especially those with families;
- the implementation of policies to reflect a commitment to the best quality of life for our people in terms of health-care, justice, housing, education, protection of children and the family. Legislation must reflect social reality and the need to provide freedom for a wide range of values and lifestyles;

- the integration of environmental considerations into all aspects of development policy and action so that our natural and cultural heritage will continue to be available to future generations.

These objectives lay the foundations for Ireland in the twenty-first century when we will develop a deeper and more complex relationship with Europe - no longer primarily as beneficiaries of funding. This programme for Government will lead Ireland to become a more self-reliant, enterprising and innovative society with a national self-confidence in our own ability.

The Programme of Change set out in the present Report is designed to strengthen the structures and mechanisms of the Civil Service in order to achieve these objectives and to deliver the highest possible standards of service.

A VISION FOR THE CIVIL SERVICE

The work of the Civil Service is vital in the realisation of the Government's vision for Ireland in the twenty-first century. A vision for the Civil Service, showing how it will fit into and shape the future of the nation, is now required to guide the process of change and development.

The Group recommend that the vision be one of a Civil Service:

- as a high performance, open and flexible organisation operating to the highest standards of integrity, equity, impartiality and accountability;
- with a mission and culture of quality service to Government and to the public at every level, delivered in a helpful and courteous manner;
- that makes the maximum contribution to national social and economic development and to competitiveness, within a clear strategic framework, both at the level of individual Department and across Departments;
- making use of effective human resource management systems to ensure that each person who works in the Civil Service can develop to his/her maximum potential in contributing to the attainment of stated goals;
- that provides, through a partnership across all levels in the Civil Service, equality of opportunity for all through its standard of recruitment, conditions of work, training and development of people and promotion practises;
- supported by modern systems of financial management, to ensure value for expenditure undertaken within the limits set by Government;
- that operates necessary and simplified regulations efficiently and fairly.

The achievement of this vision will provide tangible, long-lasting benefits for Ireland and its people. The most obvious benefit to each and every person will lie in the manifest improvement of quality in the provision of public services, and in greater ease and simplicity in accessing these services. Major benefits will also result from the enhanced legitimacy of a Civil Service whose principles, rules and

workings are open to scrutiny and understood by its users, by Government and by its own members.

The achievement of maximum value for money is also critical since it will result in a more competitive economy and thus contribute to lower levels of taxation.

The Civil Service must be competitive by reference to international comparisons and benchmarks.

ACHIEVING THE VISION

FRAMEWORK FOR CHANGE

While these benefits are of immediate and explicit value to all involved, they can be realised only through changes in the way that the Civil Service works. Changes in working arrangements - in structures, in systems, in processes, in skills - are preconditions for the provision of an even better service. Critical though these are, they will remain largely invisible to the public. These changes will build on the existing values of the Civil Service while adding new characteristics of the kind being adopted by the most effective public service organisations in other countries. In order to deliver the greater professionalism, the openness and flexibility, the quality and 'customer' orientation and the results and outcomes focus required, significant change must take place.

In particular, a customer orientation and a focus on results involve embedding strategic management as a process at the heart of the functioning of Departments

This process requires continued attention to the objectives of service delivery and to indicators of success in achieving these objectives and meeting customer demands. It also requires continuing effort to design and manage the interrelated activities required to produce and provide that service cost-effectively and to high quality standards. The Co-ordinating Group consider that, by focusing on the processes by which the key Departmental objectives are achieved, strategic management can become an integral part of the functioning of Departments and not just an issue to be attended to intermittently and separately from the day-to-day management of the Department. The Group return to this issue in Part III of the Report –Making it Happen.

Improving the quality of public services can give rise to cost increases, but any cost increases can, and should be, contained by greater efficiency in service delivery. If this were not to happen, the quality service approach would be irreconcilable with the budgetary policy adopted by Government, which places an emphasis on public expenditure restraint. Resolution of this issue requires that priorities be established over the range of spending programmes. This is a key element of strategic management and involves /deployment of resources to priority issues. Indeed, if the quality of priority services is to be improved, and the expenditure restraint to which the Government is committed is to be adhered to, programmes having a lesser priority must be cut back. Reallocation of resources to reflect the changing needs of the economy and of society will be crucial. Reallocation is not simply a matter of transferring resources within a Department; an approach across Departments is essential.

In this context, the Co-ordinating Group believe that it is vital to develop a strategic framework within which Departments and Offices can operate and within which the individual organisations are focused - in a coherent, consistent and co-

ordinated way - on achieving the objectives of Government and contributing to the implementation of policy. For this to happen, the Co-ordinating Group recommend that Strategic Result Areas (SRAs), i.e. key priority areas of Government activity and the means of implementing them, be developed for

the Irish Civil Service. These SRAs will be consistent with the Government Programme, will identify the key priority areas for Government, e.g. poverty, crime, long-term unemployment, and competitiveness, and will specify required outcomes over given time periods. One of the major benefits of the SRA approach will be to focus the attention of Departments on their individual and joint contributions to achieving these Government objectives. A shared agenda will thus be developed for Departments and Offices.

The individual Departmental Statements of Strategy can then be placed in the context of a framework of SRAs, setting out their contribution to the achievement of Government objectives. In particular, they will set out how individual Departments aim to achieve their SRA objectives. A key element in this process will be measures of performance so that progress in achieving the stated goals and objectives of the Government Programme can be effectively monitored.

This process will make for better quality policy formulation and decision-making, and will ensure that work is prioritised and that programmes which no longer contribute to the achievement of goals can be wound down to allow higher priority work to be undertaken.

The new Co-ordinating Group proposed in Part III of this Report - Making it Happen, should undertake the task of developing the SRA approach as a matter of urgency and prepare proposals for consideration and approval by Government.

DELIVERY OF QUALITY SERVICES

Ensuring the provision of high-quality services to all those who are its customers and clients –across the whole range of its activities from the provision of policy advice to the delivery of particular services directly to the public - is the essential task of the Civil Service.

The Group recognise the substantial progress which has been made in improving the services delivered by the Civil Service in recent years and see their recommendations as underpinning the provision of even better quality services.

The Co-ordinating Group consider that the approach to service delivery needs to be clearly focused on achieving specified results to agreed standards and targets and on being more open. The importance of doing so in the most cost-effective manner also must be reaffirmed.

The Group believe that progress can best be achieved through the approach which has underpinned the SMI from the beginning; this focuses on processes and implies a strong emphasis on how work is done and maximum value for money obtained. This approach will form the basis for the deepening of the SMI, which is now essential.

A particular focus on customer satisfaction, on quality, on the time taken and the cost involved in delivering the services in question will, in the Group's view, provide the basis for a measurable assessment of performance.

The Group, therefore, seek Government support for the adoption and implementation by the Civil Service of new approaches to quality service delivery based on the following principles:

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- a specification of the quality of service to be provided by Departments and Offices to their customers;
- consultation with and participation by customers on a structured basis;
- the provision of quality information and advise to customers;
- reasonable choice for customers, in relation to the methods of delivery of services;
- the integration of public services at local, regional and national levels;
- a comprehensive system of measuring and assessing customer satisfaction;
- complaints and redress mechanisms, which operate close to the point of delivery.

Publicly articulated, these principles will lead to a qualitative improvement in service delivery. It is vital that this is accompanied by a similar improvement in public perception. The reality that a fair and efficient service is being delivered by the Civil Service is lost if the public as customers do not perceive the service as efficient and helpful.

The Group have taken into account the report of the National Economic and Social Forum Quality Delivery of Social Services in formulating the above principles. In this regard, the Group believe that a partnership approach between community/voluntary organisations and the Civil Service will help to promote a greater openness and build a deeper relationship between them in the interests of delivering better public services. The Group also believe it is important to acknowledge, in this context, that tensions can arise where the Civil Service not only provides a service but also has a regulatory function. The tension generated by this dual role must be dealt with in the development of appropriate policy guidelines and, critically, in the training of the Civil Servants who provide services directly to customers.

The Group recommend the immediate introduction of a Quality Service Initiative, based on the above principles, as part of the current implementation phase of the Strategic Management Initiative. This Initiative will provide a new basis for more customer-friendly procedures and these will be appropriately underpinned by a legislative framework. The Initiative will pay specific attention to the commitment in the Programme for Government to the improvement in the availability of State services through Irish and bilingually.

As for other areas of the change programme, further work will be required to develop and implement the Quality Service Initiative. To this end, the Group set out recommendations regarding mechanisms for developing the detailed proposals in Part III of this Report -Making it Happen.

QUALITY SERVICE IN RELATION TO POLICY ADVICE AND DECISION-MAKING PROCESSES

The provision of high-quality policy advice to Government is a crucial element of the service provided by the Civil Service. The Co-ordinating Group believe that the recommendations in this Report will facilitate the development of a strategic framework within which the capacity of Departments and Offices in relation to the analysis of policy issues and the formulation of policy options can be improved and strengthened. The provision of better policy information and advice will, in turn, improve and strengthen the decision-making processes across the Civil Service.

However, the Group recognise that many problems are not amenable to technocratic solutions. Ultimately, political choices have to be made on the allocation of scarce resources. The Group believe that their proposals will provide a mechanism whereby sound policy advice and information are available to inform those choices and to underpin the decision-making process.

REDUCING RED TAPE – REGULATORY REFORM

A Government of Renewal has a specific commitment to the development of an innovative enterprising economy which meets the demands of international competition.

Regulatory simplification (which encompasses legislation) has been recognised internationally as an integral part of any strategy to foster growth, competitiveness and employment. There is considerable debate on the extent to which Ireland and the countries of the European Union are, or are not, "over-regulated" relative to other countries and regions. The debate is a vexed one and involves social as well as economic issues. What is clear is that the regulatory environment is changing significantly. In so far as the Civil Service is concerned, it is changing from one where utilities are provided directly by the public sector without competition, to an environment of Civil Service regulation of the increasingly competitive provision of these services.

Another issue to be considered is the growing need for clarity between the provision of a service and its regulation, particularly where there is potential for conflict of roles.

These and other changes underline the need for high-quality, easily understood and efficiently implemented regulation where, following examination, regulation is deemed to be in the public interest. A country which regulates badly puts itself at a serious economic disadvantage vis-à-vis its competitors.

The Group recommend that the principles of regulatory reform be to:

- improve the quality, rather than the quantity, of regulations;
- eliminate unnecessary and/or inefficient regulations (including legislation);
- simplify necessary regulation and related procedures as much as possible;
- lower the cost of regulatory compliance;
- make regulations more accessible to the public while in each case protecting the public interest.

The Group recommend a series of measures as part of a programme of regulatory reform:

- the introduction of national guidelines to improve the quality of new regulations;
- the development of self-regulatory mechanisms, where feasible and effective;
- the putting in place of mechanisms for the review, every five years, of existing regulations;
- the compilation of data bases of existing regulations;
- consideration of the impact on employment of all proposed new regulations;
- a more proactive approach to developing and implementing a coherent policy in relation to regulation at European Union level.

In addition, the Group recommend a programme of consolidation and codification of existing legislation. This will have the advantage of creating a more accessible body of legislation and of ensuring that the most recent Act contains reference to all the legislative provisions in relation to the area it governs.

Each Department and Office, therefore, will, in the context of deepening the SMI, consider specifically the issue of how it can reduce red tape and introduce efficient and effective regulatory reform in its own case.

Further work will be required to develop and implement the proposals for regulatory reform and, to this end, recommendations are set out in Part III of this Report - Making it Happen.

OPEN AND TRANSPARENT SERVICE DELIVERY

It is essential that there is a free flow of information between Government and those it serves. This is necessary for two reasons. First, Irish companies, if they are to flourish in the international marketplace, will need full, accurate and up-to-date information; delay will cost money and jobs. Secondly, and more profoundly, an open culture with a free flow of information between Government and citizen is essential if confidence is to be maintained in the institutions of State. The electorate of the next century will be the most highly educated in history and, owing to advances in information technology, will have access to, and the use of, a bewildering amount of information. For the institutions of State to remain relevant, they must recognise this trend and become much more open about their activities. A planned approach to these developments will allow the State to remain relevant in the eyes of the citizen and will offer an unprecedented opportunity to enhance Ireland's democracy.

Preparation for this new environment requires a radical change of culture in the Civil Service and must be underpinned by legislative change. There can be little doubt that the secretive aspects of the Civil Service owe much to the presence of the Official Secrets Act, based on an Act of 1911. In order to start the process of cultural change and to give it the necessary legislative underpinning, the Group recommend that:

- In accordance with the programme outlined in A Government of Renewal, the Freedom of Information and Privilege and Compellability of Witnesses legislation be enacted as soon as possible.

