The ‘Centre of Government’ (CoG) is the body that provides direct support and advice to the Head of Government and the Council of Ministers. The CoG meetings began in the 1980s, and were consolidated into an annual event in the 1990s. CoG constitutes a forum for informal discussion and remain one of the OECD’s highest-level policy networks. The meetings are hosted each year by one of the members of the network.

The meetings serve three main purposes:

- To review issues of how to make the centre of national government work more effectively;
- To achieve a more in-depth understanding of decision and policymaking systems in the host country.
- To work on broad governance issues fundamental to achieving economic and social public policy objectives.
Session 1

Challenges and opportunities facing Centres of Government today
Public policymaking continues to be framed by the consequences of the economic crisis. The last two CoG meetings have underlined that economic uncertainty has had a significant impact on the day-to-day functioning of the Centre of Government, and responses to the questionnaire suggest that this continues to be the case. The Centre of Government is seeing a temporary modification of its priorities evolve into a new modus operandi, but with probably the same or fewer resources.

CoG view: What the Centre sees as the key economic and fiscal challenges

<table>
<thead>
<tr>
<th>Economic growth under tight fiscal constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling deficits</td>
</tr>
<tr>
<td>Addressing competitiveness and productivity</td>
</tr>
<tr>
<td>Maintaining financial system stability</td>
</tr>
<tr>
<td>Actual or perceived fall in purchasing power/high cost of living</td>
</tr>
<tr>
<td>Shifting geographical balance of economic power</td>
</tr>
<tr>
<td>High unemployment</td>
</tr>
<tr>
<td>Energy scarcity</td>
</tr>
</tbody>
</table>

Source: responses to questionnaire, October 2012

Restoring growth has been identified as a key priority by a large number of states. However, there is also a need to rebalance public finances, whilst maintaining public services. There is also a strong emphasis on stabilising the financial sector, while ensuring that regulation does not stifle private sector growth.

In October 2011, when CoG members met in Ottawa, there was some confidence that economic recovery was gathering pace at an aggregate level, even if at very different speeds across the OECD.

Today, the climate is more cautious particularly due to the instability of the Eurozone. The loss of momentum that was expected to result from the Eurozone crisis now looks likely to last longer than was originally anticipated and have wider consequences for the global economy. World growth has slowed, including in the major emerging market economies. Trade has also weakened, and unemployment is high and rising. Adjustment in the euro area is proving to be a slow process and is extremely costly -- financially, politically and socially.
The task of the Centre in terms of strategic policy planning, mobilising support for the
government’s policy agenda and communicating that policy is complicated by the
relatively high level of instability surrounding economic prospects. Responses to the
questionnaire confirm that uncertainty in the economic environment has increased over
the past couple of years.

Responses to the questionnaire also suggest that the fiscal imperative is, if anything,
more pronounced now than in Q4 last year. Where activity has slowed beyond what
was predicted in national budgets, overruns are slowing progress or even generating
additional consolidation needs. Public finances remain under stress in many countries,
but financial markets leave little option other than to pursue consolidation plans in
order to meet the official deficit targets. Certain countries note in their responses that
new legislation now limits fiscal space (debt brakes, fiscal rules and thresholds, etc). Fiscal
consolidation requirements not only set the parameters for many of the actions of the
Centre (reform of the public sector, policy monitoring and evaluation, etc.) but also define
the resources that the Centre has at its disposal to complete these tasks. Even countries
with healthier balances note a strong emphasis on fiscal prudence and priority setting in
policy. The need for fiscal retrenchment also increases the importance of driving private
sector growth.

*Restoring Public Finances (OECD, 2012)* reports that after three years
of fiscal consolidation, about half of the announced consolidation
volume in the plans for 2009-15 has been implemented. In spite of
this effort, planned consolidation in OECD countries in 2012-15 is still
substantial, averaging 2.8% of GDP, and there has been a slowdown in
consolidation since the last edition of the report in June 2011.

The economic and political climate for consolidation has, however,
become less encouraging over the past 18 months.

On the social agenda, unemployment related to the economic slowdown also stands out a
key challenge, with most countries reporting that youth unemployment is now particularly
high and the average length of periods of unemployment increasing at all age levels.

