

Implementation of Public Service Reform

1. Introduction

A key Government priority is to achieve significant and sustained Public Service Reform and the Minister for Public Expenditure and Reform is working with Ministerial colleagues to ensure that timely progress is made on the Government's plans in this regard. The role of the Minister and his Department is to enable, support and drive an integrated and collaborative approach to reform across all sectors of the Public Service, having regard to the ambitious commitments in this regard in the Programme for Government, the ongoing Comprehensive Review of Expenditure (CRE) and implementation of the Croke Park Agreement.

This paper follows on from the Preliminary Draft Implementation Plan on Public Service Reform which was presented to the Cabinet Committee on Public Service Reform at its first meeting on 13th July, 2011. It was agreed at that meeting that a more 'action-based' and prioritised Implementation Plan should be submitted to the Cabinet Committee at its next meeting in late October, and work in continuing in this regard. It is also intended that Memoranda for Government on specific elements of the reform programme will be submitted as necessary over the coming weeks and months.

This paper, which has been developed as part of the Comprehensive Review of Expenditure, sets out the key issues involved in the Public Service Reform programme, addressing the:

- Strategic context;
- Vision for a new Public Service;
- Savings from reform;
- Key themes of the reform programme;
- Critical success factors;
- Implementation and delivery;
- Next steps.

2. Strategic context

The challenging fiscal position means that far-reaching reform of the Public Service is essential to ensure that it is leaner, more efficient, better integrated and delivering maximum value for money. Reform is required to ensure that services can continue to be delivered (and in an improved manner where possible) in the context of the significant and accelerated reduction in Public Service numbers which is required as part of the programme to return the public finances to a sustainable position.

Notwithstanding these pressures, there was already a compelling case for reform as citizens and businesses expect a modern Public Service to continually improve and deliver services faster, better and more cost effectively. The current imperative for reform is an opportunity to make a real and lasting change to the structures and processes of government. It supports the argument that standing still is not an option and, in many ways, provides a climate in

which public servants can radically re-position themselves to build Ireland's Public Service into a genuine advantage in an ever more competitive and complex international environment.

The Programme for Government sets out the most ambitious programme of Public Service Reform since the foundation of the State. It is planned that this will take place in tandem with an equally ambitious programme of constitutional, political and institutional reform. Overall, there will be a fundamental change in democratic and public governance; and a dramatic change in the cost efficiency and methods of delivery of public services.

3. Vision for a new Public Service

The overall objective of the Government's Public Service Reform programme is to deliver a Public Service that is leaner, more productive and focused on achieving the best outcomes for the citizen; in short a Public Service that does "better for less". To achieve this, particularly in the context of reduced resources and staff numbers, the Public Service will need to be reorganised, and public bodies and individual public servants will have to increase their flexibility and mobility to work together across sectoral, organisational and professional boundaries.

In addition to structural change, rationalisation and reorganisation, there must also be a strong focus on the Public Service's greatest asset, its people, and on empowering them to increase skill levels, through training and increased mobility, to meet the challenges of the future, as well as facilitating their input into the change programme.

The Government's vision is of a unified and integrated Public Service that:

- has the flexibility, capacity and capability to respond to current and future challenges in an ever-changing economic and business environment;
- does "better for less", providing real value-for-money for the Irish taxpayer by maximising efficiency and eliminating waste; and
- is focused on improving organisational and individual performance, with a real commitment to excellence in administration and service delivery.

4. Savings from reform

As already identified, Public Service reform is essential to enable the Public Service to continue to deliver key services, notwithstanding the significant and ongoing reduction in Public Service numbers. In line with the Programme for Government, there will be a further reduction of 18,000-21,000 by the end of 2014 (compared to the number at end 2010) and by a further 4,000 by the end of 2015.

The reform programme also has the potential to improve efficiency and achieve savings in certain areas, as well as improving service delivery, accountability and openness in

government. It should be noted that many of the reform projects will take time to implement and that there is a need for prioritisation, and that some also require an ‘invest to save’ approach e.g. shared services, eGovernment projects.

A number of the key themes from the reform programme identified in this paper (see Section 5) focus on improving many of the back office systems and processes in the Public Service. In doing this, there will be an efficiency yield as well as acting as an enabler for other, more direct initiatives associated with improved delivery and reduced expenditure. These enablers include better financial management, improved organisational performance, more effective and accountable planning and reporting mechanisms, and better integrated ICT systems. Improving management capacity and leadership through the Senior Public Service and individual performance levels through enhanced performance management will also serve to provide the Public Service with a sound basis for progress.

