



An Roinn Iompair,  
Turasóireachta agus Spóirt  
Department of Transport,  
Tourism and Sport

# Organisational Capability Review



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## Introduction

### Background and purpose

For organisations that are committed to improving their performance and effectiveness, periodic review of their structures, approaches and capabilities is helpful in checking that they are well aligned to deliver on their purpose.

Within that context, Action 20 of the *Civil Service Renewal Plan* provides for the implementation of a programme of organisational reviews, the purpose being:

*'To embed a culture of regular and objective assessments of the capacity and capability of each Department to achieve its objectives and take the necessary action to close any gaps'.*

Having consulted with the then Minister for Transport, Tourism and Sport, Paschal Donohoe T.D. and the Department's Secretary General, the Civil Service Management Board decided in January 2016 that the first organisation to be reviewed should be that Department.

This pilot capability review<sup>1</sup> of the Department got under way in early summer 2016 and evidence gathering was completed towards the end of that year.

As envisaged in Action 20 of the *Civil Service Renewal Plan* and taking account of the lessons learned from the pilot review, a programme of capability reviews across the Civil Service will now be rolled out, commencing with the Courts Service.

### Governance of the review

A Review Team based in the Reform and Delivery Office of the Department of Public Expenditure and Reform carried out the review. The Team comprised Dave Hanley and Gerry Cribbin from that Department and Martin Diskin, Department of Transport, Tourism and Sport, who participated in some of the interviews and workshops and provided assistance on research, liaison and logistical matters.

The Team reported to an External Peer Review Panel whose role was 'to review, validate, edit and finalise the report prepared by the Team'. The Panel comprised:

- Catherine Treacy, Former Chief Executive, Property Registration Authority
- Tom Moran, Former Secretary General, Department of Agriculture and the Marine
- Professor Joe McDonagh, Director of Doctoral Studies, Trinity Business School

The overall programme of capability reviews is overseen by a Steering Group of three sponsoring Secretaries General formed from the Civil Service Management Board: Seán Ó Foghlú, Department of Education and Skills, Mark Griffin, Department of Communications, Climate Action and Environment, and Maurice Quinn, Department of Defence.

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<sup>1</sup> The pilot element refers to the methodology and governance used by the Review Team and they will be the subject of possible revision at the end of the review depending on the learnings gathered.

## Review Process

The review process involved one-to-one interviews with individual members of the Department's Management Board and a wide cross-section of Principal Officers. For all other staff up to and including Assistant Principal, staff workshops were organised on a single or mixed grade basis. These workshops involved staff based in Dublin and three of the Department's provincial locations in Killarney, Shannon and Loughrea.

The views of a representative selection of the Department's external stakeholders, primarily at CEO and CFO levels, were also gathered through interview, thus helping to triangulate some internal views with external opinions. In all just over 90 separate evidence gathering engagements were conducted. The report is written such that evidence cannot be attributed to any identifiable person or parties.

While use was made of the results for the Department from the *Civil Service Employee Engagement Survey 2015*, the methodology was otherwise of a qualitative nature. Of particular note is that it did not include an analysis of resources available to business units relative to needs and demands, which is more appropriate to an O&M study than a capability review. However, where the research surfaced clear evidence of important value-added gains being foregone or critical risks being borne due to inadequate resourcing, such matters are referenced in the Report.

External One to One	No. Interviews	No. Contributors
Agencies & Stakeholders	31	41
<b>Sub-total</b>	<b>31</b>	<b>41</b>
Internal One to One	No. Interviews	No. Contributors
Minister <sup>2</sup>	2	2
Management Board	8	9
PO	20	20
HEO	1	1
Other	6	9
<b>Sub-total</b>	<b>37</b>	<b>41</b>
Workshops	No. Interviews	No. Contributors
Coastguard	1	8
AO HEO	1	8
AP HEO	1	10
AP	5	30
CO	4	30
EO	4	24
EO CO	2	18
EO SO	1	3
HEO	5	37
<b>Sub-total</b>	<b>24</b>	<b>168</b>
<b>Total</b>	<b>92</b>	<b>250</b>

<sup>2</sup> Internal one-to-one interviews with Ministers included the former Minister for Transport, Tourism & Sport (Paschal Donohoe, TD) and the former Minister of State for Tourism & Sport (Patrick O'Donovan, TD)

### Areas reviewed

The pilot review was guided by a detailed standards-based methodology template which was designed in close collaboration with the Steering Group of three sponsoring Secretaries General. The methodology entailed the Department's capability being tested against a series of best practice statements. That process involved views being gathered in interviews and staff workshops on a secure and confidential basis by reference to nine attributes under the three over-arching themes of Delivery, Strategy and Leadership as follows:



When the Review Team's report was submitted to the Department of Transport, Tourism and Sport and validated by the Expert Peer Review Panel, the Department then set about developing an Action Plan based on the findings. It is required that each action should be time-bound and have a senior responsible official assigned to ensure progress and implementation. The approval process involved the Action Plan being agreed with the Civil Service Management Board, and both the final Report and the Action Plan being submitted to Government prior to publication.