These pressing challenges to short-term prosperity have to some extent diverted
attention from longer-term social, demographic and environmental pressures that will
have enormous economic consequences in coming decades. Even if, politically, these
issues sometimes slip off the radar, for the Centre of Government they remain key factors
in strategic planning.
CoG view: most pressing social and demographic challenges

Source: responses to questionnaire, October 2012

Aging
- low birth rate
- spiralling age dependency ratios
- unsustainable pension systems and high elderly care costs

Unemployment
- large increases in unemployment rate
- youth unemployment particularly high
- concentration of joblessness in families, transiting to long-term unemployment

Health care
- despite policy action, health budgets continue to rise

Source: responses to questionnaire, October 2012
Economic problems have created diverse social tensions, particularly in labour markets and especially for the young, with a sharp rise in youth unemployment mentioned by many as a current concern. Yet CoG members also highlight pressing social issues that have longer-term origins and consequences. Low birth rates and population aging are only now being fully appreciated by policy makers as challenges that require urgent attention. Demographic pressure is putting the spotlight on the weaknesses of social security, pension and health care systems, while recent reform efforts have shown how difficult it is to effect major restructuring or reduce costs significantly in these areas. Adjustment of the retirement age in a number of countries has clearly shifted the aging debate from a rather abstract statistical question to something that directly affects people’s lives. In some countries there is an increasing public debate about the ‘fairness’ of welfare systems which protect pensioners and the inactive and unemployed at a time when those in work are seeing real living standards squeezed.

Similarly, economic problems have altered the landscape for environmental policies. At a moment when the OECD Environmental Outlook to 2050 is calling for urgent action, the need to jump start growth and the much reduced investment capacity of the State could reduce political enthusiasm for the environmental agenda where it is seen as being potentially at odds with economic growth or deemed too costly.

Re-evaluating policies towards nuclear energy in several countries following the Fukushima disaster – including complete exit from nuclear power in some – is putting energy security and renewable to the top of the policy agenda, as is demonstrated in responses to the questionnaire. Water rights issues are also identified as a long-term challenge. In both energy and water sectors, investment in R&D to generate technological innovation is seen as the key response, but policy coordination across government departments, levels of government and with the business sector will be crucial.

CoG View: Positives, negatives and lessons: what has changed over the past 5 years?

<table>
<thead>
<tr>
<th>Negative evolutions</th>
<th>Some positives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pressure (time, media) on policy makers</td>
<td>Emphasis on innovation and efficiency</td>
</tr>
<tr>
<td>Fewer resources, more pressure on staff</td>
<td>Better monitoring and evaluation</td>
</tr>
<tr>
<td>Policyوات ! impacting growth</td>
<td>More focus on need for reform</td>
</tr>
</tbody>
</table>

Source: responses to questionnaire, October 2012
In terms of policy responses, CoG members emphasise that the crisis makes public sector reform more necessary but also is an opportunity to push through reforms previously considered politically unpalatable. It is also a moment to reflect on how conventional policies can be re-thought to learn the lessons from the crisis and to make our economies more robust.

New approaches to economic challenges: an OECD initiative to support policy reform

The OECD is facilitating a policy dialogue, supported by new research, designed to help governments reflect on the lessons from the crisis about the way the economy functioned and how its functioning was perceived and managed by government. Some key economic concepts to be reviewed through the New Approaches to Economic Challenges initiative include: trade imbalances and the necessity of adjustment, the under-pricing of risk, rising inequality, and the undesirable environmental effects of pro-growth policies. Another key issue will be measuring progress beyond GDP and the role of institutions in supporting policy.

This initiative will draw on new analysis from the OECD Secretariat and from leading international experts as well as from policy committees such as the CoG.

Questions for discussion

- Where is the CoG’s attention and time currently focused? How has this changed over the last five years?
- How effectively is the centre managing the balance between short-term pressures and long-term strategic thinking?
- Has the centre changed its approach to dealing with risk and uncertainty?
- What approach is being taken to engage citizens in the difficult choices that need to be made?
Session 2

Delivering open and innovative approaches to current challenges
The role of government was called into question by the regulatory and governance failures that were at the origin of the current crisis. Manifestations of dissatisfaction with the state/market balance resulted in global street protests and huge-volume social media campaigns. The notion of the state as the careful steward of the public interest was challenged and the importance of trust between citizens and government as a basis for decisive decision making has come to the fore.

