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ORGANISATIONAL CAPACITY REVIEWS

Building Capacity

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INTRODUCTION

Innovation in the form of an *organisational review programme* is being implemented in government departments and agencies in the Irish public service[1]. Similar innovation took place in the United Kingdom in 2005 and related developments are visible in parts of Australian and New Zealand public management practice. These innovations are the product of political impatience with the speed and effectiveness of implementation of policy and are oriented towards building the capacity to get things done. While 'review' might imply an historical orientation and an assurance emphasis, the real thrust and value must be future oriented: review with the goal of ensuring future effectiveness.

Discussion of this innovation and of similar initiatives elsewhere has used the language of capacity and capability review – hence, no doubt, the title of the conference theme. I will refer to capacity and capability interchangably in this paper as the central aspect of the planned organisational review process.

What should we mean when we discuss 'capacity'? Why might we be concerned about it? How might one review and build it? These seem to be the three central questions that arise in relation to the current consideration and planning of capacity reviews.

Capacity, in popular discussion, relates above all to the ability or inability to deliver services to citizens in a manner that meets their expectations. But it also relates to the ability to provide effective advice to the political decision making process. And, in a manner that only those living in captured and corrupt systems can fully appreciate, it relates to a value base that owes unswerving alliegence to independence, probity, and a commitment to speaking truth to power.

The reasons why anyone might be bothered to worry about, and actively build, capacity are several. It is 'obvious' that any system should be deeply concerned about reflecting on and developing its capacity. To do otherwise neglects a basic responsibility of stewardship for the present and future. Conditions in Ireland, as in many other countries, create a special contemporary concern about capacity arising from the demand for a 'performing state' linked to high expectations, concern about value for money, resistance to any greater tax burden, and ambiguity in the link between allocated resources and realised consequences.

If we should indeed be concerned, then the matter of what to do and how to do it presents us with a third challenge. Assessing and building capacity is at once trivial – in the sense of being 'obvious' – but also infinitely complex. It is trivial in so far as it might be argued that the public performance of public duty stares everyone in the face: 'everyone knows' whether health services

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[1] Mr. B Ahern, *'Stepping up to the Mark: the Taoiseach's Organisational Review Programme for Departments & Offices', LINK, Issue No. 49, April 2007.*

are delivered well and efficiently; 'everyone knows' whether public transport is available, effective and affordable; 'everyone knows' whether they feel safe on the streets and by-ways; and so on. And if there are shortcomings, the responsible people should deal with them and resources should be directed towards priorities. However, assessing capacity turns out to be a little more complex than that, and building it even more challenging, since it involves answering the question of 'capacity for what?' and the fact that the answer will change with time.

WHAT IS CAPACITY?

Public discussion of capacity most commonly focuses on the *ability to deliver services*. For most citizens, that is what the apparatus of state does. It is a feature of daily life, experienced through the delivery of traditional core activities of justice, education, health and defense but also through the provision of a vast array of public services and transfers ranging from the weather forecast to renewing motor tax or the collection of refuse. The difficulty for public service providers is that for many of these services, their provision earns no plaudits but delay, breakdown, inefficiency or high cost stirs immediate wrath[2]. As with so-called organisational 'hygene' factors, meeting these needs makes no one particularly satisfied - it merely prevents us from becoming dissatisfied. There are no thanks, but there is instant complaint.

Behind this most public aspect of capacity lies another equally important aspect, but one experienced in a very restricted forum: in the market for *advice and wise counsel,* particularly at the interface of the political and administrative systems. While the capacity to deliver public services exists in the realm of mass, if not universal, experience the delivery of advice inhabits a restricted domain occupied by those who must make decisions central to the country's wellbeing and by those appointed to provide them with counsel that is well judged, independent, evidence-based and timely. This aspect of capacity is traditionally held and nurtured by the Mandarinate, shaped through formal learning, considerable experience, socialisation into a value system and by a system of appointment and succession planning. To state the obvious, the delivery of public services ultimately depends on the quality of policy decisions. No amount of capacity to deliver services efficiently will make the wrong service a good one.

And finally, but most fundamentally, is the capacity to act in a *value based, value driven* manner. The civil and public service is not a value free, amoral, social mechanism of delivery. Its legitimacy and the security of civil society rests in its capacity to preserve and assert its independence, to never fail in its commitment to probity and in its skill in 'speaking truth to power'. If that capacity is lost, political advisors, consultants, outsourcers, and assorted charlatans and sorcers quickly become the effective 'capacity'; 'spin' drives government and the legitimacy of state and government is undermined.

So, we have three vital dimensions of capacity: capacity to deliver services observable by all citizens as a feature of daily life; capacity to give effective advice, observed by few and reliant on fewer still; and capacity to deploy and renew basic values of good public management lying beneath the surface of action but fundamental to good government.

WHY BE BOTHERED?

It seems obvious that 'capacity' should be a central concern of public managers. Without the capacity to make good decisions and to implement them well, ineffective government is the best expectation one might have; the worst expectation is a failed state. The stewardship of capacity is therefore a central responsibility of management at all levels. In a normative sense, every public

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[2] *Hertzberg, F. 1968. One more time: how do you motivate employees? Harvard Business Review (January-February):53-62*

manager must be bothered and should devote effort, as a priority, to understanding, building and deploying the capacity to perform effectively.

This is not an easy task. It often demands concentrated effort to allocate time towards assessing future needs and to shaping the capacity to respond when more immediate pressures demand response. In the context of public management, capacity is predominantly concerned with people – with understanding the future's demands on knowledge and intellectual assets; with acquiring, developing and sharing human capital. Given a background of classical brueaucracy and the ideal of the generalist civil servant, such thinking runs against the grain of some deeply embedded assumptions and practice. It may also conflict with practice in the selection and development of leaders who must take on the mantle of stewardship without a great deal of tailored preparation. Some of those newly arrived in leadership positions may not fully recognise the responsibility. Some may consider it someone else's responsibility.

Considered from the 'demand' side there is an equally pressing requirement. Citizens and politicians are far more demanding than was formerly the case with regard to performance. They expect capacity to be available, to match the best international standards, to be responsive, and to deliver performance in a manner that is fast, flexible, efficient and innovative - but also well-considered, cost effective, compliant with demanding governance and accountability requirements and true to values of an independent public service. Management, as most senior managers discover, deals in paradox and dilemma; public management a little more-so than private.

General expectations are increasingly set by reference to the private sector and in Ireland to the standards of global corporations of which so many citizens are employees. In this context the citizen is consumer, setting commercial standards and expecting choice to solve problems of poor performance. This is the essence of the 'performing state'[3] . Citizens and their public representatives expect high performance, calibrated in relation to private sector corporate standards and, when faced with underperforming monopoly state providers, see radical reform or competition and choice as the 'obvious' remedies. Audience democracy[4] adds to these pressures by pushing the related debate and decision making into a very public arena whose landscape is significantly determined by media, interest groups and pundits. In an audience democracy the political decision maker is drawn into a more public and 'instant' process of deliberation and decision that may leave the pace and content of traditional political and administrative processes floundering or by-passed.

So capacity matters greatly, and those responsible for creating, managing and building it must have it as a central priority. But it is not stewardship of a settled resource. Contemporary Ireland demands a changed and changing resource base, much of which may only be achieved by radical reform or by conceding the impossibility of meeting some expectations from a public provider source. Additionally, future capacity needs are, in part, ambiguous and uncertain. Under such circumstances, the old adage of focusing on 'building arks rather than forecasting rain' may signal the kind of strategy required. The future we face unquestionably calls for a greater array of specialised and professional skills but it also calls for a reinvention of the civil servant as general manager, well versed in the design and leadership of organisational change.

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[3] A Schick, 'Government of the Future: getting from here to there, opportunity, strategy, tactics in reforming public management', PUMA, (99)4, OECD, Paris, 1999.
[4] B Manin, The Principles of Representative Government, Cambridge University Press, 1997

Given these considerations, does Ireland need capacity reviews? The question is not easy to answer objectively. In terms of general national discourse one would say yes, in light of the general sense of frustration that is voiced about the perceived performance of the state and attribution of poor performance to various aspects of state incapacity 'to get the job done'. This critical commentary is commonplace among citizens, politicians and media commentators. However, it must be acknowledged that the absence of some level of such commentary would be extraordinary – and indeed perhaps impossible in a democracy - since one person's reason for satisfaction with the state may be another's cause for complaint: my successful planning application will commonly create a disgruntled neighbour. Demand for health care is infinite, so any limits will be rejected by some. It is of the essence of the state's duty to regulate conflict. It cannot be popular with everyone, all the time.

