Public Service Reform in Ireland

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The views expressed are those of the author
PUBLIC SERVICE REFORM

“Civil Servants stifle Initiative”- Irish Independent, 23/9/05
“Pampered public sector is bad for the economy” – Irish Times, 6/10/05
“The most senior bureaucracy is only for the brave”, A. Wildavsky.

This paper seeks to outline the main elements of the public service modernisation effort which has been pursued in Ireland over the past decade, to situate it in the context of international trends in public service reform, and to make some comments about the issues to be faced in the continuing pursuit of higher performance and greater efficiency.

The public sector is a wider concept than the public service: it includes the commercial State-owned bodies. There has been significant change in the ownership status, structure and focus of many State companies over recent years, and that process continues. However, in line with Government policy, the nature of direction of change is firmly grounded in the particular circumstances of each company and its evolving market conditions. While a number of general themes – market liberalisation, questions of access to capital – are evident, and some structural changes in ownership – employee share ownership trusts with a minority stake – are common, this paper focuses on the non-commercial public service, where the nature and direction of change are more directly matters of public policy. The primary focus will be on change in the civil service, as a proxy for the wider public system.

The Scale of Change
Change within public service organisations, whatever about its consequences for service delivery, is largely hidden from public view. However, over time, the scale of the organisational and cultural change can be very significant. For example, I joined a Civil Service in the 1970s, which paid men and women different rates, which required women to resign on marriage, which was still preparing for entry into the "Common Market", which was concerned about how to react to the eruption of "the Troubles" in Northern Ireland, which was serving a population in which the first generation to benefit from free post-primary education was still at school, which operated in a tightly defined and largely homogenous cultural context and in which the most sensational media stories tended to reflect only the more risqué elements of the Late Late Show. It was a time when, as one commentator has observed "the popular image of the Irish Civil Servant (was) rather of a lowly clerk, a cheap-suited, Fáinne-wearing blunderer, or a cold-eyed spinster with a rosary, a sharp tongue and a well-worn pair of knitting needles".¹ It was widely perceived, as a career, to be worthy but dull, earning its keep on the basis that most people, including Ministers, believed that, in the words of a former Department Secretary, "the best way to get results was to allow an old and well-tried machine to function efficiently".² Communication was mainly written, generally redrafted and then corrected and finally transmitted to its intended recipient, frequently located in the next room. Interaction with the outside world was limited and approached with caution. The sense of internal hierarchy was pervasive - I never once saw the Secretary of my first Department.

At that time it would have been impossible to conceive that the Irish economy would develop to the point where the IMF would say, as it did earlier this year that: “Ireland’s economic performance over the past decade or so has been enviable despite substantial global shocks. If Ireland manages its transition to slower growth well – and early indications are that some of the necessary adjustments are already taking place – it should be able to retain its status as one of the EU’s fastest-growing economies for the foreseeable future.” Even more extraordinary would have been the idea that the Danish Business Organisation would organise a conference, as it did recently, to study Ireland’s performance as a small open economy, as one of the winners of globalisation!
Indeed much has changed across Irish society over the past thirty years. We are definitely now a more prosperous, pluralist, outward-looking, sophisticated, information-laden, critical and busy population. All of our institutions have come under pressure and have undergone change, often transforming change, over that period. We have become a post-modern society, with significant scepticism about authority in all its forms, traditional, political, or technical.

On the positive, we have gone from being a relatively obscure supplier of labour to the English-speaking world with an international outlook shaped heavily, if not solely, by the problematic aspects of relations with our nearest neighbours, to a confident player on the European and world stages, with a demonstrated capacity for effective political, diplomatic, business and administrative engagement at the highest levels. We have telescoped into a short period of years a radical process of catching up economically and, to a degree, socially with the rest of Western Europe. We have done so with remarkably little social conflict and a significant degree of cohesion and solidarity. If we have lost something of value in more traditional ways and mores, we have gained confidence and capacity across a wide range of headings.

Many ingredients have gone into the mix which produced this outcome. Leadership has been shown to an extraordinary degree across diverse ranges of Irish society. Significant effort, commitment and self-sacrifice have underpinned much of this transformation. I don't want to make any extravagant claim for the role of the public service in all of this. But I do assert that it has played a significant role, alongside other institutions of Irish society.

Process of Change
The importance of public service modernization is not a recent discovery. Even back in the 1970s, the civil service was animated by the need for, and the process of change. The Bible was the Devlin Report, of the Public Services Organisation Review Group, which had concluded that a major problem was the concern with the minutiae of day-to-day administration at the expense of strategic thinking about long-term issues.

The programme of modernisation of the civil service today is grounded in the report Delivering Better Government, published 10 years ago, which was based on the need for civil servants to do a number of things better

- to support the Government in achieving its objectives in relation to national development;
- to make more effective use of resources;
- to provide a high quality service to all of our customers.

Over the last number of years, the Strategic Management Initiative has provided the framework for the building blocks to achieve these objectives. In doing so, it has supported the vision for the Civil Service set out in Delivering Better Government:

- 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 the 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 practices;
• 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;
• that must be competitive by reference to international comparisons and benchmarks.

The agenda of change has been wide and deep. We have had legislative change to underpin responsibility and accountability in the Civil Service. Published statements of strategy and annual reports have complemented new avenues of accountability through (i) Freedom of Information legislation and (ii) the compellability of witnesses to attend an energised system of Parliamentary Committees.

Other significant developments have included:
• Introduction of the Quality Customer Service Initiative and Customer Charters for Government Departments and Offices;

• Introduction of the Performance Management and Development (PMDS) system for all civil servants;

• Roll-out of better financial systems as part of the Management Information Framework (MIF);

• More competitive promotions and more cross-departmental mobility of staff;

• The Public Service Management (Recruitment and Appointments) Act has been enacted. This modernises the recruitment system for the Civil Service.

• The Civil Service Regulation (Amendment) Act has been enacted. This will devolve functions in relation to appointments, performance, discipline and dismissal to more appropriate levels.

• The Code of Standards and Behaviour was published in September 2004. It sets standards for service delivery, behaviour at work and integrity for staff in the Civil Service.

• Open Recruitment - Last year, for the first time, the Civil Service recruited a number of staff by open competition for the Higher Executive Officer and Assistant Principal grades.