Strengthening and re-valuing the role and performance of governments, and addressing implementation gaps, will be crucial to economic recovery. The response starts from the recognition that strong government and effective implementation will require a cleaner, more strategic and forward-looking state with commitment to and capacity for innovative policy implementation and compliance. All of these objectives are closely associated with the Centre of Government.

**CoG View: What the Centre thinks are the key policy responses to the challenges they face**

**Source:** responses to questionnaire, October 2012
OECD work on public governance suggests three main areas in which the centre of government could play a decisive role in improving policy outcomes:

(i) Regulatory policy for growth.

The crisis highlighted problems of weak regulation and regulatory capture. This has focused attention on regulatory capacity and autonomy. At the same time, the post-crisis economic context means that streamlined regulatory frameworks are seen as a crucial, low-cost measure to boost private sector activity and create jobs. However, we see that our understanding of the link between regulatory policy and growth is limited and poorly quantified. Institutions must evolve rapidly in order to be effective in both firming up regulatory frameworks and reducing regulatory burdens in a way that directly and measurably generates growth. In many countries, the role of promoting coherent regulation and removing unnecessary regulations is led from the centre.

(ii) A more strategic and forward-looking state.

The crisis also revealed weaknesses in the strategic capacity of governments, which in turn affected their ability to take decisions. Despite being a key function of the Centre of Government, long-term planning and risk management have been a low priority in recent years. The crisis demonstrated that governments were ill-prepared to react to rapidly occurring and overlapping crises – on the one hand, too little evidence and analysis and, on the other, too little agility and flexibility in the organisation of responses and reallocation of resources. Most countries used extraordinary mechanisms to manage short-term situations. The challenge is to find governance solutions that can accelerate the making and roll-out of decisions, while maintaining accountability and oversight. Paradoxically, insights from Centres of Government officials are that long-term preparedness is essential for short-term responsiveness.

(iii) A more innovative public sector.

Increased budgetary pressures and highly diversified demands from citizens and service users are making innovation an imperative to maintain high-quality public services. Innovative approaches and solutions are the only way to foster public sector performance and enable greater productivity at no additional cost. Fiscal pressure at sub-national level means that many innovations will emanate from city or regional governments and will need to be scaled up or shared across government. However, given pressure on resources and the limited scope for experimentation, it will be important to measure the outcomes from new ideas.
Given that many of the key tasks of the Centre of Government – regulatory oversight, public sector reform and workforce management, monitoring and evaluation of policy implementation, public service delivery efficiency, and so on – are crucial to economic recovery, the Centre of Government has a huge responsibility to lead policy learning through innovation and new approaches. This is more urgent than ever because of fiscal constraints and the need to emphasise efficiency in policy design and implementation. This has provided some opportunities to explore new (more sustainable) models for funding public services, led to a greater urgency for reform and a greater need to ensure the public has a say in policy development. Yet, CoG members also highlight some key challenges, such as (i) ensuring competition and choice but also accountability and (ii) balancing budget cuts with the need to maintain quality of services.

OECD Observatory of Public Sector Innovation

OECD has launched an on-line instrument to compare and assess efforts by countries to introduce innovations. The Observatory (known as OPSI) has three main areas of focus:

- **Mapping innovative practices:** The Observatory takes stock and analyses a large sample of implemented innovations with the purpose of identifying what works and what doesn’t. This work would produce a) a dedicated framework for data collection and analysis of innovative practises in public service delivery, b) an unparalleled online Collection and Analysis of innovative practices which will provide unique insights on how to make innovation happen, and c) a policy paper on strategies for innovative public service delivery under fiscal constraints.

- **Assessing results:** Building on the analysis of in-depth case studies, the Observatory could examine the costs and benefits of innovative solutions and contrast them with those of more traditional approaches. This work would include 1) a Review of existing methodologies for Cost-Benefit Analysis, 2) a set of Case Studies of innovative practices identifying costs and benefits, and 3) a Checklist for identifying and assessing costs and benefits of innovative practices.

- **Promoting innovative practices:** The Observatory of Public Sector Innovation will collect and analyze strategies and instruments used by central governments to spur innovation (e.g. innovation strategies, earmarked funding, dedicated units etc). This work would result in 1) a Comparative report on country frameworks to promote innovations and 2) a set of Guidelines for promoting innovation in the public sector.

www.oecd.org/governance/oecdobservatoryofpublicsectorinnovation.htm
In this context, innovation is the keyword for OECD governments. There is clearly significant innovation coming from the centre; by far the largest sector of public sector innovation identified by the OECD Observatory for Public Sector Innovation was central administrative services. Innovative mechanisms can innovate the “service,” who delivers it or how it is delivered. These innovations have been mainly aimed at improving service quality and increasing cost efficiency. Others have focused on improving user and employee satisfaction.