Surveys of attitude provide one thread of evidence as to generalised perceptions and satisfaction. International comparative data provide another means of calibrating performance on a relative basis. One might consider the incidence of inquiries, tribunals, commissions of investigation, special reports or EU complaints and fines, as an indicator of the incidence of failure, in so far as they investigate the malfunctioning of public service organisations.

Three surveys (2006, 2003, 1997)[5] of civil service customers commissioned by the Taoiseach's Department provide a sense of how individuals and businesses view the apparatus of state and its performance. Overall, and over time, these indicate considerable satisfaction. There is a reported perception of acceptable efficiency (62% see the civil service as very/fairly efficient), a willingness to recommend it (76% of general public would recommend the civil service on the basis of service provided) and a perception of improvement (53% believe it has become more customer focused in the three years to 2006). Business impressions are more positive than individual and those with recent direct contact are more satisfied than those without.

The Central Statistics Office's reports on *Measuring Ireland's Progress*[6] provide tracking comparative data that might be seen as mapping outcomes. The evidence is, for the most part, of achievement of good outcomes, among the top in a number of EU comparisons and above average for many, notably economic outcomes. There is evidence of bad outcomes and outputs too, such as in the numbers at risk of poverty (highest in EU at 20%); pupil-teacher ratios (highest in EU for primary at 18.3); or greenhouse gas emissions (12% over target).

Other evidence that provides international comparisons[7] is limited and provided principally by World Bank, European Central Bank, the Global and World Competitiveness Reports and the Cultural Planning Office of the Netherlands. Summarising part of this evidence, Boyle notes some general points that emerge from cross country analysis. Ireland may be seen as doing 'relatively well' in terms of the quality and efficiency of public administration. The measures available cluster Ireland with a group of north European and anglophone countries.

These limited sightings of comparative performance do not, in themselves, provide evidence of an urgent need for remedial action. It might therefore be argued that capacity reviews are not needed to 'fix' serious problems in relative performance. The argument, rather, hinges on the

[5] *Department of Taoiseach, Public Service Modernisation, 'Business and Public Attitudes Towards the Irish Civil Service', Dublin, bettergov.ie, July 2006.*
[6]*Central Statistics Office, Measuring Ireland's Progress, Dublin , 2006*
[7] *R Boyle, 'Comparing Public Administrations', CPMR Research Report No. 7, Institute of Public Administration, Dublin 2007.*
S. van de Walle, 'The State of the World's Bureaucracies', Journal of Comparative Policy Analysis, 8, 4, 437-448, 2006

widespread demand within the country and within the public service for improved, and in some cases transformed, capacity to perform to increasingly high expectations. It hinges on a sense of needing enhanced capacity for an uncertain future in which the successes of the past decade do not guarantee continuing success. And on a more negative note, it turns on the failures recorded in various inquiries, commissions and reports on the way in which public affairs have sometimes been mis-managed. The country in a collective sense gets a 'good, with some excellent results and a number of weaknesses' report card. But like so many school reports of that nature, the familiar comment 'with application, could do even better' might be appended. Perhaps that is what has changed over a decade: there is a desire to be best, not just good. If the SMI and Delivering Better Government initiativesw brought Ireland into the mainstream of modernised, reformed OECD administrations, this new phase is more about beconing a leader in public management. If capacity reviews can help make that difference they will be worth the effort.

HOW TO REVIEW CAPACITY

The capacity to deliver, to give good advice and to do it in a value based manner for a challenging future is our concern. It reflects a real and central responsibility of public management and a focus of public and political demand. So a need and desire to review and build capacity is hardly surprising. The challenge lies in how to do it well and effectively.

How to do it depends of the reasons for doing it

In some ways capacity review is an obvious and almost trivial exercise: look around and see what is being delivered. I can tax my car on the internet and get a tax disc for display virtually by return of hard copy post. (From a performing state perspective I wonder, of course, why I can't yet print my disc at home like I print my airline boarding pass). Many can remember queuing for a motor tax renewal on the city's footpaths and therefore say: 'excellent performance – there is real capacity to deliver'. On the other hand, I may feel unsafe on the streets in certain locales; I may be anxious about access to world-class medical treatment in a timely manner; I may really want to move by public rail around the country rather than by car; or whatever else may concern me as a citizen. In areas where the citizen has concerns or is dissatisfied for reasonable cause, underperformance and the absence of appropriate capacity is usually 'obvious'. What could be more obvious that the protracted inability to deliver driver testing while road deaths accumulate?

Who needs a capacity review if the need for more or different capacity stares everyone in the face? Responsible managers, it might be asserted, should grasp the issue and deal with it as their clear duty and accountability. In such situations a review may serve only to postpone the required remedial action and to rationalise the incapacity. Of course, a review may be essential to understanding the causes of poor performance and to legitimising the changes needed. The many instances of inquiries, commissions, reports and investigations following on dramatic failures in performance give evidence of this. By contrast, where performance is outstanding, who needs a review unless it serves to stretch performance even further and to spread excellence around the system to where it is needed?

So, there may be a general reason to undertake capacity reviews because, as we have rehearsed, capacity is pivotally important and must be managed. But when considering how and when it might be done, further reasons emerge. A capacity review might be appropriate to understanding high performance and to spreading best practice by making tacit or 'sticky' knowledge readily transferable across the public service. It might be appropriate to understanding poor performance, to remedying a capacity failure, and to legitimising needed change. It might be relevant as a quality assurance process to provide evidence that capacity is adequate and that

stewardship and management of capacity is being exercised. It might be deployed to identify capacity issues for the future and to provide an evidence base for anticipating change and rebuilding capacity proactively. Institutionalising high performance capacity; remedying incapacity; supporting improvement and change to address new needs; providing a measure of quality assurance are all good reasons. But providing a basis for and the stimulus to building future capacity is the most productive of all.

All of these considerations may be further nuanced by considering whether a review would focus on 'tangible' service delivery, the provision of policy advice, or the guardianship of public service values – or all together. Given these considerations, it is important to understand why one might engage in a review process and what focus it might have, in order to design and implement it effectively.

	Service Delivery	Advice	Values
Build new capacity for future			
Improve existing capacity			
Institutionalise high performance			
Remedy incapacity			
Provide assurance			

A new, or separate, process?

It is important to ask why a capacity review might be isolated as a unique, separate, undertaking. For many managers the mention of another review, reporting, compliance, verification, improvement or other process will be greeted with a sigh of despair. Some might even suggest (privately of course) that it is hard to 'deliver' if more and more time is spent feeding the beast of reporting, control and compliance. Many would undoubtedly note that process is vital but wasted if it does not lead to action – to 'delivery' and performance - and that many existing processes have failed to change performance. If so, why should one more process succeed?

Before addressing the 'how to' of capacity reviews directly, it is therefore important to ask whether the general reasons or goals (see the table above) could be satisfied or achieved without a new process? A number of possibilities might be considered and I will pick two very different illustrations. One simply reflects on where a 'capacity review' process is found in standard strategic management practice. The second confronts the possibility that 'capacity' may just be located in the wrong place.