The reduction in Public Service numbers will have obvious implications for Public Service reform. On the expenditure side, it will reduce costs significantly, but it will also necessitate (or, more positively, drive) reform across the Public Service. In this context, the effective implementation of the redeployment arrangements in the Croke Park Agreement will be crucial to the success of the reform initiative. This will allow increasingly limited staff resources to be directed to the areas of most strategic importance. At the same time, the envisaged re-engineering of structures, systems and services will mean that the Public Service will be able to continue to deliver key services with reduced numbers and, in some cases, will lead to improved service provision.

Other areas where cost savings can more directly be achieved include the following:

- *Procurement reform* – procurement accounts for almost one-third of Government spending and is therefore a key target for cost savings. Better procurement practices, improved procurement skills and the use of shared frameworks will provide greater economies of scale and reduce expenditure. This will necessitate improved financial management practice and performance data to inform better decision making.
- *Property asset management* – rationalisation and effective management of the State’s property portfolio, done in a strategic and integrated manner, will allow the Public Service to maximize value-for-money from its ‘footprint’. This will require a cross-sectoral approach and may involve the disposal of property assets not being used efficiently (and the non-renewal of leases etc), thus achieving cost savings and possibly additional income streams for the State.
- *Shared services* – the increased use of shared services in all sectors, in the areas of payroll, HR, pensions, financial management, etc. will mean that fewer staff and financial resources are required to perform those business functions as duplication is eliminated. In addition, the effective use of shared services can mean lower investment costs, economies of scale, improved performance measurement and improved customer service, not to mention freeing up organisations to focus on their core business activities. There is also potential for savings by targeting duplication across various

public bodies in customer facing areas such as payments, entitlements, inspections etc, although there are complex issues involved. The prioritisation point which was referenced earlier in this paper is particularly important in terms of shared services projects.

- *eGovernment and ICTs* – the innovative use of ICTs across the Public Service will improve service delivery and reduce costs, particularly when combined with business process improvement. In particular, the provision of services electronically, for both general public and business customers, and their subsequent take-up can dramatically reduce the Public Service footprint and service provision costs.
- *Business process improvement* – the analysis and improvement of business processes will be important to reduce the human and other resources required by organisations to undertake certain functions and provide services. The Department of Public Expenditure and Reform will lead the promotion of business process improvement techniques and their strategic application to re-engineer systems and structures that have become inefficient and ineffective.
- *External service delivery* – where appropriate, and in line with the provisions of the Croke Park Agreement, options for the provision of non-core services through third-party channels (either other public organisations or the private sector) should be considered by all public bodies. Innovative use of alternative service delivery channels can achieve greater efficiencies through economies of scale and access to large-scale process and technical expertise, as well as allowing public bodies to focus on the core aspects of their business.
- *Rationalisation / reorganisation* – the assessment and reorganisation of Public Service organisations to better meet their business and customer needs has the potential to yield cost efficiencies, including where unnecessary resource use is eliminated, and this is a key focus of the CRE.

In addition, the commitment in the Programme for Government to put resources into the hands of citizens to acquire services that are tailored to better suit their needs, and less expensive for the taxpayer, will be advanced by the relevant public bodies.

In relation to the implementation of the reforms outlined above and elsewhere in this paper, prioritisation and sequencing will be particularly important as not all of the projects can (or should) be taken on at the same time, and many of the project areas are interdependent. In addition, it should again be noted that many of these projects will take some time to deliver benefits and that investment is required in some cases in order to deliver savings over time ('spend to save').

5. Key themes of the Reform programme

In previous reform initiatives, there was a strong focus on policy, but there must be an equally strong focus on delivery. Setting key themes for priority action will assist in focusing attention on delivering on those specific issues that are of particular and prioritised importance to effective reform across the Public Service.