### Chronology of Department

The Department of Transport was formed in 2002 when the transport elements of the former Department of Public Enterprise were combined with the roads division and the traffic and road safety functions of the then Department of the Environment and Local Government.

In 2006, responsibility for road safety was assigned to the new Road Safety Authority, and maritime transport, the Coast Guard and the Marine Survey Office were transferred to the Department from the Department of Communications, Marine and Natural Resources.

In 2008, responsibility for regional and local roads and for the National Vehicle and Driver File (NVDF)<sup>3</sup>, managed by the Driver and Vehicle Computer Services Division in Shannon, was

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<sup>3</sup> The National Vehicle and Driver File (NVDF) constitutes the national driver and vehicle registers and has a legal basis in Section 60 of the Finance Act 1993. The NVDF database contains details of the registered vehicles (2.4 million currently taxed) and 2.65 million licensed drivers in the country. The

transferred to the Department from the Department of the Environment, Heritage and Local Government. In 2011, the Sport and Tourism functions were added to the Department's remit.

Details of the chronology of the Department reflecting changes of Minister are summarised in the table below.

Date	Department Name	Functions
June 2007 – January 2011	Transport	Aviation, Corporate Services, Maritime Public Transport, Roads (Promotion of road safety was transferred to the Road Safety Authority in September 2006; responsibility for policy remains with the Department)
January 2011 – March 2011	Transport	Aviation, Corporate Services Maritime, Public Transport, Roads
March 2011 – July 2014	Transport, Tourism and Sport	Aviation, Corporate Services Maritime, Public Transport, Roads, Sport and Tourism
July 2014 – May 2016	Transport, Tourism and Sport	Aviation, Corporate Services Maritime, Public Transport, Roads, Sport and Tourism
May 2016 – present	Transport, Tourism and Sport	Aviation, Corporate Services Maritime, Public Transport, Roads, Sport and Tourism

### Work of Department

The Department has a key role in critical aspects of Ireland's economic activity including the development and maintenance of the country's transport infrastructure and services across all modes. Its high-level mission statement is *'to shape the safe and sustainable development of transport, tourism and sport to support economic growth and social progress.'* The Department also plays a lead role in developing and supporting the significant tourism and sports sectors, and in helping Ireland to meet EU climate change obligations.

In partnership with its agencies, the Department has been involved in developing and delivering some of the largest and most complex infrastructure projects and change management initiatives in the State:

1. Luas cross-city,
2. investment in national road networks,
3. merger of National Roads Authority and Railway Procurement Agency,

NVDF plays a critical role in the collection of motor tax and administering other activities such as parking enforcement. The NVDF also fulfils legal obligations in relation to the recording of penalty points and provides vehicle and driver related statistical analyses to assist with the business objectives of a range of stakeholders.

4. modernisation of State-owned public transport bus and rail fleets,
5. development of real-time information for public transport users,
6. restructure of the State's commercial ports,
7. initiatives on major road safety including modernisation of the legislative base,
8. divestment of the State's shareholding in Aer Lingus,
9. reform of State-owned airports separating Shannon Airport from the Dublin Airport Authority, and
10. the establishment of Sport Ireland.

### Resources of Department

Appendix I sets out staffing details for the Department at the end of December in each of the years 2008, 2011 and 2016. In line with other Government Departments, it shows marked reductions in staffing numbers during the years of the economic crisis.

Not only did the Department have to significantly reduce staffing levels, it had to do so during a time when its policy brief was being broadened to include the tourism and sport functions.

At a senior level the Department previously had 6 Assistant Secretary level posts, when it only had the transport portfolio. Today, with both the tourism and sport functions as part of its brief, the number of Assistant Secretary posts is 5.

The responsibilities of Assistant Secretaries are divided as follows: roads, public transport, aviation, maritime, and tourism and sport. Each Assistant Secretary has also been allocated elements of the Department's corporate functions. This is in contrast to the Department's structure in 2008 when it had a dedicated Assistant Secretary over corporate functions.

