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Knowledge Exchange Seminar Series (KESS)

Public service reform in a time of cutbacks: Collaboration and the role of parliament

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Overview

The financial crisis faced by political executives across Europe and the wider world has had a dramatic effect on public administration. In attempting to re-balance budgets, governments of varying political hues have adopted strategies to restructure the size and cost of their state bureaucracy. A common theme of such restructuring has been to economise by increasing the scale at which administrative functions are performed. This has been pursued by such means as centralisation, forging innovative partnership strategies, joint activities, consolidation of websites and using multiagency 'shared services'. This presentation aims to advance policy-makers' understanding of what makes for efficient collaboration in public service reform, and how the experience of cutbacks can be used to good effect to improve public services. New collaborative reform measures also raise questions about legislative capacity and the ability of legislators to scrutinise and ensure accountability for these new cross-organisational service delivery measures. Therefore, the presentation also addresses the role parliaments can play in overseeing and advancing reforms to achieve greater efficiency in government. In the context of ongoing budgetary cutbacks, it is timely for parliamentarians in Northern Ireland to consider the future shape and role of a smaller public service.

Cutbacks and Administrative Reforms

Since 2008, the year generally accepted as the beginning of the Global Financial Crisis (GFC), governments across the

developed world have struggled to manage their public finances, and to re-assert control of their economies. As the scale of the crisis unfolded, administrative retrenchment and bureaucratic cutback management policies emerged across Europe, and continue as important elements of government strategies to balance national budgets. In these efforts they are supported by reform ideas emerging from transnational organisations such as the OECD (OECD 2010; 2015) which has developed in engagement with public governance issues quite substantially, including its forthcoming review of the Northern Ireland public service. Understanding and theorizing the current wave of crisis-inspired administrative reform, and how it differs from previous attempts to downsize the state in times of fiscal crisis, has proved challenging given the diversity of responses (Kickert 2012; Peters et al. 2011). Many early academic studies of recent cutback management, however, point to considerable diversity in governments' responses to the crises (cf. Bideleux 2011; Kickert 2012; Peters, Pierre and Randma-Liiv 2011) and this remains the case. It is not clear when reforms designed to reduce the size and cost of national administrative systems will be wound down; rather they are likely to continue for some time (Pollitt 2010; Peters 2011; Thynne 2011; Coen and Roberts 2012; Lodge and Hood 2012).

Of course public sector reform has been on the agenda of advanced industrial societies since the 1970s when challenging fiscal deficits also resulted in the then call for greater use of market forces, and a reduction in state interventions became more prominent. The resulting wave of 'New Public Management' reforms had a number of common themes, most prominently:

- A greater focus on delegating tasks and responsibility to public managers
- The introduction of performance-based management schemes
- Changes in the mode of service delivery
- Emphasis on quality customer service
- Changes to personnel management systems

These changes were characterized is changing modes of governance characterized by delegation, decentralization and devolution. However, across the globe we are now witnessing a new wave of reforms characterized by consolidation and recentralization rather than fragmentation. Coupled with structural reform, and contributing to the pace of change, are spending cuts and the need to do 'more with less'. Considerable emphasis is now being put not just on the need for more joined-up government, but also greater public participation and use of technology and digital public services.

There is much evidence also of simple centralisation of controls as a primary response to the necessity of state financial retrenchment, with concurrent cascading effects as department and agencies seek to identify ways and means of securing expenditure reductions (Levine and Posner 1981). However a more recent development has been the pursuit of innovative methods of re-organising state bureaucracy in order to seek out efficiencies and protect front-line services. One primary

goal of such restructuring has been to economise by increasing the scale at which administrative functions are performed. This has been pursued by such means as new partnership strategies such as procurement syndicates, joint activities such as audits and inspections, consolidation of websites and creation of front-office 'one-stop' shops for the citizen. Also, and of particular interest, is the flourishing at local, regional and national levels of multiagency 'shared services', which involve independent organizations amalgamating back-office and professional support functions so that these are provided from one supplier to a range of customer agencies. As the OECD (2015: 149) has identified, the benefits of shared service arrangements include:

- cost savings through concentration, process standardisation, and economies of scale;
- enhancing service quality;
- achieving synergy and facilitating a stimulating working environment for specialists.