• An evaluation of the Performance Management & Development System (PMDS) for staff has been completed and, following negotiations with the unions, systems have been developed to ensure that HR systems are more closely related to performance management and development systems in the future.

• A White Paper on Better Regulation, Regulating Better, setting out the principles to inform the Government’s approach to regulatory policy was published in January, 2004. A key element of this process was the use of regulatory impact analysis in
Departments. In July of this year a Report on the Introduction of Regulatory Impact Analysis was published, along with Guidelines on Consultation for Public Sector Bodies.

- The introduction of the Management Information Framework in Departments and Offices to provide better and more timely financial and management information.
- The Expenditure Review Initiative has been strengthened as a tool to scrutinise spending programmes and their effectiveness.
- Multi-annual capital budgets have been agreed to allow Departments greater flexibility in managing resources.

A similar strategic approach to reform was undertaken in other parts of the public service. For example, Better Local Government - A Programme for Change published in December 1996 set out a programme for the future development of local authority services. Central to this programme is the optimum usage of resources through increased emphasis on corporate planning. A number of initiatives have been, or are currently being, undertaken in support of better customer service and increased efficiency in the use of resources. These initiatives are mutually supportive and will lead to improved financial management in local authorities in the future based on value for money and modern accounting principles.

A significant amount of progress on service provision and customer focus has been made this year. In June, the Department of the Environment, Heritage and Local Government published its report on Service Indicators in Local Authorities - 2004. This report from the Local Government Management Services Board sets out and analyses key services provided by local authorities.

A similar strategic approach saw significant changes in, for example, the defence forces where, in line with the terms of the White Paper on Defence, a reduction in numbers and a retrenchment of locations facilitated investment in better equipment, producing a more effective and efficient military capacity. In the health services, the requirements of more effective management, within the framework of the SMI goals, required a radical restructuring of organisation and management accountability so as to better align structure and function in the management and delivery of a sophisticated and efficient health system.

As to what has been achieved as a result of all of this effort and change, one can certainly point to a more focused and professional management system across the public service. Human resource and financial management are supported by effective information systems, such that independent evaluation concluded that “the civil service today is better managed and more effective than it was a decade ago”. The reform process laid particular emphasis on the generation of better financial and performance data, published in annual reports and otherwise. The development of appropriate performance indicators to capture the effectiveness and efficiency of public sector organisations relative to their mission and goals is a complex matter, to which I return below.

There has been progressive development of better measurement arising from more effective information systems. For example the service indicators for local authorities published last year provide significant comparative data on performance of key functions of the local authority system.

Given the range and complexity of the Irish public service it is difficult to do more than cite some examples of the pace and direction of change which has occurred. For example, within
the Justice sector, the development of new governance structures for both the prisons and the
courts have facilitated very substantial progress. An indicator of this is the radical change in
the management of the prison workforce, replacing unacceptable levels of overtime with a
new annualised hours system, producing substantial recurring savings and a more stable
budgetary environment. The Courts Service produced a more efficient approach to the
management of court facilities, closing unproductive court venues and concentrating
resources on a programme of refurbishment and modernisation.

A second notable example is that of the Revenue Commissioners. Revenue identified its core
business goal as promoting, maintaining and managing taxpayer compliance. That goal is
driven by two complementary strategies – providing easily accessible, top quality services to
encourage voluntary compliance and delivering a robust, well targeted response to fraud and
evasion.

Revenue dismantled the separate and distinct administrative structures dealing with direct and
indirect taxes to develop a completely new organisation, built around a holistic, integrated
vision of the customer. The established structures in Revenue were there since before the
foundation of the State, they were underpinned by distinct pay and grading structures and
separate organisational cultures.

Revenue can now handle most customer transactions, whether related to income tax, VAT,
Customs, Excise etc at a single office. Integrated IT systems and payment offsetting means
customers are able to have their tax affairs dealt with in a consolidated manner. This reduces
costs for both the customer and for Revenue. On the harder edge, the targeting of cases for
audit and investigation is being progressively refined through integrating information into
new sophisticated risk assessment tools. Not only does this help Revenue catch fraudsters,
improved targeting also means less disruption to compliant businesses by Revenue’s audits
and inspections.

The integration of grading streams provides for full flexibility of deployment of staff to meet
the business needs of the organisation. The success of Revenue’s electronic service delivery
channels means that Revenue can now use that flexibility to drive very ambitious targets for a
shift of resources from administrative tasks to compliance and enforcement activity.

The bottom line is that:

- tax and duty yield continues to grow – gross collection is now four times the 1990
figure (including a service/compliance dividend)
- tax arrears are at an all time low and amongst the best internationally
- special investigations have yielded over €2 billion to the Exchequer in recent years –
over €1 billion of that in the last 18 months
- while the customer and business base has increased by over 10% annually in most
areas over the past four years.

All of this has been managed against a background of broadly static resources – signifying
the efficiency gains Revenue has made.

Further examples may be found in the restructuring of the Department of Agriculture and
Food. As a result of the development of its information systems and the restructuring of
work units, the Department was able to build on its record of unqualified audit opinions in
respect of European Feoga Guarantee payments so that Ireland became the first country to opt
for full decoupling of farm payments. This has been introduced smoothly and will give rise
to significant administrative savings. Another dimension of effectiveness as a result of
change has been the significant success of better-equipped Irish army peacekeepers in significantly challenging situations in East Timor, Kosovo and Liberia.

**Reform as an International Reality**

The changes which have been taking place in the Irish public service have counterparts in public administration right across the world. Close to home, the reform agenda for the Northern Ireland civil service, “Fit for Purpose”, published last year, seeks to blend the traditional public sector values of integrity, honesty, impartiality and objectivity with a stronger focus on service delivery, underpinned by improvements in efficiency, professionalism, strategic leadership and flexibility.

The impetus for change came from the social, economic and technological developments in the latter half of the 20th century. While in many countries fiscal stress provided the trigger for reform, the underlying pressures for change came from the fact that governments were increasingly out of step with a changing society which had new and different expectations.

Government has a larger role in the societies of OECD countries than two decades ago. But the nature of the public policy problems and the methods to deal with them are still undergoing deep change. Governments are moving away from the direct provision of services towards a greater role for private and non-profit entities and increased regulation of markets. Governments’ regulatory reach is also extending into new socio-economic areas.

