

# Expert session 1

## Rationalization of agencies in times of crisis

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**“Structuring Government in the 21st Century: Managing and Controlling Public Agencies at National and EU-level in Times of Crisis”**

# Academic perspectives on agency rationalization: trends, challenges and responses

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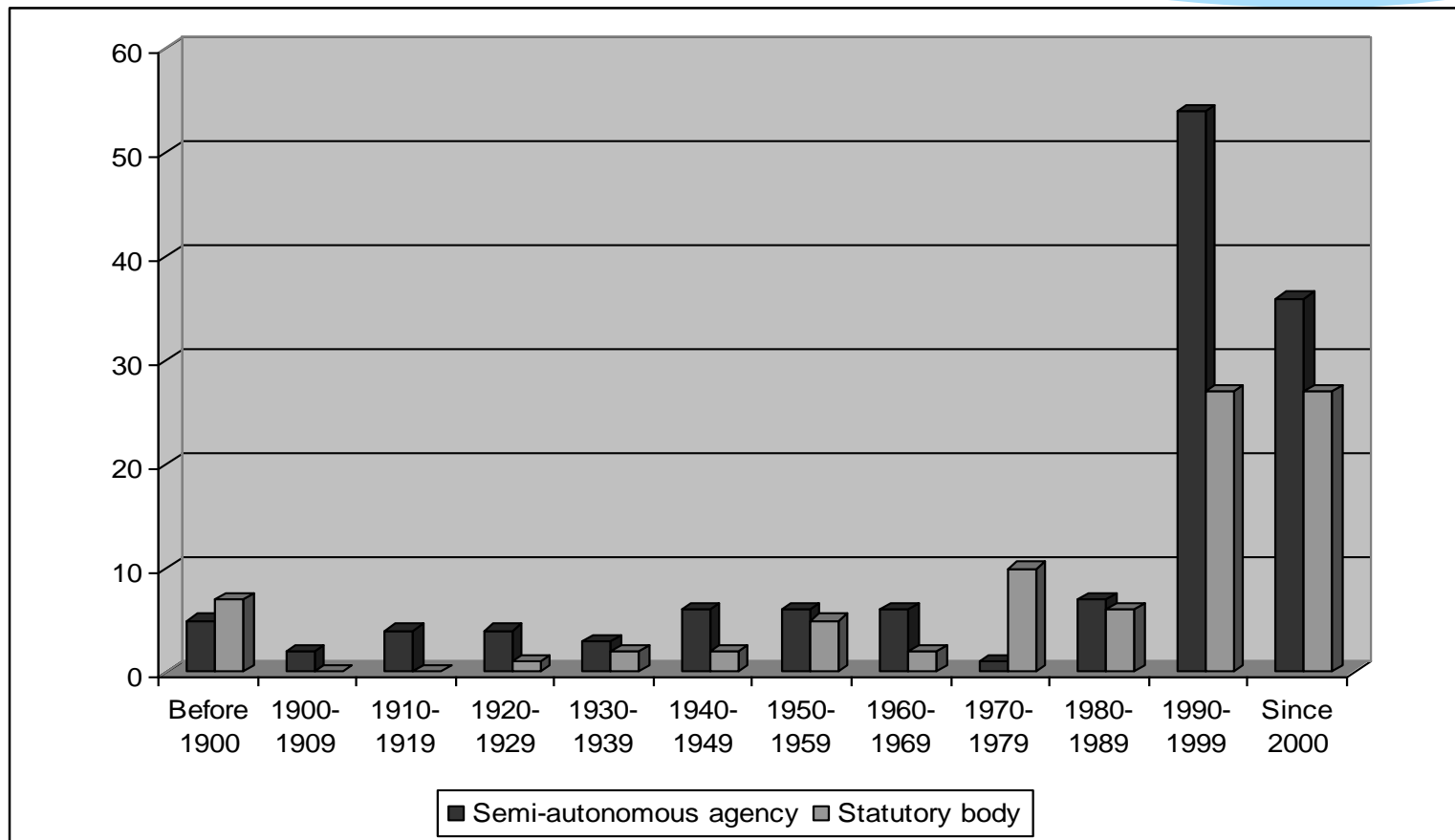
&