First, reflecting on standard private sector practice, separate capacity reviews are rare events, although integral to certain circumstances such as mergers and acquisitions when the acquirer needs to be reassured via due diligence that what they think they are about to buy is indeed what is for sale. Analysts make a living from reviewing corporate capacity to perform in the future as a basis for recommending to investors whether they should buy, hold or sell shares. In these cases, the exercise is aimed at removing information barriers and assymetries. The reviewer tries to discover whether the target entity is revealing the truth and to reassure themselves or others of future capacity to perform. Capacity review, otherwise, is quite rare because, in best practice, it is built into the continuing strategic management process and periodic strategic planning. Capacity review is the second core stage in strategy analysis after 'external' or 'environmental' review. Commonly referred to as an internal or organisational analysis it has, since the beginning of the

business policy field[8] been targeted at generating an assessment of strengths and weaknesses. In more recent practice, reflecting the influence of the resource based theory of the firm[9], it is expected to identify and consider core and distinctive competencies. When combined with the external analysis (with its opportunities and threats analysis and the isolation of industry and competitive key success factors) and the mission and values of the organisation, the standard process moves to decisions about mission, vision, and goals. This will normally identify a gap between current and desired perfomance, and strategy is devised to close this gap over some period of time. The strategy elements are then considered in the context of organisational capacity to implement, and decisions are made with regard to the structures and systems needed and the culture and ways of working that will ensure effective implementation. Changes, if needed, are agreed and the process of managing strategic change moves into the implementation phase. In this standard private sector practice[10], capacity assessment is visited twice: once to size-up current capacity and performance and a second time to change and align capacity to implement an agreed strategy.

Comparing the above with public management practice in Ireland, some might ask does this not already conform to what happens in the course of preparing Statements of Strategy or intra Departmental Business Plans? Some might ask whether elements of such a review are contained in Customer Service Plans, Action Plans and Reports under the performance verification process associated with national agreements, or the newly arrived Annual Output Statements. Is it not all there, already?

A 'yes' answer is unsettling because something must then be awry and the interest in capacity reviews might look like a very explicit symptom, and recognition, that all the many process mechanisms in place do not singly, or in total, address deep concerns about capacity to perform. Such concern could arise from the 'implementation deficit' at the heart of the pressures for change in a performing state context. But this means that the existing processes that might reasonably be expected to deliver, do not or cannot. This could be because the processes are poorly executed – for example if consideration of current and future capacity is not pursued adequately in the Departmental or Agency strategy process or if a multitude of relevant but partial processes are never joined up to do the job adequately. In this case we would have a management failure rather than a process failure.

How could this be? It might result from processes being executed but with an over emphasis on compliance-oriented behaviour. Form not substance might triumph and the process is corrupted. It might result from processes that are indeed partial and genuinely difficult to 'join-up'. Then we would have a system design failure – the elements are there but there has been a failure at system design and management level to ensure their coherence. Incrementalism and muddling through may be as alive and well as in the fifties[11]. Or it could be that these processes are adequate and well executed but that there are deep inertial forces in the resource base – in the capacity – that impede implementation of even the best strategies and plans. Warning signals of this might be taken from the glacial speed with which change in human resource practice, management information systems and ICT innovation has proven possible and the decade long

[8] C R Christensen et al, Business Policy, Irwin, Homewood, Ill., 1965
[9] J Barney, 'Company Resources & Sustained Competitive Advantage', Journal of Management, 17. 99-120, 1991; or K M Eisenhardt & J A Martin, 'Dynamic Capabilities: what are they?', Strategic Management Journal, 21, 1105-1121, 2000.
[10] Standard formulations may be found in: C W Hill & G R Jones. Strategic Management Theory: an integrated approach, Houghton Mifflin, 2006 or G Johnson, K Scholes, R Whittington, Exploring Corporate Strategy, Prentice Hall, 7th ed, 2005.
[11] C E Lindblom, 'The Science Of Muddling Through', Public Administration Vol. 19, pp. 79-88, 1959

process of introducing new financial information systems, since they were established as central objectives of reform in *Delivering Better Government* in 1996. It is notable that the international initiatives taken to date in the form of capacity or capability reviews have emerged from Prime Ministers' offices, triggered - it would appear - by a great impatience with lack of system responsiveness and motivated by the discomfort of not being able to turn promises to the electorate into delivered performance as fast and completely as politically desired.

Looking at New Zealand practice it may be noted that one of the Treasury's primary roles involves advising the government on "the strategic alignment *and capability* of State sector entities"[12]. On a government-wide basis, departmental "Statements of Intent" (SOI) are launched each year alongside the Treasury's budget. SOIs have some of the features of a 'built-in' capacity review, akin to the earlier discussion of private sector best practice. They are contained in public documents presented to the House of Representatives each Budget day, providing a high-level description and explanation of each department's key operating intentions and performance expectations over a 3-5 year period, as identified through their planning process.

SOIs are prepared by each department and signed off by the responsible minister. They outline "outcomes, impacts and/or objectives that the department is focused on, the goods and services (outputs) to be supplied, and *plans for managing key aspects of capability*"[13]. The framework employed to structure each SOI is decided by individual departments, but all must provide certain common information[14]:

- A medium-term (3 year) outlook that provides a strategically-oriented description and explanation of what each department is trying to achieve, how they intend to achieve this and measure the progress made, the challenges they will face, and the *implications for their capability*
- An annual set of information for the coming financial year only, which provides more detailed performance information in the form of forecast financial statements against which the department must report and be formally audited.

SOIs focus on financial planning and outcomes. However they also evaluate how departments plan to manage existing capability to achieve outcomes. All departments are required to report and produce measures of "organizational health and *the capability to perform functions*"[15]. Each department must review annually key elements of its capability and determine whether it can perform its functions and conduct its operations through available resources. Each must include plans to develop or change organizational capacity. Suggested measures and standards used to assess departmental capacity include:

- Trends in recruitment
- Retention of key staff
- Good employer policy and plans
- Targets for efficiency arising from new practices / technology investment
- The age and state of physical assets.

Departments are expected to consider any capacity limitations and their impact on their ability to deliver interventions effectively.

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[12] http://www.treasury.govt.nz/outcomes/publicsectorperformance/. *The New Zealand government defines "capability" as "what a department needs in terms of a combination of leadership, expertise, culture, relationships, production processes and technology, physical assets, and other resources to efficiently and effectively deliver the interventions and outputs required to achieve the stated outcomes, impacts and objectives that the department seeks in order to contribute to the government's goals".*
[13] http://www.treasury.govt.nz/publicsector/sois/02.asp
[14] http://www.treasury.govt.nz/publicsector/sois/04.asp
[15] http://www.treasury.govt.nz/publicsector/sois/05.asp

From the earlier consideration of private sector general practice and some experience of New Zealand public sector practice, it is important to note that one way to address the capacity review requirement is to build it into the existing apparatus of strategy making and strategy review. Development and integration of existing statements of strategy, annual output statements, annual reports, progress reports for national agreement performance verification purposes could provide some of the apparatus to do this. This might be seen as the *'build-in'* option

This brings us to the second consideration: could it be that capacity is in the wrong place? Faced with difficulties in implementation, public managers will often explain in detail and quite irrefutably the difficulty of delivering performance, especially when it is premised on significant change, in a public sector environment. And that of course, at the limit, prompts the question – why even try if there are alternatives to the travails of doing it yourself? In a developed economy with an active, well regulated and internationally competitive private sector, why should public sector provision continue where there is adequate private sector capacity? Faced with a capacity problem with no timely or cost efficient solution, why not engage private sector capacity to deal with the relevant activity? That is the immediate reaction of many citizens whose expectations drive the performing state: don't waste time trying to address a capacity problem that has such deep roots, or a momentum beyond challenge, just switch the activity to a private sector that responds to different incentive, and has a different intrinsic felxibility.

What are the appropriate boundaries or scope of the public sector domain? This question is fundamental to strategy. Reconsideration of boundaries has transformed the private sector and many industries in the very recent past, resulting in dramatic corporate reconfigurations, the spread of network organisations, specialised global supply chains and the redistribution of economic activity on a global scale[16]. Above all, it has deconstructed the great integrated industrial corporate enterprise invented at the end of the nineteenth century. Central to this process has been a focus on separating out activities within the traditional boundaries of firms and considering them re-allocatable both in governance or ownership terms and spatial distribution. Industries are being restructured in terms of their boundaries, value chains and global location as a result. In the public sector the same question of boundary presses on managers but with greater urgency than ever because of the increasing ease with which activities may be re-located to other sectors in governance terms, if not in transnational terms.

The question of what constitutes a true public good that may only be provided from within the public sector generates a very short – albeit very important – list. What the state actually does is often more a reflection of history, evolving ideology, industrial relations negotiation and organisational inertia than anything else. So, if we have deep and difficult problems with re-configuring capacity in the public sector or in improving it, even if re-configured, we have the increasingly realistic option of having it performed by the private and nonprofit sectors under competitive conditions, potentially offering choice to the citizen and within a governance framework that protects the public good, ensures adherence to desired values and delivers value for money.