The Department's brief spans economic and national development policy, safety regulation and inspection, payments processing and emergency service provision. In carrying out these functions it is supported by 25 diverse agencies, both commercial and non-commercial. Effective governance oversight of these bodies is a major element of the Department's work.

Furthermore, both the Department and its agencies oversee very significant expenditure of Exchequer monies, particularly on the capital side, and its National Vehicle Driver Licensing function runs an IT payments system that issues motor tax and driving licenses and collects more than €1 billion in fees each year. Proper and effective financial analysis, systems and risk management, along with project appraisal, are therefore key requirements.

Aside from developing policy for its individual sectors, the Department must also manage challenging cross-sectoral issues such as climate change and Brexit. There is also a large EU and global component of its sectoral policy roles in aviation and maritime.

As set out in the body of the report, the Department is spending an increasing amount of its time and resources supporting the democratic process – i.e. dealing with workload coming directly from the Oireachtas (increased numbers of Parliamentary Questions and Private Members' Bills, servicing Oireachtas Committees, and extended Oireachtas sitting times), dealing with Freedom of Information (FOI) requests, and correspondence/queries from public representatives and members of the public. This is part of the day-to-day operational functions of all Government

Departments. In the case of the Department of Transport, Tourism and Sport, there has been a very noticeable increase in the volume of such work in recent years with opportunity costs arising in other areas of activity.

Given the extent of the policy interface with the EU – including road freight, public transport, aviation (safety and security), climate change, shipping and maritime, economic regulation – the prospect of the Brexit process adding to the workload of the Department is very real. There is also the issue of post-Brexit and the resource implications of Ireland having to work harder at EU level to influence policy in the absence of a long-standing close and powerful ally.

### **Acknowledgements**

The Review Team would like to sincerely thank the Department for its excellent cooperation throughout the review process. Particular thanks is due to the Departmental Lead Official, the HR Unit and the Policy and Coordination Division for their timely responses to the many requests made by the Team for information and documentation. Throughout the review process the level and quality of interaction with the Secretary General and the Management Board has been excellent. Finally, the enthusiasm and engagement of Departmental line managers and staff greatly contributed to the robustness of the review process.

### **Structure of this report**

The report is structured as follows; an Executive Summary followed by Recommendations under four headings; Configuration of Functions and Resources, Leadership and Strategic Orientation, Strategic Oversight and Relationship Management of Agencies, Working within and across Boundaries. The remainder of the report is structured under the three themes - each an individual chapter - with relevant findings highlighted at the end of each chapter.

## Executive Summary

### Principal organisation-related findings

The Department's policy portfolio is diverse and complex and plays an important role in the national economy, regional development, social cohesion and international affairs. During a period of considerable financial and resource constraint, the overall sense from the review is of a very busy and professional organisation that is over extended in some functional areas but is managing its various areas of responsibility well in challenging circumstances. Its staff are engaged, highly committed and have a generally strong work ethic.

Customer service and effective relationships with agencies and stakeholders are clearly given priority.

The Department has been heavily involved in developing national policies across its sectors. In recent years new policies on maritime safety, ports, aviation and tourism have been developed, and a new national sports policy is in the pipeline. Through close collaboration with other sectors, the Department has also made significant policy advances in the area of Climate Change and recently published a new framework on alternative fuels. All of these initiatives have involved significant engagement with agencies and stakeholders, have been generally well received and, as a result, there is a much clearer policy framework across the board.

The Department invests considerable resources and demonstrates a high level of commitment to serving the democratic process through its support for and reporting to the Minister, the Minister of State, the Government and the Oireachtas and its committees. It also has a significant legislative programme.

There is a large number of agencies and State-owned companies operating under the aegis of the Department, with often difficult commercial, financial and industrial relations issues at stake. On the non-commercial side, these agencies span economic development and regulation, and infrastructure development; on the commercial side, the companies cover airports, ports, public transport and air traffic control. As a result, effective and robust corporate governance is of paramount importance to the Department in developing policy and overseeing its implementation through its various agencies. The Department invests significant time and resources in managing this aspect of its work, but there is scope for improvement.

The Department also engages with the key sectoral and industry interests, ranging from community groups, volunteer bodies, local authorities, national sports bodies, and national and international transport-related enterprises.

Managing these relationships is challenging but stakeholders regard the Department positively in this respect.

There are considerable EU and global dimensions to much of the Department's policy work and a heavy interaction with other Government Departments and agencies in delivering on the commitments in the *Programme for Government*.