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# Existing agencies in COST countries (predominantly European)

Source: van Thiel et al. (2009)

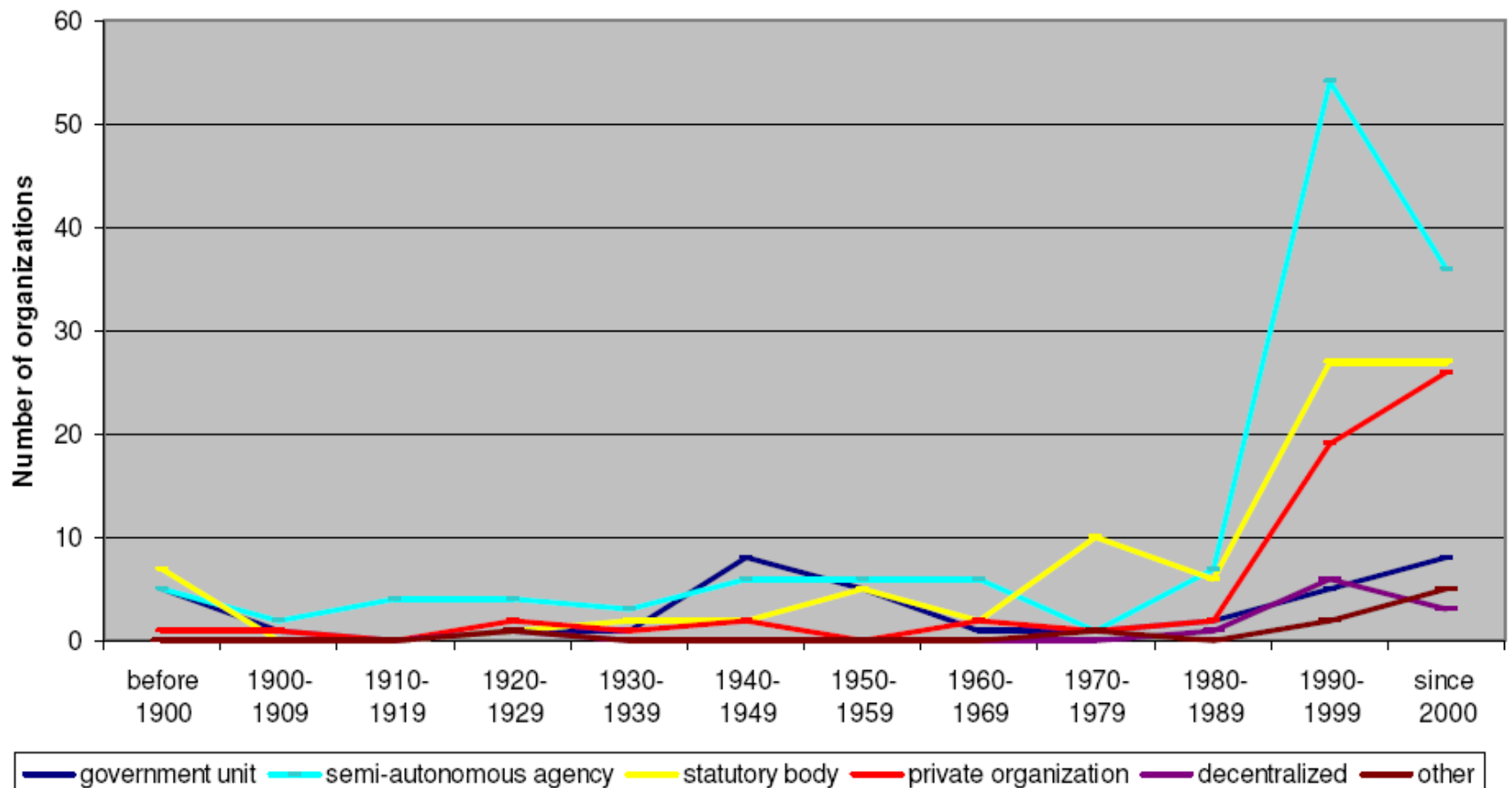


# Varieties of agencification


- \* Models of agencification adapted to meets needs and settings
- \* No one best model
- \* Variety of function, form, accountability, autonomy and governance
- \* Few states adopted formal frameworks or criteria for creating or controlling agencies

