



ASSESSMENT OF THE PROPOSED REFORM OF THE CIVIL SERVICE SYSTEM

11 November 2022

No. APŽE-2

Introduction

Professional, efficient and responsive public services have a positive impact on public confidence in the public sector and the availability of quality services.

The OECD issued recommendations in 2019¹: create conditions for leadership; attract and retain competent staff; develop a learning culture for the development of competences in the public sector; develop a long-term strategic and systematic approach to human resource management; enable internal and external mobility and adaptability of the workforce in order to match skills with their demand; define and propose transparent employment conditions corresponding to the functions assigned to the post.

The efficiency of Lithuania's public administration is on average in the 27 EU countries². According to the Government's programme³, "there is a lack of professional managers and the ability to prepare high-quality civil servants, the civil service is outdated and its prestige diminished. As a result, a key priority for the public sector is to implement a cross-cutting reform of public administration in order to increase the professionalism, flexibility, and innovation and technology uptake of the public sector, as well as to strengthen ownership, decision-making capacity and complex challenges."

The National Audit Office has made observations in audit reports related to the efficiency of the public sector: the functions of the bodies and their departments have not been specified or improperly

distributed (3 audits⁴), the performance is not achieved or increased (3 audits⁵), the performance and impact are not measured (4 audits⁶), the payment of work is not linked to the real need for human resources or another legal form of the institution is chosen due to the possibility of salary increases (2 audits⁷), the staff incentive scheme is not linked to performance (1 audit⁸). The National Audit Office has also stated that it is necessary to move from the objective of detailed planning and use of appropriations according to the economic classification to the aim of efficient and effective performance of the activities and achievement of the objectives set at the lowest cost (2 audits⁹).

The Civil Service Reform Concept approved on 28 February 2022 aims to reform the civil service by strengthening management and leadership capacity, increasing the professionalism, flexibility and efficiency of the civil service, modernising human resources management, implementing innovations in the civil service¹⁰. A draft Law on Civil Service¹¹ and a package of amendments to the laws accompanying it have been prepared to implement the concept.

Public auditors see possibilities for the realisation of the results of the performed public administration efficiency audits in the objectives and measures of the reform of the civil service and share their insights that would contribute to the increased effectiveness of the planned changes.

1 OECD Recommendation on Public Service Leadership and Capability, OECD, 2019.

2 Worldwide Governance Indicators, 2020.

3 Programme of the Eighteenth Government of the Republic of Lithuania approved by Resolution No XIV-72 of the Seimas of 11 December 2020, p. 200.

4 How the Ministry of Culture Forms Culture Policy and Organises and Manages its Implementation, No. VA-P-50-2-3 28 February 2017; Human Resource Management in Public Administration Institutions, No. VA-P-10-1-1 of 13 February 2017; On Preparedness for Making Decisions Regarding the Restructuring of the Provision of Administrative and Public Services, No. VA-2017-P-40-2-17 of 29 September 2017.

5 How the Ministry of Culture Forms Culture Policy and Organises and Manages its Implementation, No. VA-P-50-2-3 of 28 February 2017, Are there Conditions in Place for the Effective Functioning of the Internal Control System in the Public Sector, No. VA-P-50-3-6 of 29 March 2017, Governance of state and municipally owned enterprises and public bodies, No. VAE-3 of 6 April 2021.

6 How the Ministry of Culture Forms Culture Policy and Organises and Manages its Implementation, No. VA-P-50-2-3 of 28 February 2017; Programme Budget System: Setting up Strategic Action Plans and Monitoring their Implementation, No VA-P-P-60-2-17 of 10 October 2016; Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?, No VA-1 of 9 April 2019; Does the involvement of the state and municipalities in the management of public institutions ensure the benefit to the society, 25 April 2017 No VA-2017-P-10-9-11.

7 Human Resource Management in Public Administration Institutions, No. VA-P-10-1-1 of 13 February 2017; Does the involvement of the state and municipalities in the management of public institutions ensure the benefit to the society, 25 April 2017 No VA-2017-P-10-9-11.

8 Human Resource Management in Public Administration Institutions, No. VA-P-10-1-1 of 13 February 2017.

9 Regularity of the sets of state consolidated financial and budget execution reports of the Republic of Lithuania for 2016 and assessment of the state budget execution, No FA-2017-P-60-5-7-1 of 29 September 2017; Regularity of the sets of state consolidated financial and budget execution reports of the Republic of Lithuania for 2015 and assessment of the state budget execution", No FA-P-60-6-10-1 of 3 October 2016.

10 Concept of Civil Service Reform, 28 February 2022, p. 6.

11 New version of Law No VIII-1316 on civil service, draft No XIVP-2066.

Empowering managers of competent bodies to achieve the best performance results

The reform of the civil service starts with attracting results-oriented and ensuring managers. This requires equipping them with the tools needed to achieve the results and, among other things, empowering them to dispose of all resources to achieve the agreed objectives. This is limited by the provisions of Article 6 of the Law on Budget Structure. This legal regulation on the use of budget appropriations is subject to changes in order to meet the expectations for which managers will be responsible and accountable. The draft Law on Civil Service¹² provides for agreements with managers on the main objectives and results during their term of office. The results achieved will be evaluated during the performance appraisal of the head of the institution. Performance appraisal criteria and indicators to be provided for the evaluation of the head's performance objectives and results.

