

# Leading from the Centre of Government

The Finland-Estonia-OECD Public  
Governance Project

Tallinn, Estonia, May 26-27, 2014



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September, 2014

ISBN 978-1-927441-30-5





# Introduction

The Centre of Government (CoG) has received insufficient attention in the public sector reforms of the past 10-15 years and yet...

There is no good governance without good government—governments able to frame an ambitious agenda for their country and to fulfill it in a manner that deserves public support.

There is no effective government without:

- The capacity to bring coherence to government actions and decisions;
- The capacity to set priorities and mobilise human and financial resources to support them; or
- The capacity to ensure that a number of elements (some inside government and many outside) collaborate to propel society forward.

These are the *raison d'être* of the CoG. The Centre of Government, in this context, is not one person or a single unit. The CoG is polycentric. It includes the functions needed to support the Head of Government (HoG), to serve the Council of Ministers (CoM) and act as a steward for the public service—wherever these functions may reside.<sup>1</sup> Some functions are exercised by the Head of the Public Service (HoPS, Secretary General, Secretary of State or Secretary to the Cabinet, as the case may be), some by Heads of Agencies (HoA) as a community (Secretaries General in departments or Deputy Ministers), others by the Treasury, the Ministry of Finance or Treasury Board, while some are exercised by political appointees.

The CoG is likely to figure more prominently in future public sector reforms. This is essential for preparing government for the challenges that stem from living in a post-industrial era and that result from an increasingly interdependent global economy, a hyper-connected society and an increasingly fragile biosphere. We live in a period of profound transformation.

A presentation by Olli-Pekka Heinonen, State Secretary for Finland, talks about challenges and opportunities for improving the functioning of government.<sup>2</sup> He argues that:

- Governments need to address horizontal issues;
- There is a need to assess results from a societal perspective;
- Programs and services must be designed from a citizen's perspective;
- Complex problems require a holistic approach that brings together a diversity of perspectives;
- There is a need to rise above the silos we have created.

1 Michal Ben-Gera, Co-ordination at the CoG: The Functions and Organisation of the Government Office Comparative Analysis of OECD Countries, CEECs and Western Balkan Countries (Paris: OECD, 2004).

2 Olli-Pekka Heinonen, "New Technologies: Big Opportunities, and Challenges." (OECD, Paris. 1 April 2014). Presentation.

What he describes represents a significant shift from conventional approaches. Such change will not happen without deliberate efforts.

A paper on reforms to the CoG in Estonia<sup>3</sup> reveals that while Estonia has strengthened the role and functioning of the centre over time, the CoG remains limited in its capacity to:

- Tackle complex cross-cutting issues;
- Work across multiple boundaries; and
- Ensure coherence between decisions and actions, between policy decisions and financial reallocation or between short-term pressures and long-term needs.

These weaknesses are common to most countries and should not come as a surprise since the government model in most OECD countries was not designed to perform these cross-cutting functions.<sup>4</sup>

The government model in place in most countries is perfectly designed to produce the results it is generating.

- It is designed to encourage conformity and compliance.
- It is designed for stability and predictability.
- It is designed to support vertical structures that operate more or less independently.

Creating a more dynamic and adaptive model of government will not happen on its own. The good news is that what was created by design can be changed by design. This will require the leadership of people at the highest level of government and at the CoG. For that, we will need:

- A different way of thinking about the role of government in society;
- An expanded view of the range of options open to government to address complex issues;
- The recognition that conventional approaches will be insufficient for generating viable solutions to an increasing number of public policy issues of interest to citizens;
- A capacity to frame public policy issues from a societal perspective and to work across multiple boundaries;
- A willingness to explore a different sharing of responsibilities between government, citizens and society.

People at the CoG are the stewards of public institutions. Preparing public organisations and public institutions to be fit for the time is their primary

<sup>3</sup> Liis Kasemets, "An Overview on the Perception of CoG Role and Major Domestic Reforms on Centre of Government in Estonia." In *Integrated Governance Review of Estonia and Finland*. (OECD: Paris, 2014).

<sup>4</sup> "Governments for the Future". Finland: Government of Finland, 2013.

responsibility. It may also be their most important contribution to preparing government and society for what lays ahead.