Source: van Thiel et al. (2009)

Categories of organizations over time



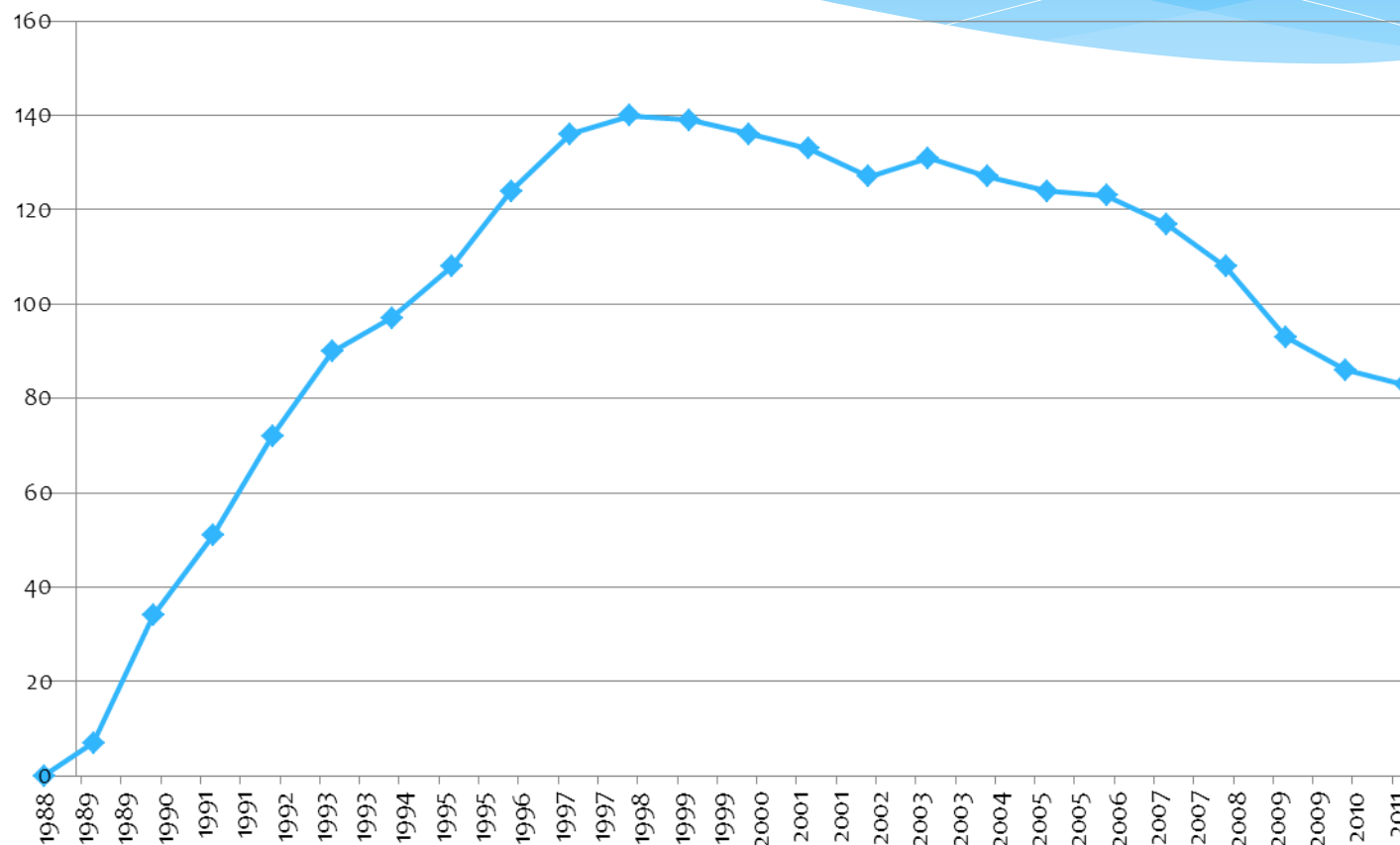
# What's happening now?