Input from CoG officials confirms that the main areas of focus of innovative actions are (1) better service delivery, especially open government and citizen engagement; (2) cutting red tape; and (3) improvements to procedures to ensure closer co-ordination between planning and budgeting, with reinforced reporting and monitoring.
CoG View: Key innovative approaches to policy development and delivery that governments have undertaken in the preceding five years or are considering adopting in the near future?

<table>
<thead>
<tr>
<th>Approach</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>A renewed focus on collaboration within and outside the public service</td>
<td>Australia, Belgium</td>
</tr>
<tr>
<td>Tailored use of consulting methodology in analysing public policy problems</td>
<td>Australia</td>
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<tr>
<td>'from the inside': brings together practical experience with 'outside the box' thinking</td>
<td></td>
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<tr>
<td>Shared appropriations and shared outcomes’ approach</td>
<td>Australia</td>
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<tr>
<td>(for example, used for the National Building Economic Stimulus Plan</td>
<td></td>
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<tr>
<td>in response to the financial crisis, with Coordinator Generals appointed</td>
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<tr>
<td>to oversee shared outcomes).</td>
<td></td>
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<tr>
<td>Smart Regulation: comprehensive system of integrated impact assessment</td>
<td>Portugal</td>
</tr>
<tr>
<td>and evaluation, with specific attention to competitiveness and SME impacts</td>
<td></td>
</tr>
<tr>
<td>and reduction of regulatory burden. Prioritisation and planning: new</td>
<td></td>
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<tr>
<td>approaches to the preparation and delivery of the Commission Work</td>
<td></td>
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<tr>
<td>Programme (EU)</td>
<td></td>
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<tr>
<td>European level economic governance: New methods of peer review to</td>
<td>EU</td>
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<tr>
<td>strengthen EU level budgetary and fiscal coordination in the Euro Zone.</td>
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<tr>
<td>Merging of tax authorities that used to be in 10 agencies. The single</td>
<td>Iceland</td>
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<tr>
<td>most important fact that made this possible is that electronic delivery</td>
<td></td>
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<tr>
<td>of tax returns and other tax documents is widespread in Iceland, more</td>
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<tr>
<td>than 90% of tax returns are delivered electronically. This created</td>
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<tr>
<td>opportunities to amalgamate 10 local tax authorities into one central</td>
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</tr>
<tr>
<td>tax authority.</td>
<td></td>
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<tr>
<td>The government of Israel is about to establish a strategic planning unit,</td>
<td>Israel</td>
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<tr>
<td>based on cooperation between the Prime Minister’s Office, the Ministry</td>
<td></td>
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<tr>
<td>of Finance and the department from several key economic and social</td>
<td></td>
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<tr>
<td>ministries. A great effort was made in building the governmental</td>
<td></td>
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<tr>
<td>cooperation practices in the planning process.</td>
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<tr>
<td>SIMPLEX: programme for administrative simplification, since 2006, aimed</td>
<td>Portugal</td>
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<tr>
<td>at dematerialising services to citizens and businesses, creating a</td>
<td></td>
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<tr>
<td>favourable environment for business and reducing context costs. Aggregated</td>
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<tr>
<td>public services provided through business and citizens local shops.</td>
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<tr>
<td>Strategy on demography called “Every age counts”: The strategy includes</td>
<td>Germany</td>
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<tr>
<td>proposals on how Germany can take advantage of future opportunities and</td>
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<tr>
<td>the potential of demographic change in order to secure long-term growth</td>
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<tr>
<td>and prosperity. This new cross-departmental strategy focuses on six</td>
<td></td>
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<tr>
<td>areas, those where the impact of demographic change will be noticed</td>
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<tr>
<td>most immediately and most strongly.</td>
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<tr>
<td>The Chancellor’s Future dialogue: How should life in Germany be like</td>
<td>Germany</td>
</tr>
<tr>
<td>ten years from now? Over one year (2011/2012) the Chancellor has been</td>
<td></td>
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<tr>
<td>discussing this issue with scientists and citizens, especially</td>
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<tr>
<td>teenagers and students. The project combined an online website and a</td>
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<tr>
<td>series of in-person, “US-style” town hall meetings. The debate focussed</td>
<td></td>
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<tr>
<td>on three main consultation questions: 1. How do we want to live</td>
<td></td>
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<tr>
<td>together? 2. How do we want to sustain ourselves? 3. How do we want to</td>
<td></td>
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<tr>
<td>learn? The Chancellor’s office was committed to respond to and act upon</td>
<td></td>
</tr>
<tr>
<td>all “reasonable” ideas within a strict timeline of approximately two</td>
<td></td>
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<td>months.</td>
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</tbody>
</table>
• BSP (Budget Screening of Project, JIGYO-SHIWAKE): After the change of government of 2009, BSP was held five times. Group that comprises of Diet members, private-sector intellectuals, vice-ministers and ministerial officials conducted to review annual expenditures, performance of agencies, deregulations and policies. It is held in public open to general audience and internet report. BSP raised 2 trillion yen by expenditure cut and raising revenue in FY2010. (Japan)