This is a good time to re-think conventional ideas, re-frame the challenges faced by government in the changing landscape of modern governance and to re-position the role of government.

This is a time to re-form the on-going transformation of the public institutions that have served us well, and to adapt to the changing landscape of the 21<sup>st</sup> century and the challenges of serving in a post-industrial era.

## An Industrial State for the Industrial Age

Looking back is always useful. Remembering the past helps us see more clearly what changes and trends are already emerging.

Most of our public institutions took their current shape in the early part of the 20<sup>th</sup> century, a period characterised by a transformation resulting from the industrial revolution and a process of democratisation.

Governments and public institutions played a key role in steering society through this transformation. They:

- Created the laws for a market economy to flourish.
- Built schools, established health care systems, supported those in need, built the system for a ‘modern and peaceful’ way of life.
- Contributed to building the nations of today.

Public institutions inherited from this period share a number of characteristics.

- Government is the primary agent for serving the public good: a matter is either public or private.
- The power structure is vertical and hierarchical. Public agencies are expected to operate without much disruption to the centre.
- The system is designed for the mass production of standardised public services.
- The system is based on a number of conventions and multiple separations—political-professional, policy decision vs. policy implementation, etc.
- It values compliance, productivity and efficiency.
- It encourages stability and predictability.

This model of government played a key role in the success of most OECD countries. It reflects many of the values and principles of the industrial age. It was fit for the time.

This model remains of value today. It provides a solid foundation. A society governed by the rule of law that values due process and encourages accountability for the use of taxpayers' money or the exercise of authority enjoys the benefits of these precious assets.

What is a strength in some circumstances becomes a liability in others. This model of government was not designed to meet the challenges of governing in a post-industrial era.

- The systems and practices pre-date the digital revolution. Governments have great difficulty adapting to the changing relationship between government and citizens that our hyper-connected society entails.
- The system is not wired to work-across multiple agencies. It has a low tolerance for innovation, variability and the use of discretion.
- The systems, practices and incentives that were created over several decades are designed to reinforce agency results even at the expense of system-wide or societal results.

This model will be insufficient for government to deal with the increasingly complex challenges of the 21<sup>st</sup> century.

- Conventional approaches are leaving government in a reactive position, unable to anticipate, prevent or initiate proactive actions to reduce risks, even when the cost of inaction will be borne by society as a whole. This is eroding citizens' confidence in the capacity of government to serve the collective interest.
- Conventional approaches are leaving political officials exposed because of the inability of the public service to focus on the big picture, to provide integrated evidence in a timely way or to work as a team across agencies. This leads to increasing tension in the political-professional interface. In some countries, there are signs of an increasing politicisation and de-professionalisation of the public service.

Institutional reform is difficult. There are vested interests in the status quo; existing practices are entrenched in numerous laws, policies, guidelines and codes. But reforming out-dated public institutions and building their capacity to adapt to changing needs and circumstances may be the most important challenge faced by people at the CoG and their most important contribution to the overall performance of their country in the future. It is in this perspective that we should envision the necessary transformation of the CoG.

Preparing government to be fit for the challenges of the 21<sup>st</sup> century is the main focus of The New Synthesis Initiative.<sup>5</sup> The following examples illustrate the potential benefits of a CoG adapted to the challenge of the times.

## Different Times, Different Ways

### Serving a Public Purpose

Public agencies serve a public purpose. This is what gives meaning to their actions and their decisions.

Their mission extends beyond the programs they administer and the services they provide. To fulfill their mission, they must position their contribution in the broader context of system-wide (government-wide) and societal results. Public agencies cannot fulfill their mission if their contribution is limited to the narrow definition of the program they administer.<sup>6</sup>

Public agencies (departments, ministries) have individual responsibilities for the activities under their control, shared responsibilities with other agencies to achieve the desired public outcomes and collective responsibility for the overall performance of government. And yet, the last two dimensions are sorely missing in most public sector management systems. For instance:

- We are lacking a performance system that recognises individual, shared and collective responsibilities.
- We are missing incentives that reward co-operation, system-wide and social impact. In most instances annual reporting values process above results.
- We are frequently lacking public accountability systems to monitor and publically report the overall performance of a country over time and to compare national performance with countries at similar levels of development. For example, the Finland Findicators<sup>7</sup> provide up-to-date information on a variety of key sectors, creating accountability between government and citizens while developing a basis for comparing progress towards policy goals on an international basis.
- Budgeting systems are rarely used to allocate resources based on shared outcomes.