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- In that context, the Official Secrets Act and other statutory provisions which restrict access to information be reviewed.
- The role of the Ombudsman in providing a means of redress for citizens be extended and enhanced.
- The process of Oireachtas reform, in particular of the Committee System, be continued in support of the change to greater openness and transparency in public administration. In this regard also, the need for greater clarity in relation to the role and remit of individual committees is essential.

Measures to increase access to information will need to be complemented by:

a clear understanding of the relative responsibilities of Ministers and Civil Servants in relation to the formulation of policy, on the one hand, and implementation of policy, on the other;

adequate protection for those giving evidence before Oireachtas Committees;

provision of a statutory framework within which civil servants, while acting bona fide in the public interest, may legitimately disclose information.

Further work will be required to develop and implement the proposals on open and transparent service delivery, and to this end, recommendations are set out in Part III – Making it Happen.

CROSS-DEPARTMENTAL ISSUES

There are many vital national issues which can no longer be resolved from within the functional remit and skill base of a single Department or Agency. Indeed, many of the most pressing issues which must be addressed require the expertise and commitment of a variety of Departments and Agencies in order to achieve a successful outcome. Increasingly, therefore, effective action necessitates new approaches to understanding, developing and managing the linked activities and processes that result in the desired outcome, whether the provision of services to the public or sound policy advice to Ministers and the Government. These new approaches challenge traditional Departmental and functional boundaries.

The Group are of the view that the existing Civil Service structure is not well geared to meeting this challenge satisfactorily. Each Department's work is firmly focused on a sectoral and functional basis; there are limited structures for consultation, co-ordination and co-operation and the current system rewards "territorial protection" at the expense of active co-operation to achieve results. Recognising the essential need for cross-Departmental co-operation, some initiatives have been put in place, such as the Tax Strategy Group and the Task Force on Long-Term Unemployment. The Group consider that while these structures have served very well to promote inter-Departmental discussion and co-operation leading to more integrated action, it is essential to go beyond this to a situation where policy is implemented on the basis of teams drawn from different Departments and Agencies in pursuit of stated goals.

In order to identify possible approaches to this complex issue, the Co-ordinating Group established three working groups at Assistant Secretary level to consider more appropriate mechanisms for cross-Departmental action on Child Care, competitiveness and environmental issues. The working group reports made clear that innovative approaches are required which clearly articulate the strategic

policy objectives in the different areas and which develop new approaches and mechanisms to implement policy and, critically, to monitor and assess progress.

The development of Strategic Result Areas, as set out earlier in this Report, will identify the key issues where cross-Departmental action, commitment and expertise are required to solve problems. Examples of these areas include effective responses to the problem of drugs, the need to increase employment, the need to maintain and enhance Ireland's competitiveness, to act against poverty and unemployment, and to promote and encourage economic and social development at local level. In this context, the Government decision in relation to the National Anti-Poverty Strategy specifically referred to the use of the Strategic Management Initiative to reflect the Government's commitment to an anti-poverty strategy and reflected the need to ensure that tackling poverty is a priority across all Departments and Programmes. The Group reaffirms this and reiterates the need to have the anti-poverty strategy integrated in the objectives of relevant Government Departments and Agencies.

In order to further strengthen the overall approach to this complex issue, the Group recommend the establishment of Cabinet Sub-Committees for key areas of Government policy, the allocation of specific co-ordinating roles to Ministers and Ministers of State, the systematic sharing of expertise between Departments, the development of project teams and the nomination of a "lead Department" in each area to ensure that action is taken and the required outcomes achieved.

Pending the development of Strategic Result Areas and in order to assist in devising solutions, the Group recommend that a number of cross-Departmental teams be established, with co-ordination by a Minister/Minister of State and with a specific lead Department. Among the issues which would benefit from this approach are:

- Child Care
- Drugs
- Employment
- Competitiveness
- Unemployment and Social Exclusion
- Financial Services
- Local Development

The Group recommend that these teams be given a specific remit and detailed objectives over an agreed period and that team members be detached from their Departments on a full – or part-time basis, according to the specific skills they bring to resolving these issues within the team framework. A clear obligation would be placed on the team to develop solutions and new approaches. Suitable reward mechanisms will need to be designed for this work. The Group recommend that the new Co-ordinating Group proposed in Part III –Making it Happen liaise with Government on the setting up of these pilot teams and that this be done speedily. The new Group will monitor developments and assess progress. The lessons learned and the best practice emerging can then be identified and used to introduce a systematic and innovative process for tackling key issues of national importance and to assist in the development of Strategic Result Areas.

C O N C L U S I O N

The recommendations set out in this part of the Report concern the relationship between Government, the Civil Service and the people. They are intended to provide a sound basis for excellent quality services, delivered in an open and transparent way.

The changes recommended do not stand alone. They are part of the implementation of a strategic management approach in the Civil Service, an approach which the Co-ordinating Group put forward as offering the best chance of reorienting the Civil Service so that it becomes a dynamic organisation dedicated to the creation of economic prosperity, social justice and cultural vitality.

Together with the detailed internal Civil Service changes now recommended in Part II, they are essential to the achievement of this objective.

PART II

Delivering Better Government

Introduction

The Co-ordinating Group were given a specific remit by Government to bring forward for Government consideration proposals for an integrated programme to modernise the systems and practices for making decisions, allocating responsibility and ensuring accountability, and for the consequent modernisation of existing personnel and financial management in the Civil Service.

The second part of the framework for change recommended by the Co-ordinating Group, and set out in this part of the report, deals with those changes in the internal operations of the Civil Service that are now required to achieve the vision of the Civil Service set out in Part I –Better Government for the People.

The Group see a new management structure built on a matching of authority and accountability as a key element in developing the capacity for change in the Civil Service and in providing the basis the implementation of that change

To support this, the Group recommend modernisation of the human resource management (HRM) in the Civil Service so that it can deal in an integrated way with:

- how to manage for and reward good performance and how to deal with poor performance across the Civil Service;
- how people are selected, motivated and, crucially, allowed to develop; and
- how equality of opportunity is provided for in the Civil Service;

The Group recommend also that better management of the public finances be pursued through the development of a multi-annual budgetary framework, improvements in the operation of the Administrative Budget system, and the introduction of better financial management systems. The potential of Information Technology must also be fully realised by devising new approaches to existing tasks and new ways of working.

The objective of the changes being proposed is to create a performance-oriented Civil Service that responds effectively to the needs of Government and clients at all levels and is characterised by flexible working arrangements and practices.

The Group now set down their detailed recommendations in the following sections.

New Structures Of Management

ISSUES OF AUTHORITY AND ACCOUNTABILITY

Issues of authority and accountability have become increasingly central to the management of the Irish Civil Service in recent years, consequent on the growing complexity and range of Government activities.

The 1937 Constitution provides as follows:

Article 28.4.2

" The Government shall meet and act as a collective authority, and shall be collectively responsible for the Departments of State administered by the members of the Government ."

Article 28.12

" The following matters shall be regulated in accordance with law, namely, the organization of, and distribution of business amongst, Departments of State, the designation of members of the Government to be the Ministers in charge of the said Departments, the discharge of the functions of the office of a member of the Government during his temporary absence or incapacity, and the remuneration of the members of the Government."

The present system of governance is underpinned by the Ministers and Secretaries Act, 1924, under which each Department is assigned to and administered by the Minister as its head. The Act also sets out the principle of "corporation sole", which, with the passage of time, has sometimes been seen as excluding any other person or agency from taking on the powers, duties and functions vested in the Minister. In essence, however, the principle was intended merely to allow continuity of title and to ensure that persons contracting with the State would have the ordinary remedy of action available in case of breach of contract.

It has long been recognised that the existing structures and reporting systems promote a risk-averse environment where taking personal responsibility is not encouraged and, equally, where innovative approaches to service delivery have not been developed

The frequent absence of clearly defined objectives for individuals, teams and organisations, and the lack of appropriate mechanisms for monitoring performance, have contributed to the poor focus on results and outcomes.

The requirements of social cohesion and equity and the ever-growing competitiveness of economies world-wide make it imperative that the Irish Civil Service be as efficient and effective as possible. The changes now proposed are designed to develop a Civil Service which is focused on delivering the highest quality services, is results driven, and is responsive to the changing needs of Government and the nation.

PROPOSED MANAGEMENT STRUCTURE

The Group believe that legislative change is required, in particular, to clarify the allocation of authority, accountability and responsibility in the system.

Revised structures will allocate authority for service delivery, of whatever kind, to the person or people who provide the service in question. This will ensure that responsibility is taken for providing particular services, including policy advice and briefing, at the appropriate level. The essential complement of such authority is that this person or those people are accountable for that service. This requires that individuals know and recognise the extent of their responsibility, and the ways in which they are answerable for the exercise of that responsibility. To clarify the precise arrangements to be put in place under the revised legislation, the Group recommend that each Department and Office draw up a Statement of Devolution of Responsibility and Accountability, setting out how devolution will apply in practice. These arrangements, although broadly common across the Civil Service, will vary in specific instances in light of the operational structures of individual Departments and Offices.

The Group recommend that a new management structure for the Civil Service, as summarised in the chart on page 25, be set out clearly under legislation which specifies authority and accountability at the various levels shown. This can be done by amending the Ministers and Secretaries Act, 1924 and other relevant legislation or through a new Public Service Management legislative framework, to put in place the revised structures more systematically. A new Public Service Management Act would also provide an opportunity to incorporate in legislation a statement of vision to underpin the change process. The Group's preference is for the introduction of a Public Service Management legislative framework.

MINISTERS' AND CIVIL SERVANTS' RESPONSIBILITIES

It is important to recognise that, in the framework described, clear responsibility for the formulation of policy and for ensuring appropriate arrangements for implementation lies with the Minister/Minister of State. The legislative framework will clearly specify that responsibility for outcomes (the objectives a policy is designed to achieve) and for agreeing outputs (the results necessary to achieve an outcome) lies with the Minister/Minister of State. Secretaries will be responsible for producing outputs. In relation to Oireachtas Committees, therefore, it is envisaged that Ministers and Ministers of State would address issues relating to the determination of policy, including the policy advice they had received, while Secretaries would address issues relating to the production of outputs.

MINISTERIAL ACCOUNTABILITY UNDER THE CONSTITUTION

The changes now being recommended will maintain the essential requirement of Governmental/Ministerial accountability, under the Constitution, to the Dáil.

The aim is, within this constitutional requirement, to make the system more transparent and more effective by allocating authority and corresponding accountability at various levels.

The Group acknowledge that the opinion and advice of the Attorney General will have to be sought to ensure that the detailed proposals for change put forward are in accordance with the Constitution.

PARLIAMENTARY QUESTIONS

Under the proposed arrangements, Ministers will answer Dáil Questions on policy and the arrangements for implementing it. Appropriate mechanisms to answer queries on day-to-day operational decisions from members of the Oireachtas, within one week, will be developed on the lines of those already in place in the Department of Social Welfare.

EXECUTIVE AGENCIES

The Group recommend that provision be made in the general legislative framework to permit the delegation of certain tasks to Executive Agencies, or other appropriate bodies, each case to be considered on its merits.