In the past 20 years, governments have made major changes to the way they manage the public sector. Most OECD public administrations have become more efficient, more transparent and customer oriented, more flexible, and more focused on performance. However, public administrative arrangements are inextricably linked to fundamental institutions of public governance.

**Open government:** Across OECD member countries, governments are becoming more open and more transparent, accessible and consultative. This phenomenon has found expression through new legislation and institutions and a wide array of policy measures. Today 90% of OECD countries have a Freedom of Information Act and an Ombudsman office and over 50% have customer service standards.

Currently, a major challenge for OECD countries in the face of the threat from terrorism is to preserve government openness while ensuring national security and effective law enforcement.

**Enhancing public sector performance:** Governments have become much more performance focused. The performance movement has increased formalised planning, reporting and control across many governments. Most OECD countries have introduced performance management and budgeting. Thus information available to managers and policy makers has both increased and improved.

Performance approaches require increased managerial flexibility. However, key challenges are to balance this flexibility with control and to integrate performance measurement systems into a particular country’s traditional accountability system. Too much flexibility could lead to abuse and mismanagement; too little flexibility risks an inefficient and unresponsive public service. Accordingly attention is being given to containing performance transaction costs and to making optimal use of social and internalised controls.

**Modernising accountability and control:** How governments keep control over large and complex operations has changed over the past 15 years because of technological innovations,
changes in the size and structure of government, and the introduction of performance budgeting and management. The main trends in control across OECD member countries are the move from *ex ante* to *ex post* control, and the development of stronger processes of internal control. In practice there is a move from the inefficient but relative certainty of checking the regularity and legality of individual transactions to the more efficient but relative uncertainty of verifying the proper operation of systems. The challenge is to maintain control in systems that are more delegated, with more autonomous agencies and third-party providers.

**Reallocation and restructuring:** The need for government to set outer limits for expenditure and to reallocate within those limits has changed national budgeting from a support function to the primary vehicle for strategic management. The budget process is also frequently used as a vehicle for wider managerial reform.

**The use of market-type mechanisms:** Market-type mechanisms of various kinds have become more common across OECD member countries, although there are marked country differences in their use. These mechanisms have the potential to produce significant efficiency gains. Experience shows that the specific design of these instruments is critical to their successful application and that it remains important to protect key governance principles.

**Modernising public employment:** The nature of public employment in OECD countries has evolved significantly. In many countries the employment arrangements of public servants have become more like those of the private sector by altering their legal status and employment conditions. Individualised employment policies have become increasingly common; these include the introduction of contracts and performance-related pay, the latter now being implemented in two-thirds of OECD countries.

However, the implementation of these policies tends to make a collective culture more difficult to achieve. The OECD suggest that early reformers underestimated the complexity of introducing private sector techniques into the public service. Staying with traditional public employment arrangements, however, has not been found to be a feasible option in most countries.

These changes, and the issues to which they have given rise, reflect the fact that managing public services is different from managing private ones. While there is a wide variety of private services, the objective is always the same: to create a service which is sufficiently valuable to the customers to persuade them to buy it. In the public sector, the objective is rarely to generate revenues and, in many cases, the users are forced to cooperate and have no choices.

The particular combination of measures adopted have been categorised, from a survey of 12 reforming administrations by Pollitt and Bouckaert:

- Political leaders can:
  - **Tighten up traditional controls**, restrict expenditures, freeze new hiring, run campaigns against waste and corruption, and generally ‘squeeze’ the system of administration and law. They may call this strategy MAINTAIN…
  - **Modernize the administrative system**, bringing in faster, more flexible ways of budgeting, managing, accounting, and delivering services to their users. Some of these new ways of doing things are likely to be borrowed from the market sector. However, such changes are also likely to require some corresponding adjustments to the political system. They call this approach MODERNIZE. It is predicated on the
distinctiveness of public provision, and the need to strengthen rather than dilute the state…

*Marketize the system* so that public sector organisations are made to compete with each other, in order to increase efficiency and user-responsiveness. This represents a penetration of the administrative system by the culture and values and practices of the market sector – a lowering of ‘group’ in this respect. *MARKETIZE* is the label they give to this approach, and it is the dominant influence within the New Public Management movement.

*Minimize the administrative system*, handing over as many tasks as possible to the market sector (through privatization and contracting-out). This is the case of what some writers have called the ‘hollowing-out’ of the state machine. It carries a number of implications, including an intensification of direct contacts between the political system and the market economy, unmediated by bureaucratic structures. It represents a scenario in which the public administrative system acts mainly as a kind of small holding company. They term this vision *MINIMIZE*.

One observer of the Irish reform process has noted that the most striking feature of recent public sector reforms in Ireland has been the promotion of managerial accountability, the underlying principle of which is a proposed increase in the capacity of managers to manage. It is a reform agenda that implies the creation of a framework in which designated units remain (principally, but not exclusively) under the control of departmental managers and in which information systems are linked to a new culture of audit.

This would place the Irish reform process primarily within the modernize strategy, identified by Pollitt and Bouckaert.

**Analysing Performance**

I referred earlier to the very significant progress made by the Irish economy over recent years. A more comprehensive approach to tracking development is to be found in the CSO’s publication *Measuring Ireland’s Progress 2004*. Reflecting indicators agreed in discussion with the social partners and contained in NESC recommendations, these indicators provide a balance scorecard for Irish society. Establishing the significance of the impact of the public service on such progress is clearly difficult. This is not a peculiarly Irish problem.

Afonso, Schuknecht and Tanzi (2003) computed indicators of public sector *performance* (which describes the outcomes of public sector activity) and public sector *efficiency* (which relates the outcomes to resource use i.e. public spending) for a sample of 23 OECD countries in 2000. To establish indicators of overall public sector performance, they used selected socioeconomic indicators for public administration, education, health, infrastructure, income distribution, economic stability and economic performance.