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[16]*See, for example, T L Friedman, The World is Flat: a brief history of the twenty first century, Farrar, Straus & Giroux, 2005*
R Baldwin, 'Globalisation: the great unbundling(s)', Prime Minister's Office, Economic Council of Finland, September 2006.

Under such circumstances, capacity reviews would take on a very different complexion: they would morph into concern about network management, service level agreement management, contract review and re-negotiation and tendering processes. Just as reflection on private sector practice demands that we ask whether capacity review is already a part of public sector practice, so too any worry that they might not lead to a material change in performance drives us to ask whether the 'problem' might be better addressed by changing public sector boundaries rather than by adding additional processes. If the latter looks like an abdication of responsibility to build public sector capacity, we should be careful to weigh that possibility against the alternative of building private sector capacity in a world now dominated by wealth and employment creation in services. Could a vibrant, innovative, flexible, well governed services sector supplying government and the citizen with services be a potential contributor to the greater prosperity and international economic competitiveness of the country? In summary, this might be labeled the *'build-out'* option in contrast to the 'build-in' option.

Two conclusions emerge from this general exploration of how to review capacity. First, the reasons for needing to undertake reviews should be clear and should drive the design process: 'why?' is central to answering 'how?'. Second, discussion of capacity reviews may carry an implicit assumption that they are done in addition to existing processes – that they are *'built-on'* - and that they are confined by the existing boundaries of public sector activity. But to design capacity reviews adequately the three options of *build-on*, *build-in* and *build-out* should be considered openly and openly contested.

MODELS & CHOICES

The established and conventional model of capacity, capability or organisational review in private sector practice has been discussed briefly. What other models may be inspected for their relevance and utility? There is some considerable experience of a similar process in the education sector in school review or inspection at second level and more particularly in third level review at academic department, university and university system levels[17]. These latter have been driven largely by a quality assurance and improvement rationale, as mechanisms to ensure that self-governance is not self-serving and to provide input to institutional and system strategy making in the conventional best practice mode. While there has been considerable experience accumulated it is still very recent and conclusions may be premature. Nonetheless the common experience seems to be that the associated processes are productive in challenging those involved to step back and take a more strategic and objective view; in contributing to a more coherent strategic perspective and resulting actions; in helping to focus on identifying and dealing with priorities and choices; in developing more self conscious governance arrangements; in creating greater transparency about capacity strengths and weaknesses and in grounding the related discourse. Their foundation stone of peer review has been a considerable strength in execution and follow through. Their drawbacks are, however, largely related to failure in follow-through. There are probably few more dispiriting processes for committed and motivated people to experience than that of revisiting issues during subsequent cycles of review that remain unchanged and unaddressed due to reasons beyond their control or due to mistaken or inflated expectations of change.

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[17] *EUA: European University Association, Review of Quality Assurance in Irish Universities, Higher Education Authority & Irish Universities Quality Board, Dublin 2005.*
The EUA has completed more than 135 institutional reviews of universities in 33 countries in the past decade. Its review of the Irish university system focused on quality assurance in relation to the requirements of the The Universities Act 1997, Section 49.

However, leaving these models aside we now have a very immediate analog to consider. Organisational or capability reviews 'broke out' very publicly in the UK under the auspices of the Prime Minister and his Cabinet Office in 2005. Moreover, the UK initiative has been implemented with considerable pace and has been openly self-reflective – publishing not only the reviews conducted but also several reports on the process.

The UK Departmental Capability Review

In the case of the UK, Departmental Capability Reviews (DCR) were launched in October 2005 to assess how well equipped departments were to meet their delivery challenges and to provide targeted support to make required improvements. The Taoiseach's comments in announcing Irish capacity reviews indicate similar intent: "we should … 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"[18] .

The overarching aim of the UK's DCR initiative was cited as "to achieve a Civil Service which is better at delivery - that can deliver its existing targets, understand its future challenges and rise to meet them efficiently and effectively". DCRs are a flagship of ongoing UK Civil Service reform - Mr. Blair having described them as "a watershed in the history of British public administration"[19]. The DCR initiative has been publicised as going far beyond the concept of a traditional audit - "the focus of the reviews is on future needs rather than auditing the past"[20].

A DCR is designed to provide an assessment of a Department's current and future capability to achieve its tasks. It is not intended to review of historical achievement, but to enable future performance. Areas requiring reinforcement are identified and actions are established to address these. DCRs have been designed to assess just three selected areas of capability:
- Departmental leadership
- Departmental strategy
- Public service delivery

The scope of each DCR is intended to assess the capability of a Department's senior leadership in these areas, using a "model of capability". Exploring underlying issues that determine effective delivery is the object of questions such as:
- Do Departments have the right strategic and leadership capabilities?
- Do Departments engage effectively with their key stakeholders, partners and the public?
- Do staff have the right skills to meet both current and future challenges?
- Do Departments know how well they are performing, and do they have the tools to fix their problems when they underachieve?

As part of the DCR process, each Department prepares a detailed action plan to address issues raised in the review and departmental leadership is accountable for achievement of the plan.

Methodology

The DCR frameork was developed following consultation between senior civil servants and external experts. It is deliberately selective, focusing on the areas considered to be crucial to

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[18] *Mr B Ahern TD, Speech to the Inaugural IPA National Conference "Moving Towards the Public Sector Future", 2006*

[19] *Cabinet Office, PMDU, 'Capability Reviews: the findings of the First Four Reviews', July 2006*
http://www.civilservice.gov.uk/reform/capability_reviews/publications/pdf/summary.pdf

[20] *ibid., quoting from Sir G O'Donnell, Cabinet Secretary*

capability. It demands judgements to be made regarding ten elements of leadership, strategy and delivery, using an underlying group of forty nine questions:

- Strategy:
  - Focus on outcomes
  - Base choices on evidence
  - Build common purpose
- Delivery
  - plan, resource & prioritise
  - develop clear roles, responsibilities & business models
  - manage performance
- Leadership
  - set direction
  - ignite passion, pace & drive
  - take responsibility for leading delivery & change
  - build capability

A sample of the questions associated with the "set direction" element above that are posed to senior departmental staff is:
- How do you set a clear direction and articulate the vision to provide a compelling and coherent view of the future?
- How do you maintain focus when faced with crises/system shocks? How do you balance this with the need to keep the vision up to date when circumstances change?

All Departments reviewed to mid 2007 have been assessed in the same way, using the same questions and basic elements.

The DCR process has been championed by the Cabinet Secretary and coordinated by the PMDU – the Prime Minister's Delivery Unit. The PMDU is a section of the Delivery and Transformation Group (DTG) of the Cabinet Office. Each DCR is carried out by a unique "Capability Review Team" composed of members of the PMDU and a selection of external reviewers. External reviewers are drawn from the private sector, the wider public sector and board-level members of other government Departments. Each Capability Review Team's report is reviewed for consistency by a panel of experts which incorporates relevant external figures.

Each DCR report contains:
- An assessment of the Department's capability for future delivery. Each of the ten review elements is assigned a rating, ranging from "strong" to "well-placed" to "developmental area" to "serious developmental area" to "serious concern".
- General conclusions are drawn regarding the Department's capability in the overarching areas of leadership, strategy and delivery.
- Based on these findings, key areas for action to be addressed are identified.
- A statement by the Department in response to the DCR is produced, outlining the actions that it will take.

The DCR initiative has been rolled-out at an impressive rate. By June 2007 fifteen capability assessments will have been completed for 80% of the Civil Service. In a summary issued with the March 2007 tranche of 5 reports, three types of Department[21] were distinguished:

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[21] *Cabinet Office, PMDU, "Capability Reviews Tranche 3: Findings and Common Themes. Civil Service- Strengths and Challenges", March 2007, p.21*
http://www.civilservice.gov.uk/reform/capability_reviews/publications/pdf/Tranch_3_summary.pdf

- Small "influencing" Departments (e.g. the Cabinet Office)
- Big Departments with large service delivery functions (e.g. the Home Office)
- Small Departments with large service delivery through partners (e.g. Health)

and the PMDU cautioned against comparing results across all Departments[22]. Nevertheless the March 2007 summary report provides a contrasting view of the capability ratings of the twelve Departments reviewed to then. The comparative data indicate that Departments received very mixed assessments.