12 New version of Law No VIII-1316 on civil service, draft No XIVP-2066.

Ensuring efficiency and remuneration of civil servants

The draft Law on Civil Service provides for a transition to the appraisal of civil servants based on the results. At least 2 years are needed for the quality assessment of the change, that is why methodological leadership is essential during this transition period.

The projected wage system for civil servants is linked to an objective measure of the labour market – the average monthly gross salary (VMU). In order to ensure that it is not only motivating but also protecting against subjective decisions, it is still necessary to establish that the basic amount of the official salary (remuneration) of civil servants is unambiguously linked to the VMU by law.

The Civil Service Department will be replaced by the Public Administration Agency

It is planned that the institution authorised by the Government should organise and implement the search for heads of institutions, management of senior management careers, competence development, central organisation and coordination of the implementation of training of civil servants, performance monitoring and analysis, monitoring of administrative and public service provision, foreign practice analysis, dissemination of good practice and other established functions.

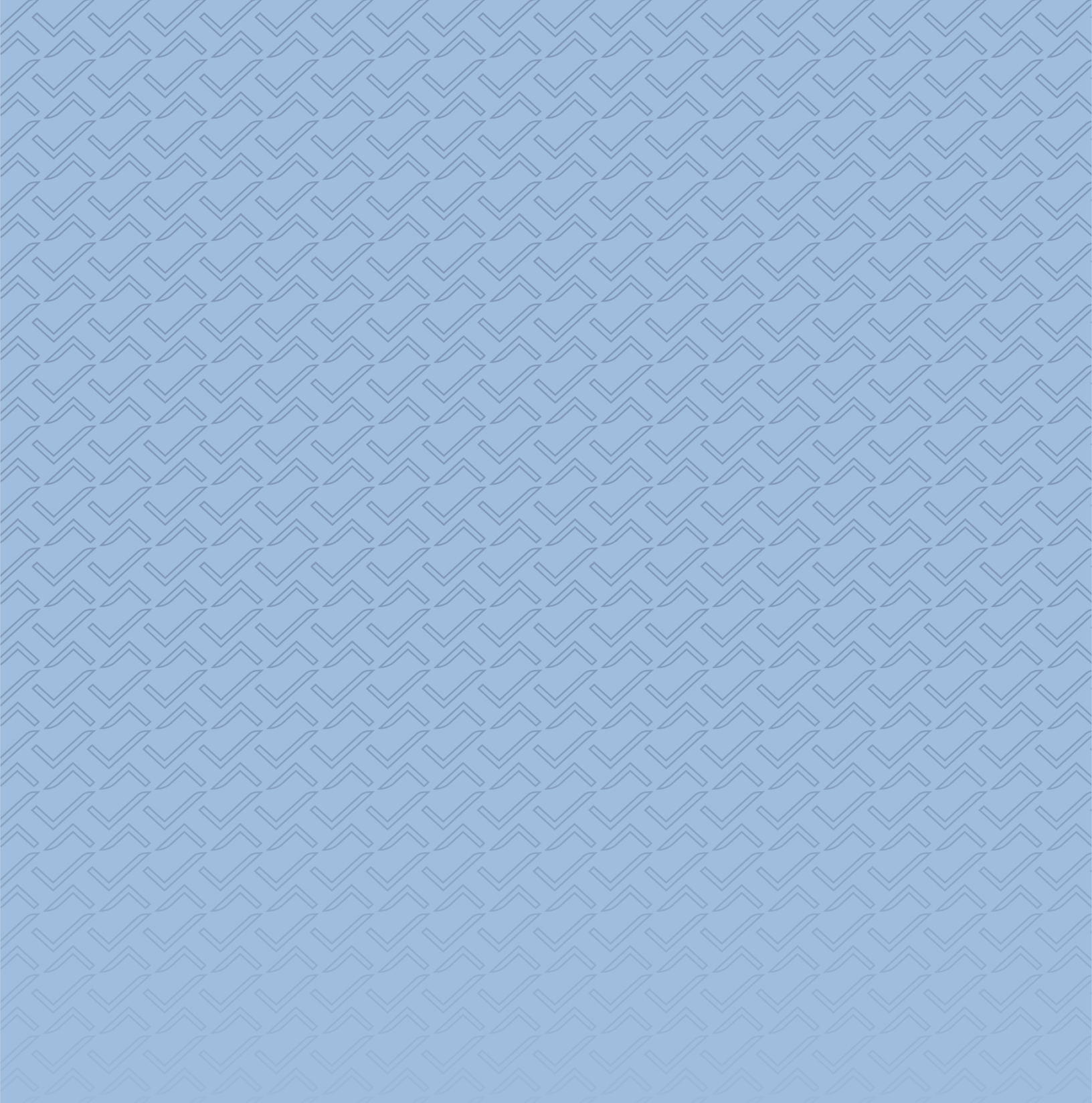
In order for the Public Administration Agency to perform in a high quality and timely manner the functions not carried out by the Civil Service Department, adequate resources, competences and powers need to be ensured when assessing the planned start and scope of the activities.

It should be ensured that the Public Administration Agency will acquire the status of coordinator of civil service competences and that all institutions involved in the reform process are ready to implement it properly.

We attract attention that

In order to properly achieve the objectives of the reform, it is also necessary to:

- carry out a review of the network of public sector bodies, as provided for in the concept of reform of the civil service;
- communicate regularly with the social partners and promote the objectives and results of the reform, revealing the progress made and the benefits to society.



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