

STRATEGY 2 RESTRUCTURING THE ORGANISATION

A number of approaches are being adopted by developed and developing Commonwealth countries alike to put some distance between policy formulation and its implementation. A strengthened policy core at the centre of the machinery of government is less prone to 'capture' by existing interests within the public service.

Within that framework, there is increased delegation to the operational or service-providing departments and ministries, and the increasing establishment of arms-length agencies or business units within the public service. This is consistent with other moves towards decentralisation and the greater sharing of power between national or federal structures and the public service at provincial or local levels.

This pattern of restructuring is driving change in managerial roles and responsibilities.

A STRONGER CENTRE

Increasingly, the control and co-ordination agencies at the centre of the public service are being restructured to provide smaller, simplified and more effective policy management units which are competent to represent the collective interests of government, able to co-ordinate the increasingly autonomous ministries, agencies and departments, and to meet the corporate requirements for more collective consultation on policy issues and setting common management standards.

A reduced need to focus on the mechanics of implementation enables the full Cabinet to concentrate on fewer and more important issues. Implementing agencies lie well outside of the central policy management core, facilitating the possibility of privatisation or partial contracting out of services.

Recent structural reforms in the U.K. Government can be grouped under several headings:

- reduction in the role of government itself;
- restructuring of central control authorities, including the Cabinet Office, Treasury, and Civil Service Commission;
- review of the arrangements for distribution of functions and for co-ordination of policy and administration between ministries;
- re-organisation of the relationship between central and local government, and
- delegation of executive tasks of government to subordinate and accountable bodies or agencies.

- In the U.K., the Government undertook a process to examine how, and whether, an activity needs to be performed within the public service. Increasingly sharp restrictions have been drawn between the role of government in policy-making and regulation, and the provision or purchase of services.

Arms-length operating agencies have raised constitutional and political implications and the accountability issue is far from resolved. It is developed Commonwealth countries that have mostly pursued agency creation, and here the development is forcing a re-consideration of the role of public servants at the centre and their relationships with politicians. Traditional values of political independence for the policy advisers are now being reaffirmed.

DELEGATION – CREATING OPERATING AGENCIES

Traditionally, the primary structural choices facing government concern the height and breadth of departmental bureaucratic pyramids. Accountability is assumed to flow upwards, with the administrative dimension funnelled smoothly towards the Permanent or Chief Secretary, and the political dimension towards the Minister. By contrast, recent experience shows governments are choosing from a considerably broadened range of structural options. This development has reduced the previous consistency across the machinery of government. Unity remains a feature of the public service, but uniformity is assuming less relevance.

The Canadian Government, in its White Paper of December 1990, included establishment of special operating agencies as one of the key items for public service reforms. Special Operating Agencies have the following characteristics:

- a. they are discrete units of sufficient size to justify special consideration
- b. they are concerned with delivery of services rather than with policy advice
- c. they are amenable to the development of clear performance contracts
- d. they are operating under a stable policy framework with clear on-going mandate
- e. they are staffed with managers and employers committed to the SOA goals

Special Operating Agencies are established by the decision of the Treasury Board. Submissions include a business plan and a performance contract, the framework document with mission statements and flexibilities of operating relations. These are approved by the minister responsible who decides when a unit is ready to be considered by the Treasury Board to formalise an agency. Each agency remains accountable to the Deputy Minister and Minister, however the Deputy Minister will assign the full range of authority for running the agency to its Head who will concentrate on meeting the agreed performance goals for service and values that are a hallmark of this new type of Government Unit in Canada.

The establishment of Statutory Boards in Singapore, Executive Agencies in the U.K., and the experience of corporatisation in Australia has allowed a clear delineation between the functions of policy formulation and policy implementation. In this way, areas of relative freedom from bureaucratic constraint have been created in which a more business-like climate can be maintained. Establishing an operational unit around a clearly demarcated and coherent set of functions, allows the development of operational goals, uniting staff with a clarified sense of mission.

The creation of agencies has enabled the commercialisation of government departments (Malaysia, Ghana) and the delegation of financial responsibilities through management contracts (India, U.K.). In some countries responsibilities are being further devolved at provincial and local levels (South Africa, Sri Lanka, India).

- The Statutory Boards in Singapore were created to achieve specific social development goals. They were designed to counter the traditional public service emphasis on regulation and monitoring, and were structured specifically to encourage the return of talent previously lost to the private sector.

Reforms in the New Zealand education sector illustrate the principles of devolution. The intent of the reforms was to abolish the Department of Education which had previously dominated both policy-making and the delivery of education services. The new system was based on the following features:

- Schools would be the basic building block of education administration, with control over their educational resources, to be used as they determined, within overall guidelines set by the state.
- The running of the school would be a partnership between the professionals and the particular community in which it was located. The mechanism for such a partnership would be a board of trustees.
- Each school would set its own objectives within overall national guidelines set by the Government. These objectives would reflect the particular needs of the community in which the school was located.
- Schools would be accountable through a nationally established agency for the public funds spent on education and for meeting the objectives set out in their charters.
- Schools would be entitled to purchase services from a range of suppliers.
- A Ministry of Education would be established to provide policy advice.