Though differentiated in terms of implementation, scope and onus on organisations to engage, a common objective of these initiatives has been to 'protect' frontline services from more swinging resource cuts by reducing overhead or ancillary expenditure. Back-office consolidation involves grouping together previously dispersed corporate functions, such as HR, procurement, payroll and estates administration, and in many cases creating new inter-agency shared service centres (SSCs) which act as the single provider for a range of customers (Janssen & Joha, 2006).

Research literature on public sector shared services is inchoate however, and mainly confined to sub-national and descriptive studies, with little reference to wider reform contexts or evaluations of savings delivered. Moreover, the focus is generally on the costing, design and rollout of SSC policies, rather than their actual effects upon the frontline public service organisations which they supposedly 'protect'. In the absence of empirical research, the contemporary appeal of shared services concept has largely gone unchallenged in public management literature. However all new reform innovations create new interdependencies, and these must be managed to make collaboration between public organisations work. Some issues for managing organisational collaborations such as shared services are suggested below.

Making collaboration work

Re-designing the organization of government involves trade-offs (Gulick, 1937). One of the more ambitious goals of new collaborative engagements between organisations is to 'by-pass' or otherwise overcome traditional boundaries between organisations, or at least minimize their costs. This is facilitated through the use of technology and virtual collaboration measures. In government, interdependence and collaboration between organisations commonly arises from the dynamic and multifaceted social, economic and environmental problems towards which public policies and services are directed. In order to make such collaborations work, a number of important factors come into play:

- *Leadership* - career development for future public sector leaders is linked to leading and managing complex whole of government projects
- *Strategic planning* - government and departmental strategic planning includes cross-cutting issues or identifies major cross-cutting projects which require a collaborative approach
- *Resource allocation* – a balance must be struck between departmental responsibility for funds over which it has direct control with funding for collaborative initiatives which may be the shared responsibility of several departments
- *Performance management* - accountability for joined-up initiatives and for the management of cross cutting issues should form part of a performance management process.

Collaborative efforts between and within public organisations also require particular values, including mutuality, reciprocity and innovation. This last value has traditionally proved challenging in a risk-averse public service, and even more so in the context of considerable budgetary cutbacks. There is also the challenge posed by new collaborations within government for accountability, which are worthy of further examination.

The challenge of parliamentary accountability

In Stormont (and as per Westminster legislatures more generally), the doctrine of Ministerial responsibility to the legislature for the activities of their department and related agencies is the key accountability mechanism. Collaborations between organisations via such means as shared services or joint procurements present an interesting accountability dilemma since, by definition, the cut across those boundaries which have traditionally demarcated areas of political or managerial responsibility. In part, this requirement for organisations to collaborate more closely has led to an expansion in 'soft' formal agreements by means of service-level and service management agreements. Typically, such agreements set out mutual expectations, reporting arrangements and means of communication. But more extensive re-ordering and amalgamation of parts of public organisations raises important accountability questions. Primarily, they raise the 'many hands' accountability dilemmas (Thomson 2014), not only for citizens but also for legislators or legislative bodies that do not have the capacity to scrutinise the deepening complexity of new cross-organisational service delivery methods (Strøm et al. 2003). Also the relationship between Ministers and civil servants is tested by the emergence of cross-government shared service reforms that challenge traditional linear accountability patterns.

In the process of seeking new ways for organisations in the public sector to collaborate and innovate, tasks and activities are decoupled from their organisation and reclustered with tasks and activities from other organisations into new organisational forms. New divisions of labour between public organisations arise, which require new coordination methods.

In sum, there is a need to think anew about how we understand the role and accountability of public organisations in this reorganised public sector, the means through which parliaments can enhance such accountability, and the opportunities offered by greater budgetary transparency. These topics are explored further in my presentation.

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Knowledge Exchange Seminar Series 2015-16

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