There are 14 main themes in the draft Implementation Plan on Reform:

1. Implementation
2. eGovernment / ICT and Customer Service
3. Shared Services
4. Business Process Improvement
5. Procurement Reform
6. Property Asset Management
7. External Service Delivery
8. Rationalisation / Reorganisation
9. Financial Management
10. Organisational Performance
11. Leadership / Individual Performance
12. Redeployment
13. Public Service Numbers
14. Legislative and Political Reform

Some of the main elements under these 14 key themes are summarised in Appendix 1 and are set out in more detail in the aforementioned Preliminary Draft Implementation Plan that was considered by the Cabinet Committee on Public Service Reform in July. A revised 'action based' and prioritised Implementation Plan will be submitted to the Cabinet Committee for its meeting in late October.

6. Critical Success Factors

The planned reform programme is very ambitious in terms of effecting changes in hundreds of diverse organisations with 300,000 plus employees. In order for the recommendations set out in this document to be implemented successfully, there are a number of critical success factors.

a. Robust delivery capability

In previous reform initiatives, there was a strong focus on policy and planning, and while this is still required, there needs to be a fresh focus on implementation and delivery of reform. There is a need to move from policy to delivery, and a corresponding need to ensure that the Public Service has the required delivery capability to meet the reform challenge. This should include ensuring that necessary skill-sets (e.g. project management, policy analysis etc.) are available.

b. Top-level commitment

To ensure the implementation of these recommendations, all concerned must be truly committed to the task at hand and Ministerial and senior official support for the planned actions will be essential. Clear ownership is required in each sector and organisation for all stages of the reform programme in order to drive its implementation.

c. Investment in change

As already acknowledged, while this reform plan can deliver savings, it will also be necessary to allocate resources for certain actions in order to make sustainable savings for the future. Detailed budgets will have to be prepared in relation to planned projects (e.g. shared services). It will be necessary that they are resourced sufficiently, both in funding and staff numbers required, in order to achieve their objectives.

d. Good communication

A key element of the reform programme is ensuring the effective communication of the purpose and key elements of the programme, both to the general public and business community, as well as to public servants at all levels and their representatives. A comprehensive communications programme, which will include both central and sectoral elements, will be vital in achieving buy-in from staff and the public, as well as keeping the public informed of developments. It is critically important that there is clear ongoing communication with front-line staff.

7. Implementation and Delivery

The reform programme is closely linked with the Croke Park Agreement and the Comprehensive Review of Expenditure (CRE). The Croke Park Agreement is a key enabler of the overall reform programme – its sets out the ‘how’ of many of the changes which are required from public servants at all levels. The Comprehensive Review of Expenditure process will lead to decisions by Government on its overall priorities which will determine what public bodies have to do, and how they do it.

As already referenced, the Department of Public Expenditure and Reform is preparing an action-based Public Service Reform Implementation Plan for the consideration of the Cabinet Committee in October. This will be the basis for Public Service reform plans in individual Departments/Offices. These individual plans will be integrated with the actions emerging from the CRE process (where relevant) and the Public Service Agreement, as well as organisation / sector specific reform, so as to have one overall high level reform plan on which the entire organisation is focused.

The Department of Public Expenditure has already engaged with all Departments / Offices to determine the priorities and challenges in relation to reform and the need for prioritisation of specific issues / initiatives in certain cases. It is intended that a lead official with responsibility for delivery of the various specific actions (of the implementation plan) will be determined.

8. Next steps

In advance of the next meeting of the Cabinet Committee on Public Service Reform in late October, the Department of Public Expenditure and Reform will now focus on a number of key actions as follows:

- Establishing the Reform and Delivery Office to include staff from the Department itself and the Civil and wider Public Service, and also the private sector where appropriate. This will include the appointment of a Programme Director (TLAC interviews will take place shortly), a lead official on shared services and others as necessary;
- Confirming the ‘local level’ arrangements for driving reform within Departments / Offices, and provision of a two-day training programme to support the work of the relevant senior officials;
- Developing a light proposed governance structure to support the delivery of reform across the Public Service;
- Developing an ‘action based’ and prioritised overall Implementation Plan on Public Service Reform for submission to the Cabinet Committee (including more detail on cross-cutting initiatives such as shared services, public procurement, and external service delivery);
- Continuing work on priority elements of the reform programme set out in the Implementation Plan. This will include the submission of Memoranda to Government on specific key reform-related issues;
- Working with Departments / Offices so that they can draft a single integrated high-level reform plan for their Department / Office / sector that combines reform initiatives from (i) the Overall Implementation Plan on Public Service Reform, (ii) the Comprehensive Review of Expenditure (where relevant) and (iii) the Public Service Agreement, as well as (iv) Department / Office / sector specific reform initiatives. These high-level plans could then be finalised as the outcome of the CRE becomes clear;
- Providing a simple common template for the high-level reform plan to ensure alignment across Departments / Offices / sectors (associated with this is the need to ensure that reporting on reform is streamlined to the maximum extent possible); and
- Establishing baseline performance data measures to support the realisation of benefits through delivering reform;