Most were assigned a mix of "well placed", "developmental area" and "urgent developmental area" ratings. The most common element rating was "developmental"; only five Departments received any "strong" element ratings. Two outlying Departments emerged: the Department for International Development's DCR was positive compared to its peers (seven of its ten reviewed elements were rated as either "strong" or "well placed"), whereas the Home Office's results were particularly negative (six of ten reviewed elements were "developmental", two were "urgent developmental areas" and two were of "serious concern").

The cross-Departmental comparison might be seen to identify the strengths and weaknesses of the UK Civil Service as a whole in terms of the ten leadership, strategy and delivery elements. In such a synoptic view, three of the top five ranked capability elements relate to *strategy*. In contrast, three of the bottom five elements relate to *delivery*. The results relating to the four *leadership* elements are mixed; whereas some elements of leadership appear strong throughout the Civil Service (e.g. leaders frequently "ignite passion, pace and drive") the Civil Service is characterised as particularly poor at building leadership skills and capability. The startling paradox of a high rating for 'strategy' and low for 'delivery' may uncover a particular blind-spot in public management – the misconception that the two are separate. In strategic management practice, whether public or private sector, strategic management is about both. A poorly delivered or executed strategy is, by definition, a bad strategy. In public management practice it still seems possible to construe strategy as abstract, unsullied by the messiness of execution. Such an interpretation died in military strategy in the aftermath of the Great War. In the private sector it died with the eclipse of strategic planning in the eighties. Could its last refuge be in the interstices of public management practice?

Given the results noted, four areas requiring immediate action at a Civil Service-wide level were identified in the UK and are, in order of priority[23]:

(1) Three *skills, capacity and capability* action areas have been prioritised:

Better people management	Ensuring that people are managed effectively, poor performance is tackled rigorously & people at all levels are stretched, challenged and motivated to perform
Better HR & other corporate services	Building more effective & professional corporate services in government departments so that they can contribute effectively to raising business performance
Skills gaps	Understanding the skills required to deliver against tomorrow's challenges & systematically developing staff to meet them

(2) Four *delivery and performance* action areas have been prioritised:

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[22] *ibid, p.22*
[23] *ibid, pp 30, 36, 42, 48*

Managing against priorities	Setting clear priorities and then managing against them, taking tough decisions to stop programmes where necessary & allocating resources consistently to priority areas
Effective performance management	Effective performance management driven by the board and embedded throughout the organization & delivery chain
Strategy to deliver	Turning the department's strategy into effectively realized delivery; consistyently ensuring that delivery plans are aligned to meet strategic objectives
Getting the basics right	Consistent application of project management disciplines, from planning to benefits realization, a culture of continuous improvement & sharing & embedding best practice

(3) Four *business model* action areas have been prioritised:

Departmental centres	Building a small & strategic 'core' that sets direction & adds value, with clear roles & responsibiloities
Supporting systems & processes	Developing clear systems & processes that operate throughout the delivery chain, including clear governance & accountabilities for delivering outcomes
Managing through relationships	Managing through relationships, influencing & negotiation, as well as direct delivery
Understanding the business model	Articulating the department's business model & communicating it throughout the department & to delivery agents, stakeholders & partners; ensuring current & future policy decisions are informed by an understanding of the business model

(4) Four *leadership* action areas have been prioritised:

Collective leadership	Boards acting as role models to exhibit an effective corporate culture of teamwork
Challenge	Effective challenge on boards, including external challenge, to support them in their role of managing performance
Leading change	Managing change effectively; in particular, boards driving through & sustaining change in the long term
Building leadership	Engaging the wider SCS in the business of departmental leadership

Beyond these system-wide priorities, only minor consideration appears to have been given so far to the common needs of Departments of similar type. For instance the group of smaller Departments assessed in tranche two were found to exhibit certain common needs that differed somewhat from those of larger Departments. Each tranche two Department exhibited a particular need for "leaders who can operate effectively in their challenging delivery environments by influencing across complex and dispersed delivery chains and affecting outcomes without direct leverage"[24]. However this "department-type" level of analysis has been the exception; most DCR analysis is set either at the level of individual Departments or of all Departments regardless of size or type.

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[24] *Cabinet Office, PMDU, Capability Reviews Tranche 2: Common Themes & Summaries, Dec 2006., p.7.*
http://www.civilservice.gov.uk/reform/capability_reviews/publications/pdf/summary_tranche2.pdf

Following the completion of a DCR, the responsible Capability Review Team regularly reviews progress and provides support to help ensure that the Department remains on track to deliver agreed changes. Departments monitor performance against their individual action plans. The Cabinet Secretary holds meetings with Departmental leaders every six months to discuss progress reviews carried out by Capability Review Teams.

In October 2007, a "one-year-on" system-wide progress report is planned. This will review whether sufficient action has been taken in individual Departments and across the Civil Service on issues that were identified. It is anticipated that Departments should demonstrate significant and sustainable change to tackle their key capability gaps. It is planned that a new "Civil Service Steering Board" composed of permanent secretaries and non–executives will play a role in compiling this report and ensuring that its findings are implemented. A second round of reviews is planned on a two-year cycle.

Initial public reaction to the DCR initiative was cautious - "hopeful, but with only modest expectation"; "a step in the right direction"[25]; "the evidence so far suggests that Sir Gus means business"[26]. Following the publication of the various DCRs, commentators were more positive. Even sceptics who consider the DCRs to have "exposed no stunning new facts" still regard the reviews as "a useful snapshot" which "may act as a spur to future improvements"[27].

Not surprisingly, the fact that most Departments received mediocre to poor DCRs dominated press coverage. Following the publication of the first tranche of DCRs, typical journalistic observations included "not a single Department was considered to be either in a 'strong' or 'well placed' position in terms of its planning, prioritising or managing performance" and "the capability reviews have uncovered serious weaknesses in major government Departments"[28].

The DCR process itself has been criticised on several counts. An external member of the Home Office Capability Review Team has publicly argued that DCRs would "benefit from a better understanding of their precise role". It is suggested that the initiative's purpose is "a bit blurred"…"a better understanding (is required) about whether they are an independent external inspection, or whether they are more like an internal development programme, or peer assessment"[29].

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[25]*Whitehall & Westminster World, 'Whitehall's Big Test',*
http://www.civilservicenetwork.com/news/article.htm?txttnews%5Btt news%5D=6148&tx
ttnews%5BbackPid%5D=90&cHash=8d6bfcb6d9
Solace Foundation / The Guardian Public, "A word in your ear… Advice to Sir Gus from a friendly source, January 2006. http://www.solacefoundation.org.uk/pdf/SFI%20-%20A%20Word%20in%20Your%20Ear.pdf
[26] *G Lodge, "Ending Whitehall Exceptionalism", Public Service Magazine, November 2005*
http://www.ippr.org.uk/articles/?id=1808
[27]*'Whitehall's Big Test', op cit.*

[28] *Whitehall & Westminster World, "IPPR Warns Whitehall Again";*
http://www.civilservicenetwork.com/news/article.html?txttnews%5Btt news%5D=5983&tx
ttnews%5BbackPid%5D=90&cHash=0383589513; "IPPR on Whitehall"
*http://www.civilservicenetwork.com/news/article.html?tx_ttnews%5Btt_*
news%5D=7081&tx_ttnews%5BbackPid%5D=90&cHash=1e30579c98; op. cit, Lodge, p 3

[29]*ibid.; "Home Office assessor urges review reforms",*
http://www.civilservicenetwork.com/news/article.html?tx_ttnews%5Btt_news%5D=1216&tx_ttnews%5BbackPid%5D=90&cHash=7bb4dbe709

Perhaps the most significant criticism leveled at DCRs involves the level of external input into the process. External experts were involved in designing the review methodology, are included in each Capability Review Team and are represented on the panel that reviews each Review prior to publication. However several sources have criticised the DCR process for not involving external experts to an even great extent: "a crucial issue concerns the use of external scrutiny. Sir Gus has said that external experts will be used in the reviews, but for this to really chime with his other agenda of building trust and confidence in government, the DCR must become a fully-fledged external audit"[30]. The Institute for Public Policy Research has called for the DCR process to become a wholly external process "conducted by an independent body outside Whitehall"[31].