As set out in the body of the Report, the Department has experienced significant staff retrenchment in recent years but has endeavoured to deliver and maintain a professional service. In accordance with Government policy, the Department had to significantly reduce its staffing levels as part of the very difficult measures taken to correct the public finances, and it did so while at the same time taking on new functions related to the tourism and sport briefs. It is to the Department's credit that during this time of very significant retrenchment in staff numbers and the major loss of corporate memory, it maintained a high level of professional service and continued to deliver on its strategic objectives.

With the loosening of the Employment Control Framework (ECF) imposed as part of the austerity measures, some modest recruitment has recommenced over the past year or so and this is already helping to re-invigorate the Department. However, there are still considerable financial constraints which can impact on staffing levels.

### Principal policy-related findings

Four high level issues emerge from the evidence:

1. Configuration of functions and resources
2. Leadership and strategic orientation
3. Strategic oversight and relationship management of agencies
4. Working within and across boundaries

#### 1. Configuration of functions and resources

A number of steps should be taken to enhance and improve the Department's internal corporate functions. Such steps are necessary to bring a more medium-term, joined-up strategic perspective to HR and staff development. The following should be considered as ways to address this issue:

- a) Reconfigure all corporate functions – including HR, finance and governance – within a single Assistant Secretary division.
- b) Develop and implement a medium-term HR Development Strategy to underpin, amongst other things, a revised staff mobility scheme and an agreed programme of continuous professional development for all grades and professions.
- c) A refreshed workforce planning framework that identifies current and future skills and resource needs.
- d) Enhanced internal communications and staff engagement processes to support the effective implementation of the Department's Action Plan on the *Civil Service Employment Engagement Survey, 2015*.

With the easing of recruitment restrictions, there is now an opportunity for the Department to gain significant benefit by strengthening a small number of key business support areas. The Department should respond to this opportunity through a time-bound organisational reform strategy aimed at enhancing corporate planning, financial management and policy analysis

capacity. Management has been clear that while it will take further steps to identify and realise efficiencies where possible from within existing resource levels, it is the view of the Department that there is a limit to what is possible after years of financial retrenchment. Steps which should be taken over the short term to improve capacity include the following:

1. A new Corporate Services and Governance Division should be put in place. It would take on board certain administrative and coordination functions undertaken at present by the Policy and Governance Coordination Division. Such functions would include the Irish language and FOI requests along with organisational services such as accommodation and health and safety currently under the HR Unit. The Division would also lead on governance policy and oversight, and would provide a centralised support service for line divisions on such matters.
2. A new Strategic Policy and Planning Unit should be established. With the removal of governance and organisational services from the existing Policy and Governance Coordination Division, this new Division – Strategic Policy and Planning Unit – would be in a position to focus intently on policy coordination of a cross-cutting nature, with its functions broadly fourfold as follows:
  - a) an enhanced emphasis on EU and Brexit matters
  - b) co-ordination of actions relating to the implementation of the Programme for Government
  - c) development of the Department's Statement of Strategy, and
  - d) co-ordination of Departmental contributions to external cross-cutting policies and strategies such as the National Planning Framework.

The Economic and Financial Evaluation Unit (EFEU) and the financial advisory function should be key and integral contributors to the work of the Strategic Policy and Planning Unit.

3. The financial advisory function should be boosted to allow for a more strategic and proactive focus to the financial oversight of agencies and work of the Department.
4. The Economic and Financial Evaluation Unit (EFEU) should be strengthened so that it could devote more attention and effort to the development of strategy, and the appraisal of major project proposals, as well as supporting line divisions in the interrogation of business plans from agencies.
5. The Department should agree Terms of Engagement with NewERA, which would include provisions on how it could further assist the Department on the analysis of issues in line with Departmental accountability.

Setting aside any question of a funding constraint – which is a matter to be resolved with the Department of Public Expenditure and Reform – successful delivery of these important

organisational changes requires clear collective leadership from the Management Board and all other members of the senior management team.

### 2. Leadership and strategic orientation

A particular strength of the Department is its strong knowledge of all relevant sectors and their wider contexts. There are some excellent examples of collaboration - such as the development of the ports and sports strategies - which demonstrate that it can initiate and lead on long-term strategic change in a manner that serves national, regional and stakeholders' interests.

A gap identified by this review is the absence of a national land transport strategy for the country as a whole. The Department should strongly consider preparing in the first instance a composite national land transport policy document that would take account of transport policies and strategies already in place. There would also be a need to take on board wider contextual considerations especially those arising from the National Planning Framework currently being developed and the challenging climate change agenda.

Overall, the Department is seen as playing the lead role in the formulation of policy and the development of strategy. That said, the growing demands arising from the Department's broad remit make it challenging to devote sufficient time and energy to policy matters. The manner in which the National Aviation Policy (NAP) was developed illustrates this.