- Executive Agencies in the U.K. were intended to redress the historical preference for policy development over service delivery within the civil service.
- In 1987, one of the key radical structural reforms of government in Australia was to amalgamate a number of government departments reducing the total to eighteen. The restructuring and amalgamations had the following objectives:
 - reducing the overlapping of associated policy areas;
 - reducing the formal co-ordinating mechanisms and bureaucratic layers;
 - enabling every department to be represented by a minister at all Cabinet meetings.
- In Trinidad and Tobago the organisational structure of ministries/ departments and their varying responsibilities fall under the purview of the Prime Minister who determines the functional description of ministries based on the political mandate. Each ministry/department has been asked to develop strategic plans which will identify core purpose statements and clarify their major functions.

DECENTRALISATION AND DEVOLUTION

In the Commonwealth developing countries in particular, many governments are also decentralising responsibilities to regional levels. South Africa is working on a new constitution which favours the provinces. Zimbabwe is decentralising responsibility in areas of health, education and social service welfare to local government. Sri Lanka has established elected provincial councils.

While in principle, service provision at provincial and regional levels are more sensitive to the needs of local communities, in practice, enhancement of responsibilities depends on the viability and vitality of the local government system and the capacity of local agencies to strengthen social infrastructure and improve access to resources.

Decentralisation mirrors the broader devolution of managerial authority and has been one of the key strategies of reform. Traditional bureaucracies have been characterised by a high level of central control and direction. Increasingly, it is being accepted that managers in public service must be held responsible for results

but be allowed to manage. In Trinidad and Tobago, as in many other countries, such devolution will require legislative and even constitutional changes.

Efficiency within government has also been improved through restructuring of central/local, or federal/state inter-governmental boundaries. Clarification of mutual roles and responsibilities and, in particular, the rationalisation of mechanisms for financial transfer between levels of government, has heightened efficiency and enhanced fiscal transparency.

- Devolution of powers through to eight provincial councils has been envisaged as a major historical landmark in the evolution of political and social institutions of Sri Lanka. It also provided a unique opportunity to restructure the administration in a manner that would strengthen and enhance democratic policy by the people.

CHANGING MANAGEMENT ROLES

Reform programmes are demarcating the political/administrative boundary more clearly. Authority is explicitly delegated to senior officials in exchange for accountability for performance. Monitoring is achieved through performance agreements and the specification of expectations within short-term contracts for staff at senior levels to provide the basis for ministerial review of achievements.

These moves have been accompanied by efforts to strengthen the managerial role of senior staff. Traditional bureaucratic/administrative models have seen some separation between the financial, strategic, and personnel responsibilities of senior managers, particularly in the context of the historically strong roles given to Public Service Commissions and similar bodies. Within more autonomous functional units these three responsibilities

Within the U.K. Civil Service there has been a drive since 1988 to place more responsibility in accountable units or agencies, following an Efficiency Unit Report – "Improving Management in Government: The Next Steps". Such units or agencies have individual chief executives in charge of operating against demanding performance targets in an organisation matched to a particular task. This is underpinned by an accrual accounting system. There are now 97 executive agencies within the central government.

A recent U.K. White Paper identifies further organisational changes consistent with this broad direction in which the central departments (Treasury and Cabinet Office) are focused on strategic issues, resource allocation and facilitating best practice. The centres of departments are smaller, concentrating on policy-making, essential finance and personnel functions, the strategic management of agencies and the much more common task of purchasing services from external providers. A total of 125 to 150 agencies with considerable management freedom operating within the framework of the Citizens Charter are envisaged.

can be brought together, enhancing the managerial authority of the agency chief executive.

- In Malta, Permanent Secretaries and all senior appointments are made involving a performance agreement for one to three years.
- The Botswana Government is considering introducing a performance contract for Permanent Secretaries as accountable officers of each ministry.

The emphasis on the achievement of departmental or ministerial goals has the consequence of fragmenting the traditionally uniform public service, and is replacing the traditional procedural concerns of the public service with the pursuit of explicit objectives. In some settings this re-orientation has served to emphasise the 'vertical' relationships within government, increasing accountability to the political leadership, while simultaneously reducing 'horizontal' linkages between ministries. As a result, the focus on the collective interest associated with more traditional models of public service is reduced.

In 1988, New Zealand passed the State Sector Act. The main features of the Act included:

- changing the relationship between ministers and permanent heads (renamed as chief executives or CEOs); CEOs are appointed on contracts of up to five years;
- chief executive performance is now subject to a formal appraisal system conducted by Treasury and the State Services Commission (SSC);
- the former centralised employment system run by the SSC was replaced; the chief executive of each department became the employer of all staff within the department;
- the industrial relations regime applying in the public sector was closely aligned to the private sector.