- \* Problems associated with agencification:
  - \* Complexity and (perceived) absence of transparency
  - \* Audit and accountability
  - \* Policy fragmentation and duplication
  - \* Implementation failures
- \* Global Financial Crisis and cost of governing
- \* Trust in Government
- \*  New responses

# How OECD states are responding

- \* Recentralisation of controls
  - \* Political
  - \* Financial
- \* Agency rationalisation programmes (UK, Ireland, Germany, CEE) but different approaches
  - \* Closures/terminations
  - \* Mergers, Absorptions
  - \* Privatizations
  - \* Shared services
  - \* New co-ordination/performance frameworks
- \* But again variety in scale and content, no single rationalisation model

# Executive Agencies in UK: 1988-2011



Source: James et al. (2011), Project Grant: UK ESRC RES-062-23-2471

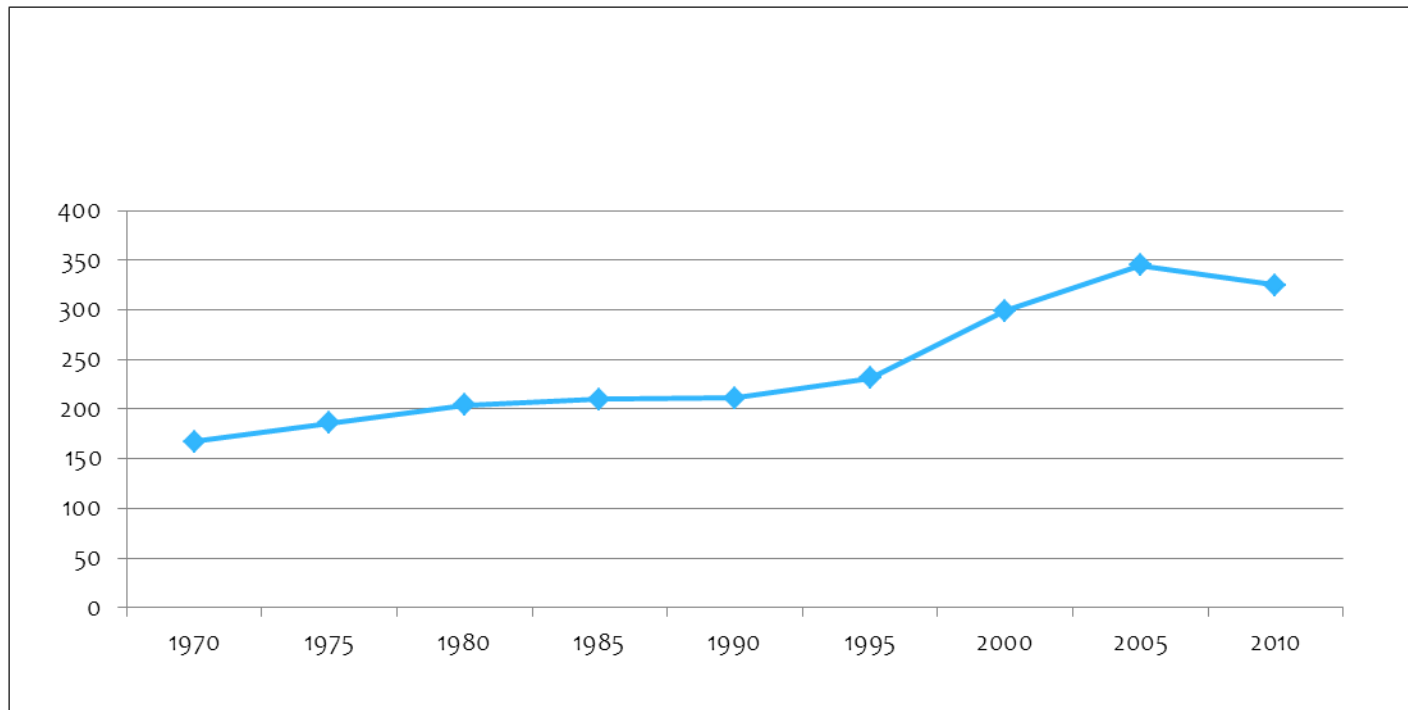
# Why does agency termination occur?