• Commercial Models: The Commercial Models Programme exists to support the Government’s policy objective of reforming and opening up the Civil Service and wider public sector to drive improvement across public services. And in doing so, the Government is committed to getting the best out of the private and not-for-profit sectors. Often this can best be achieved through partnering or more innovative forms of commercial model than the well trodden outsourcing route and through employee engagement from involvement in governance and shareholding structures. These structures can provide better alignment of interest and flexibility to adjust to changes in Government’s requirements whether that be as a result of changes to policy or because we are finding new and better ways of delivering Government services. (UK)

Many of the innovations are about opening government to new actors – engaging with citizens as a whole, or targeting specific groups such as the young. Some aim to inform and establish channels for feedback. Others try to bring non-government actors – business, user groups, etc - into the process of policy formulation and design.

These examples illustrate this diversity of initiatives. While the objectives are to improve the openness and reach of government activities, the innovations also endeavour to reduce costs and provide services in a more cost effective manner.

Questions for discussion

• What open and innovative approaches are we taking to address the challenges we face?
• How are we engaging with others (e.g. citizens, civil society) to generate solutions to the problems we face?
• What steps are we taking to test the effectiveness of innovations?
• What role should the centre take in developing, promoting and implementing innovative approaches across government? What incentives can be developed to encourage the adoption of these approaches?
Policy Innovation in the UK

Transparency:

Transparency is a new policy lever that’s helping to deliver public services and develop policy in different ways, replacing the tracking of top down targets set by the centre. As part of the agenda the UK government has published 9000 datasets – making public sector information that was previously only accessible to the government available to all.

Transparency is an effective way to:

- encourage economic and social growth by providing raw data that businesses can use to develop new products, and that communities can use to inform their response to local policies and services;
- make it easier for citizens to hold government to account; and
- improve public services by enabling citizens to access relevant data, feedback on it, and make better informed decisions – effectively voting with their feet.

The recent White Paper on Open Data set out how the UK is continuing to develop the transparency agenda – including setting standards for data and developing open policy-making processes – and as co-chair of the OGP for the coming year the UK will continue to push for ambitious developments in this area.

Social investment finance

The UK’s social investment market acts as a source of investment capital for social enterprises and other social ventures. The market is currently small (less than £200m per annum) but has great potential for growth. A well-functioning market will lead to well-capitalised social ventures contributing fully to economic growth and social good. We are pursuing a set of interventions to tackle market failures and promote growth, including:

• Supply: the launch in April 2012 of wholesale investor Big Society Capital, to be capitalised with up to £600m.
• Enabling environment: work through the Red Tape Challenge to tackle regulatory barriers, and an HMT-led review of social investment tax reliefs.
• Demand: promotion of social impact bonds (SIBs), with links to wider public service reform, early intervention, and value for money. The Ministry of Justice launched the world’s first SIB, seeking to reduce re-offending, at Peterborough prison in September 2010. In April 2012, the Department for Work and Pensions procured six further SIBs, targeting young people not in education, employment or training. The Cabinet Office is about to launch a £20m ‘Outcomes Finance Fund’ which will tackle silo commissioning issues by ‘topping up’ SIBs which can show cross-government benefits.
Payment by Results

• The Work Programme is a new payment-for-results welfare-to-work programme that was launched throughout Great Britain in June 2011. The Work Programme replaces previous welfare-to-work programmes including the New Deal, Employment Zone and Flexible New Deal. There are 3 principles underpinning the Work Programme: clear incentives to deliver results, freedom for service providers, a long-term commitment.