In general, the *performance* differences across countries are rather small. Countries with small public sectors (government spending less than 40 % of GDP) on average reported the highest scores, in particular for administrative and economic performance. Countries with large public sectors show more equal income distribution. Of the individual countries, the highest performance scores were reported for Luxembourg, Japan, Norway, Austria and the Netherlands; the lowest for Greece, Portugal and Italy. It is worth noting that within the group of 23 OECD countries, the overall performance score for EU-15 is clearly below the average (0.94 against a normalised average of 1.00) and below the scores of the US and Japan (1.02 and 1.14 respectively), while Ireland’s score, reflecting economic dimensions of performance in particular, was above average at 1.05.
Afonso et al. (op cit.) subsequently computed indicators of public sector efficiency which relate the above mentioned performance measures to inputs. Inputs are proxied by government spending on each type of activity. While cross-country differences were rather limited in terms of the performance indicators, the efficiency scores suggest rather large differences between individual countries. Countries with small public sectors report significantly higher efficiency indicators than countries with medium sized or large public sectors. Overall efficiency is highest in Japan, Luxembourg, Australia, the US and Switzerland. At the other end of the range, Italy, Sweden, France and Belgium report the weakest scores. EU-15 ranks below the sample average of 1.04 with a score of 0.94; this compares to 1.26 in the US, 1.38 for Japan and 1.05 for Ireland.

They concluded that the higher performance and efficiency scores of small governments may suggest that the size of government could be too large in many industrialized countries, leading to the prevalence of declining marginal products. In interpreting the results, it is important to keep in mind that the rankings depend on choices such as the selection of indicators to measure performance.

They also conducted a Free Disposable Hull (FDH) analysis to measure the efficiency of public spending across the sample of 23 OECD countries. Public sector outputs were approximated by the performance indicators which were described above, and inputs are measured by public spending as a percentage of GDP in 2000. The US, Japan and Luxembourg are identified as the most efficient countries in the sample, followed by Australia, Ireland and Switzerland.

Most of the EU countries lie well inside the production possibility frontier, suggesting that the same results could be achieved with fewer inputs. For EU-15, the average input efficiency is estimated at 0.73, meaning that the same level of output could be attained by using 73% of the inputs which are currently used. Ireland’s score of 0.93 ranked it as 5th most efficient of the 23 countries considered.

A more recent survey of public sector performance for the Social and Cultural Planning Office of the Netherlands found that Ireland came first of 22 countries surveyed in an analysis of overall performance in the allocation functions of education, healthcare and law and order. This analysis took account of private expenditures in the relevant areas. When account was taken of the cost effectiveness of expenditure on these services Ireland again came in first position. The same study attempted a ranking of overall performance of countries surveyed in the area of public policy. Ireland was ranked second of the 22 countries when a composite approach was taken to performance in the areas of growth and stability, distribution, education, health, crime and quality of public administration (as recorded from survey data).

Encouraging as these results may be from an Irish perspective, they are unfortunately less than reliable. As Van de Walle et al have pointed out, measuring the overall performance of the public sector confronts us with a problem of data aggregation. Many studies apply models that reduce the complexity of government in an inadmissible way, and are thus not able to account for differences in administrative cultures. Differences in public sector performance are then to be partly attributed to methodological errors. Finding manageable ways and good indicators to compare public sector performance across nations will be one of the main challenges for the future. As governments do not have an established measure of overall public sector and administrative performance, they are not able to respond to their critics when publicly vilified for their failing performance. Due to the absence of internationally
comparable measures of public sector performance, performance _perception_ indicators may well be the only feasible way to compare national administrations.

In the absence of clear and reliable data, the perception of progress made in public service reform tends to revolve around underlying attitudes towards government and its role in society. As O Reardon has put it "Debate about how to improve Irish public services is increasingly concentrated on two alternative views. On the one hand, there are those who argue that public services in Ireland are generally under-resourced and that improvements in service quality will only come about when the level of expenditure on services and/or the level of taxation is increased. The alternative view argues that public spending has increased rapidly in recent times with little discernible benefit and that the issue is not the amount spent, but rather the efficiency of spending. This latter view is often accompanied by a marked pessimism as to the capacity of government to achieve such efficiency. (Irish Banking Review Summer 2004– p28)

The question of the adequacy or appropriateness of public social spending in Ireland, in particular, has achieved much attention in the recent past. The NESC has examined this issue and concluded that Ireland’s welfare state – by EU 15 standards – uses a moderate to low proportion of national resources in providing services and a low proportion in providing cash transfers. Its welfare state is associated with a taxation structure that is light on labour by EU 15 standards and rests significantly on consumption. The finding that Ireland is by international standards a ‘low spender’ does not apply to health spending which, for a ‘young’ country, is broadly comparable to other countries in the share of national resources being devoted to it.

The NESC points out, however, that in each society, including Ireland, unique circumstances determine the relationship between social outcomes and levels of state spending. It is revealing, for example, that some educational outcomes of Ireland’s 15-year olds compare well with those of several other countries that are devoting higher proportions of their resources to public spending on primary and secondary education; there is also broad public satisfaction with schools in Ireland. But it is also revealing that a major increase in the proportion of public resources being devoted to health spending has, so far, not been associated with significant improvements in Ireland’s relatively poor health outcomes or higher levels of public satisfaction with health services. In a similar fashion, specific features of Ireland’s current arrangements for providing income support deserve close scrutiny in cases where the levels of transfers in Ireland bear comparison favourably with other countries but those countries have much lower at-risk-of-poverty rates for the groups concerned. Several key variables interact with public spending to determine the outcomes associated with it – e.g., the roles of the family and of the voluntary and community sector, established behavioural patterns, the quality of management, the level and quality of training of staff, the ethos of public service in the professions, workplace practices, the ease of combining partial welfare support with some degree of earnings. It is important that strategies for social spending in each area reckon with the factors that co-produce the outcomes being sought.

