

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

27 May 2011 – Brussels (Belgium)

Report on Expert Session 1: Rationalization of Agencies in Times of Crisis

Convened by **Muiris MacCarthaigh** (Institute of Public Administration, Ireland) and **Alice Moseley** (University of Exeter, UK)

The session opened with the convenors welcoming everybody to the Panel, before providing a presentation on the issue of agency rationalization from an academic perspective. This drew on their own research endeavours in the UK and Ireland, as well as from the findings of other research terms involve in the COST Action. The presentation identified some key trends in agency rationalization, and suggested possible reasons for this and alternatives to rationalization that might be available to practitioners.

Following this, the first of two invited practitioners involved in the rationalization of agencies spoke. The first, **Mr David Denny** of the Irish Department of Finance, told participants of the recent initiatives to reduce agency numbers in Ireland, with the principal driving factor in these efforts being the sharp contraction in public finances, but also the desire by governments for greater accountability and oversight of agencies. He noted that progress was being made but that important lessons had been learned for the future in relation to planning for such rationalizations. The next speaker, **Ms Paula McDonald** of the Cabinet Office in the UK, presented on the British government’s current programme of agency reform, involving closures and mergers, and the challenge presented by the passing of the legislation for such reforms through parliament. As with the Irish case, Ms McDonald noted the wide variety in organisational and legal forms that public bodies adopted and the difficulties this posed for planning rationalizations.

Following these presentations, a panel discussion ensued at which **Mr Moling Ryan** of the Irish Association of Chief Executives of State Agencies and **Mr Stephen Speed** of the UK Association of Chief Executives gave opening remarks on rationalization from the perspective of agencies. They argued for coherence in reform programmes and challenged the idea of agencies as being unaccountable, proposing that agencies seek to work in partnership with parent departments. The challenges of rationalization were also noted, however, including the difficulties associated with sharing back office functions which may create cost savings but can also lead to an unacceptable loss of control for agency chief executives.

The practitioner accounts together provided a real picture of the opportunities and challenges posed by rationalization for those at the ‘sharp end’, including those charged

with implementing government-wide rationalization and those inside agencies feeling the force of rationalization.

During the Panel discussion, participants from the floor challenged the assumptions of practitioners in relation to the likely outcomes of the rationalization programmes given experiences elsewhere. Alternatives to rationalization such as shared services and the use of centres of excellence for common agency tasks were discussed. The costs versus savings of reorganizations and rationalization were debated with contrasting evidence cited. The influence of political preferences on agency survival was also raised with participants noting that agencies may be closed no matter how good their performance.