UK case study: Dataset of executive agencies  
from 1988-2011

## Preliminary findings:

- \*Performance against ministerial targets is not a key predictor of agency survival, except for those with especially high performance
  - \*Political congruence between party creating & monitoring agency appears more important
  - \*Public spending increases associated with reorganisation and termination
- ... Overall, in our preliminary analysis we find that in this context politics trumps performance in explaining agency termination**

# Agencies in Ireland: 1970-2010

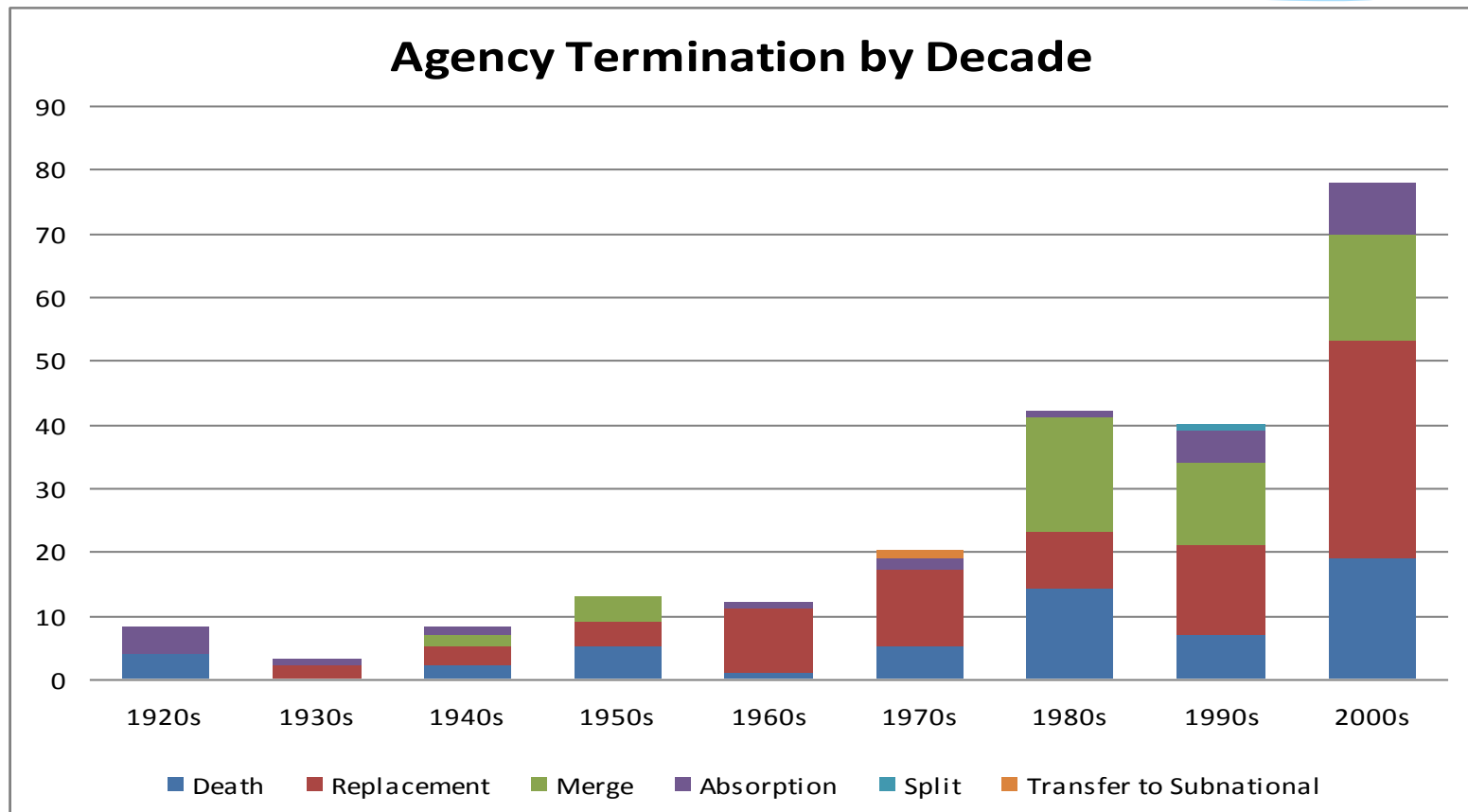


# Underlying dynamics

- \* Resource constraints
- \* Closer alignment of policy with delivery
- \* Enhance accountability
- \* Political control of bureaucracy
- \* Normal cycle of bureaucratic evolution: specialisation and integration
- \* Retreat of the State?

# Rationalization not new: Ireland

Source: Hardiman et al (2011)



# Findings from research

- \* Rationalization of agencies does not guarantee better performance or more coordination; the approach and criteria for the rationalization matter.
- \* Beware of the costs of rationalization; consider alternative strategies to obtain more coordination of/between agencies.
- \* Invest in a better coordination by improving the connection between policy and implementation, and between financial and performance information.

# Rationalization challenges

- \* Preparation of necessary legislation providing for any new agencies arising from mergers
- \* Budget to allow for merging IT and other internal communications system
- \* Accommodation
- \* Logos and branding
- \* Merging organisational cultures