DEPARTMENT OF THE TAOISEACH – DELIVERING BETTER GOVERNMENT

	AUTHORITY FOR		ACCOUNTABLE TO
Ministers	<ul style="list-style-type: none"> • Policy • Specifying outcomes for Department and agreement with Secretary on outputs required to achieve those outcomes • Ensuring that the mechanisms are in place for the implementation and monitoring of policy and for the achievement of outputs • Overall resource allocation 		<ul style="list-style-type: none"> • Electorate • Dáil • Oireachtas Committees for policy and implementation arrangements • Government • Taoiseach
Ministers of State	<ul style="list-style-type: none"> • Co-ordination of specific cross-Departmental policy issues as assigned by Government • Policy • Outcomes/ outputs • Mechanisms • Resource allocation (as with Minister) 	In agreement with the Minister in respect of delegated functions	<ul style="list-style-type: none"> • Electorate • Dáil • Oireachtas Committees for policy and implementation arrangements • Government • Minister
	<ul style="list-style-type: none"> • Co-ordination of specific cross-Departmental policy issues as assigned by Government 		
Advisers/ Programme Managers	<ul style="list-style-type: none"> • Advice to Minister/Minister of State • Monitoring and facilitating the achievement of Government objectives as requested 		<ul style="list-style-type: none"> • Minister/Minister of State
Secretaries/ Heads of Offices	<ul style="list-style-type: none"> • Managing the organisation to implement and monitor policy and to achieve agreed outputs • Policy advice • Ensuring that appropriate arrangements are in place to respond effectively to cross-Departmental issues • Mechanisms for ensuring that Departmental expenditure is in 		<ul style="list-style-type: none"> • Government • Minister/Minister for State • Oireachtas Committees for action on implementation of policy and for ensuring value for money

DEPARTMENT OF THE TAOISEACH – DELIVERING BETTER GOVERNMENT

	<p>line with the limits set by Government, is in accordance with the purpose for which it was voted and that value for money is obtained</p> <ul style="list-style-type: none">• Appointments and discipline	<ul style="list-style-type: none">• Public (through Strategy Statements and regular reports on progress through statements of customer service standards as appropriate)
Individual/ Teams of Civil Servants	<ul style="list-style-type: none">• Specified Outputs• Policy advice as part of a team/unit• Operation of statutory schemes• Provision of a quality service direct to the customer• Ensuring that Departmental expenditure is in accordance with the purpose for which it was voted and that value for money is obtained<• Appointments and discipline	<ul style="list-style-type: none">• Secretary• Line Manager as relevant• Oireachtas Committees for action on implementation of policy and for ensuring value for money (at senior level)

FRAMEWORK FOR AUTHORITY AND ACCOUNTABILITY

The following paragraphs now set out the arrangements proposed for allocating authority, responsibility and accountability to the various levels of the system in more detail.

MINISTERS

Authority

- for the formulation of policy;
- for the specification of the outcomes required of the Department and agreement with Secretary/Head of Office on the outputs required to achieve these outcomes, having regard to the resources available;
- for ensuring that mechanisms and arrangements are in place for the implementation and monitoring of policy and the achievement of those specified outputs;
- for the overall allocation of resources;
- for co-ordination of issues specified by the Government which transcend Departmental boundaries and which require high-level political input to achieve solutions, under the direction of the Government.

Accountable

- ultimately, to the electorate;

- to the Government as a collective authority;
- to the Taoiseach, who nominates Ministers;
- to Dáil Eireann;
- to relevant Oireachtas Committees, specifically for policy and for ensuring the arrangements for the implementation of that policy, in accordance with the particular remit of the Committee.

MINISTERS OF STATE

Authority

In agreement with the Minister:

- for the formulation of policy in relation to functions specifically delegated to them ;
- for the specification of the outcomes required of the Department in respect of those areas and agreement with the Secretary/Head of Office on the outputs required to achieve these outcomes, having regard to the resources available;
- for ensuring that the mechanisms and arrangements are in place for the implementation and monitoring of policy and the achievement of specified outputs in respect of delegated functions. ;
- for the overall allocation of resources in relation to functions delegated;
- for co-ordination of issues specified by the Government which transcend Departmental boundaries and which require high-level political input to achieve solutions, under the direction of the Government.

Accountable

- to the Government, which appoints and delegates functions to Ministers of State and which would specify issues for co-ordination;
- to the Minister;
- to Dáil Eireann;
- to relevant Oireachtas Committees, for policy and for ensuring the arrangements for the implementation of that policy, in accordance with the remit of the Committee.

SPECIAL ADVISER/PROGRAMME MANAGERS

Authority

- for monitoring and facilitating the achievement of Government objectives as requested and the provision of advice to Ministers.

Accountable

- to the Minister/Minister of State.

The increased use of Special Advisers is a feature of systems of Government in many jurisdictions. Special Advisers are appointed by the Minister personally, and their principal function is to provide advice or other assistance to the Minister. Programme Managers, who are also appointed personally by the Minister, have a specific role in overseeing and co-ordinating the achievement of the Government's objectives as set out in the Policy Agreement A Government of Renewal.

Special Advisers and Programme Managers are part of the personal staff of the Minister and are directly accountable to him or her. Where individuals selected to work in this capacity are not already permanent civil servants, they are employed as temporary civil servants under an "excluding order" (within the meaning of the Civil Service Commissioners Act 1956). Consideration should be given to devising a more suitable contract of employment which recognises the unique position of Special Advisers and Programme Managers as outside the normal civil service structure and which confirms that they are directly accountable to the Minister.

A key responsibility of Government Departments is to provide high-quality and impartial advice to Ministers on matters of Government policy. The advent of Special Advisers broadens the base of advice available to Ministers. In this regard, Special Advisers and Programme Managers provide expert and/or political advice which complements policy advice provided by Government Departments.

SECRETARIES/HEADS OF OFFICES

Authority

- for the management of the Department, and specifically for:
- creating the conditions in which all those who work in the Department can develop to her/his maximum potential in contributing to the best of her/his ability in the attainment of stated goals; this includes authority for appointments and discipline;
- the provision of policy advice and briefing to the Minister/Minister of State in the formulation of policy;
- the implementation of policy as formulated;
- agreeing, with the Minister/Minister of State, outputs or results for the Department in the implementation of policy;
- the operation of the mechanisms and arrangements put in place to achieve those results, including, where necessary, cross-Departmental issues;

DEPARTMENT OF THE TAOISEACH – DELIVERING BETTER GOVERNMENT

- monitoring the work of the Department as just described and, as Accounting Officers, ensuring that expenditure is within agreed limits and used for purposes for which it was voted, and that it is value for money.
- for the preparation on a periodic basis (i.e. every three years) of a statement of the business of the Department, setting out the key objectives and service delivery standards, targets and related strategies and performance measures, together with evaluation procedures.

These latter statements will be an essential feature of the continuing process of strategic management within the Civil Service and will be published and be subject to scrutiny and examination by an appropriate Oireachtas Committee. Statements on the business and policy of a Department should take account specifically of the policy priorities of the Government/Minister of the day.

Accountable

- to the Government;
- to the Minister/Minister of State for the delivery of the specified outputs;
- for reporting to the Oireachtas in respect of the implementation of policy and for the proper expenditure of Departmental funds and for obtaining value for money;
- for reporting to the public through Strategy Statements and regular reports on progress. Other mechanisms such as specific statements of service, Customer Charters, will also be used.

The proposed framework will align the role of Secretaries with that assigned to them as Accounting Officers under the Comptroller and Auditor General (Amendment) Act 1993.

INDIVIDUAL/TEAMS OF CIVIL SERVANTS

Authority

- for the implementation and evaluation of specific aspects of policy as decided by the Secretary, following from the outputs agreed with the Minister/Minister of State;
- for the provision of policy advice and briefing as part of a team/unit;
- under specific legislation, for the operation of statutory schemes, the application of which is based on well-defined criteria akin to the current arrangements for Deciding Officers in the Department of Social Welfare;
- for the provision to the customer;
- for ensuring that specific Departmental expenditure is in accordance with the of a quality service direct purposes for which the monies are voted and that value for money is obtained.

Accountable

- to the Secretary in respect of the responsibilities given to them, including appointments and discipline;
- to the appropriate line manager/head of division as relevant;

- in relation to powers conferred under statute, to the Secretary or Head of Agency as appropriate;
- in the case of senior Civil Servants, to report to Oireachtas Committees in respect of the delivery of specified outcomes in individual areas of responsibility, as agreed with the Secretary.

Appropriate measures to allow Civil Servants to protect and vindicate their character and reputation will be required, including the extension of privilege under the Privilege and Compellability of Witnesses Legislation.

MANAGING LEGISLATIVE CHANGE

The Group believe that the legislative change recommended above is key to implementing the recommendations of this Report. It is clearly important to put in place adequate structures for discussion and consultation on the detail of the proposed legislative reforms. The Group recommend that a group be established comprising representatives from the Programme Managers, the Department of the Taoiseach, the Department of Finance, the Office of the Tanaiste and the Office of the Attorney General, to advise the Minister for Finance on the drafting of the legislation.

A Different Approach to Human Resource Management

Introduction

The changes being proposed must be supported by other changes, including changes in the existing structures and systems for Human Resource Management (HRM) in the Civil Service. In considering the need for, and nature of, changes required in relation to HRM, the Group has benefited from a report prepared for it by a Working Group of Assistant Secretaries and from issues identified in individual Departmental Strategy Statements. The Group has also drawn on the experience of its own members as senior managers.

The Group believe that the creation of a results-Civil Service clearly aligned with Government priorities and focused on quality of service will not be possible within the existing personnel structures. New structures for allocating authority and responsibility need to be accompanied by a corresponding modernisation in HRM.

The Group believe that traditional personnel policies have had too narrow a focus and that a more proactive personnel management approach needs to be adopted.

Emphasis will be placed on performance, and the skills of staff will be fully developed and utilised to meet the needs of the organisation. The Group also envisage a significant restructuring of existing personnel systems arising from the redefinition of the role of the Secretary as the person who will have responsibility for managing the Department and for ensuring that responsibility is taken at all levels throughout the organisation. This will provide for more flexible working arrangements and the greater use of team work within and across Departments.

Resources will be reallocated to reflect the priorities of Departments and, in recognition of this, an increased share of resources will go to areas such as service delivery, training and performance management

The need for additional resources in these latter areas will be offset by savings from more flexible structures and working arrangements and from a more critical analysis of expenditure programmes.

Indeed, the necessity for the current restrictions on the filling of vacancies highlights the need for a more strategic approach to the management of human and other resources in the Civil Service. Such an approach will lead to ongoing, active management of resources in pursuit of stated objectives resulting in a more effective use of resources. This, in turn, will ensure that temporary restrictions on the filling of vacancies will be a mechanism which, hopefully, will not have to be resorted to in the future.

The Group, in putting forward their recommendations, do so in the context that the Civil Service will continue to operate as a unified organisation, with common grading structures and common basic conditions. The Group do not consider that the unified structure constitutes a sufficient constraint on management to warrant the introduction of a fully devolved system, under which each Department would operate independently by setting its own grading structure and conditions of service. However, the Group are satisfied that there is a need to achieve a better balance than currently exists between central regulation and local autonomy at the level of individual Departments.

A series of changes in the human resource management area are proposed in the following sections. Further significant work will be required to develop and implement these changes. Recommendations for doing so are set out in Part III - Making it Happen.

CHANGING THE EXISTING "PERSONNEL" FUNCTION

Two issues arise in relation to the personnel function. First, personnel management, as currently practised, needs to be more broadly defined since it tends to be mainly administrative in nature, with insufficient attention being given to resource planning, career management, staff development, workload distribution and, especially, performance management. In short, the more developmental and strategic aspects of Human Resource Management as now widely practised have not had a significant impact on public service management to date.

Secondly, the degree of central regulation and control of the human resource function has increasingly been called into question, particularly in the context of the more effective operation of the Administrative Budget system.

In this regard, the Group accept the increasing need to devolve greater autonomy and responsibility for the control and management of personnel resources from the centre to Departmental managements, consistent with overall budgetary requirements and policy.

The Group recommend, therefore, that:

- Departmental Personnel Units reorient their activities and focus to:
- take a more strategic/developmental approach; and
- devolve responsibility for day-to-day human resource matters to line managers

- This reorientation take place in tandem with an incremental, but concerted and sustained, process of devolving authority from the Department of Finance to Departments generally, consistent with budgetary requirements and policy.
- Each Department develop a HRM strategy linked to the overall strategy for the organisation.
- The Department of Finance, in conjunction with other Departments, institute a programme of training and development for staff assigned to the personnel function, under the guidance of the new Co-ordinating Group.

Each Department will have responsibility for reorienting its existing personnel function, for developing its HRM strategy, and for training and developing its staff to the required standard. The SMI provides a sound basis for such developments because it connects objectives, strategies and performance measures to work at all levels, thus readily linking HRM needs to the requirements of the work.

MANAGING PERFORMANCE IN THE CIVIL SERVICE

Central to the human resource development proposals put forward in this Report is the introduction of an effective performance management process. Traditionally, performance management has not been practised in the Irish Civil Service, with the result that objective setting, and related performance measurement, have not driven the work of staff at all levels to a sufficient extent. In turn, this has led generally to an inadequate recognition of, and reward for, good performance and the lack of effective sanctions for poor performance.

Modern good practice suggests a series of key management requirements for ensuring and rewarding good performance and for dealing with poor performance.