The NAP, although led and implemented by the Department, was initiated by the well-resourced IAA through a conference which it convened and hosted. The outcome was a document that set out the issues to be addressed. That formed the basis of a Green Paper which was drafted by the Department and circulated widely to industry interests for consultation, with the eventual product being the NAP.

The Department's broad and complex remit, combined with the increasing time and resources required to serve the democratic process, which is one of the Department's primary objectives, leads to significant pressures on already reduced resources. By way of illustration eight pieces of primary legislation on road safety are being progressed, along with a considerable volume of secondary legislation.

To help strengthen the Department's leadership role on matters of policy, strategy and governance it is recommended that a Senior Management Network be established which would comprise members of the Management Board and Principal Officers. This particular proposal is referenced further into the report.

### 3. Strategic oversight and relationship management of agencies

The Department devotes considerable time and energy to its corporate governance function and it does so with competency and professionalism. It recently produced an accomplished Corporate Governance Framework document. Chapter 5 of that document provides the basis for building on the relationships between the Department and its agencies, not only in terms of greater clarity on

respective roles and responsibilities but also on enabling the Department to better leverage the knowledge, expertise and skills of its agencies when developing policies and strategies and planning for their delivery. Thus, it is welcome that the Department plans to continue to strengthen its engagement with agencies.

There is a considerable administrative burden on the Department and its agencies arising from ensuring compliance with various codes of practice on governance and value for money. Many of the recording and reporting requirements contained in the codes are new and therefore it is expected that quite some time may be required to bed them in. At this relatively early stage much of the engagement with agencies is around compliance related issues to the expense, for the moment at least, of being able to focus on strategy, delivery and outcomes. This is not particular to the Department and its agencies; it is a theme evident across the public service. As the system matures, however, there may be a rebalancing of time spent on compliance and delivery/performance.

Prioritising policy objectives is of key importance, so that agencies have a clear framework within which to develop plans. As part of its work on the Statement of Strategy, the Department should set out policy priorities for its agencies, which will bolster the Department's ability to monitor and evaluate their performance.

Looking to the medium term future, and in anticipation of a return to higher levels of capital investment in transport infrastructure and an increase in project activity levels, the Department will have to invest further to improve oversight and quality-assurance of the work of agencies, especially by interrogating their business plans and major project proposals. In doing so, it should be able to access a reservoir of expertise involving internally its policy divisions, the EFEU and its financial advisory function, supplemented where appropriate by external parties such as NewERA.

On the implementation of policy and strategy, there was concern expressed by some stakeholders that the pace of delivery is often too slow. In some cases, these delays are due to procedural requirements emanating from the democratic process or legal complexities that may not be fully understood by stakeholders. However there is merit in the Department putting in place clear mechanisms to enable it to monitor, measure and evaluate effectively the pace and quality of implementation by agencies, and to direct corrective action when necessary.

In conclusion, an enhanced set of corporate governance and engagement arrangements between the Department and its agencies would help foster stronger bilateral engagement, facilitate the timely management of conflict, ensure that agencies operate in full accordance with Government policy and act as a check that appropriate account is being taken of the public good

#### **4. Working within and across boundaries**

Currently, there are no formal internal networks below Management Board level. Although the Department performs well in dealing with cross-cutting issues, the establishment of formal networks could add value in developing collaborative approaches to cross-organisational matters and HR planning and in formalising two-way communications channels between Principal Officers and the Management Board.

It would be of additional value to establish in-house structures to regularly review progress on business plans. This would allow the Department to ensure its internal structures remain appropriate to deliver its objectives.

The Department should strengthen its engagement with EU institutions, particularly the Parliament and Commission, as well as Brussels-based stakeholders. This is a challenge for all Government Departments with a policy and programme exposure to the institutions of the EU.

The implications of Brexit and its wider trade contexts present significant challenges, for both the Department and some of its agencies. Noting the actions already under way on Brexit (including a Departmental working group, all-island fora, and extensive stakeholder engagement), the Department should continue to ensure that scenario assessments of risk are undertaken in relation to the free movement of goods and people arising from Brexit and wider international trade. Overall the Department recognises the need to engage strongly at EU level against the backdrop of Brexit. The new Strategic Policy and Planning Unit would be well placed to play a co-ordinating role in this regard.

There was a significant improvement with aspects of developing the current Statement of Strategy. For example, it included a session with all the Public Transport Divisions and the Climate Change Unit to collaborate on the development of a strategic business plan. This approach should be emulated across the Department in an effort to increase its efficiency in collective leadership and direction on internal divisional planning.

