

**GOVERNANCE AND PUBLIC POLICY
REPUBLIC OF IRELAND**

Diploma stage examination

7 December 2006

From 2.00pm to 5.00pm
plus ten minutes reading time from 1.50pm to 2.00pm

Instructions to candidates

Answer **four** questions in total:

Both compulsory questions from **Section A**

Two of the three question from **Section B**

The questions in Section A carry, in total, 70 marks.

The questions in Section B each carry a total of 15 marks

Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.

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PRE-SEEN MATERIAL

Speech by the Taoiseach, Mr Bertie Ahern, T.D. at the Inaugural IPA National Conference on "Moving Towards the Public Sector of the Future" in the Grand Hotel, Malahide.

I am delighted to be here at the inaugural National Conference on Public Administration. The Conference marks another innovation by the IPA and a further valuable contribution by the Institute to the development of the debate on Public Service issues at national level.

Managing change

Today's conference is designed with two things in mind: to reflect on the Public Service of the past; and look ahead to the future. For the most part, I will focus on the future but I want to acknowledge that we have experienced extraordinary changes in our lives over the past 10 or 15 years. Our economy has moved through several gears. Our society is transforming. We are experiencing rapid change to our workplaces, our living spaces and our commuting patterns. We have become more open, more culturally diverse and more outward looking. We are redefining our values - what we want for our children, for our elders and our communities.

Public Service contribution

Public Service organisations are not passively observing these changes - they are centrally involved in a number of ways. First, Public Service organisations are at the front-line of service delivery. They are coping every day with the additional complexities of modern Irish society. This includes meeting the challenge of new languages and cultural diversity. It also means meeting the ever-increasing expectations and standards of customers who, quite rightly, want a responsive service. But equally, it means rising to the challenge of meeting the needs of less "sophisticated" customers. This means those who are not as vocal about their entitlements and rights. It is about amplifying their voice through better consultation processes. It is about trying to catch those who are falling through the net - whether it is in the education system, in healthcare or income support. I believe that good public services must be both responsive and inclusive.

Second, Public Service organisations are undergoing their own process of renewal and transformation. Core areas are being addressed, including: how staff are managed and developed; how financial systems can support accountability and put a sharper focus on outcomes; and how the quality of our regulation can be improved for ordinary citizens and the business sector. We need to redouble our efforts in these and other areas because the agenda is far from finished. We need to maximise the benefits of Information Technology in ways that have often eluded us so far. The motor tax on-line service is a good example of the contribution that technology can make.

I would suggest that this initiative alone has contributed significantly to productivity in Dublin in that it has reduced the queues of people wasting valuable time to conduct a relatively simple transaction. Joined up government is a buzzword. But it also captures very well the need to integrate services, to break out of the self contained boxes that we tend to operate in.

Third, the Public Service is, in its own way, continuing to make a significant contribution to national development and to the ongoing transformation of our economy and society. They say success has many parents and failure is an orphan. The "Celtic Tiger" is no orphan, and the Irish Public Service can - I believe - confidently, claim its share of the

credit. We need to build on the strong tradition that exists in Ireland of the Public Service as an enabler of national progress. It is a tradition that dates back to the foundation of the State: from the national electrification programme; through the establishment of progressive State agencies; the dynamic Whitaker and Lemass years; the optimisation of our European Union membership; and the development, in partnership with others, of a world class educational system. The question is - what are we going to do for an encore?

Meeting the challenges

If these are the areas in which the Public Service must continue to respond to challenges, how can we ensure that the response will be adequate? The answer to this question is complex, but I would like to mention three important levers that can help us to ensure that public service is properly geared to respond:

- **Partnership** - not just a national agreement, but applying the real spirit of the Partnership approach in the implementation of the provisions of any Agreement;
- **Benchmarking** - not just in terms of public service pay, but in the real sense of measuring our performance against the "best in the class";
- **A Whole of Public Service approach** - not just cohesive government, but also cohesive policy making; integrated service delivery; better IT interoperability; more sharing of services between organisations; and greater staff mobility including at senior executive level.

Partnership

A new Partnership agreement, if ratified by all parties, is likely to contain a significant agenda of change for the Public Service. This will be important as it demonstrates the commitment of Public Servants to ideas such as:

- re-vitalisation of a Civil and Public Service which will have an increasingly aging profile in the coming years, through more open recruitment at middle and senior grades;
- flexibility of work practices through better team-working, integration of services and less energy being spent sorting out "turf" issues; and
- stronger competition in our recruitment and promotion procedures to ensure that we can attract, motivate and harness the best of our Public Service talent.