These requirements are:

- a clear linking of the objectives and strategy of the organisation to jobs for people, whether as individuals or as part of a team; to be effective, the process must be fully integrated with the strategy of the Department or Office and with the implementation of that strategy in the day-to-day work of the Department or Office;
- a recognition that performance management is a process, based on the active and continuous management of work relative to a pragmatic, relevant set of performance measures or indicators, and not a routine filling of forms;
- the establishment of a shared understanding about what is to be achieved by Departments and Offices and how it is to be achieved;
- a focus on people - the people who work in a Department or Office are the customers in the case of performance management;
- recognition that a sound balance between meeting the needs of the Department or Office and meeting the needs of those who work there is critical to successful performance management;
- a motivating work climate so that a well-designed performance management process can be implemented effectively;

- a reward system that works to create the conditions for good performance, particularly by teams, and recognises the practical problems associated with the performance pay area;
- an adequate system to remedy performance problems, including appropriate sanctions.

The development of a performance management culture along these lines is crucial to the success of the SMI and the changes now proposed. It is particularly essential if the potential gains of more flexible reporting structures and increased delegation of responsibility are to be maximised.

THE MEASUREMENT OF PERFORMANCE IN THE CIVIL SERVICE

For performance management to be integrated into the day-to-day operations of Departments, appropriate performance measures must be developed. These measures would link the day-to-day activities of individuals or teams of Civil Servants to the objectives of their Department or Office.

Clearly specifying objectives and measuring performance relative to the achievement of those objectives within a given period of time can raise particular problems and issues in a Civil and Public Service context because of the nature of the work undertaken. Indeed, previous attempts, through Programme Budgeting and Management by Objectives, to measure performance in the Irish Civil Service has focused exclusively on "hard" quantitative measures, resulting in a lopsided approach and excessive paperwork.

Modern practice argues for a performance measurement process that takes three types of measures into account:

- output targets based on the achievement of key objectives;
- task measures, specifying the completion of certain given tasks to a required standard; and
- skills, competencies or particular behaviour, e.g. initiative or negotiating skills, associated with a superior performance of the job.

The Group recommend that a modern performance measurement framework be developed for the Irish Civil Service by the Department of Finance, working with the consultants recommended in Part III of this Report. This work should take account of the studies commissioned by the Department of Finance through the Committee for Administrative Research and which are being carried out by the Institute of Public Administration. The framework can then be tailored by each Department and Office to progress already being made under the SMI process.

PERFORMANCE APPRAISAL SYSTEMS

The three types of performance measures set out in the previous section must inform the approach to performance management and, more particularly, the system of performance appraisal.

The substantial shift to a coherent performance management system, implied both in the change process and in the SMI, requires that structures, procedures and systems be in place to ensure:

- regular and systematic appraisal of individual and team performance;
- suitable reward mechanisms for good performers;
- adequate and appropriate means to remedy performance problems; and
- appropriate action, including termination of employment, where remedial action fails to resolve the problem.

The Group are satisfied that the present situation falls far short of this ideal and that any objective assessment would have to conclude that management practice does not accord a high enough priority to performance management. On the one hand, there are few, and even then limited, incentives to good performance. On the other hand, there is a failure to remove under-performers, even when the cumbersome dismissal procedure is not required as, for example, where officers are on probation. This lack of attention to performance management is also clear from the inadequacy of resources that are devoted to activities such as training and development which seek to enhance performance and to remedy performance problems. The almost total failure to operate the various appraisal schemes agreed with the unions over the years, notwithstanding the limitations of these schemes, is also an indication of the weak focus on individual performance and the management of performance generally. In this latter regard, there has also been insufficient attention paid to distinguishing between current job/grade performance and assessing an individual's potential to perform at a higher grade.

Given the issues and weaknesses involved, the Group recommend that:

- in the context of the earlier recommendations for a high-performance culture, performance review schemes be simplified and made mandatory;
- in appraising staff, a clear distinction be made between reviewing performance in current job and grade and assessing an individual's potential for promotion;
- the reward system should recognise the importance of commitment and diligence, with consideration being given to the introduction of significant performance-related pay for all grades;
- the range of options available to deal with performance problems should be increased;
- in particular, to provide for suspension to be used as a disciplinary sanction, for reversion in non-disciplinary cases, and for some form of severance payments where appropriate; and
- a procedure for dealing with under-performance should be introduced, though any such procedure most likely would require that other elements be in place: a fully operative staff appraisal scheme, adequate support

services, and an appropriate range of options for dealing with different types of cases.

The design of appropriate ways of rewarding performance will involve considerable research and discussion with the various interested parties. The Group believe, nevertheless, that suitable mechanisms must be designed and implemented in order to bring about and underpin improvements in performance and to put in place an effective performance management process. Recognising the complexity of the issues involved, the Group recommend that the matter be given urgent attention, with assistance from the consultants as set out in Part III of this Report - Making it Happen.

These recommendations should be seen in the context of the Group's earlier proposals relating to a reorientation of the personnel function and the adoption of a more proactive personnel management approach. Given the issues involved, implementation will entail extensive consultations with staff interests.

In addition to the changes recommended above, a number of improvements are required in the existing arrangements for recruiting, developing, and promoting staff and in work practices. These are now considered in the following section.

THE RECRUITMENT AND EMPLOYMENT OF CIVIL SERVANTS

RECRUITMENT

There are two basic features of recruitment policy that warrant restatement:

- entry to the Civil Service is by way of merit-based recruitment by the Civil Service Commission; and
- In the general service. structure, open recruitment is provided for at a number of different levels which have traditionally been geared towards candidates with different levels of educational attainment.

The Group do not envisage, nor recommend, change in the current position whereby selection for the vast majority of appointments is made by the Civil Service Commission. In general, Departments are satisfied with the quality of recruits. However, an absolute requirement is improved planning mechanisms and more effective co-ordination between Departmental management, the human resource function and the Civil Service Commission on a range of matters affecting the successful selection of candidates. Insufficient emphasis is placed on identifying and making placement decisions based on the skills and qualifications of recruits (for various reasons, including rigidities in making placements from panels). Moreover, structures are not in place for obtaining feedback after the placement is made, and problems sometimes arise regarding the response time to requests for competitions and the timely availability of staff from recruitment panels.

The Group are aware that, in the context of the SMI process, the Civil Service Commission identified a number of matters pertaining to the recruitment process which it is discussing with the Department of Finance. These include a greater involvement of Departments in the recruitment function, subject to safeguards, and for the operation of a wider range of selection procedures. The Group welcome these discussions and recommend that they be availed of to resolve the particular issues mentioned above.

The Group recognise the importance of maintaining a sufficient inflow of external recruits to all recruitment grades. It is crucial, in the interests of ensuring that long-term requirements for senior management appointments can be met, that high-quality recruits are available on a regular basis and that all Departments take their full quota of open recruits to which current arrangements entitle them. In this context, the Group anticipate that the increasing availability of applicants with third-level education will be reflected in recruitment to the Civil Service, and recommend that more honours graduates be recruited.

While the Group envisage that the Civil Service Commission will continue to play the central role in recruitment, Departments also have an important role to play. The success of the Commission's operations depends not only on the way in which it does its job, but also on the other parties to the process playing their roles effectively and on the adoption of a co-ordinated approach. Changes to ensure greater attention to matching skills to needs and the greater involvement of Departments in recruitment are relevant here. The roles of the parties in recruitment have been clearly restated in the report on personnel management prepared on behalf of the Co-ordinating Group, and the Group, now recommend that each party take the necessary steps to give renewed effect to their respective roles with a view to ensuring lasting improvements in the selection process.

ATYPICAL RECRUITMENT

Recruitment, in the main, is restricted to full-time, career-length established service, whereas the exigencies of today's working environment demand that a more flexible range of options, such as recruitment on a temporary or part-time basis, be available to management.

The Group attach considerable importance to securing greater flexibility in the use of atypical recruitment, such as recruitment on a temporary or part-time basis. This issue has featured strongly in the restructuring negotiations, and a number of undertakings in regard to atypical employment arrangements to meet atypical needs have been included in a recently agreed restructuring package. The Group recommend that similar undertakings be sought from other trade unions in the course of the discussions.

TERMS OF EMPLOYMENT OF CIVIL SERVANTS

The principal features of the present terms of employment under the Civil Service Regulation Act, 1956 are:

- Civil Servants are appointed by Ministers;
- established Civil Servants hold office at the will and pleasure of the Government;
- the power to terminate probationary appointments, to retire an officer on ill-health grounds, to suspend and to impose specified disciplinary sanctions must, in most situations, be exercised by the appropriate authority in each Department (usually the Minister); only in the case of suspension is there authority for the Minister to delegate; and
- the power to control numbers and grading, to prescribe terms and conditions and terms governing promotion, and to make arrangements for the regulation and control of the Civil Service, is exercised by the Minister for Finance.

Within the Civil Service, these terms and conditions reinforce a presumption of permanent tenure. It is also difficult to dismiss or discipline staff who consistently under-perform. Equally, there are not sufficient incentives to reward performance.

The Group recommend that, subject to legal advice, the law should be amended to provide that:

- established Civil Servants no longer hold office at the will and pleasure of the Government and, instead, that, subject to appropriate safeguards and to natural justice, the power of dismissal is vested in the Secretary of the Department; Secretaries will continue to be appointed by the Government;
- powers in relation to appointment and discipline are also assigned to Secretaries, again subject to appropriate safeguards and in accordance with natural justice; and that Secretaries may delegate to other senior Civil Servants as appropriate;
- Civil Servants may be employed under contracts of employment;
- a general competence in relation to personnel and organisation matters be conferred on Secretaries, to be exercised subject to general regulations made by the Minister for Finance; and
- Secretaries/Heads of Offices who are Accounting Officers can delegate their responsibilities to the heads of Executive Offices/Agencies within Departments and to individual senior Civil Servants.

Implementation of these recommendations will entail further legislation - preferably in the new Public Service Management legislative framework - and will require intensive discussions with staff interests. They will also be subject to appropriate safeguards being introduced.

PROBATION

The Group believe that the present system of probation does not achieve its objective, both because of the failure to assess performance during the probationary period and the reluctance to terminate an appointment even where there is clear evidence of unsuitability. Accordingly, the Group recommend that the following arrangements be introduced:

- Successful candidates in Civil Service Commission competitions be offered one-year contract appointments in an unestablished capacity.
- A candidate whose assessments during this period are satisfactory be granted a certificate of qualification at the end of the contract period and be appointed to an established position but, in the case of a candidate whose assessments are unsatisfactory, the employment be terminated on the expiry of the contract period.

DEVELOPMENT OF SKILLS

A key part of the change process is enabling those who work in the Civil Service to develop the skills and competencies they need. This will be a two-part process.

The first step is to identify particular skills and competencies relevant to the work of each Department and Office, be that for individuals or for teams.

The second element is the development of these skills and competencies at different levels across the Civil Service, both for individuals and for teams.

The Group recommend, therefore, that:

- Each Department prepare a staff development plan based on the identified needs of the organisation and the individual; this plan to be consistent with the Department's HRM strategy and to be in line with the organisation's overall strategy.
- Arrangements be put in hand immediately for the development and application of an effective performance review system, with the aim of fostering a high-performance culture and a focus on clarity of objectives; continuous assessment of performance and feedback; promotion assessment and recognition for performance.
- In order to provide the necessary resources for funding the new arrangements, each Department allocate additional resources to staff training and development until it reaches at least three per cent of payroll (compared with an average of less than three-quarters of one per cent at present).

A key feature of this approach will be the development of a performance management system to underpin the development of the skills of staff at all levels. This will ensure that training and development needs are linked directly to the business objectives and related delivery strategies of each Department as set out in its Statement of Strategy. In turn, this will provide a sound basis for monitoring performance.

The Group recommend that all aspects of the current approach to the training and development of staff, including career and skills management, be examined with a view to ensuring that practices compare favourably with the best in the Human Resources management field. This work will be undertaken by the Working Group on Human Resources Management proposed in Part III - Making it Happen.

PROMOTION

On average, two-thirds of promotions at middle and senior management levels are filled internally within Departments. The remaining one-third are accounted for by interdepartmental competitions. These latter competitions provide opportunities for staff to compete for promotion to posts across the Civil Service and instill into the system a mobility both within, but especially between, Departments which would not otherwise occur. The Group note that these competitions have, in effect, become the "fast track" for career achievement in the service. It is crucial, therefore, that the assessment and selection methods succeed in choosing the best candidates in the competitions. The selection procedures are seen as cumbersome and time-consuming. The Group recommend that these issues be considered in the context of the proposals to examine recruitment practices generally.