• The Work Programme is being delivered by a range of private, public and voluntary sector organizations that are supporting people at risk of becoming long-term unemployed to find work. Providers will receive job outcome payments when a participant has been in work for either 3 or 6 months. Once a payment has been made, providers will receive sustainment payments for each subsequent four week period that the participant remains in employment up to a maximum of two years. DWP expects to spend around £3bn - £5bn on the Work Programme over the life of the contracts.

• So far, more than 400 voluntary, community and social enterprise sector organizations are involved in the supply chain. Official statistics on the total number of referrals and attachments to the Work Programme from 1st June 2011 to the end of April 2012 were 738,000 and 693,000 respectively. The Department for Work and Pensions are planning to publish the official statistics on job outcomes and sustainment payments from autumn 2012 onwards.

Behavioural Insights Team

• The Behavioural Insights Team was set up in July 2010 with a remit to find innovative ways of encouraging, enabling and supporting people to make better choices for themselves, and apply these insights to public policy making. Some of their work includes:

• The results from the south-east of London loft insulation trial show that a loft clearance service significantly improves the probability of installing loft insulation by 74%.

• Her Majesty’s Revenue and Customs estimates that the use of localised social norm letters, if rolled out and repeated across the country, could advance approximately £160 million of tax debts to the Exchequer over the six-week period of the trial. This would free up collector resource capable of generating £30 million of extra revenue annually.
In most countries, the Centre of Government has seen a significant expansion over the past two decades.
Session 3

How do Centres of Government need to change to meet today’s challenges?
The context of government decision-making has changed, and governments are under pressure to act decisively to restore confidence, to restore growth, to create jobs to stabilise public finances and maintain service quality. The problems they face are increasingly complex, and involve a multitude of actors and stakeholders. Governments are now part of a network in society. They also face an historical adjustment challenge, with the rapid pace of change in their technological environment. Hierarchical models of government decision making are difficult to sustain. How should the Centre adapt? Is it becoming less relevant, or perhaps even more indispensable?

A decade ago, when OECD reviewed the role and functions of the Centre, its tasks were dominated by procedure – organising Cabinet meetings and ensuring that relevant documentation was delivered by the appropriate departments on time and in the format required. These tasks remain, but the role of the Centre has evolved significantly since then. The functions of Centre of Government still vary, but the Centre has moved far beyond its “secretarial” origins. For example, the capacity of the Centre to develop independent political and economic intelligence has expanded as the need for rapid responses to economic shifts has become apparent.

Principal tasks of the Centre today

- Mobilising commitment by the political leadership to support strategic direction of reform.
- Establishing a strategic policy framework to ensure that individual policies are consistent with the government’s goals and priorities.
- Improving the quality of evidence used for decision making.
- Acting as a central overview and co-ordinator to ensure horizontal consistency among policies.
- Anticipating and resolving policy conflicts early in the policy process.
- Working with Ministries of Finance to reconcile policy priorities and budgetary imperatives.
- Designing implementation procedures and monitoring mechanisms to ensure that policies can be adjusted in the light of progress, new information, and changing circumstances.
- Promoting an administrative culture that fosters cross-sectoral co-operation and a systematic dialogue between different policy communities.
In most countries, the Centre of Government has seen a significant expansion over the past two decades. The Centre is generally composed of a (1) Prime Minister/President’s Office (PMO) that provides logistical and political support specifically to the Prime Minister plus political offices for deputy Prime Ministers and Ministers without portfolio; (2) Press and communications unit, close to or sometimes within the PMO; (3) Unit or units to provide policy co-ordination and advice to the Cabinet, the Prime Minister, and chairs of committees: In many cases, there are three-five such units, defined along sectoral lines (e.g. economic policy, social policy, defence, foreign policy); (4) Legal unit responsible also for assuring full procedural compliance (e.g. with Parliament), and (5) Planning/strategy unit. The resources of the Centre have expanded to accommodate new tasks, with policy analysis, cross-government co-ordination and communications functions being particularly strengthened.