<sup>5</sup> See: Jocelyne Bourgon, *A New Synthesis of Public Administration*. (Ottawa: McGill-Queens University Press, 2011).

<sup>6</sup> For more information on the power of positioning in practice, please see: Jocelyne Bourgon, *A Self-Help Guide for Practitioners*. Ottawa: Public Governance International, 2013. Additional information can be found at [www.nsworld.org](http://www.nsworld.org).

<sup>7</sup> Information on Finland's Findicators can be found from: <http://www.findikaattori.fi/en>.

Public agencies are not the be-all and end-all of government. They serve a broader public purpose. There is a need to re-design public administration systems to focus on the big picture, the effectiveness of the whole rather than the efficiency of the parts. The CoG will need to invent, design and oversee the implementation of the systems needed to fulfill the collective responsibilities of government.

## Leveraging Collective Assets

In every country, a small group of people have the legal right to use the authority of the state to tax, spend, legislate and enforce. This right is granted on the basis of the position they hold. It results from their obligation to serve the public good and the collective interest.

An increasing number of public policy issues exceed the capacity of a single agency or government working alone. In these cases, the role of government is to use the authority of the state to lever capacity to achieve results of higher value for society.

Working across multiple boundaries is a defining characteristic of modern governance. Silos play a useful role in facilitating the accumulation of expertise and knowledge. Public agencies are centres of excellence in their respective domains. They provide clear lines of command and accountability.

The role of the CoG is to build the capacity for pooling knowledge, know-how, expertise, and capabilities from across the system to achieve results of higher public value or to provide better services. A number of measures may contribute to this:

- Heads of Agencies (HoA) are a community of practice. Collectively, they share the responsibility to prepare the public service for the future, provide the best integrated advice and ensure a co-ordinated approach to implementing the government's agenda. They share this responsibility with the CoG: as a community, they are part of the CoG. Acknowledging this collective responsibility is an important step forward. Community-building often requires reinforcing the leadership role of the head of the public service (HoPS).
- Encouraging the use of the power to convene, the CoG can bring departments to work together on cross-cutting challenges and to resolve issues. This requires the support of the HoG.
- Sharing the responsibility for the stewardship of the professional public service and leading public sector reforms with the HoA as a community.
- Developing functional communities working across government departments (legal, IT, finance, HR). Some countries are also encouraging a consolidation of common services.

- Public servants will need new skills, such as negotiation and knowledge of various forms of partnering arrangements, to work across multiple boundaries.

## Engaging Citizens as Value Creators

The role of government is not limited to shaping policies and providing services. Its role extends to building a resilient society able to adapt and prosper in all circumstances. In many ways, citizens are breaking out of the subservient relationship they had with government.

- They want to play an active role in areas that matter to them;
- They want their voices to be heard; and
- They use new IC technologies to ensure that they can participate meaningfully in the conversation with government.

The digital revolution and IC technologies are transforming the economic, social and political spheres. This also transforms the relationship between government and citizens and presents an opportunity for a different sharing of responsibilities.

In every country, there are powerful examples of how a different sharing of responsibilities between citizens and public agencies generates better public results and contributes to higher user satisfaction at a lower cost. The following examples are drawn from the New Synthesis Project.<sup>8</sup>

*Self-organisation*, and in particular, technology-enabled self-organisation, opens new avenues to reinvent a vast range of government services. In these cases, the role of government is to empower citizens to take actions of interest to them in a manner that also advances the collective interest. Self-organisation was used successfully to reduce energy consumption in Charlotte, USA<sup>9</sup> and to lower the rate of cycling accidents in London.<sup>10</sup>

*Co-creation* brings together users, providers of public services and other interested stakeholders to generate a policy response adapted to the circumstances and within the parameters set by government. The policy reform initiated by the Danish National Board of Industrial Injuries provides a compelling example.<sup>11</sup>

8 A full description of the New Synthesis Project can be found at [www.nsworld.org](http://www.nsworld.org).

9 For more information on the 'Innovative Societies' case of reducing energy consumption in Charlotte, USA, please visit: <http://nsworld.org/AboutNS/Module2/Leveraging-Collective-Power>.