As previously set out in part 2 of this Executive Summary, a key enabler in resolving these issues would involve the establishment of a Senior Management Network whose mandate would include scoping, assessing and undertaking tasks of an internal and external cross-cutting nature – for example, internally on workforce planning and externally on EU engagement.

Given the cross-governmental significance of the issue and the need to increase the level of public and systemic awareness, a strong policy statement on climate change across the transport sectors should be developed and published.

### Overall Conclusions

The Department of Transport, Tourism and Sport performs strongly across many of its business areas. Its management and staff are committed, knowledgeable and well regarded.

The Department has developed a suite of new policies, strategies and programmes over the past few years, often against the backdrop of fast-moving external changes and significant resourcing challenges.

There are exemplars in quality customer service, internally and externally, with staff across all grades taking pride in what they do.

Management and staff work hard to mediate between short-term demands and long-term needs. As with any organisation, there is always scope for improvement. The Management Board has a high level of awareness of the areas where organisational performance can be strengthened. This

Review has identified a number of areas where there are opportunities to enhance overall Departmental effectiveness.

A further thread running through the evidence is that although senior managers are well regarded externally for their professionalism and knowledge, the Department's capacity to produce policy and strategy needs further investment. There is a risk that, following the moratorium on recruitment during the recession, the Department has not been able to resource itself appropriately against a backdrop of retirements and non-replacement of skilled and knowledgeable staff.

As it embarks on a new journey of change, the Department is well-placed to grasp opportunities to improve, given especially that management and staff have expressed a strong willingness and eagerness to explore, initiate, lead and collaborate on bringing about positive reform.

The development of a follow-up action plan to this review, involving close collaboration between management and staff, can act as the platform to achieve that reform and ensure that the Department is properly positioned to fully meet the many challenges it faces in delivering on its objectives on behalf of the Government and citizens.

## Recommendations

### 1. Configuration of Functions and Resources

#### a) New Corporate Services and Governance Division

This Division would take on board certain administrative and coordination functions currently undertaken by the Policy and Governance Coordination Division such as the Irish language and FOI requests along with organisational services like accommodation and health and safety currently under the HR Unit.

On governance, the Division's role would be fourfold:

1. lead on governance policy matters
2. exercise oversight on behalf of the Management Board to ensure that governance policy and practice are being applied cohesively and consistently and that appointments to Boards would follow pre-determined criteria
3. act as a centre of advice and assistance to line divisions on governance matters, and
4. help ensure a cohesive application of governance policy throughout the Department.

#### b) New Strategic Policy and Planning Unit

With the removal of governance and organisational services such as the Irish language and FOI requests from the existing Policy and Governance Coordination Division, this new Division – Strategic Policy and Planning Unit – would be in a position to focus intently on policy coordination of a cross-cutting nature, with its functions broadly fourfold as follows:

1. an enhanced emphasis on EU and Brexit matters
2. co-ordination of actions relating to the implementation of the Programme for Government
3. development of the Department's Statement of Strategy, and
4. co-ordination of Departmental contributions to external cross-cutting policies and strategies such as the upcoming National Planning Framework.

The Economic and Financial Evaluation Unit (EFEU) and the financial advisory function should be key and integral contributors to the work of the Strategic Policy and Planning Unit.

#### c) Enhanced Strategy Development and Appraisal

The Economic Financial Evaluation Unit (EFEU) should be strengthened and its business remit expanded so that it would be in a position to give more assistance to line policy divisions in the development of strategy, the appraisal of major project proposals, and the interrogation of business plans from agencies, while continuing to undertake current activities.

### d) Strengthened Financial Assessment

The resource base of the financial advisory function needs to be strengthened in order to boost the overall capability of the Department in financial analysis and, to mitigate risks relating to the business of the Department's agencies.

### e) More Formal Bilateral Arrangement with NewEra

In tandem with addressing internal financial analysis capacity, the Department should agree Terms of Engagement with NewERA, aimed at providing clarity on respective roles and giving critical value-added to the Department's work, involving the transfer of skills and knowledge.

### f) Streamlined HR Unit

The HR function should be streamlined so as to enable it to provide professional strategic support and high-quality customer service to the Management Board, senior and line managers and staff.