If there is no obvious “right” level of public spending, there is certainly an imperative to ensure that all spending is as efficient and as effective as it can be. In relation to the efficiency of public spending, a useful summary of the issues was provided by the Gershon Report in the U.K., whose primary task was the identification of the scope to release resources to the front line delivery of services to the public. In the course of that exercise, the following six main potential areas for savings were identified:

- **back office** – back office functions in the public sector provide essential support to the delivery of frontline services. Back office functions include for example: finance, human resources, information technology support,
procurement services, legal services, facilities management, travel services, marketing and communications;

- **procurement** – the public sector is one of the biggest purchasers of goods and services in the economy, for example, on utilities, ICT systems and services, as well as professional services, temporary labour, construction, social housing, social care, and environmental services;

- **transactional services** – for most citizens and businesses, the transactional services provided by the public sector are their most common interaction with government at both a local and national level. The transactional services undertaken by government include the payment of benefits and pensions, the collection of taxes, charges or fees (for example, income tax, TV licenses and road tax). Transactional services also include the public sector’s role in the collection and exchange of information, such as the registration of births and deaths and the calculation of benefit entitlements;

- **policy, funding and regulation for the public sector** – effective strategy, evidence-based policy and focused inspection and regulation are critical to driving up performance in public services. Some parts of government therefore develop policy, provide funding to, inspect or regulate other parts of the public sector. It is important to ensure that the costs of these activities (including the consequent costs for the frontline delivery organisations) are proportionate to their added value, whilst ensuring that frontline public service providers receive the support they need and are pursuing a well designed overall strategy;

- **policy, funding and regulation for the private sector** – some government activity is specifically designed to impact on, or intervene in, the private sector. For example the government regulates certain industries to protect consumers’ interests, or ensure compliance with regulation, for example on working conditions and environmental protection. Government also sets policy for, and funds, private sector bodies in support of wider objectives, such as productivity growth and job creation. Government interventions in the private sector need to be carefully weighed against the compliance costs that may be imposed on firms, and should seek to ensure that these interventions remain efficient and effective; and

- **the productive time of front-line public service professionals** both in the wider public sector, such as schools, hospitals and the police and within central government departments and agencies. Front-line staff are there to deliver services to the user and reducing the amount of time they spend away from these core activities is an important part of efficiency.

Each of these areas has been the focus of particular change and reform within the Irish modernisation process. There have been significant developments in the redesign of business processes: the application of ICT, the development of shared services models to support operations of departments and agencies and a comprehensive approach to better regulation, including the testing and now promulgation of guidelines for appropriate Regulatory Impact Assessments.

Irish policy would share the concern to maximize resources and capacity for those directly engaged with the citizen. For that reason, the conclusions of the U.K. review team are particularly relevant. They identified three ways in which the productive time of frontline staff, and public sector staff more generally, could be enhanced by:
• increasing workforce levels in support of frontline professionals for example through the provision of classroom assistants in schools, and similar developments in the police;

• realising the benefits of ICT investment. These investments offer great potential for enhanced frontline delivery through for example reducing the time spent by professionals in accessing and handling information; and

• process reform, modernisation and sharing of best practice. Opportunities exist for the reshaping of organisations and practices to enhance the productivity of frontline professionals, such as the use of day surgery as the norm for elective surgery in the health service. There are also opportunities to improve sickness absence management and staff turnover rates, where these are high, for example by reducing disparities in performance across similar organisations in, or between different parts of, the public sector.

In the context of the attention which the Government’s decision on decentralization has received, it is worth noting that the Efficiency Review Group also concluded that “Relocation can provide a spur to the adoption of new business practices, processes and technology, as well as improvements in organizational culture”.

Against that backdrop, it may be appropriate to say something about the management of spending in two areas which have received considerable attention over the recent past: major infrastructure projects and ICT developments.

Infrastructure
National Roads Programme
Some commentators on the cost of the national roads programme have compared the outturn costs of projects with estimated costs from many years previously. Such an approach fails to take account:

- of inflation in construction and land costs between the date of the original estimate and the year of construction; neither land or construction services are available at the same price as 5, 10 or 15 years ago;

- of changes in the project in the intervening period – very often the project is substantially different from the original concept; and

- of the reality that initial estimates are indicative and can only be firmed up as planning proceeds.

Tender prices in the construction industry have risen consistently and are now some 60% higher than in 1996. Construction wage inflation has been a significant contributor to this.

Cost at Tender Stage vs Outturn Cost – Correct Comparison
The final outturn cost of a project is best compared with the estimated or budgeted cost at tender stage i.e. the stage at which the final commitment to proceed with a project is made. On this basis it is clear that the NRA and local authorities are now delivering projects on time and within budget and have been doing so for the past 2/3 years. For example, the NRA is completing this year projects with a total outturn cost of €1.7bn which compares to a pre-construction budget for these projects of €1.7bn.
The level of performance reflects the measures that have been taken by the NRA to strengthen cost estimation and control systems and procurement practices. A key element of these improvements has been the greater use of the Design and Build form of contract which transfers greater risks to the contractor and secures greater certainty of outturn costs for the client. The further strengthening of cost estimation and control arrangements will remain a priority in the implementation of the programme.

Major road improvement projects are subject to robust economic (and environmental) appraisal – all of the projects demonstrate a high rate of return. It is clear that recent major projects represent value for money in terms of reduced journey times, through the elimination of bottlenecks, improved accessibility, safer roads and removal of through traffic from towns and villages.

The estimated cost of the ambitious national roads upgrade programme provided for in the NDP increased from approximately €7bn in 1999 prices to €15.8bn in 2002 prices. This increase and the reasons for it were dealt with in an August 2002 report on the national roads programme (Fitzpatrick Associates) and in a C&AG report of April 2004. This underestimation of the cost of the programme was attributable to inflation (40%), failure to cost certain elements (16%), changes in scope of projects (20%), and project specific increases on projects with non-standard elements such as Dublin Port Tunnel (24%). The bulk of the underestimation (75%+) was due to construction cost inflation and the use of incomplete outline project plans and concepts as a basis for estimation.

In Budget 2004, the Government introduced a major reform of the system of allocating capital investment resources. Five year funding plans for each Departmental area were agreed, involving both Exchequer and Public Private Partnership funding lines. Provision was also made for the first time to allow for the carryover to the following year of unspent allocations up to a maximum of 10% of these capital provisions. The objective of the new system is to introduce relative medium-term financial certainty for Departments and implementing agencies. This is particularly important given the scale and timeframe of many of our modern infrastructural projects.

The general conditions of Department of Finance sanction to expenditure under the rolling multi-annual capital envelopes requires compliance with the guidance laid down by the Department of Finance in relation to the appraisal, procurement and management of capital projects. Departments furnish an annual report to the Department of Finance, detailing physical outputs achieved and target outputs for the rest of the 5 year cycle. Departments are also required to carry out selective checks at project level on compliance with the capital appraisal guidelines and to report on this in their annual report to the Department of finance.

In essence, the new system is promoting better management of capital expenditure by providing relative financial certainty and by underpinning as a complement to this, best practice in the management of programmes and projects. The response of Departments and agencies to the new system has been uniformly positive.