Appendix 1 – Summary of Key Public Service Reform Themes

1. Implementation

A new Reform and Delivery Office within the Department of Public Expenditure and Reform will be responsible for driving and monitoring progress on the implementation of the reform agenda. A Programme Director for the Reform and Delivery Office will be appointed shortly and lead officials will be made responsible for specific aspects of the plan including shared services, business process improvement, etc.

The Cabinet Committee on Public Service Reform will meet on a regular basis and will focus on overall progress and prioritisation of actions set out in the reform programme. It is envisaged that an Oversight Committee and other appropriate governance mechanisms will be established to drive forward work on the reform agenda and support the work of the Cabinet Committee.

A comprehensive communications strategy will also be developed to ensure effective communication of the purpose and key elements of the reform programme, both to the general public and business community, as well as to public servants at all levels and their representatives. It is critically important that there is clear ongoing communication with front-line staff.

2. eGovernment / ICT and Customer Service

While the Irish public service has achieved significant progress in eGovernment in recent years, with over 300 informational and transactional services now available through www.gov.ie, more can be done. eGovernment is a central part of the reform agenda as ICT needs to be used effectively to better deliver services and provide information in a more cost effective manner, including through online services, data sharing and enhancing cross-government capabilities. In this context, the Centre for Management and Organisation Development (CMOD) is developing a new eGovernment strategy, which will drive the Government's plans for greater use of online and integrated services as well as improving customer service. This will include actions such as developing new systems and the Public Services Card for customer identity and authentication, greater data sharing, electronic publication of public service data, greater use of GIS technologies, exploiting the 'apps' market, enhancing take-up of existing online services and collaboration facilities. Once completed, all public bodies will be required to develop and revise their eGovernment Plans in accordance with this Strategy.

CMOD is exploring the potential for Cloud Computing within the Public Service. In this respect, it is conducting trials with a number of ICT companies. Thereafter, it will develop a strategy for the exploitation of Cloud Computing provision and develop appropriate market exercises in this regard. The Strategy and procurement exercises will aim to reduce capital expenditure requirements, standardise approaches, achieve cost reduction, value for money, and reductions in ICT staffing requirements through aggregation, sharing and economies of scale.

The citizen must be at the centre of all service design and delivery. The commitment in the Programme for Government to put resources into the hands of citizens to acquire services that are tailored to better suit their needs, and less expensive for the taxpayer, will be advanced by the relevant public bodies.

3. Shared Services

The greater use of shared services will be promoted in all sectors of the Public Service in internal areas such as payroll, financial management, pensions, HR, etc. and also by examining external areas such as payments and entitlements, and inspections. The aim will be to rationalise core processes and structures that are duplicated across the Public Service by establishing shared operations.

It is not possible to take on shared services projects in every area (HR, payroll, pensions etc) and in every sector simultaneously so prioritisation is particularly important in this context. A Head of Shared Services will be appointed within the Department of Public Expenditure and Reform to work collaboratively with sectoral leaders to deliver a prioritised and sequenced implementation plan and will provide regular progress reports to the Cabinet Committee.

4. Business Process Improvement

A business process improvement initiative, led by the Department of Public Expenditure and Reform, will be promoted across the Public Service to drive reform by improving key business processes to make them more efficient, effective and integrated, with a particular focus on customer facing processes. This will be targeted at delivering sustained efficiency improvements in agreed priority areas with support being provided to organisations for specific process improvement initiatives.

5. Procurement Reform

The Public Service is the largest purchaser of goods and services in the State and it is essential that value for money is achieved in this regard. There is a need to drive better value procurement arrangements through increased use of common frameworks, increased professionalism in procurement and innovative use of technology.

Progress is being made in this area by the National Procurement Service (NPS), particularly in terms of developing centralised contracts for commonly used goods and services and professionalising the overall approach to procurement. The buying of products and services in this way results in savings and better value for money due to economies of scale.