Moreover, the present system of interdepartmental panels has become complex in operational terms and this has led to rigidities in filling posts and difficulties in planning. The Group recommend, therefore, that the present system of interdepartmental panels be reviewed with a view to streamlining the operation of the schemes, which are agreed between the Department of Finance and the Civil Service unions.

In the case of internal promotions, it is equally important that selection methods ensure that the best candidates are selected from among those who are eligible for promotion. In this context the Group notes the developmental work being undertaken by the Civil Service Commission in respect of key skills and competencies and recommend their wider application such that standards of selection for promotion are raised across the Civil Service.

TOP LEVEL APPOINTMENTS COMMITTEE

The Top Level Appointments Committee (TLAC) which deals with the filling of senior posts (Assistant Secretary/equivalent and upwards) was established in 1984 largely because of concerns that the traditional promotional arrangements were based almost exclusively on seniority and were restricted to staff in the Department in which the post was to be filled. There was concern also about the uneven distribution of senior staff by age and seniority between Departments.

The TLAC system has been recognised by independent commentators as contributing to a substantial improvement in the quality of top management across the Irish Civil Service and to greatly increased mobility at the highest levels. All recruitment/promotion systems require continuous assessment of the impact of the arrangements, and adjustment, if necessary, to ensure that the most suitable candidates are being selected.

With this in mind, TLAC has recently reviewed its procedures and has taken a number of decisions, including decisions designed to improve the mechanisms for assessing candidates' potential for promotion. In addition to the present written assessments, in future there will also be periodic discussions between each Secretary/Head of Office and TLAC on their Department's assessment of the candidates in her/his area of responsibility. Following such discussions, consideration will be given to the possibility of increasing the extent of short-listing carried out by TLAC, rather than by the Civil Service Commission. TLAC intends to conduct similar reviews on a regular basis.

TLAC is also considering the desirability of having an open assessment procedure and intends to discuss this matter with the relevant staff interests.

The Group consider that TLAC plays a critical role in relation to the calibre of senior staff throughout the Civil Service. The review process being followed by TLAC in assessing its impact in improving the quality of senior management in the Civil Service should serve to promote greater dialogue on these matters between TLAC and Government and also between TLAC and senior management in Departments. It should also assist TLAC in taking an overall strategic view of the issues to be addressed in the context of the appointment of new management in the Civil Service in the years ahead.

The Group also recommend that, as proposed for selection procedures generally, TLAC use these reviews to examine the state of the art methods used in selecting the highest level of management elsewhere in the economy and for their appropriate incorporation into TLAC selection procedures. On the question of

equality of opportunity, the direct action measures (referred to in the section on Equality of Opportunity) have resulted in increased participation rates by female candidates in TLAC competitions in recent years and, as a consequence, higher success rates, although they are still at a relatively low level. It is expected that the further action referred to in that section will accelerate this process in the years ahead by increasing both the number of female officials in grades eligible to compete for TLAC competitions and their participation rates in such competitions.

RECRUITMENT AND PROMOTION ARRANGEMENTS IN RESPECT OF DECENTRALISED OFFICES

The recruitment and promotion arrangements, which were developed when the Civil Service was largely centred in Dublin, have not been sufficiently adjusted to reflect the extensive decentralisation of recent years. Significant difficulties are being experienced in filling posts in decentralised offices and the situation is being compounded by a serious retention problem.

Consequently, the Group recommend that:

- Future assignments to decentralised offices be conditional on the assigned staff serving a minimum period in that location.
- Existing transfer arrangements be streamlined.
- The interdepartmental competitions at Executive Officer, Higher Executive Officer and Assistant Principal levels be organised to allow for sub-panels for decentralised locations to be formed.
- In the case of departmental promotion panels, consideration be given to the feasibility of forming special panels for a wide range of locations outside Dublin on a regional, rather than a departmental, basis.
- Consideration be given to the introduction of local recruitment by the Civil Service Commission, at least at the entry grades of Clerical Assistant and Executive Officer.

MULTIPLE GRADE STRUCTURES

Organisationally, the Irish Civil Service comprises a number of grade structures or streams as follows:

- general service grades: these are found in all Departments and consist mainly of administrative, executive and clerical grades;
- departmental grades: these are the equivalent of general service grades but are dedicated to specific work in particular Departments, e.g. Taxes.
- technical grades: these are found in certain Departments and include mapping technicians, laboratory technicians and agricultural officer grades; and professional grades: these include engineers, architects, agricultural inspectors, and probation and welfare staff.

The Group believe that the separate identities of these structures and the lack of mobility between them have resulted in inflexibilities, demarcation disputes and rivalries, which in turn lead to inefficiency and obstruct the best deployment of staff talent.

While it cannot be argued that in all cases these levels and the multi-grade streams should be fully integrated, the Group recommend that initiatives be

taken towards minimising the inflexibilities and other inhibiting features associated with their deployment, through measures such as:

- some integration between the streams where it is necessary for efficiency and effectiveness. The general service and departmental streams, merit particular consideration in this context;
- the introduction of greater mobility between the streams, by temporary exchanges and the opening up of at least some promotion posts, particularly at Principal and Assistant Principal levels;
- the use of flexible across-stream teams to deal with Departmental projects which span a number of areas; and
- where multiple streams apply, the adoption of an approach, in the context of SMI, which:
 - organisationally draws together staff of the different streams involved in a particular programme or service so as to form a cohesive workforce dedicated to the achievement of the objectives of the programme or service; and
 - seeks to maximise the efficiency and effectiveness of staff through such measures as open reporting, devolution and the reassignment of authority and control, and the signing-off of work close to the point of delivery and at the level most appropriate.

In the Group's view, it is essential to recognise in the context of SMI and the related change programme that flexibility in the deployment of staff at all levels is a major objective. In this context, traditional practices of every kind will be scrutinised and, where found wanting, be modernised in line with the need to improve performance so as to achieve the highest standards of service and the optimal use of resources.

FLEXIBLE WORK PRACTICES AND REPORTING ARRANGEMENTS

In addition to greater flexibility in the deployment of staff within the multiple grade structure, a results-driven Civil Service will require a highly flexible, responsive approach to the allocation of work and reporting arrangements. staff at all levels, but especially managerial staff, will be empowered to be more proactive in their approach, to exercise a greater span of control, to be more responsible for their actions, and to be more accountable for the results they achieve.

The cumulative effect of the HRM recommendations put forward here, together with the deepening and strengthening of the SMI process to inform the day-to-day work of staff at all levels eventually will lead to the necessary changes in work practices. The increasing use of information technology in the workplace, and especially in the "office" environment, will facilitate this process of change. The longer term outcome will be a more performance-oriented Civil Service with significantly higher levels of productivity, thus enabling more to be achieved with the given resources.

EQUALITY OF OPPORTUNITY

Equality of opportunity is a central concern of the Co-ordinating Group in developing and implementing policies relating to the human resources of the Civil Service. The Group, therefore, welcome the forthcoming legislation on employment equality and stress the responsibility of the Civil Service to prove itself a model employer in this respect. This means not only putting in place measures to guard against discrimination on the grounds referred to in the legislation - sex, marital or parental status, sexual orientation, religion, age, disability, race, colour, nationality and national or ethnic origin, including membership of the travelling community. It also means the implementation of active policies to ensure that equality of opportunity for all is safeguarded in the design of recruitment mechanisms, work practices and promotion mechanisms within the Civil Service.

The promotion of equality policies also confers benefits on the organisation. It increases productivity by making better use of staff resources. It improves the quality of decision-making, including decisions related to meeting the changing needs of customers. It helps retain the best people by taking their needs into account and allows flexible working arrangements which meet business and staff needs. Overall, it results in increased job satisfaction and higher morale. Effective equality policies are therefore an essential feature of effective human resource management. The Group now consider specific issues with regard to gender equality and to people with disabilities.

GENDER ISSUES

The Civil Service has in many ways been to the forefront in developing and implementing policies to achieve greater equality of opportunity and better gender balance in its staffing. Initiatives include the putting in place of an Equal Opportunities Policy and Guidelines and the development of family friendly facilities such as flexi-time, job-sharing and career breaks.

Notwithstanding the progress that has been made, many women employees are concentrated at the lower levels where their potential is underused and women are not adequately represented at the most senior management levels in the Irish Civil Service. The following graphs show the number of male and female employees in general service grades in September 1995 and the percentage of women in these grades in 1995 compared to 1987:

In addition to the General Service posts, women are also serving in other senior positions, eg. six posts equivalent to Assistant Secretary rank, such as Ambassador.

Mechanisms for developing and monitoring policy in this area have been put in place, principally through monthly meetings of a joint staff and management Equality Committee which is chaired by, and works closely with, the Equality Section of the Department of Finance.

Two questions of particular concern need to be examined in the context of equality policy. The first relates to significantly lower success rates of female candidates for information technology positions and at the written stages of the competitions for graduate recruitment at Administrative Officer and Third Secretary level.

The Equality Committee commissioned research studies in relation to this issue, which have recently been completed.

The second concern relates to the low participation rates for women in promotion competitions, particularly in respect of senior management posts. While women have a relatively high success rate in these competitions in relation to the total number of women going forward, female participation rates are lower than those for men.

The Co-ordinating Group recommend that all relevant research should be availed of, and any necessary new research undertaken, in order to identify the factors underlying, respectively, the lower success rates in respect of certain posts and the generally lower participation rates in promotion competitions, particularly for senior management posts. When these factors are identified, the new Co-ordinating Group should put in place appropriate strategies on a service-wide basis to redress the imbalance.

In relation to the development of policy at Department/Office level, the Group recommend that the 1986 Equal Opportunities Policy should now be developed further, with a requirement on each Department to draw up an individual plan covering its proposals for action on gender issues, with particular reference to the gender balance of the grades employed in that Department. Departments should place greater emphasis on training, coaching and motivating staff in the joint interests of equal opportunity and of achieving business goals and should develop targets within each of these areas. A report by Departments of action taken and an assessment of the effectiveness of such action should be incorporated into the Annual Report on Equality of Opportunity in the Civil Service, produced by the Department of Finance, so that Departments can benefit from each others' experiences.

ISSUES RELATING TO PEOPLE WITH DISABILITIES

It has long been Government policy to recruit people with disabilities into the Civil Service. Central to the Government's policy in relation to the employment of people with disabilities is the commitment to achieve a quota of three per cent for the employment of people with disabilities in the Public Service. This target has been reached in the Civil Service, although not in the Public Service as a whole.

While the emphasis for some time has been on the achievement of the target quota, it is also important to ensure equality of treatment between staff with and without disabilities once they are in employment. With this in mind, a Code of Practice for the Employment of People with Disabilities in the Civil Service was drawn up in 1994; it covers issues such as recruitment, reception and integration into the workplace, career development, accommodation and equipment, and safety and evacuation procedures.

The implementation of this Code is monitored by a subcommittee of the General Council of the Conciliation and Arbitration Scheme. The three per cent quota across the Public Service is a commitment under the Programme for Competitiveness and Work, and the Monitoring Committee on the Employment of People with Disabilities, established under the Central Review Committee, reviews progress on this.

The Co-ordinating Group recommend that existing policies towards providing equality of opportunity for people with disabilities be continued, with priority given to the implementation of the Code of Practice throughout the Civil Service and the attainment of the three per cent quota across the Public Service.

IMPLEMENTING CHANGE IN HUMAN RESOURCE MANAGEMENT

The Group have recommended a number of specific changes in the preceding sections. These make up a wide-ranging agenda for change in the area of human resource management. Many of these changes require further detailed study and intensive consultation and can be implemented only on an incremental basis. It is clearly important to put in place adequate structures to ensure that the detail of the proposed changes is worked through and to oversee the implementation of the HRM change programme. The Group's recommendations in the Part III - Making it Happen, provide a mechanism for setting up such a structure.

The Group recognise that developing the Civil Service along the lines proposed in order to achieve a more responsive and flexible organisation will involve changes to the existing structure and to work practices. The consultation with trade unions has commenced in the context of the present restructuring negotiations and the recommendations of this Report should now inform the agenda for further discussion with the unions, including discussions on the follow up to the Programme for Competitiveness and Work.

Financial Management: A New Approach

Introduction

The cost of the Irish Civil and Public Service, the extent and cost of Government programmes, and the combined effects of these on the economy and its competitiveness in particular, require that financial management systems be comprehensive, effective and ensure that value for money is achieved. Existing financial management controls and practices do not meet these criteria and the Group believe that a more structured approach to the control and management of the public finances and public expenditure is needed, together with improvements to the system of three-year Administrative Budgets and a more comprehensive accounts system. Such changes will provide the basis for the improved financial performance indicators required to underpin a results-driven approach across the Civil Service.