10 For more information on the case of 'British Cyclists use Department for Transport Data to Increase Safety' in the United Kingdom, please see: <http://nsworld.org/AboutNS/Module5/Emergent-Solutions>.

11 For more information on the case of the Danish National Board of Industrial Injuries, please see: <http://nsworld.org/AboutNS/Module4/Adaptive-Government>.

*Co-production* entails the shared and reciprocal responsibilities of users or beneficiaries working with public agencies to generate better public results by making use of their respective resources and capacities. Co-production may also engage families and communities. This was the case for the Clinic of Internal Medicine in Sweden.<sup>12</sup>

Going forward, smart governments will be those that achieve greater public results while using the least amount of time and energy through making better use of the assets represented by the users of public services.

This transformation is not without risks. It will require the guidance of the CoG to clarify with elected officials when government is best positioned to work on its own and when there is a desire to co-create policy responses and co-produce results with other actors.

Public servants will need new skills and abilities to co-design public policy responses with users and interested stakeholders, co-produce results, or encourage technology-enabled self-organisation.

Citizen engagement transforms the public policy-making cycle. This is a significant departure from the conventional approach. It requires conversations at the highest levels to avoid misunderstandings. It provides an opportunity to integrate policy orientation, policy formulation, design, implementation and adaptation in a more holistic way.

## Transforming the role of the Centre of Government

The responsibility of the CoG is to ensure the harmonious functioning of the “space between” of modern governance:

- Between political and professional officials;
- Across agencies and across governments; and
- Between government and citizens.

As in the past, the CoG will support the HoG and the CoM. As in the past, co-ordination will remain its core function. The co-ordination will be more multifaceted and more challenging than ever.<sup>13</sup>

<sup>12</sup> For a full description of the Clinic of Internal Medicine case from Sweden, please see: <http://www.govint.org/good-practice/case-studies/empowering-patients-to-need-less-care-and-do-better-in-highland-hospital-south-sweden/>.

<sup>13</sup> For more information on the co-ordination function of the CoG, see: Michal Ben-Gera, “Co-ordination at the Centre of Government for Better Policy Making.” Conference on Public Administration Reform and European Integration Budva, Montenegro 26-27 March 2009. (Paris: OECD/SIGMA, 2009). Print.

It takes a lot of talent, ingenuity and even humility to manage the inter-relationships necessary among various actors in order to generate the desired public outcomes. Government is more than the sum of its parts; it is a collective serving a common purpose. Serving from the CoG is about helping government and public sector institutions to act as one, serve as one and learn as one.

## Acting as One

Acting as one is about forging an ambitious common agenda, working as a unified whole and speaking with one voice when needed.

## A Common Agenda

Forging a common agenda is not easy. In the process, the governing party (or parties, in the case of coalition governments) must shift from the political platform on which they ran during the election, to a program of change as the government of all citizens. Not everything is achievable over the course of a mandate. Agenda formation requires choices, trade-offs and preserving enough flexibility to adjust in response to unforeseen needs and circumstances.

The CoG plays a delicate role in assisting government to frame its program of change. It must advise government on what is doable, affordable and what can best be achieved in the short, mid or longer term.

The CoG must have the latitude to ensure that the government program is translated into actionable and coherent elements across government, and that adequate capabilities and financial resources are deployed in support. Without this, government priorities will remain statements of intent. Inadequate responsiveness or the inability to marshal the necessary resources in support of government priorities has been a source of tension between the political and professional spheres.

## One Government

At all times, the CoG bears a special responsibility to ensure the harmonious functioning of the political and professional interface and to sustain a relationship of trust between government actors.

A dysfunctional relationship erodes the capacity of government to initiate ambitious reforms that require a high level of co-operation. The best ideas of the public service will go nowhere unless they enjoy sufficient political support.

Serious conversations about the management of the political-professional interface are frequently lacking. How do we govern as one and share responsibilities in a manner that respects different roles and mandates? How do we ensure that policy choices use the best available knowledge, display a concern for the capacity to implement and demonstrate a willingness to change course as needed?

No amount of tinkering or redesigning the government machinery can replace the need for this kind of dialogue between the HoG and the HoPS.