6. Property Asset Management

Cost effective management of Public Service property assets will play a crucial role in meeting Public Service needs as well as supporting change in workplace practices and generating savings in expenditure. It is, therefore, important to deliver value through efficient property management and deliver a smaller physical footprint that will meet the needs of a reformed Public Service.

In this context, there is a need to take a whole of government perspective to assess and make recommendations on how best to manage Public Service property going forward, to ensure that optimal value for money is achieved.

7. External Service Delivery

Proposals for external service delivery have arisen in recent years in a number of different contexts, including the Report of the Special Group on Public Service Numbers and Expenditure and the Comprehensive Review of Expenditure process.

The use of external service delivery in appropriate circumstances should be considered and should focus not only on what services the Public Service should deliver but also how they are to be delivered. Consideration of delivery options will be done on a case-by-case basis and in line with the relevant provisions of the Croke Park Agreement. Public Service organisations need to consider the possible use of alternative delivery methods in delivering non-core services in a cost-effective and flexible manner.

8. Rationalisation / Reorganisation

The rationalisation of Public Service organisations and Bodies will continue and further rationalisation and re-configuration of Public Service organisations will be made on foot of the findings of the CRE. Rationalisation will be driven in all sectors and a new State Agency Rationalisation Programme should be developed incorporating timescales in order to deliver streamlined services and improved value for money. For example, the planned rationalisation of VECs will also be a priority for the rationalisation process.

9. Financial Management

Financial management and the use of financial data will be improved across the entire Public Service. Performance budgeting, which integrates output and impact information within the annual Estimates of Expenditure thus heightening the focus upon the performance dimension of budgetary management, will be rolled out to most Departments following a pilot of the system for this year's Estimates. A range of other initiatives to improve financial management will be implemented as set out in the Programme for Government.

10. Organisational Performance

The new approach to performance budgeting (outlined above) will feed into new, audited Public Service Delivery Reports. This approach will facilitate greater scrutiny of performance by the Oireachtas and the citizen. In addition, Statements of Strategy, sectional business plans and individual PMDS will be linked to reflect strategic objectives and the Estimates of Expenditure. Improved reporting mechanisms will be introduced, based around performance indicators and identified objectives and performance and progress will be published in new, audited Public Service Delivery reports. In addition, building on the experience of HealthStat in the Health Sector, a wider approach (e.g. GovStat) to measuring and reporting performance in other areas of the Public Service will be developed.

Further measures under this heading include the introduction of new political and administrative accountability arrangements in line with the Programme for Government, as well as new arrangements for managing the performance and governance of State Agencies.

11. Leadership / Individual Performance

In order to improve capacity and capability across the Public Service at all levels, there needs to be a renewed focus on leadership. The Senior Public Service (SPS) has been established, initially in the Civil Service, to promote a more integrated Public Service and to strengthen senior management and leadership capacity, by ensuring greater mobility and opportunities for development at senior levels. It is envisaged that it will be extended to the wider Public Service in due course. Individual performance management systems will be strengthened as they will be extended across the Public Service.

12. Redeployment

It is crucial that effective and flexible redeployment arrangements are in place in line with the Croke Park Agreement, including resource panels operated by the Public Appointments Service which ensure that surplus staff are utilised to fill priority needs. More generally, greater mobility of public servants will facilitate rationalisation and support the move to greater use of shared services approaches and increased online service delivery. Steps will also be taken to remove barriers to mobility across sectors in support of redeployment.

13. Public Service Numbers

The number of public servants has been reduced by more than 5,000 in the last year and in excess of 16,400 since the end of 2008. In line with the Programme for Government, there will be a further reduction of 18,000-21,000 by the end of 2014 (compared to the number at end 2010) and by a further 4,000 by the end of 2015. This process will be managed through revised Employment Control Frameworks and targeted exit mechanisms where considered appropriate.

14. Legislative and Political Reform

The basis for reform will be underpinned by appropriate legislative provisions to ‘hardwire’ the reform programme. This will include amendment of the Ministers and Secretaries Acts and the Public Service Management Act to make provision for the introduction of new political and administrative accountability arrangements, as well as legislation in areas such as the extension of Freedom of Information, lobbyists, whistleblowing etc.