**Capital Appraisal Guidelines**

The revised Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector complement the rolling multi-annual capital envelopes.

The revised guidelines are designed to be rigorous in their approach to appraisal and management of capital programmes and projects and to reflect best practice. The revised guidelines also introduce more proportionality into the appraisal of projects, depending on the scale and nature of the projects. Key features of the revised guidelines are that all projects...
over €50 million must undergo a full cost benefit analysis and all capital programmes with an annual value in excess of €50 million and of 5 years duration or more will, for the first time, be required to be evaluated at the beginning and mid-point of each 5 year cycle.

The new guidelines deal comprehensively with proper costing, appraisal and efficient execution of projects. The guidelines explicitly state as part of the appraisal process “the cost of the project should be the expected outturn cost, including construction costs, property acquisition, risk and contingency” and that “the cost of possible future price increases and variations in project outputs should be factored into the calculation of project costs”. Under the new multi-annual capital investment framework, Departments must arrange to carry out project level checks for compliance with the revised capital appraisal guidelines and report on these to the Department of Finance. The Department of Finance in turn will carry out checks to satisfy itself that the guidelines are being complied with.

**Public Procurement**
The Government intends to introduce fundamental changes in the way public sector construction contracts are carried out. With effect from the end of this year, all future public sector construction projects will be tendered competitively on the basis of a fixed price lump sum contract in which appropriate construction risks are identified and transferred to contractors. Under this system the amount of variation or “extras” will be limited to the greatest extent possible.

This approach will help to ensure that there is a much closer alignment between the agreed tender price and the final outturn cost of construction projects. As a result there will be much greater cost certainty in construction projects. This development will enable implementing agencies to plan their capital programmes in an optimal and efficient way taking account of the relative financial certainty at project level which this initiative will deliver.

The Government is also modernising the system for employing consultants (such as engineers, architects etc) to decouple professional fees from project costs. This will involve a movement away from the system of paying consultants a percentage fee based on the final cost of a project and instead requiring professionals to tender for fees on a fixed lump sum basis. Competitive fee bidding is being introduced in a way that should not compromise design quality.

The cumulative impact of these three initiatives will be to radically improve the management of capital programmes and projects.

**IT and eGovernment**
It may be no surprise that the OECD, in a paper on the “Hidden Threat to eGovernment” reported that “most governments experience problems when implementing large IT projects. Budgets are exceeded, deadlines are over-run and often the quality of the new system is far below the standard agreed when the project was undertaken.”

The OECD go on to report that “governments are not alone in failing. Evidence suggests that private sector companies have similar problems. The Standish Group, estimates that only 28% of all IT projects in 2000 in the US, in both government and industry, were successful with regard to budget, functionality and timeliness. 23% were cancelled and the remainder succeeded only partially, failing on at least 1 of the 3 counts”. The same paper concludes that the general lesson “is not that governments should not take any risks; rather, governments must identify risk, determine which risks they are willing to take, and manage the relevant risk within appropriate governance structures”. The recently-announced
developments in the governance of major ICT projects will further develop the application of these principles in Ireland.

However, there are very substantial success stories concerning the application of ICTs in the public service. Everyone is by now familiar with the major success of the online motor tax renewal system. The Revenue Online Service (ROS) is extremely successful and will shortly be available in respect of PAYE returns. Less publicly obvious, but no less significant, are the systems developments which have revolutionised the activities of the Land Registry, producing a faster and more efficient service in support of the record level of property transactions, and the eCabinet system, which has provided a safe, efficient and responsive system to facilitate the preparation, consultation and submission of material for consideration by the Government, and supporting the promulgation of Government decisions.

Another example of a system-wide benefit is the Inter Agency Messaging Service (IAMS), which is a centralised “messaging hub” which facilitates cooperation and the exchange of information between public sector agencies using agreed data and communication standards. As a result, the electronic registration of life events – births, deaths and marriages – is forwarded electronically to the CSO, while birth notification data for registration are also transferred electronically, at present from the Dublin maternity hospitals. Data is also transferred electronically to facilitate the administration and control of pensions, medical cards, bereavement grants and the initiation of child benefit payments. These practical benefits to citizens are an illustration of the potential of eGovernment, which is at its early stages of development.

Part of the Delivering Better Government project was to seek to measure and benchmark the public service against best international practice. One such measurement is provided by the eEurope Awards for eGovernment organised by the European Commission which will be presented in Manchester next month. The stated aim of these awards is “to highlight and disseminate efforts made by European, national, regional and local administrations in using Information Society Technologies (IST) in order to increase efficiency and performance and to improve the quality and accessibility of public services.”

There are 52 projects short-listed for the four awards that will be presented this year and a remarkable five of this total are Irish based including, I am pleased to say, my own Department's eCabinet project which has fundamentally improved the efficiency of the process by which memoranda are prepared, circulated and submitted to Cabinet. The other Irish projects have demonstrated best practice, ranging from the Revenue-on-line system to more local citizen-based initiatives, such as the Mobhail project, which seeks to extend the usage of ICTs in the community.

The Public Service Pay Bill
The size of the public service pay bill is an essential, and indeed large ingredient in establishing the efficiency of the sector. Its size represents a combination of both the numbers employed and their relative pay.

With regard to employment levels, Government employment in Ireland was found by the OECD to represent a relatively small share of total employment: 12% compared to an EU-15 average of 16.7%, and a US average of 15.7%. Specific controls on the total number of staff in the public service are currently in operation. These have sought to produce a reduction in support and ancillary staff, while favouring numbers in direct provision of services to citizens and customers. As a result, the total numbers employed in the civil service have fallen, ahead of target. The achievement of the target in the area of healthcare will require the realisation
of the efficiency gains implicit in the development of the new administrative structure in the form of the Health Service Executive.

If numbers are relatively low by international standards, more concern has been expressed publicly about the rate of growth in public service pay. On average, public sector employees in 2002 across Europe earned about 37% more than employees in general. In part, this salary gap can be explained by the fact that Government employees are on average better educated than market sector workers, given job requirements in education and healthcare, for example.

An analysis of wage differentials by Boyle, McElligot and O’Leary using a single wage equation method accounting for age, gender, education, occupational group and experience, among other variables, found that there was a premium to being employed in the public sector of 13% in 2001, a result which is relatively high compared to estimates found elsewhere. It may be that direct comparisons of similar jobs can yield different answers to a wage equation approach which seeks to estimate whether or not individual employees obtain a premium for being employed in the public sector.