The manner in which the press and politicians interpret DCR results has potential to be difficult. Lodge notes that "the temptation for the press to construct crude league tables of ministerial performance will be strong and no doubt explains the reluctance some had to introduce the scheme"[32]. The purpose of the DCR initiative has been to monitor Civil Service capability, not ministerial performance. However given Labour's long-term focus on public service reform and delivery, it is not surprising that some might wish to use DCR results to hold the government to account in this area.

It would appear that observers are waiting to see if DCR recommendations are actually implemented before they make their minds up regarding the overall value of the process. Most seem keen for it to succeed - "it is crucial that this doesn't become just another initiative that soon disappears off the radar"[33]. However, given the initiative's need for sustained senior political support, Mr Gordon Brown's long-term interest in DCRs becomes critical, but has been questioned[34].

Choices

Reflecting on the UK framework and experience, some important choices faced in initiating capacity reviews in Ireland emerge:
1. choice of purpose: establishing clarity about why exactly the review process is being undertaken
2. choice of balance in emphasis between reviewing and following-up
3. choice of mechanism/s for implementing reviews and for following up on the implementation of recommendations: what kind of organising mechanism/s to use (a review or implementation unit, temporary panels/committees/reporting groups)
4. choice between a standardised or differentiated approach
5. choice of criteria: how to make assessments & whether to focus on some particular criteria
6. choice of assessment team: especially whether to use independent outsiders, international outsiders and experts and international peers
7. choice of degree of transparency: above all whether to publish and publish quickly
8. choice of 'sponsor/s' (in the political and the civil service leadership)
9. choice of review cycle (how often to review and whether to do it on a cycle or as needed)

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[30] *G Lodge, op cit.*
[31] *Institute for Public Policy Research, "British civil service needs to learn from around the world" 10.4.07 http://www.egovmonitor.com/node/10285*
[32] *G Lodge, op cit.,*
[33] *G Lodge, op cit.*
[34] *Whitehall & Westminster World, 'Whitehall's Big Test', op cit.,*

THE EMERGENCE OF 'IMPLEMENTATION UNITS'

While capacity reviews and their role, rationale and value has been the subject of this paper so far, it is noteworthy that they seem to have come coincidentally with, or pre-dated by, implementation units. Three notable examples are Whitehall's Prime Minister's Delivery Unit (PMDU) formed in 2001, Australia's federal Cabinet Implementation Unit (CIU) formed in 2003, and Queensland's state level Implementation Unit (IU) formed in 2004[35].

The contemporary state is commonly characterised as a 'complex system'. One of the defining features of complex systems is the phenomenon of emergence: agents, structures, processes emerge from the dynamics of the system itself and not necessarily by design or intent[36]. Implementation units have some of this about them. Non-outcomes, unexpected outcomes, partial outcomes and unintended bad outcomes arising from policy decisions are normal from a complexity theorist's perspective. They are the product of myriad interactions, ambiguous models of causality and non-linear effects. Despite this apparent recipe for chaos, complex adaptive systems have a capacity to generate emergent order – 'order for free" as Kauffman refers to it[37]. The difficulties being experienced with policy implementation and outcomes seems to have produced 'implementation units' in what might be interpreted as some such response in a number of countries: the UK, Australia, and perhaps Ireland.

Implementation units and capacity reviews might be seen as two closely related aspects of the same phenomenon: respectively a structural and a process innovation tied to very similar origins and motivations – the desire to get government decisions implemented faster, more efficiently, and more effectively. Two levels of involvement in implementation characterise these units:

- *"Upstream implementation":* This refers to the input these units make into policy proposals at the design and development stage, *prior* to their reaching the cabinet table. In this instance, implementation units provide *ex ante* quality control for implementation plans, ensuring that "the administering organisations are properly identified, constructed and located, and that the right questions have been asked about a range of implementation issues".
- *"Downstream implementation":* This involves monitoring the implementation progress of existing policies, and in some cases invoking central authority and expertise to improve implementation performance[38].

Recent reviews of experience with these implementation units suggests that they share certain commonalities. First, all were developed under established Prime Ministers who were already in their second or third terms in office. Blair, Howard and Beattie were all well-acquainted with running their governments and were increasingly frustrated with their civil services' inability to

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[35] *There also appear to be similar units about which limited information is available in the Victoria Government established in 2005 within its 'Policy and Cabinet Group' and with an upstream orientation, and in the South Australian Government which has established a 'Policy Implementation Division' in its Department of the Premier and Cabinet.*

[36] *M L Rhodes & J A Murray, 'Collaborative Decision Making in Urban Regeneration: a complex adaptive systems perspective', International Public Management Journal, 2007.*
P W Anderson. Complexity Theory & Organisational Science, Organisation Science, 10(3), 1999

[37] *S Kauffman, At Home in the Universe, Oxford University Press, Oxford, 1995*

[38] *E Lindquist (A). 'Organizing for policy implementation: The emergence and role of implementation units in policy design and oversight'. Journal of Comparative Policy Analysis. Dordrecht:. Vol. 8, 4, p. 311 , 2004.*

deliver on existing policies. The emergence of the units could be considered a critique of both departmental delivery and existing central oversight mechanisms. In the UK the Prime Minister's Delivery Unit (PMDU) is also the organisational mechanism through which capability reviews are implemented.

Second, all three have direct personal association with their respective Prime Ministers. Although their actual level of involvement in the day-to-day work of the units varies they are commonly considered to be Prime Ministerial creations, and are directly accountable to them. These associations lend the units a degree of legitimacy and authority which such small and embryonic units might not otherwise enjoy.

Finally, and linked to the issue of Prime Ministerial association, is a certain degree of precariousness. As the units derive power and authority from association with the Prime Minister of the day, each faces the question of "what happens when the leader changes"? In so far as the units may be a particular concern of long-established governments, they risk falling surplus to requirements following electoral change.

The three units differ considerably also. Most obviously, they differ in size with the UK unit dwarfing the two Australian units. They are reported as consciously differing in terms of organisational scope and the tone of their relationships with other Civil Services bodies[39]. In terms of scope, the Australian units are more focused on ex ante implementation issues. Although both carry out some ex post implementation monitoring, it is limited to high-level "traffic light-style" reviews, and they play no serious enforcement role - "more tracking units than scrutinising implementation"[40]. In contrast, whereas the PMDU carries out some upstream activity (notably setting implementation targets for Public Sector Agreements), it plays a vigorous ex post role policing and enforcing implementation via regular "stock-takes" of performance against agreed targets,[41].

As regards the tone of relationships between each unit and the rest of the Civil Service, the high profile, results-focused PMDU is reported as having adopted an "aggressive", "adversarial" relationship with other bodies[42]. It enters in areas that were previously the domain of other Departments (often bypassing Departmental administration to deal directly with policy delivery actors) and holds them directly to account for performance[43]. The process is regarded by some as one of the Prime Minister's personal tools for imposing himself as "Chief Executive of UK PLC"[44]. In contrast, the Australian units have consciously adopted a low-profile, and built collaborative relationships with their administrative interlocutors. Australian decision-makers "did not want to follow the PMDU direction", rather adopting an approach "that emphasised implementation thinking and review, rather than the discipline of detailed performance

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[39] J Wanna, 'From afterthought to afterburner: Australia's Cabinet Implementation Unit'. Journal of Comparative Policy Analysis. Dordrecht:. Vol. 8, 4, p. 347 , Dec 2006. Wanna notes "fundamental differences by explicit design" exist between the two Australian units and the PMDU.
[40] Ibid. p 364
[41] D Richards & M Smith, 'Central control and policy implementation in the UK: A case study of the Prime Minister's Delivery Unit'. Journal of Comparative Policy Analysis. Dordrecht, Vol. 8, 4, Dec 2006
[42] Lindquist, Evert (B), 'Organizing for policy implementation: Comparisons, lessons and prospects for cabinet implementation units'. Journal of Comparative Policy Analysis. Dordrecht, Vol. 8, 4, Dec 2006;
 Wanna: op cit., p 353
[43] Richards and Smith, op cit., p336
[44] Richards and Smith, op cit., p340

reporting"; "it was never intended for the CIU to perform a policing or punitive role"[45]. The PMDU is located in the Cabinet Office as are the units found in the Australian administration.