- \* HR issues: unified management, combining grading and pay structures

# Policy Implications

- \* Strategic planning/management systems
  - \* Consolidate objectives and reporting
  - \* Danger of becoming very bureaucratic
- \* Better alignment of financial and performance information
  - \* Parliaments play a role
- \* Create incentives for cross-agency collaboration
  - \* Cross-cutting targets
- \* Provide fora for inter-agency and ministry engagement

# Sources

- \* Hardiman, N; MacCarthaigh, M & Scott, C. (2011) *The Irish State Administration Database* [www.isad.ie](http://www.isad.ie)
- \* James, O; Moseley, A; Petrovsky, N. & Boyne, G. *Semi-autonomous Agencies and the Executive Agency Revolution in the United Kingdom* (2011) [http://socialsciences.exeter.ac.uk/politics/research/public\\_policy/executive-agencies-project/index.php](http://socialsciences.exeter.ac.uk/politics/research/public_policy/executive-agencies-project/index.php)
- \* James, O., Boyne, G., Moseley, A. & Petrovsky, N. (2011) 'Performance, Stakeholder Stability and the Survival of UK Executive Agencies', Conference paper presented at the Political Studies Association Conference April 2011, London.
- \* MacCarthaigh, M. (2010) *National Non-Commercial State Agencies in Ireland*. Institute of Public Administration State of the Public Service Series. Dublin: Institute of Public Administration.
- \* Van Thiel, S. & CRIPO team (2009) *The rise of executive agencies: comparing the agencification of 25 tasks in 21 countries* [http://www.eur.nl/fileadmin/ASSETS/fsw/Bestuurskunde/The\\_rise\\_of\\_executive\\_agencies\\_july2009.pdf](http://www.eur.nl/fileadmin/ASSETS/fsw/Bestuurskunde/The_rise_of_executive_agencies_july2009.pdf)