The process by which public sector pay is determined is clearly of central importance. The introduction of the benchmarking process represented a significant change in this process. It embodied the principle that public service pay should follow, not lead the private sector, that pay levels should reflect comparable pay and conditions in the private sector rather than being driven by internal relativities, and that payment of increases should be conditional on change in support of higher productivity and greater effectiveness, comparable to that in the private sector. The benchmarking process that was carried out has been the subject of much controversy and criticism, not least having regard to the transparency of the process. Nonetheless, those important principles were reflected in the arrangements and, in addition, the conditionality of payments produced an era of virtual complete industrial peace in the public service, in marked contrast to the climate of rolling disputes which had previously prevailed.

The conditionality of payments extended to satisfactory implementation of an agenda for modernisation set out in the Sustaining Progress Agreement, together with verification of satisfactory cooperation with flexibility and ongoing change. Performance Verification Groups, representing management, unions and independent members, with an independent Chair, were established for this purpose in respect of the Civil Service, education, health and local government. Detailed reporting of implementation by each organisation and, where relevant, by particular categories of staff within organisations was overseen by these groups and in some instances, increases were withheld on the grounds of lack of cooperation or as a result of actual or threatened industrial action. Public service managers believe strongly that this conditionality and the oversight mechanisms did in fact secure greater cooperation with change than would otherwise have been the case.

The reports from the PVGs have been positive and have documented significant progress in areas of customer service, efficient use of resources and changes in personnel policies and practice. This, in the case of the Civil Service, has included a very limited degree of open recruitment to non-traditional entry grades. It has also, and very significantly, produced agreement on the integration of the performance management system into the mainstream human resource practice of Government Departments and agencies. This is critical in the interest of greater accountability and the addressing of under-performance, a problem which is perceived to be significant by staff in opinion surveys, just as much as by management.

While stressing the very important benefits of the benchmarking process for modernisation of the system, it must be observed that the pace of change has been rather slow and the net
outcomes in terms of the flexibility that public service managers need, as recognised in Sustaining Progress, to adapt procedures to respond to particular pressures and to ensure that work methods are suited to the efficient delivery of services, rather modest.

The Government have decided that the benchmarking approach should continue, given the significant benefits which it has delivered and can in the future. Changed terms of reference will, hopefully, introduce a greater degree of transparency into the process and its outcome. Very changed circumstances, in terms of the economy and trends in the labour market, will no doubt be reflected in the work of the new body, when it is established. A critical requirement is that the change in work practices which produce the productivity underpinning growth and salaries in the private sector should be matched in the public service, if the goal is to level up rewards. A public service which seeks the confidence of the taxpaying public will recognise that it must demonstrate a willingness to embrace such change, in particular the flexible cooperation with ongoing change, without protracted discussion and procedures which can appear all too easily to be an attempt to frustrate the agreed approach to public service pay determination.

The Public Service of the Future
The context in which the public service of the future will operate will clearly be rather different to the past, and even of the present. Our very understanding of the nature of the problems to be addressed in public policy is changing. That reflects a broad shift of intellectual attention away from the atomistic models of thinking that dominated the first half of the twentieth century towards a greater emphasis on systems thinking, whether in the environment, biology, computing, or organisations.

Citizens accustomed to a high level of responsiveness from the private sector, have experienced frustration and eventually a lack of confidence in the bureaucratic state. In America and in other parts of the world, bureaucracy itself – seen as expensive, inflexible, unfriendly, frequently incompetent – became the enemy.

The new public management of the 1980s had successfully encouraged government to be more focused, more organized around targets and performance, and more governed by market forces. However, this model – premised on breaking down issues into their component parts – has turned out to be particularly ill-suited to more complex problems, prone to even worse ‘dumping’ of problems across organizational boundaries, poor at knowledge sharing, and ill-suited to the integrative potential of the Internet.

In the private sector, rapid progress in technology and organisational techniques – above all rapid reductions in the costs of horizontal communication and coordination – had made networks and projects more important units of activity than traditional structures, as well as making it much easier to organize collaborations, partnerships, and joint ventures. Cheaper communications make it feasible to organize complex systems in different ways, setting broad objectives and then monitoring outputs in real time.

The NESC has observed that the challenge to government is to become more expert in the management of complex networks and not to attempt extending the ‘command and control’ management characteristic of traditional public administration systems to what are autonomous for-profit and non-profit private institutions. Public administrators must now neither surrender the public interest and allow ‘interest group capture’ nor weaken trust and collaborative action through initiatives that are experienced as high-handed or inconsistent. The Council believe that major challenges face public administration today in developing its own capabilities to activate, orchestrate and modulate networks of interdependent actors delivering social protection in the years ahead. This will require new forms of principal-agent
relationships and their contractual expression (in public-private partnerships, public-voluntary partnerships and the like), improved evaluation skills and a stronger performance culture.

The challenge to effective policy making is particularly striking in the difficult areas of social policy and social exclusion. Perverse consequences of public policy, such as extended dependency, need to be reflected in a more joined-up approach to such complex social problems. The NESC have said the challenge is for us to develop what they call a Developmental Welfare State, in which a transformed and refined public administration is instrumental in enabling sets of actors to form networked systems through which the needed levels of quality, diversity and responsiveness of services are forthcoming. Space is deliberately created for social innovations – on the part of public and private bodies – in order to ensure that the Developmental Welfare State continues to change in line with the needs and potential of the population it serves.

The Civil Service of the Future

A vivid image in Hugh Heclo and Aaron Wildavsky’s book, *The Private Government of Public Money* involves “village life in the civil service.” The comfortable life in this political-administrative village had a number of characteristics. First, there was mutual respect among the inhabitants, and the civil service was thought of as a partner and, more significantly, as an ally of the political executive. The village system tended to be closed, permitting more private negotiations and agreements among the parties involved than in other systems of government. Civil servants’ political neutrality made the village mentality secretive. The village led a very frugal existence. Government was considerably smaller than it is today and everything of consequence that involved the spending of public funds was brought to the attention of senior career officials and ministers.

Now, the space in the village which elected and career officials once occupied in relative isolation has been opened, the walls demolished.