A number of changes in the area of financial management in the Civil Service are set out in the following sections.

THE CONTROL AND MANAGEMENT OF THE PUBLIC FINANCES

The Group are of the view that existing procedures and public expenditure controls are not, of themselves, adequate to deliver effective management of the public finances

This is illustrated, in particular, by the real growth of public expenditure over the past ten years, most notably between 1989 and 1995 when expenditure increased by nearly 30 per cent in real terms. While several factors contributed to this seemingly inexorable upward pressure on spending, including the substantial levels of service improvements in education and health, as a general proposition it seems reasonable to suggest that Departments generally have not seen themselves in the front line of limiting expenditure. This was particularly the case in those "spending" Departments, where Ministers were committed to improving the quality of service provision.

It may also be said that many of the Departments view existing expenditure controls as over-centralised, heavy-handed and short-term in orientation.

They claim that they are neither given sufficient flexibility in the management of resources allocated to them nor incentives to achieve greater efficiency and effectiveness in the management of these resources.

The Group recommend that, in keeping with the increased emphasis on devolving responsibility and accountability, a more appropriate public financial framework for setting public expenditure allocations, and delegating authority to Departments to manage resources allocated to them, be put in place and that it include the elements set out below.

The system envisaged will operate to a fixed annual cycle so as to produce a rolling three-year budgetary process to facilitate changes in conditions, budgetary and economic, and priorities in public programmes.

The Group recommend a budgetary/public expenditure management framework containing the following elements:

- The Department of Finance to submit annually to Government, within two months of the Budget, proposals for resource allocation for the medium term (three years forward). These proposals to set down the results sought and to set out appropriate targets for the allocation of resources as between the level of taxation, the level of expenditure, and the level of borrowing. Specific Government direction will be sought for these proposals on the appropriate balance between, on the one hand, taxation and/or expenditure measures which support self-sustaining employment and, on the other hand, the competing demands of economic, infrastructural and social expenditure programmes in line with Government macro-economic and social goals.
- To ensure that Government decisions on expenditure targets are meaningful, they will be disaggregated into particular results and accompanying financial envelopes for each Ministerial group of Votes. The Group are of the opinion that if the Government is requested to endorse an overall level of expenditure without regard to the implications for individual Ministerial groups, setting a medium-term budgetary framework will be meaningless and have no effect on the budgetary outcome in so far as the Estimates process is concerned. It will also fail in another important respect by not engaging Departments in determining the planning framework and thus taking "ownership" of decisions on resource allocation affecting their areas of responsibility. A "global" expenditure target will be readily endorsed because the consequences for expenditure programmes will be unclear, and thus, in practice, be largely ignored.

In practice, a three-year planning frame is likely to operate within a tight budgetary situation, given pressures for tax reform and the reduction of borrowing. It is not seen as underwriting levels of spending irrespective of changes in other budgetary aggregates, but it should enable Departments to manage their expenditure programmes in conditions of greater certainty.

An important consideration, which must be built into a medium-term planning framework, is provision for unanticipated budgetary developments. In 1995, for example, there were unanticipated demands

related to equal treatment, EU agriculture fines and compensation for victims of blood contamination. The Group recommend, therefore, the creation of an appropriate contingency reserve within the overall planning framework to make provision both for the unexpected and for centrally determined allocations such as the cost of pay rounds. The size of the contingency provision should reflect the degree of uncertainty involved in framework projections. Thus, for year one it might be set at a modest level - say 2.5 per cent of total - with relatively larger allocations for year two and year three. The allocation of the contingency reserve would be a discretionary decision of the Government within a budgetary context.

- The Department of Finance, in formulating proposals for financial envelopes for Ministerial groups, should seek to reach agreement with Departments on the underlying cost of maintaining existing policies, thereby making clear the extent to which the financial envelopes permit an expansion to, or require restraint in, the level of expenditure, in line with the Programme for Government. (In this regard, forecasts of the aggregate cost of services will already have been submitted).
- On Government approval of the foregoing (target within four months of the Budget), Departments should be requested to forward to the Department of Finance, within the overall financial envelope endorsed by Government, their detailed expenditure plans for year one and outline expenditure plans in the two subsequent financial years. Where appropriate, Departments will be expected to identify policy and plan changes necessary to accommodate the approved allocations. The plans would be submitted to the Department of Finance within six months of the Budget each year.
- The Government would be asked, by the end of October each year, to decide on the specific details of year one of these plans and the Abridged Estimates would then be published. In arriving at detailed allocations for year one, the Government would have available to it at that stage the most up-to-date assessment of the budgetary outlook, having regard to the latest data, such as revenue performance and central fund costs.
- Each Department should then prepare, as part of its SMI process, a detailed operating plan and budget for year one consistent with the allocation for that year and provide castings in years two and three of the continuation of policy for year one as endorsed by Government.
- The Government would make final adjustments to the published Abridged Estimates in the annual Budget which allows, inter alia, for further review of expenditure aggregates in the light of the out-turn for expenditure and revenue in the previous year and the prospects for Budget year.

The above outline describes the process involved in setting up the medium-term planning framework. When the framework is fully operational, the focus of attention will shift to the year entering the planning framework for the first time. In making adjustments to expenditure plans approved by Government in the previous year's expenditure survey, only those attributable to specific identified developments (e.g. Government decisions, demographic factors) will be taken into consideration.

The chart at page 58 summarises the basis on which the Group feels the estimates process should be managed, having regard to the considerations set out here.

The Group recognise that there will be difficulties in moving from the present system to the new one. It may be desirable to implement it on a phased or pilot basis. This could involve, for example, starting with three-year projections of the castings of the continuation of existing programmes. Once this has been put on a firm footing, the system could then move on to setting medium-term targets.

The Group note that, in his budget statement of 23 January 1996, the Minister for Finance announced the introduction of multi-annual budgeting along the lines proposed above. The Group welcome this initiative. The Minister also announced his intention to bring forward to the previous year the date of the annual budget, commencing with the 1998 budget being brought forward to November 1997. As a result, the timetable set out on page 56 will have to be adjusted in due course, in line with the change in the date of the annual budget.

ANNUAL ESTIMATES CYCLE

DELEGATION OF FINANCIAL AUTHORITY

In the context of the medium-term budgetary framework, a key requirement will be the delegation of financial authority to Departments and Offices. The objective will be to delegate to the maximum extent possible; the standard being that existing programmes of expenditure will be delegated unless there are very strong reasons why this would not be possible (this should arise in only rare instances). The basis for delegation, including performance parameters where appropriate, will be clearly specified. The introduction of new expenditure programmes, or the extension of existing programmes, will require specific sanction but, once the broad parameters are agreed, these will be delegated in turn to Departments.

Delegation to and within Departments clearly requires that appropriate budget and programme controls and incentives be in place. Accordingly, priority should be given to developing the necessary accounting systems for budgeting and programme analysis.

The Group recommend that delegated sanction continue to operate within definitive, approved estimate allocations. Safeguards will also be necessary to ensure that the overall level of committed expenditure for future years is kept within manageable proportions. In relation to capital expenditure, the Group recommend that contractual commitments for year two and three of the cycle will be restricted to 75 per cent (the present limit is 65 per cent) and 50 per cent (there is no limit at present), respectively, of the year one allocations. This will allow Departments the scope for placing contracts for implementation over a number of years ahead and will ensure that some flexibility on resource allocation is retained.

The Group recommend dialogue between the Department of Finance and individual Departments to ensure that the widely varying nature, cost, economic and social importance, longer-term implications, and legal basis of the various expenditure programmes are taken fully into account when the delegated sanctions are being extended and/or revised.

The Group believe that one outcome of successful management of Departmental spending plans in a medium-term budgetary context may be to facilitate limited carry forward of unspent balances to the following year, as is done under the system of Administrative Budgets. The precise basis on which this might be applied will have to be worked out by each Department, drawing, perhaps, on the

dialogue/consultation referred to above. The key requirement will be to ensure that unspent allocations carried forward respect the agreed medium-term framework. Another principle will be that the Government will have to determine, in the budgetary context, whether or not, and to what extent, carry-overs will be authorised.

The Group recognise that there is a need for a systematic analysis of what is actually being achieved by the £12 billion in Government resources spent annually. To this end, the Group recommend:

- that delegated sanctions stipulate that Departments report at end-year to the Department of Finance on the results achieved by the Exchequer-financed expenditures and that this would complement the financial analysis being produced for accounting purposes; this review will report on results achieved against operating plans and the lessons to be drawn for the future;
- agreements between the Department of Finance and individual Departments on delegated authority for programme expenditures to provide for a schedule of reviews of expenditure to be carried out during the currency of the agreement, with the aim of ensuring that each programme of expenditure is subject to a thorough review at least once every three years.

The arrangements for carrying out these latter reviews should be agreed between the Department of Finance and the individual Departments.

The Group recommend that proposals should be developed under which spending Departments would retain part of or all the proceeds of the planned elimination of wasteful spending, with the retained savings so generated being applied to the implementation of agreed policy developments. Such proposals would have to reflect the fact the priority attaching to Department's spending programmes changes over time, which requires a degree of flexibility in resource allocation.

The Group believe that the system of delegation now recommended has advantages for both the Department of Finance and for Departments generally. It should allow the latter to plan for the implementation of expenditure programmes on a rational, medium-term basis, with a reasonable degree of certainty as to the availability of resources. It would also provide assurance to Government and the Department of Finance that resources are being planned on a rational basis, reflecting the overall macro-economic and social goals endorsed by Government. In this regard, the Group recommend that the Department of Finance and each Department's management should meet regularly to discuss sectoral expenditure matters and to develop a shared understanding on questions of common interest.

The approach now recommended must be matched by devolution within individual Departments. In this context, the decision-making process should be pushed down the management layers to get as close as possible to the point of delivery of service. The current phase of the SMI process provides an ideal mechanism for achieving this devolution. The terms and conditions of the relevant sanctions under which expenditure programmes operate must be observed at all levels.

ADMINISTRATIVE BUDGETS

The Administrative Budget initiative, which is now in the third year of its second three-year cycle, was introduced with the aim of keeping administrative or running costs down without compromising outputs or quality of service. The approach adopted is to give Departments and their line managers greater control and flexibility in relation to the way they use their Administrative Budgets, while at the same time fixing such budgets on a three-year cycle at a level that will allow a real reduction in funding each year, owing to greater productivity.

While the Administrative Budget system has been a positive development in relation to the process of managing resources in Departments, its operation requires improvement. In particular, in the context of developing an effective framework for devolving responsibility and accountability for the management of budgets and resources generally, an effective Administrative Budget system is an essential and reinforcing element of any such framework. If applied, therefore, in conjunction with the SMI, under which responsibility for resource costs should be linked with responsibility for achieving outputs, targets and results, the full benefits which the Administrative Budget system can produce will be more readily achievable. Moreover, since budgeting is about delivering value for money (VFM) against a background of aims and objectives, the Administrative Budget system, properly applied, is consistent with the need to ensure VFM and, through the greater flexibility it offers in the use of resources, should serve to optimise VFM.

The Group recognise also that the operation of the Administrative Budget system has presented some difficulties for Departments, as well as for the Department of Finance. A weakness in the system is that there is no penalty in the event of allocated budgets being exceeded. Moreover, it has not had a significant impact down the line in Departments where, in most cases, only a few cost elements have been devolved internally. There is also an undue reliance on non-pay areas to achieve savings, and little attention has been paid to the way work is done or, indeed, to whether functions are to be continued. This has been a contributing factor to the increasing costs of the Civil Service, resulting in the recently introduced restrictions on the filling of vacancies.

The issues in question need to be examined by each Department within the SMI process, given that pay accounts for over 70 per cent of administrative spending. Grade drift has also been a notable feature in recent years, and a more proactive approach to monitoring this aspect of budgets is needed. There is also a need to extend the scope of the system to those parts of the Civil Service where it is not yet applied. Finally, some expansion of the extent to which control over certain categories of expenditure devolved to Departments at present, e.g. in relation to consultants, accommodation and virement, is required.