Important as it is to codify issues such as these in Agreements, it is even more important to ensure that the spirit of Partnership applies in the implementation of these ideas. If we get bogged down in quasi-legal interpretations and adversarial approaches, we will not unlock the true potential of the Partnership approach. In particular, in areas where the public interest is absolutely clear, we must leave sectoral interests aside to the greatest extent possible.

Yes, arbitration procedures are important, but only when absolutely necessary. And yes, written agreements are important, but we should think of them only as a starting point. Real Partnership, and genuine commitment to its implementation, are going to be needed. That means that we should regard the modernisation provisions of any new agreement as the floor - not the ceiling - of our ambitions. We should look on those provisions as enablers of the kind of imaginative and flexible service delivery that our citizens require. We should be bold and expansive in our interpretation of Partnership, which, fundamentally, is about engaging people in solving practical problems.

In many ways, we have reached - perhaps not a watershed - but at least a distinct staging point in the modernisation process. Much of the thinking and the developmental

work has been done. It is not about writing it down in great detail. We know the kind of Public Service that we want. It is about implementation of those changes and, more importantly, about delivery of better outcomes for citizens.

Benchmarking

Turning to the second issue I mentioned, the Public Service Benchmarking exercise has been instrumental in breaking down the inflexibilities of the old "relativity" system. We are now setting pay in the Public Service by benchmarking against comparable jobs in the private sector. We have done away with inefficient knock-on claims and relativities. There is also now a direct link between pay increases and independently verified progress on change and modernisation.

The Performance Verification process that was established under Sustaining Progress was a hugely important development. Taken together, these measures are key steps towards developing a strong evidence base so that the Public Service can point to its real added value and effectiveness.

As you know, "benchmarking" does not apply to pay only. It is a well-established approach in the private sector whereby performance in key areas can be judged by comparison with good practice in other organisations, other sectors, or other countries. It enhances accountability and transparency by allowing judgements to be made openly on performance.

Benchmarking of this kind in the Public Service context requires a certain amount of self-confidence and contains an element of risk - even political risk. And yet I believe it is the only way to go. We need to show delivery on the ground, to highlight what is working, what is not and to make informed choices about where to allocate resources.

Whole of Public Service perspective

We need also to be in a position to judge the performance of the system as a whole. I have been struck by the fact that the impetus for recent significant change in the area of Better Regulation was a decision by the Government to subject our regulatory system to a national review by the OECD. This review, published in 2001, benchmarked us against best practice internationally and made some good practice recommendations.

Its findings prompted us to develop the Government's White Paper - *"Regulating Better"* - which in turn gave the impetus for a number of initiatives such as the introduction of Regulatory Impact Analysis. It shows the value of appraisal and measurement as a spur to greater improvement and it is something that is relevant to the wider modernisation programme.

Next Steps

Taking these three factors together, I wish to announce this morning that I am asking the Implementation Group of Secretaries General, which is chaired by the Secretary General of my own Department and which has responsibility for leading the modernisation agenda, to address a number of key priorities in the period ahead. These are additional to their oversight of the continuing implementation of 'Delivering Better Government'.

Firstly, I want them to review the performance indicators which will be used in the new reporting system to the Oireachtas which was announced in the last Budget by my colleague, Brian Cowen, Minister for Finance. It is important that the indicators that are used are not only appropriate and useful, but that they are compatible across Departments and Agencies where joint effort is required to implement Government policy. In particular, I want to see a sufficient degree of consistency so that aggregate

indicators can be established which show the impact of total public spending, and the degree of progress in achieving the strategic priorities of public policy as a whole.

Secondly, I am asking them to prepare recommendations for consideration by the Government of a system of external review of the structures, capacities, procedures and leadership of Departments and Agencies, so that problem areas are identified and support can be given for future improvement. We already have a system of external audit, and a developing system of expenditure review with outside expertise. We have recently introduced external support for the management of large-scale IT projects. What I have in mind is that we should broaden this to look at the operation of Departments and Agencies as a whole, both to give assurance about their overall performance, but also to target practical support and advice on areas of particular concern.

Thirdly, I want to see a new Leadership Initiative for the Public Service as a whole. I see this as comprehending not just the development of skills and competences in the traditional way, but also the organisation of career development and succession planning. We should ensure that we have the right people, in the right places, at the right time to serve the needs of our citizens. I believe that requires providing the right mix of specialist staff, who have developed careers through areas like human resources or finance or project management. It also means ensuring that people in senior positions have had a sufficient breadth of experience, across Departments and Agencies and also across different types of management responsibility.