It has long been understood that, on the British model, “the Government of the country could not be carried on without the aid of an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability, and experience to be able to advise, assist, and, to some extent, influence, those who are from time to time set over them.”

The Northcote-Trevelyan report codified the values of impartiality, integrity and staffing based on merit that have guided the work of career officials for 150 years in every corner of the world. The Northcote-Trevelyan report also laid the basis for an administrative space from which career officials could make decisions relatively free of partisan political considerations.

Whatever the pace and direction of change in the future, the values at the heart of an independent civil service remain relevant and, indeed, vital. Nonetheless, some of the features of the established institutions may be questioned in the context of the challenges which now arise. For example, “the assumption of a career for life was previously an asset but can become a liability. An excessive sense of hierarchy means people move slowly up the organisation, being promoted when the organisation is ready rather than when they are ready to take on greater responsibility. There are issues of culture: speed of reaction and ability to innovate, a focus on process rather than outcome.”

Pressures also arise as a result of changes in the communications media. One observer commented that “Governments are expected to respond on the same basis. Many parts of
the media no longer function as media but as players with their own agenda. This has
promoted a culture of cynicism.\textsuperscript{12}

Ultimately decisions about the shape of our institutions of governance are for the democratic
process to determine. There is, however, an onus on senior managers across the public
service. It is the case that the “builders of public management systems will require
leadership from officials with enhanced individual technical, managerial and political
capacities who think and plan collectively and who can work well with other actors”.\textsuperscript{13} That
leadership needs to be applied to change which delivers better policy advice, more efficient
and more responsive services and the capacity to demonstrate the value being achieved with
the resources entrusted by the citizens. That requires, not least, resisting the temptation to see
change and modernisation as a self-contained and self-justifying process. Because the fact is
that “restructuring organizations, making strategic plans, launching quality improvement
initiatives, measuring, auditing, and evaluating the performance of others - these are the
components of a kind of ‘metamanagement’, the practitioners of which are themselves able to
avoid the hurly-burly of ‘operations’. They set the targets, others have to achieve them.
They redesign the organizations, others then have to manage them.”\textsuperscript{14}

Our change process must be more real than that.

While that requires the continued development of more effective management systems,
especially in finance and human resources, and the successful application of developments in
ICTs, it is ultimately a question of the quality and skills of the people who work in the public
service, whether engaged in policy advice, direct management and delivery of services, or the
management of contracted service providers in the private or voluntary sectors.

While we should continue the significant efforts being made to improve the skill sets of those
working in the public service, there is a compelling case to broaden the pool from which those
working at all levels in the public service are drawn. Experience elsewhere suggests that
open recruitment to, for example, the civil service, is likely to produce movement primarily
from other parts of the public service. Perhaps others are too risk averse! Nevertheless,
even that degree of mobility and sharing of experience would be valuable.

Secondly, a more fluid approach to the organisation of tasks as between different branches of
the public service seems to make sense, having regard to the complex issues and the vital
importance of front line experience in understanding and responding to demands on the public
system. One of the benefits of the decentralisation programme is the opportunity to engage
on a broader base with colleagues in the local government, health and education systems at
regional level. Similarly, the organisation of support services could usefully be explored on
such a cross-sectoral basis, as is already occurring in some aspects of IT development.

Thirdly, I believe that there is a case for developing a greater degree of professionalisation
within the civil service in particular, recognising that strengths can be developed in specific
areas of firstly, policy development and the management of Government business; secondly,
the management of operational businesses, and thirdly, corporate services. This is not a
question of generalists versus specialists, nor even administrators versus managers, but having
professional standards and skills and knowledge appropriate to all aspects of the work.

Such an approach would logically find expression in a more structured approach to the
development of talent for senior leadership across the public service.

David Walker, writing in The Guardian, likened the modern Permanent Secretary to “an
administrative black belt, able to read a balance sheet while giving sensitive attention to
personnel while offering ministers acute and politically nuanced advice on highly complicated questions”.

In the U.K., the Cabinet Office noted, “the role of the Permanent Secretary has become bigger and tougher, and human beings do not come in the shape that is needed to meet single-handedly all the challenges of this new tougher role...[So] the focus should be on the top team, not the top job. The Permanent Secretary should focus on the leader role, because that cannot be delegated to anyone else”.

There, all departments are required to have professional Finance Directors reporting to the Permanent Secretary by December 2006.

The scale of organisations in the public service here will require an appropriately flexible approach, but ensuring that those appointed to senior leadership positions right across the public service have an appropriate breadth of experience is an investment in quality management which I believe is worth making.

Conclusions

The Irish public service has a record of high achievement and a reputation for integrity which remains strong. Opinion surveys routinely record confidence in Irish public institutions, especially the Civil Service, at levels well above the international average. That trust is, I believe, born of appreciation of the significant achievements of the public service. One thinks of the accolades rightly accorded to the conduct of the Irish Presidency of the EU last year, but also of the very successful response to the threat of Foot and Mouth Disease, by contrast with efforts elsewhere. One thinks also of the commitment of personnel in support of those caught up in the dreadful Tsunami disaster of earlier this year, or the professional excellence of the staff of the Office of Public Works.

What, finally can we say about public service modernisation in Ireland. With Pollitt and Bouckaert I am inclined to believe that where one stands is determined by where one sits. They concluded that, internationally, political and administrative leadership tends to report steady progress, with much to be done but with issues being addressed. Management consultants, often asked to advise on change projects, they believe focus on the potential of new techniques and systems to solve the perceived problems of today. This they find understandable, given that their existence depends partly on their being able to sell innovatory concepts and techniques. Finally, they say that academics are undoubtedly the least optimistic, worrying about what may be lost as well as what is gained and generally hedging achievement claims with qualifications and critique.

I believe that public service reform has advanced very significantly in Ireland over the last decade. We need to demonstrate more clearly than we have to date precisely what is being achieved through reforms of structures and processes in terms of the outputs and outcomes and the value which they represent.

However, what may ultimately matter most is the commitment to a culture of change and reform, empowering public servants, in all the various roles which they occupy, to take the initiative to make changes that make sense. It may be that grand strategies of change, even those implemented with revolutionary zeal, ultimately express themselves in incremental rather than radical or strategic change. But beneficial opportunism and pragmatic reform can and, in my view, regularly do result in valuable gains in productivity, service quality, transparency and fairness. Reform is a challenge worth meeting.

ENDS
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