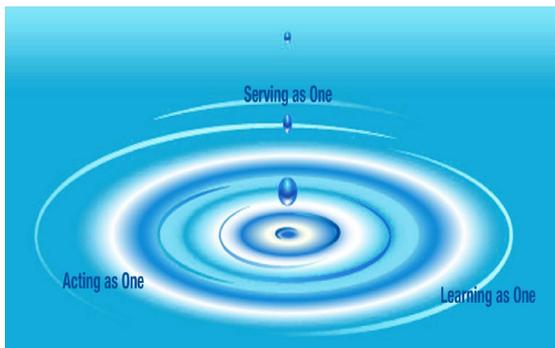
## Making Decisions as One

The CoM is the most important instrument to ensure coherence across government. This requires a decision-making system designed to reinforce the collective responsibility of ministers. It also requires that the people at the highest levels of departments and agencies work as one under the leadership of the CoG to:

- Bring the best available knowledge to bear;
- Resolve conflict at the lowest levels;
- Ensure a co-ordinated approach across government.

HoAs under the leadership of the HoPS share a collective responsibility to serve the government as a whole. This accountability is insufficiently recognised in practice.

*Figure 1: Acting as One, Serving as One, Learning as One*



Source: J. Bourgon, Workshop for Executives - Scenario Note. 2014. Unpublished.

## Serving as One

Citizen centricity opens up a number of innovative avenues to generate better results. It encourages a different sharing of responsibilities that may reduce the costs for taxpayers through a better use of existing assets.

## Integrated Service Delivery

Serving as one has a number of dimensions. The most common approach is to provide integrated service delivery—single window, on-line services, etc. The challenge is to move beyond good intentions and co-operate across agencies to empower the people providing a service to make decisions on behalf of the organisations involved.

## A Citizen-centric Approach

Another approach is to design policies and programs to transform the relationship between government and citizens from one of dependency to one of shared responsibility and mutuality. This means considering users and beneficiaries of public services as assets in the production of public results. This also transforms the conventional top-down policy-making to a more dynamic and adaptive approach.

## Co-production

Public agencies frequently lack the tools and (in some cases) the legislative authority to operate as platforms for co-operation, co-creation, or co-production. It is necessary to identify the barriers to co-operation and to dismantle them systematically. Even in the best circumstances, this work will span many years. It is hard but essential work in preparing government for the challenges of the 21<sup>st</sup> century.

A commitment to serving as one requires political support and a deliberate work program led by the CoG over many years.

## Learning as One

Learning as one includes the capacity to anticipate and to initiate proactive interventions to reduce risks or to improve the likelihood of a more desirable outcome for society. It requires a capacity to adapt and change course when necessary. It starts by sharing what is already known.

## Knowing as One

It is fascinating to observe how little governments really know about what they already know. The barriers to sharing data and information across government are well known. It is also known that they are not insurmountable.

Building common infrastructures and creating protocols for sharing information across departments requires the leadership of the CoG. These initiatives provide the basis for government to learn as one and to act as one.

There has been too little progress towards building a public service that acts as one, serves as one and learns as one. This is limiting the capacity of government to innovate and to adapt to the changing needs and circumstances of governing in the post-industrial era.

## Conclusion

Public administration is not about the structures, systems, or the inner workings of government. It is about a relationship that binds citizens, government and society. This calls for a very different approach to public sector reforms than the one on display in many countries: fewer reforms and more transformations; less focus on the efficiency of the parts and more on public purpose and societal results; less on the productivity of public agencies and more on building the capacity of public institutions to work as one, adapt to changing needs and circumstances, and co-evolve with society.

Countries with public administrations that are fit for the times will be able to propel their societies forward. Countries with maladapted public administrations will pay a high price. These administrations will slow down human progress and inflict a higher than necessary burden on society. They will erode public confidence in government, the public sector, and public institutions.

The trajectory of a country is not pre-ordained. Past success does not guarantee future progress. At this very moment, countries are experimenting with various approaches to adapt to the challenges of governing in the 21<sup>st</sup> century. Public administration today is not entirely of the past, but it is not yet of the future. To be sure, new governance models are in the making, but there is also no end to the search for good government and good governance...and so the journey continues.

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