### g) HR Strategy

A new medium-term HR Development Strategy should be developed as a priority, informed by the soon to be published *People Strategy for the Civil Service, 2017 - 2020* and taking particular account of the issues raised in this Review, including:

- a) **Staff mobility scheme:** Staff mobility should be implemented in a consistent manner, taking particular account of business need, staff development, and tenure in a post. The scheme should be transparent in terms of criteria and implementation, especially on the timely backfill of a vacancy. The constraints arising from the number of decentralised locations and the considerable number of high technical posts are noted.
- b) **Succession planning scheme:** The Department should put in place a succession planning scheme informed by best practice.
- c) **Management and development of staff:** Aligned with the Civil Service Learning and Development Framework, the Department needs to implement a training programme for managers with an emphasis on the skills and competencies needed to develop staff and manage underperformance.

- d) **Learning and Development Plan:** Aligned with the Civil Service Learning and Development Framework, the Department's policy on learning and development should be revisited to ensure that it is appropriately designed to deliver the best outcomes for the Department and its staff.

### h) Introduce a Knowledge Management Plan

The Department should embark on developing a knowledge management plan in consultation with agencies which, in time, would become an organisational resource serving policy-making, operational and delivery needs. Features of the plan would include:

- a) The development of protocols on documenting critical corporate knowledge relating to policies, risks, processes and procedures across policy focused Divisions and operational areas such as the Road Transport Operator Licensing Unit and the Driver and Vehicle Computer Services Division.
- b) The implementation of an organisation-wide Electronic Document and Records Management System (EDRMS) which would standardise protocols and practices on the storage and archival of all electronic-based records.
- c) The incorporation of the outcomes of relevant action points in the Department's *Data Strategy, 2017 - 2019*.
- d) Although the Department already makes a large amount of content available to the public, there is scope to increase the amount published. A useful starting point would be an audit of the types and classes of information and data most frequently sought via FOI requests and general correspondence which are not readily accessible at present.

## 2. Leadership and Strategic Orientation

### a) Reconfiguration of the Management Board

It would be of benefit to the operation of the Department if the Management Board were to have one Assistant Secretary with sole responsibility for all corporate functions - HR, Finance, IT and Governance. This would allow other Assistant Secretaries to focus on their sectoral issues.

### b) New Senior Management Network

To augment internal governance within the Department, and the implementation of the follow up Action Plan to this review, consideration should be given to the establishment of a Senior Management Network comprising members of the Management Board and Principal Officers.

### c) Dedicated Management Board meeting on policy matters

The Management Board should hold regular meetings on a more formal basis than at present that are devoted solely to strategic policy matters. Such meetings would involve primarily consideration of:

- a) Reports from the Senior Management Network – e.g. review of staff policies
- b) Strategies, plans and proposals from the Department's agencies involving, if necessary, attendance by senior management representatives, and
- c) Brexit, EU or wider international developments of particular note or impact on a policy matter.

### d) Strategic planning and review

The Management Board should adopt a more visible and direct leadership role in the business planning process in future and require that future Statements of Strategy and business plans would include a hierarchy of priorities linked, wherever possible, to timelines. The Economic and Financial Evaluation Unit (EFEU) and the financial advisory function should be key and central contributors to this work.

### e) Implementation built into the design of strategy

The Department should put in place a protocol that ensures consideration of implementation requirements and processes would be a fundamental part of all future strategy development.

### f) Land transport

The Department should prepare a composite national policy statement on land transport, taking account of relevant sectoral strategies. The statement of policy should cover all relevant modes including freight and key contextual and cross-cutting issues such the forthcoming National Planning Framework (NPF) and evolving climate change policy.

## 3. Strategic Oversight and Relationship Management of Agencies

### a) Governance of agencies

The Department should build on the provisions in Chapter 5 of its Corporate Governance Framework Document as the basis for enhancing the relationships between the Department and its agencies. The aim would be to not only achieve greater clarity on respective roles and responsibilities but also to enable the Department to better leverage the knowledge, expertise and skills of its agencies when developing long-term policies and planning for their delivery.

### b) Prioritisation of policy objectives

As part of its work on the Statement of Strategy, the Department should set out policy priorities for its agencies. In addition agencies within the remit of the Department should be encouraged to deploy more of their analytical and technical resources in supporting Department-led policy interrogation and development.

c) **Implementation of strategies by agencies**

The Department should update its Corporate Governance Framework Document to include standardised mechanisms and procedures on the implementation of policies and strategies by agencies.

d) **Project Appraisal of Major Investment proposals from agencies**

In the case of strategic national capital projects planned by an agency, the Department needs to ensure that the full breadth of expertise available in relevant line divisions, the Economic and Financial Evaluation Unit (EFEU) and the financial analysis function (and NewERA where appropriate) would be brought to bear at the various project stages in line with the Department's full range of responsibilities which tend to be broader than those of an individual agency.