The threes units also differ in terms of the nature of their staff. The PMDU is staffed with a mixture of senior public sector officials from central, department and agency levels, and current / former private sector consultants[46]. In terms of skillset, this group has a strong emphasis on delivery and implementation experience. In contrast, the two Australian units contain relatively junior officials who typically have generalist experience in policy making and reporting, rather than implementation.

Although all three units are closely associated with their respective political leaders, the amount of attention they have received from their Prime Ministers has varied. Given Mr. Blair's leadership style and the fact that policy implementation lay at the heart of his third term agenda, it is not surprising that he afforded the PMDU a remarkable amount of time. During the period examined by Richards and Smith, Mr Blair took part in weekly department-by-department delivery meetings organised by, and based on, reports written by the PMDU[47]. In contrast Mr. Howard receives a quarterly report from the CIU on implementation progress (to which he apparently devotes considerable attention)[48]. In Queensland Mr. Beattie adopted a distinctly hands-off style with respect to his IU; embroiled in a series of local political crises, he has displayed "a lack of sustained interest in the details of (IU) administration" and has been reluctant to provide appropriate IU funding. Overall, it is suggested that his long-term commitment to the IU is in some doubt[49].

Finally the three implementation units have taken different approaches to the amount of attention they afford to specific issues. From the outset, the PMDU has consciously paid specific attention to Mr Blair's priority policy areas - health, education, crime and transport. For example, of the 130 Public Sector Agreements (PSAs) in place in 2005, the PMDU concentrated its attention on the 25 most related to Mr Blair's four key policies. By narrowing its focus to these areas it identified "a few really compelling targets, and used those targets to fix problems rather than just become a compliance exercise"[50]. In contrast the Australian units seem broader in their policy attention, particularly in their upstream activities. Downstream, the CIU is more focused, restricting its attention to approximately fifty initiatives. The Queensland IU also conducts a downstream review of the "top fifty" most problematic / politically sensitive policy areas.

Successes and failures

To date, the PMDU is considered by some to have succeeded in shifting Whitehall's focus somewhat from processes to outcomes. It has also shifted the balance in the relationship between the Prime Minister's office and individual departments - rather than the PM relying on Departments for information and implementation enforcement, he now has direct oversight of priority policy areas[51]. In Queensland the IU's impact has been less dramatic, but it is still credited with establishing reporting and monitoring mechanisms. As in Whitehall, Canberra's

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[45] *Wanna, op cit., pp 348, 363*

[46] *For example the current head of the PMDU, Mr. Ian Watmore, was until recently the head of Accenture, UK.*

[47] *Richards and Smith, op cit., p339*

[48] *Wanna, op cit., p364*

[49] *A Tiernan, 'Working with the stock we have: The evolving role of Queensland's implementation unit'. Journal of Comparative Policy Analysis. Dordrecht, Vol. 8, 4, Dec 2006.*

[50] *Richards and Smith, op cit., p338*

[51] *Lindquist (B), op cit., p426*

CIU appears to have bolstered a culture and discourse throughout central government based on implementation management.

However all three units are still in their early days - time will tell whether they are genuinely producing desired effects. Their most significant challenge may be to remain relevant once their initial political champions leave office.

The experiences of Whitehall, Canberra and Queensland highlight some questions:
• Are IUs complementary to, alternatives to, or unrelated to a capacity review process
• What emphasis should such a unit have – upstream implementation, downstream implementation or both?
• Is a specialist implementation unit needed to carry out these tasks, or could typical implementation unit activities be undertaken by existing mechanisms?
• Should their work focus on specific implementation challenges and problems or take a broader-brush approach?
• What kind of relationship (adversarial vs. collaborative) with the rest of the Civil Service best serves to achieve the goals?
• In which department of government should a unit be located?
• How large should such a unit be and how permanent should its staff be?
• What kind of staff and what mix of internal / external expertise is required?

The implementation of capacity reviews requires careful guauging of the balance of structural and process innovation. Are both needed? Could one without the other do the job, and if so which is it?

URGENCY & OWNERSHIP

The motivation for the introduction of reviews and implementation units has to do with a sense of urgency in the political and administrative systems about 'getting things done'. The result of this emerges, as in the planned Irish initiative, as a centrally initiated process. This movement to centralised action-taking is a familiar feature of organisations under pressure, needing to make rapid change or experiencing hostility and / or declining performance. However, successful change driven from the centre requires either the means for coercive change, or the active, and positive, participation of the rest of the organisation in the process. So the matter of 'ownership' is pivotal.

Ideally, a capability building process is owned by all involved throughout the organisation, with the result that the process is engaged in actively and necessary follow-up actions are taken directly at all appropriate levels. Where it is not 'owned' it will fail. Failure of ownership is most likely to reflect problematic leadership factors. In that case, the review process becomes intimately bound up with leadership assessment, selection, succession, development and skilling. In the absence of an appropriate leadership team at departmental level, no amount of reviewing will produce worthwhile results – unless the review process can trigger leadership change. In the contrary situation, a review is a facilitating process that serves to improve what was going to happen anyway.

In the contemporary Irish context a sense of urgency may not be fully shared, unlike the first round of reform starting in the early nineties which was situated in a blighted economic and social setting. The current need for change is not one that needs to be imagined, but neither is it a stark crisis that has driven all the ambiguity out of the case for change. Current Irish circumstances are more 'reactive' in the sense that the symptoms of the need for change are accumulating; the

pressures from the political system and from citizens are building; the period of convergence towards EU and global standards of living has ended; the sources and sustainability of continuing economic, social and cultural wealth are not clear. So the exact nature of the required response remains ambiguous. This is a potential breeding ground for inertia and dither. It presents the paradoxical situation in which the resources and time for change are available but the motivation to change may be limited. For those seeking change, it demands strong ownership and an ability to communicate a strong sense of urgency as well as an ability to elicit ownership among those who must deliver on the 'front line'.

In a private sector setting the matters of ownership and urgency are affected by the simplicity and directness of market forces, shareholders, boards and bottom lines. The equivalents in the public sector are the the citizens' voice, expressed through their elected representatives, concentrated at a cabinet table and relayed through the administrative system. The case for drawing politicians into a review process in an appropriate manner is powerful and demands attention from anyone designing an effective review system

SOME 'IRISH' CONSIDERATIONS

Context counts. All public management challenges have to be understood in their local and historical context. It is important that what is done in the form of the proposed capacity reviews be seen in its general public management context, in the context of evolving international practice but also in relation to important features of their Irish setting. A few of these features that seem particularly important are noted below for illustration. The list could be contested productively.

Distinctive competencies
Conventional best practice in the private sector creates a particular focus on indentifying core competencies in an organisation and then identifying those that are distinctive and valuable – not just unique to the organisation but also valuable (as distinct to unique and problematic or value destroying). The characterisation of Ireland as a highly globalised trading nation that must maintain international competitiveness in world markets for talent and knowledge on the input side and products and services on the output side is cliched but nonetheless pivotal. By virtue of size, tradition in economic and social development, and general consensus, the management and renewal of competitiveness is seen as something in which the state plays an important role. State policy and its effective enactment have a profound impact on competitiveness.

The history and folklore of public and private sector interdependence indicates that a capacity for swift action, for joined-up action in defense and support of competitiveness is a distinguishing feature of aspects of Irish public management. The folklore attributes this most commonly to a capacity to over-ride aspects of due bureaucratiuc process when the need arises to produce fast effective action. This is seldom seen as threatening propriety or good governance in public management. It is generally seen as an ability to fast track certain actions; to speed-up process; to join up fragmented processes, particularly when international competitive forces press urgently. This might be construed as action that is engaged when the country experiences a need to compete in international markets for opportunity and for resources. In these cases, a market discipline produces a particular response that contrasts with that evoked by demands that are more domestically isolated and that do not experience the pressure of international markets at first hand. The familiar contrasts between practice in 'sheltered' vs 'exposed' sectors of Irish life are of this nature. And allied to them is the contrast between public sector practice that is connected to one or the other.