In light of the experiences to date, the report of the Assistant Secretary Group on financial management, the SMI process, and the parallel recommendations made above for the control and management of public finances, the Group recommend that the following measures be implemented to improve the general effectiveness, operation and scope of the Administrative Budget system:

- Any overrun on an overall allocation for which an explanation has not been agreed is to be regarded as a drawdown from the following year's entitlement and the succeeding year's allocation will be adjusted downwards accordingly. Failure to manage within an allocation so adjusted will be similarly penalised and formally reported to Government.
- The commitment in Administrative Budget agreements to manage within agreed allocations to be departed from only in the most exceptional

circumstances involving major expansions in services and, even then, only after a Department has demonstrated, to the Government if necessary, that the extra demands cannot be met by redeployment of existing resources from within the Department concerned or from elsewhere in the Civil Service. A specific advisory group comprising the Secretary, Department of Finance (Public Service Management and Development), the Secretary of the Department of the Taoiseach, and the Secretaries of two other Departments to be given authority to consider unresolved requests for increases in administrative resources. Only on the basis of a report from that advisory group would the Government consider any request for an increase in resources.

- The full cost of civil service administrative expenditure to be transparent and located in the subheads of the relevant Votes, thus ensuring that all administrative costs are met from within the agreed allocations. In this regard, improved arrangements are to be put in place for charging recoupable expenditure along the lines now in use for the recoupable element of EU travel.
- In light of the grade drift that has occurred since the Administrative Budget system was introduced, the Department of Finance, in accordance with the formal agreements with individual Departments, to undertake administrative audits where the phenomenon of grade drift is most acute. The Department of Finance will also give urgent consideration to other possible options for addressing the problem.
- Responsibility for maintenance, fitting out and refurbishment expenses, which had been delegated to Departments in the past, to be restored, subject to adherence to any necessary guidelines/criteria; these should be drawn up as soon as possible.
- Departments to have more control over, and be more accountable for, their accommodation costs. Since this raises major and complex issues, it requires further study, which should be set in train immediately.
- The virement limit on Administrative Budget subheads to be abolished in the case of non-staff subheads and in limited circumstances for staff subheads where substitution effects apply.
- While responsibility for pay rates, conditions and allowances are not to be devolved to Departments, consideration is to be given to expansion of the Administrative Budget system in the pay area where this would not undermine public expenditure policy (e.g. if the concept of performance pay arrangements were to be extended to grades other than Assistant Secretary, Departments may be given greater autonomy in operating it; or future restructuring discussions might afford an opportunity of delegating some form of greater autonomy in relation to pay).
- Additional responsibility for consultancy to be devolved to Departments, subject to strict adherence to an appropriate code of practice; this will include systematic monitoring and reporting of the performance of consultants and the outcome of their recommendations.
- The Administrative Budget system to be extended to those parts of the Civil Service where it is not applied at present and its potential for use in other parts of the Public Service should be explored.

The Group acknowledge that proposals by Departments for programme savings to be linked to increased staff and related costs pose serious difficulties for the

Department of Finance. Nevertheless, the Group recommend that such proposals be considered on their merits on a case-by-case basis.

The Group are of the view that, because of the rising trend in administrative expenditure in recent years and in the interests of equity and transparency between Departments, consideration be given to restoring the requirement to yield a form of efficiency dividend in the next three-year cycle of Administrative Budgets through, for example, demonstrable improvements in service. Allowance would be made where costs of new programmes or expanded/improved services have been met by the redeployment of existing resources. The Group reiterate the point made earlier in the Report that additional resources must be offset by savings.

FINANCIAL MANAGEMENT SYSTEMS:

ACCRUALS ACCOUNTS

The Group recognise that significant changes in the current financial management systems are required as a matter of priority because:

- Existing systems are cash-based and do not, on their own, provide reliable budgetary controls or provide management with relevant, accurate and timely information on performance and trends.
- Current systems are not capable of fully supporting SMI. SMI focuses on outputs; devolving control; greater acceptance of responsibility; and linking resource allocations to outputs and strategic priorities. Devolution of greater operational authority requires changes in accountability, the quid pro quo for devolution being enhanced accountability and performance.
- Enhanced financial management systems are required to support the legal responsibility of Secretaries/Heads of Offices, as Accounting Officers, to measure economy, efficiency and effectiveness to comply with the Comptroller and Auditor General (Amendment) Act 1993.

The Group recommend that extended financial management systems, supported by adequate information technology facilities, be developed to embrace not only accounting systems for recording and reporting transactions, but also the wider financial management process for planning resource allocation, programme evaluation, management control (including budgeting), day-to-day financial reporting, assessing performance and demonstrating value for money. To meet these needs, a multi-dimensional financial management systems infrastructure will be required, which will be capable of accommodating, in certain areas and to a certain extent, accruals-based accounting.

The Group recommend that a "generic model" for an improved financial management system be developed. This model would provide an overall view of the type of financial management systems (general ledger, assets register, and accruals accounting) which will be required, while enabling individual Departments to supplement this system to cater for their particular local needs, subject to meeting adequately the required financial management information. This model, therefore, should be capable of providing a framework within which a graduated level of enhancement can be achieved, depending on the accounting and information needs of Departments.

It must be emphasised that Government accounting will continue to need a cash-based record to satisfy legal requirements. The changes referred to here are additions to, rather than replacements of, that system.

The Group recommend that this work be set in train immediately by an appropriately resourced dedicated cross-Departmental project team, comprising personnel with the requisite accounting, management and information technology skills drawing on appropriate outside expertise. The development of the generic model should draw on the current study of an accruals - based system being carried out in the Department of Transport, Energy and Communications. It is desirable also that the model be piloted in due course in a number of Departments with a view to identifying issues requiring clarification and to document procedures, costs of setting up the new system, and skills needs.

The Group accept that significant changes to current financial management systems will require considerable investment - for example, in management and staff time, in training staff and developing their skills, and possibly in recruiting specialist skills, and in information technology facilities. It is essential, therefore, that implementation be planned in the context of the needs of management and others who require financial and operational information if the potential benefits of improved systems, which would be significant, are to be realised.

The Group stress that the overriding aim is to introduce and implement the systems in all Departments over a period of not more than five years and possibly less, depending on the type of generic model chosen. The ensuing organisation and process changes will be significant and will require that implementation be properly and efficiently planned, with the full support and commitment of top management.

Information Technology

SUPPORTING CHANGE WITH INFORMATION TECHNOLOGY

The successful implementation of the many proposals set out in this Report will require to be underpinned by more flexible support systems, reporting structures and working practices than have been the norm.

Information technology, by virtue of its increasing versatility and potential to enable radical improvements to be made in the way business is conducted, presents unparalleled opportunities to devise new approaches to existing tasks and new ways of working

It is important, for the future success of the SMI and the changes now proposed, that the use of information technology systems supports and enhances the Departments' business processes.

In recent years there has been a very significant and widespread usage of information technology, with the result that it is now widely employed in practically all Departments. Good use has been made of it to achieve significant gains in efficiency, consequent on the computerisation of tasks that involve processing large volumes of data or transactions. In addition, some Departments have made good use of the technology to support decision-making and service delivery. More recently, information technology has been applied extensively to support office activities and systems. This use of technology, though relatively successful in raising personal productivity, has not yielded all the benefits that

could reasonably have been expected. Studies carried out within the Civil Service show that this is accounted for by a failure in most Departments to avail fully of the opportunities presented by information technology to redesign long-standing work processes, reporting arrangements and information management practices which have their origins in the pre-technology era and are, therefore, a constraint on making the best use of modern technologies. Experiences elsewhere, where such opportunities have been taken, show that both personal and organisational effectiveness can be greatly enhanced. For example, information technology, coupled with redesigned work processes and practices, has enabled the creation of self-managing teams, the greater empowerment of staff to make decisions, individuals at all levels to exercise a wider range of responsibilities, more responsive services that are better tailored to the diverse needs of consumers, and the introduction of highly flexible reporting arrangements. Considerable improvements have been evident also in the management of information, resulting in more effective decision-making.

The Group believe that there is no reason why similar benefits cannot be achieved by the Irish Civil Service if the use of the technology is complemented by innovative changes in reporting structures, work processes and information management practices. It is essential that such changes be actively pursued if value for money is to be obtained for the substantial investment in information technology of recent years. There is sufficient evidence to suggest that the experience and skills required to realise the benefits in question are not lacking in the Civil Service.

The Group recommend, therefore, that the use of information technology in the Civil Service be reviewed with a view to maximising the benefits to be achieved and to ensure that its use is driven by business priorities and needs. Consideration should also be given to the implications of the emerging "Information Society" for the Civil Service and the conduct of its business, particularly in the context of the Bangemann Report and the initiatives arising out of the G-7 Ministerial Conference on the Information Society held in February 1995. In this regard, particular attention should be paid in the first instance to the potential uses of the Internet by the Civil Service and to the development of electronic information services.

Part III

Making it Happen

Introduction

The strategic framework for change set out in Part I, of this Report - Better Government for the People, develops a vision of the Irish Civil Service which is geared to achieving the Government's objectives for Ireland. The focus on the provision of the highest quality service at all levels is, the Group believe, the key to success in the long term. It must be supported by an integrated programme of change across the various elements of the initiatives proposed in Part II - Delivering Better Government. In Part III - Making it Happen, the Group now recommend an implementation framework to drive the change process, including the development of processes for communication and consultation at five key levels as follows:

- at a political level, including both Government and Opposition parties;
- between Government and the Civil Service;
- between the Civil Service and its customers;
- at the senior levels in the Civil Service; and,
- between all levels within the Civil Service through direct involvement of people at all levels and through consultation with trade unions and associations in the implementation of the change initiatives now to be developed.

It will be essential to ensure that provision is also be made for the external validation of the change process, particularly through drawing on relevant expertise from the private sector, the trade unions and from others engaged in organisational change.

WIDENING AND DEEPENING THE STRATEGIC MANAGEMENT INITIATIVE

The Group believe that the best approach to implementing the change programme is through building on the work to date of the Strategic Management Initiative. Departments and Offices have made a major commitment to the SMI, have drawn up the required Statements of Strategy, and have plans for its continuing development. Solid, well-based progress has been made in establishing the SMI.

The benefits to date of the SMI are:

- helping management to focus on and clarify strategic issues and objectives and the contribution that these make to Government policies and priorities;
- increased awareness of the need to improve policy formation and evaluation processes;
- the setting of more explicit objectives and targets against which progress and performance can be gauged;

- an improved focus on client needs and services;
- an improved sense of cohesion and shared commitment at senior management levels consequent on the inherent participative/consultative approach being pursued and a sense of dynamism and commitment to change.

Departments and Offices are working to translate Departmental and divisional objectives into specific action-oriented strategies and accompanying measures of performance that will enhance the ability to achieve objectives and to monitor and actively manage outcomes.

The Group believe that the results of the SMI process should be made public and that this should be undertaken in a carefully co-ordinated way. The Group recommend to the Taoiseach and Government that each Minister should now set a specific timescale for publishing a Strategy Document so that all documents are available in the course of 1996.

Building on this progress, the Group see that the next stage in the further development of the SMI process is its widening and deepening, particularly in relations to its extension to the wider Public Service and the management of performance.

The Group believe the conditions are now in place to underpin the process of widening and deepening by the Government.

WIDENING THE SMI

The Group recognise that strategic management has already been applied by a significant number of Public Service bodies, in particular in the commercial state sector. They believe there is, however, a need for an integrated approach across the Public Service.

The earlier intention had been for a launch to the wider Public Service closer in time to the launch of the individual Departmental Strategy Statement process. However, the Group felt that a delay would be useful, particularly to allow the basis for policy to be set in the Departmental Statements.

The Group believe the time is now right to proceed with the launch to the wider Public Service and recommend to the Taoiseach and Government that an appropriate announcement be made as part of the launch of the Government's decisions on this Report. This will set the Chief Executives of all Public Service bodies the task of producing a Strategy Statement within twelve months. These Statements will be set within the context of the Government Programme and the Statement of Strategy of the parent Department. The announcement will be on the basis that individual Ministers and Departments will follow up and set a specific timescale for the bodies within their remit.

The Group also envisage that the change programme now proposed for the Civil Service will be extended to the wider Public Service. Changes in the Civil Service inevitably will require that similar changes be made in the Public Service as a whole, particularly, for example, in Human Resource Management, service delivery, and regulation. It will be necessary, therefore, to extend the change process in a structured and systematic way to the wider Public Service as changes within the Civil Service take effect.

DEEPENING THE SMI

Despite the progress to date within the Civil Service, the Group believe the SMI process has slowed down because it has encountered two particular difficulties:

- that of translating high-level objectives and strategy into day-to-day key activities through a management system that makes SMI part of the regular work of each Department; and
- the related issue of developing a coherent performance management system based on quality service to the customer/client at all levels, including the Government, and an effective approach to performance measurement.