I believe that we need to develop and support those who are in key areas of responsibility and leadership, bringing together the best of the traditions and development opportunities of all parts of the Public Service. One of the benefits of this approach would be to encourage greater co-operation and mobility across the different branches of the public service.

Finally, I believe that there is merit in looking at how the Irish Public service as a whole performs relative to its international peers. There is some partial information on this and much of it is very encouraging. However, I believe that it would be useful to identify how we compare with those who are recognised as representing good practice in various different aspects of public administration and policy. I am sure that international bodies, such as the OECD, could help us in this process. I will ask the Implementation Group to recommend a specific approach to this external review over coming months.

I believe that the independent chairpersons and members of the Performance Verification Groups for the different parts of the Public Sector have many insights to offer as to future challenges in Public service modernisation. I am also asking the Implementation Group to consult with them and to make proposals to Government about how their particular insights can be reflected in the next phase of the modernisation agenda.

Conclusion

The expectations of individuals, enterprises and communities alike are, quite correctly, very high when it comes to the Public Service. Against the backdrop of historically high levels of investment in Education, Health, Justice and Local Services, people expect correspondingly high quality, responsive services. A key challenge for the Public Service is to continue to justify public confidence in its ability to deliver. The Public Service needs to continually "up its game", through a process of ongoing renewal so that it can confidently demonstrate its credentials on service delivery.

I want to conclude by referring to the Public Service Excellence Awards which I presented in Dublin Castle at the end of March. I inaugurated this Awards Scheme in 2004, to provide the opportunity to showcase the many centres of excellence that exist throughout the Public Service. The Awards, which were also showcased in Cork,

celebrate the success stories, as well as providing opportunities for shared learning across the Service.

20 awards were presented, from 153 applications. What struck me forcibly was not just the quality of the projects and the diverse nature of the services they provided, but also the creativity. It was evident that the success of those 20 award winners was due, in no small way, to the drive of particular individuals and teams and their ability to work innovatively and flexibly.

We need to tap into that drive and ensure that there is enough flexibility within the system to allow it to thrive throughout the Public Service. We also need to acknowledge and celebrate achievement, at all levels, just as energetically as we identify and respond to problems.

Thank you. (8th June 2006)

SECTION A – (Answer both questions in this section)

1

• **Requirement for question 1 - based on the Pre-seen material**

This speech by An Taoiseach announced the next stages of the public sector reform programme in Ireland, and made reference to the successes so far and challenges ahead for the public service.

- (a) The Strategic Management Initiative (SMI) heralded a decade of unprecedented public sector reforms in Ireland.
- (i) What are the principal pillars on which the SMI was based? 6
- (ii) What is the purpose of Regulatory Impact Analysis and Performance Management and Development Systems? 7
- (iii) It has been argued that the SMI has led to a 'boom' in the number of institutions concerned with oversight in the public sector. Using examples, agree or disagree with this argument. 7
- (b) This speech by An Taoiseach makes particular reference to partnership and its contribution to the development of the public service. Discuss partnership at the national level. 15
- (c) Outline and comment upon the criticisms that are typically levelled at public service modernization in Ireland. 15

(50)

2

Governments preside over different economic systems in their endeavors to optimize the allocation of scarce resources. But the policy-decision making process and constraints on policy making are broadly similar regardless of the type of economic systems.

- **Requirement for question 2**

(a) Explain the principal types of economic system that are used to tackle the basic problem of scarce resources and comment upon the extent to which you believe each system optimises the use of scarce resources.

14

(b) There are many models for public policy-making, but it is widely accepted that the *process* of policy-making involves three key stages. Briefly outline the nature of these three key stages.

6

(20)

SECTION B - (Answer two questions from this section)

3

Governance and the development of public policy depend upon the supply of reliable and relevant information. In respect of issues relating to economics and finance, this information is frequently supplied by accountants.

• **Requirement for question 3**

- (a) Explain the role of accountancy within the public sector. 6
- (b) The degree to which information provided by accountants is both relevant and reliable is constrained by a number of factors. Outline the nature of these various constraints. 9

(15)

4

The relationship between government and parliament in Ireland is one in which the government has strong control over what parliament can and cannot decide upon.

• **Requirement for question 4**

- (a) Outline the traditional roles of the parliament, judiciary & executive. 6
- (b) Critically analyse the view that the Irish parliament is 'frozen out' of the policy-making process. 9

(15)

5

• **Requirement for question 5**

Irish politics is characterized by a strong element of localism or clientelism. Discuss the implications of this for the party system, parliament, government and public policy making. Include in your answer reference to the arguments for changing the electoral system.

(15)