If there is some unique and valuable capacity behind such processes, capacity reviews need to identify it, nurture it, and transfer it to areas where it is needed but the immediacy of international market and political incentives is not felt. To damage it through an ill judged process that falls prey to the machinery of compliance and control would damage the nation as well as the public service.

A characteristic behavioural capacity?

Part of the folklore that recounts the system's capacity to act strategically and flexibly under some circumstances explains it in terms of the small scale of the system, the ability to exploit interpersonal contacts and a certain informality in style. Results of the GLOBE cross-cultural study[52] of organisational culture and leadership styles in the private sector indicate that Ireland differs most from other countries in terms of 'humane orientation'. This measure indicates a comparatively high emphasis in managerial culture on process, conflict avoidance and social competence. Irish managers are reported as having a marked preference for interpersonal dealings and for relationship to sometimes take precedence over task. Finally, it is reported, leaders who rely on bureaucratic, formal power do not impress the Irish.

Some evidence therefore seems to support the folklore: Irish managers prefer to work things out interpersonally rather than by the rule book or by due bureaucratic process. If this is a specific and valuable characteristic, amplified by the relatively small scale of the overall civil service, it might indeed be a candidate for distinctive competence status in so far as it allows fast and flexible action, provided it is based in unshakable public sector values. The isolation and positive development of distinctive competencies is a central task of any worthwhile capacity review. Any initiative that would seek system improvement through the addition of what could be construed as an added layer of bureaucracy, compliance and control would run against such a cultural trait and invite passive resistance.

Peer & External Review

Significant change in the Irish public service has frequently been associated with the involvement of 'outside' expertise and judgement, whether in the form of respected international agencies or inquiries and commissions of more local profile. The involvement of appropriate 'non-insiders' is likely to yield leverage on the credibility and legitimacy of reviews and the liklihood of implementation of their proposals. The involvement of respected peers from other administrations internationally mimics the standard process for review in professional service organisations. The involvement of independent experts from business and other circles, whether local or international, would seem to bolster the chances of success too.

The cycle of review

One of the more impressive features of the UK's DCRs has been the urgency and speed with which they have been conducted, published, summarised and followed-up. Implementing reviews across the entire system in a short period allows the role and impact of cross-departmental and cross-agency factors to be considered in a meaningful time frame. In so far as 'the big issues' for government are cross-cutting in nature it may be that the greatest value in capacity reviews lies in understanding and addressing the capacity for inter-departmental action. A fast and furious programme of review may be daunting for those tasked with the job but it may be the best way to

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[52] *R House, P Hanges, M Javidan, P Dorfman, V Gupta (eds), Culture, Leadership & Organisations: the GLOBE study of sixty two societies, Sage, Thousand Oaks, 2004.*
M Keating, G Martin, Managing Cross-Cultural Business Relations, Blackhall, Dublin, 2006.
The GLOBE findings relate to private sector culture and practice but it seems reasonable to extrapolate the findings to public sector management within certain limits. The findings are not particularly unique when compared with other anglophone countries.

secure real value. An extended process is likely to miss the opportunity to see the capacity building needs between Departments and perhaps miss the most vital strategic capacity of all.

Departments of Taoiseach & Finance
It can be little more than a truism to note that success in doing anything about the outcome of capacity reviews depends of close cooperation between Taoiseach's and Finance Departments. Without concerted action any initiative of this nature must be flawed. However, and not surprisingly, it is the equivalent of the Taoiseach's Department that has taken the lead in similar reviews and in creating implementation units in other administrations. In a private sector organisation, the process is unquestionably the job of the Chief Executive and the Office of the CEO. While it is easy to mark out this allocation of responsibility in the abstract, its effective manifestation in action is complex. The threads of leadership, of system integration, of budgetary support, of industrial relations and human resource coordination, to name just a few are intricately intertwined and must be balanced to yield success.

Centralisation and the Cancer of Control & Complicnce
Systems that need significant change in a tight timeframe will normally, and properly, centralise decision making. Systems that are in good order and need innovation and growth require the opposite. What makes organisational life tricky is that these different needs come and go and systems must therefore have the capacity to re-form themselves as demanded. Yet organisations in general, and public bureaucracies in particular have a very basic orientation towards stability and elaboration. Capacity reviews, for the moment, can only realistically be driven from 'the centre' and represent an addition to centralised power. The danger inherent in this is twofold and must be guarded against. First, they can invite (largely unintended) procedural ritual and bureaucratic compliance. These are almost always value destroying activities. Second, it can (also unintentionally) 'emerge' as a control process rather than a mechanism of development and improvement. Value is readily destroyed in this way too, and goals of innovation, flexibility and speed of implementation will most likely recede. So, while centralisation is necessary it must be designed in way to prevent its worst excesses and to anticipate the day when the balance in the process might move to devolution.

Building-on and Building-in
The case for building-on a review process has been discussed already. However, the capacity review initiative is one of four modernisation initiatives under way. Each of the other three has direct links to a review process. The OECD international benchmarking exercise provides vital metrics and calibration for judging performance. The further development of performance indicators also engages with the need for metrics and targets to support even a modestly rigorous review process. And the issue of leadership is central to explaining how inputs get transformed into outputs and outcomes that may be measured with performance indicators and compared with targets and international points of reference.

It was suggested earlier that a build-on approach to reviews should take care not to repeat what was already built-in, or might better be built-out. In pursuit of elegant design and parsimony of effort, it would seem important to build-in to the review process those parts of the other three civil service wide initiatives that might be best progressed in that manner. Reviews need indicators, internationally as well as locally calibrated, and they cannot avoid considering the central matter of leadership capacity.

IN CONCLUSION

This paper has attempted to explore the what, why and how of organisational capacity reviews. The 'what' deals with the need for exceptional capacity to deliver services, to advise wisely and to act unshakably on the basis of public service values. The 'why' reflects the basic responsibility of public managers for stewardship of the human, intellectual and organisational resources of the civil service with which they are entrusted and on which civil society and economic and social wellbeing rests. It reflects the pressing demands of citizens for a performing state of the highest order by local and global standards. It reflects a nation that now 'expects more' - not average, not good, but the best from its public service.

The 'how' question has to be addressed by reflecting on, and making choices among, the reasons for undertaking reviews. What aspects of context should determine the emphasis of reviews? The 'how' question also demands confronting the choices between build-on, build-in and build-out options and the building-on of capacity reviews should be invoked only where the options to build-in or build-out are exhaused.

Models of capacity review may be canvassed in other domains but it would appear wise to learn the maximum from recent experience with capability reviews in the UK and the choices in review design and execution that they suggest. Capacity reviews are a process innovation and may require a parallel structural initiative. To the extent that one or both are chosen, they represent an elaboration of the cross departmental level of strategy making and implementation. This may be seen as an emergent phenomenon, driven by the self-organising tendencies of a complex adaptive system and not just in terms of managerial choice. They may also be construed, by analogy with the evolution of private sector practice, as the elaboration of a more formal corporate level of influence and decision making in addition to the familiar departmental and operating levels.

Reflection on these factors suggests some considerations that may need particular attention in the Irish case: special care in the identification of distinctive competencies that drive the nation's competitiveness and cultural identity; attention to distinctive aspects of organisational and managerial culture; leverage of the power of peer and external review; management of the cycle of review to ensure that capacity to act across departments is a unit of analysis; appropriate coordination of the Departments of Taoiseach and Finance in ensuring follow-through; fine judgement in managing a centralised initiative; integrating implementation with the other current modernisation initiatives.

Capacity reviews are part of a more general international trend towards validation and triangulation in public management. Validation assesses the truthfulness of claims by government and public management. Triangulation involves a third party in independent assurance, inspection and investigation[53]. Ireland's proposed initiative has the potential to create value for the country and to contribute to an emerging process of international innovation in public management.

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[53] G Mulgan, *Good & Bad Power: the Ideals & Betrayals of Government*, Allan Lane, London, 2006, 266-268.