In the past, the activities of Centres of Government have tended to be inward looking (supporting the obscure inner workings of the executive branch); now they, too, must be more open and “public-facing”, engaging and partnering with non-government bodies. As the process of government evolves, the Centre of Government is moving beyond its role as internal co-ordinator and becoming more involved with actors outside the executive. This represents quite a shift in thinking away from an assumption that the central government was able to manage all situations either directly or through its quasi-governmental agencies. The processes of horizontal co-ordination managed by the Centre of Government are thus increasingly broad in scope and participation.

In all countries, trade offs and compromises among diverging interests have to be made at the highest level, and the Centre of Government helps to facilitate this arbitrage. Inconsistent policies can lead to inefficient spending, a lower quality of service, contradictory objectives and targets, and, ultimately, reduced capacity to govern. At the same time, the task of the Centre of Government is to balance this ideal against the political and practical limits on coherence in the real world.

Although the crisis has hit the Centre of Government in terms of resources, as it has departments across government, responses to the questionnaire suggest that in most cases the structure has not been significantly altered by the crisis, though resources have been cut, operations have been streamlined and co-ordination has been prioritised.
CoG View: A better coordinated, more responsive and skilled centre

According to CoG members, modernisation and restructuring of the public sector includes a number of linked objectives. The first is to develop a long-term vision for the public sector that goes beyond short-term cuts and lays the foundation for the civil service going forward.

The basis for this vision appears to be a combination of strengthened planning functions and short-term spending reviews or similar actions to identify core activities, reduce duplication and make the case for funding allocations. The second element is improvement of central-level monitoring, including introduction of specialised evaluation units and more regular reporting by departments of progress in implementation. A third element is more use of consultation and a greater focus on user satisfaction and feedback.

Source: responses to questionnaire, October 2012

*Except Chile – three new units created: (1) Modernisation and e-gov, (2) Presidential Delivery Unit (UPGC), and (3) regional delivery unit. Portugal: culture policy integrated into Centre and national Cyber Security Centre established, and Israel – substantially remodelled and strengthened CoG structure
It is clear that there have been significant changes made to the Centre of Government in this area in the last five years.

**Structure**

**Overall message:** Recognition that the structures of government cannot remain static and must evolve, as the changes occur to functions and capabilities of government.

**Role and functions**

**Overall message:** Recognition that the centre needs to be more responsive to ongoing and future developments. The centre needs to focus on core issues, work better and smarter.

**Human resources: size & employment practices**

**Overall message:** Recognition that there needs to be more diversity in the pool of staff at the centre to ensure that the diverse backgrounds of staff leads to more holistic and better policy making.

**Skills**

**Overall message:** Recognition that there needs to be a stronger focus on developing relevant skills which are constantly reviewed and updated.

Despite these improvements, CoG members also noted that innovations at the centre are ongoing and that future measures are under consideration. When asked what still remains to be done, the CoG members focused in particular on:

**Structure** - there is likely to be greater flexibility in structures of government in the future. The challenge is to ensure that structures evolve according to identified needs. Several countries note steps taken to maintain flexibility and develop working methods that allow speedy delivery while guaranteeing high quality in a globalised working environment.

**Scope and functions** - there will need to be a stronger focus on developing strategic foresight / horizon scanning activities to ensure countries are better prepared for future crises. There is also a developing awareness that centres cannot do everything and must be selective – in doing what the centre can do best.

**Organisation and methods** - there are efficiency gains / economies of scale to be made from sharing/pooling certain functions that were carried out in isolation previously, by several departments/bodies. Also, training and quality needs to high, relevant to prevailing needs and standardized.

**Skills** - Improving the skills of the centre needs to be an ongoing effort.
Alongside the challenges faced in the areas above, there is an overarching challenge for Centres of Government to be able to robustly measure the productivity, cost-effectiveness and performance of their own function, the rest of the public administration and the delivery of public services. There are many diverse methods, from scorecards to user satisfaction surveys and political and audit controls. Across all countries, the emphasis on more rigorous reporting both within departments and across government is very clear. Given the tight fiscal environment, this is likely to become an even more crucial part of the work of the Centres of Government.

Questions for discussion

- Has the centre's relationship with line ministries/departments changed in response to current challenges?
- What are the current key priority functions in the centre – how is the centre approaching building capacity in these areas?
- Have the skills, capacities and capabilities required of our public sector workforces changed? If so, what steps is the centre taking to address this?
- Has the centre changed its approach to managing its own performance and that of the public administration more broadly in response to current challenges?