The primary responsibility for overcoming these internal difficulties, in line with the SMI approach, rests with individual Secretaries and Heads of Offices, who should continue to deepen the process and to embed the strategic management approach within their individual organisation.

However, the Group believe that other tools are now necessary to assist Secretaries in this work. In particular, the Group consider it essential to provide an integrated performance management framework within which to devise and operate methods to deal with the two particular difficulties identified. This would include the development of Strategic Result Areas as proposed in Part I of this Report - Better Government for the People, so as to provide a strong strategic direction and focus for the work of both the Civil Service and the Public Service.

In addition, experience in public services in other countries and in innovative private sector organisations gives guidance in this context. To enable the approaches and methodologies only now being developed to be brought to bear on consideration of these issues, the Group believe the assistance of a consultancy firm with appropriate expertise to be necessary and recommend accordingly that the new Co-ordinating Group be mandated:

- to have this work undertaken, including the relevant consultancy; and
- to convey the results and best practice to Secretaries and Heads of Offices for implementation in their SMI processes.

PROCESSES FOR COMMUNICATION AND CONSULTATION

Earlier in the Report, the Group set out their view that meaningful change will be achieved only if a series of communication and consultation processes are put in place. The individual processes are now considered further below.

POLITICAL SUPPORT

By its nature, the process of change proposed in this Report is complex and long term. For this reason, it is essential that it be supported strongly by politicians of all parties over the longer term. In order to harness that support, it is important that the direction of the programme and the various component parts are set out clearly in advance and that there should be consultation when individual measures are being brought forward. A process of this nature can take place only at the highest political level and the Group believe that mechanisms to underpin this process, centering on regular consultation between the Government and the leaders of the various Opposition Parties, should be put in place immediately. In this regard also, the Group recommend that more extensive use be made of the Oireachtas Committee system to embed this consultation process and suggest that the Select Committee on Finance and General Affairs is an appropriate forum in which to consider and discuss the programme of change. The role of the Minister of State at the Departments of the Taoiseach, Finance and Transport, Energy and Communications in providing political leadership and direction for the process will be important in this context.

INTERACTION BETWEEN THE GOVERNMENT AND THE CIVIL SERVICE

It is vital that a high-level group be given specific responsibility for the validation of the change process and that it be required to report regularly on progress to the Government. The Group recommend that a body representative of the most senior levels in the public and private sectors be established with the following terms of reference:

- To oversee the implementation of the Government's programme of change for the Civil Service.
- To validate reviews of expenditure programmes as requested by the Government.
- To report regularly to Government on the progress of the change programme and the Strategic Management Initiative.

The Group recommend that the members of the new Group, which would replace the existing Co-ordinating Group, be drawn from the most senior positions in business, in the trade union movement, in the Civil Service and in the wider Public Service, and their number be not greater than sixteen. The new Group should continue to report to the Taoiseach and be chaired by the Secretary of the Department of the Taoiseach.

This new Group will be central to the success of the change programme now proposed by establishing its credibility, particularly in the eyes of the public, and in institutionalising it. The announcement of the formation of the Group and of its mandate should be a key element in the Government's announcement of the change programme.

An important and separate dimension of interaction between Ministers and those who advise them politically and the Civil Service is contact with the Programme Managers and Ministerial Advisers. The Group propose that representatives of the new Co-ordinating Group should meet on a regular basis with the Programme Managers and ministerial advisers to update them on developments and to hear their views on the progress of the change process.

CONSULTATION WITH THE PUBLIC

Quite apart from the involvement of the political and administrative systems, the Group believe it is vital to recognise the role of the Social Partners, of organisations representing the customers of the Public Service and of individual members of the public as customers themselves in bringing about the major improvements in service to the customer which are sought.

Provision for wide public consultation on the change programme will be made; initially through making available readily understood documentation and the holding of a number of public seminars at various locations throughout the country in the coming months to communicate its direction and scope and to discuss key issues arising.

Subsequently, a process to ensure continuing consultation with and feedback from the public will be put in place, including the carrying out of periodic customer surveys against which to benchmark improvements in service. This will be done as part of the Quality Service Initiative discussed in Part I of this Report – Better Government for the People, and will include not only surveys of the public and of client groups, but also research and consultation based on "informed judgements" of the level of service being provided, e.g. in the health and education sectors. It is envisaged that the change management consultants referred to elsewhere will play a role in developing this process.

LEADING THE CHANGE PROCESS IN THE CIVIL SERVICE: THE ROLE OF SECRETARIES AND HEADS OF OFFICES

Experience world-wide indicates that a vital element of any major process of change is the commitment and enthusiasm of those who lead the organisation. Wide involvement by Secretaries and Heads of Offices, therefore, will be critical to underpinning the implementation and internal co-ordination of the change programme through the Strategic Management Initiative. Strong commitment at this level is essential to ensure that Departments become more responsive to the external and internal environments and accordingly change their systems, processes and methods of operating.

To date, SMI has been led by a Co-ordinating Group of Secretaries drawn from nine Departments. In order to broaden and deepen the involvement throughout the Civil Service, the Co-ordinating Group recommend that Secretaries and Heads of Offices be given a lead role in developing detailed proposals in a number of key areas which it believes are essential to the successful implementation of the change programme. These are:

- Quality Customer Service
- Human Resource Management
- Financial Management Systems
- Open and Transparent Service Delivery
- Legislative Change
- Regulatory Reform
- Information Technology

The central participation of other senior management levels will also be critical to the success of this process, as will the development of structures to involve people at all levels of the Civil Service in the design and implementation of programmes of action on these key issues. Relevant outside expertise should also be availed of.

In order to provide a framework for this work, and recognising their valuable contribution to the present report, the Group recommend that quarterly meetings of all Secretaries and Heads of Offices be held to discuss key issues arising and to facilitate communication and consultation.

DEVELOPING THE CHANGE PROCESS THROUGH DIALOGUE AND CONSULTATION WITHIN THE CIVIL SERVICE

While effective leadership is a major ingredient in any change process, an equally important element is the active commitment and participation of people at all levels of the organisation.

Indeed, modern public and private sector organisations are increasingly finding that giving decision-making authority to the people who actually deliver the service is central to the delivery of better quality services.

The central aim of the change programme is the development of the Irish Civil Service as an organisation which gives real authority and responsibility to individuals to deliver results. In particular, the clear identification of objectives and the mobilising of resources, in support of these objectives should help to create an environment where it will be easier for people to do their job.

For this reason, it is important to put in place excellent structures for involving staff in the change process and for communicating effectively on the issues arising. The valuable experience and inputs of staff delivering services will be essential to the development and implementation of the many changes that are now envisaged. This applies not only to dealing with the issues arising in individual Departments, but also to designing the best ways of resolving issues which arise across Departments.

In order to lay the groundwork for this necessary co-operation, the Group recommend that the Irish Congress of Trade Unions and the Civil Service unions be fully consulted by being informed in advance of the purpose and direction of the change programme and by being involved in discussion on its implementation. Good structures for ensuring participation by the unions, for dialogue and for consultation, will be designed and agreed.

Consultation has commenced though the request for submissions from the trade union side which have been taken into account in formulating this change programme. The next steps will involve, respectively, the provision of information on the proposed changes and discussion following on the Government decision. This will be undertaken by the Co-ordinating Group in the context of the overall implementation of the change programme.

The Group wish to stress also the need within individual Departments for a partnership approach and the importance of beginning immediately a process of consultation and dialogue on the change programme which will result in all staff having an input at all levels of the Department. This process should be put in place now in each Department and Office in the context of the SMI process and should run in parallel with the central discussions with ICTU and Civil Service unions.

Mechanisms for involving staff at various levels in addressing issues arising across Departments also need to be designed. There has been some dialogue on the issues arising with the officers appointed in each Department to facilitate the SMI process. The Group recommend that this system be widened to involve the widest possible range of people in addressing the common issues arising in, and between, Departments in the SMI context.

The various communications and consultation mechanisms outlined above will have to be extended as the SMI and change process are rolled out to the wider Public Service.

COMMUNICATIONS

COMMUNICATIONS STRATEGY

In order to develop the proposed communication process within the Civil Service, the Group recommend that a professional approach be adopted, including the use of a consultants skilled in this area. This will include the production of the relevant literature, including a summary guide to the change programme for general circulation. It is important that the people who work in the Civil Service and the people to whom the Civil Service provides services know and understand what is being implemented and that the concerns and needs of both are adequately attended to by the change programme on an ongoing basis. A major improvement in public perception of the service delivered is fundamental. Good two-way communication can help secure this improvement.

CORPORATE IDENTITY

The Group recommend the development and management of a corporate identity for the Civil and the Public Service in order to reinforce the change programme.

Corporate identity is not just concerned with symbols and logos. It is also concerned with reinforcing, internally and externally, the message that an organisation wishes to get across to its staff and its clients, especially when significant or radical changes are underway. There is, therefore, a need in the context of the very extensive changes now being proposed that a corporate identity management programme be established to ensure that identity issues are taken into account and are managed to best effect in reinforcing and advancing the change process.

In the context of promoting a greater sense of common purpose and more productive co-operation among Departments and agencies generally, it is important to develop and project an image of a coherent, unified Public Service. This is important also in portraying a sense of openness and service to citizens. An organisation that is not visible and clearly identifiable in the public's mind will not be seen by it as open, service-conscious and answerable for its actions. There is also the need to ensure that identity changes are geared towards strengthening the role of the Civil and the Public Service in promoting national identity, culture and language in order to ensure continued emphasis on these issues in the drive towards increased efficiency. A managed programme of identity change offers the Civil Service, in particular, the opportunity to overcome existing weaknesses in this area and to add to it the same strategic focus which will underpin the rest of its work.

The Group recommend, therefore, that as part of the programme of communications, a new or more visible corporate identity for the Civil and the

Public Service be developed, and that an appropriate professionally formulated identity management programme be put in place. Specific initiatives should also be developed to reinforce the corporate identity. This will require expert assistance from an appropriate consultant.

CONSULTANCY

There have been a number of references in this Report to the need for extensive, high-level expertise in relation to the next stage of implementation. In particular, expertise is required in the following areas:

- performance management, including performance-related pay;
- design and implementation of the communications strategy for the Initiative, and, in particular, consultation with Civil Servants at all levels.
- the development of a corporate identity for the Civil and Public Service.

The Group recommend, accordingly, that the necessary expertise be engaged and that the costs be met from the Votes of the Departments of the Taoiseach and Finance.

CONCLUSION

In this Report, the Co-ordinating Group of Secretaries have reviewed the existing systems for making decisions, allocating responsibility and ensuring accountability in the Civil Service, and have brought forward proposals for an integrated programme of modernisation and change, having as its central aim the delivery of quality services to the public.

The recommendations of the Group are designed to provide an integrated framework as the basis for those excellent quality public services, delivered in an open and transparent way. Major changes in the structures of management are recommended, together with new approaches in relation to the human resources and financial management systems. Recommendations are also made regarding structures for implementation.

Successful implementation of the recommendations in this Report will require sustained commitment from Government, from the Civil and the Public Service at all levels, and from the general public.

The Group believe that the adoption of this radical programme of change will result in an Irish Public Service geared to the achievement of the goals and objectives of Ireland and will strengthen and deepen the relationship between Government and the citizen.

APPENDICES

APPENDIX A

List of Submissions received on the Strategic Management Initiative

Association of Assistant Secretaries and Higher Grades

Association of Higher Civil Servants

The Chambers of Commerce of Ireland

Civil Service General Council Staff Panel

Civil Service Women Managers' Network

Combat Poverty Agency

Comhdháil Naisiunta na Gaeilge

Construction Industry Federation of Ireland

Director of Consumer Affairs

Disability Federation of Ireland

Edward Delany and Associates

IMPACT: Professional Accountants in the Civil Service

Institute of Public Administration

The Irish National Organisation of the Unemployed

National Council for the Elderly

University of Limerick

APPENDIX B

List of Working Groups of Assistant Secretaries on Cross-Departmental Issues

Child Care

Competitiveness

Environmental Issues

List of Papers prepared by Study Groups in the Department of Finance

Administrative Budgets

Financial Management

Ministers and Secretaries Act

Openness and Transparency in Government

Personnel Management

Public Expenditure

Quality and Delivery of Services

Regulatory Reform

Report of the M.Sc. Class of Assistant Secretaries, 1993/94

Strategic Management in the Irish Civil Service: A Review Drawing on Experience in New Zealand and Australia.