4. **Working Within and Across Boundaries**

a) **Standardised approach to divisional meetings**

The Department should put in place a recommended and standardised approach and agreed mechanisms for the conduct of divisional meetings to ensure consistency on frequency and participation.

b) **Engagement at EU level**

Consideration should be given to strengthening the Department's engagement with EU institutions, particularly the Parliament and Commission, along with Brussels-based stakeholders.

c) **Assessment of Brexit and wider trade contexts**

The Department should continue to ensure that scenario assessments of risk are undertaken in relation to the movement of goods and people arising from Brexit and wider international trade contexts. The proposed new Strategic Policy and Planning Unit would be well placed to play an enhanced co-ordinating role.

d) **Development of new freight strategy**

The Department should develop a coherent national freight transport strategy covering road and rail and their connections with air and sea. The strategy should take particular account of Brexit and the contribution that freight could make to the 2030 objectives on CO<sub>2</sub> emissions reductions.

e) **Reporting to Department of Public Expenditure and Reform (DPER)**

The Department should engage in a dialogue with DPER with a view to reaching a new understanding on reporting requirements to help minimize the burden on the Department.

f) **Publication of climate change and transport strategy**

Given the cross-departmental recognition of the scale and significance of the climate challenge and the need to clearly identify and communicate early an effective decarbonisation pathway for the transport sector, the newly resourced Climate Change Unit, which is now up and running, should formulate and communicate an overall transport climate strategy.

g) **Stronger collaboration with agencies on climate change**

The system-wide knowledge gap on the role of transport in climate change mitigation and adaptation needs to be addressed.

Given the absence of a specific transport agency with a climate and energy research and technical focus, the Department should build on the improved resourcing of the Climate Change Unit by seeking to tap into the analytical and technical resources in transport agencies to support climate research and modelling as required.

To that end, the Department should put in place protocols with agencies which have particular relevance to climate change and work with them to reach understandings with the wider government system.

h) **Stronger emphasis on risk management**

In keeping with international best practice, the Department should seek to develop a culture of continuous improvement in the area of risk management, with a particular focus on making sure that risk analysis is sufficiently embedded in the Department's approach to business planning, resource allocation and policy analysis.

i) **Risk management in the Coast Guard**

Risk assessment and management are particularly important in the Coast Guard and should continue to be given the highest priority.

## Chapter 1 – Strategy

### 1.1 Capacity to Develop Policy and Strategy

#### Introduction

The functions and responsibilities of the Department have changed over the last decade as a result of Government decisions – for example, a number of reallocations of Ministerial portfolios and the establishment of specialist agencies – and as a result of developments at EU level, especially in separating regulatory and inspection functions.

The Department has 25 agencies under its remit, comprising a mix of commercial and non-commercial entities involving a range of powers and functions, some underpinned by statute. Typically those with a commercial mandate have more autonomy on matters such as resourcing than those of a commercial nature. For some agencies like the National Transport Authority (NTA), the role is clearly defined in statute whereas for others, particularly some of the commercial companies, it is more complex given their commercial mandates and the Minister's shareholding role.

In this section, the views, internal and external, on the Department's capacity to develop policy and strategy are set out, including its strengths and weaknesses. Those views are juxtaposed against the roles and contributions of agencies, particularly by reference to:

- a) Is the Department configured to give significant value-added?
- b) Does the Department challenge agencies' strategies, plans and proposals with the necessary rigour and in the right way?

#### 1.1.1 Assessment of Management Board of Department's strategic capacity

There is a strong view at Management Board level that a particular strength of the Department is its ability to develop policy and strategy.

Members made frequent reference to the Department having either driven or collaborated on planning and implementing major reform. Examples given include the restructure of Dublin, Cork and Shannon airports, the successful sale of the State's residual shares in Aer Lingus, the development of the national motorway network, the tender of certain bus routes, and the production of the *Strategic Framework for Investment in Land Transport (SFILT)*. These initiatives are all the result of evidence-based strategies and decisions and, where required, involved cross-divisional, cross-government and external stakeholder engagement.

Members of the Management Board pointed also to strong policies in the aviation, ports, tourism, and sports sectors. They are all relatively recent, done in-house in collaboration with relevant State agencies and, in each case, were preceded by considerable internal and external consultations.

Regarding policy-making as a systemic element of internal deliberations, there is a standing item on the Board's agenda, *Policy Issues Arising*, whereby a member is afforded an opportunity to raise

any policy-related development, risk or challenge which, if necessary, can be the subject of a specially convened meeting at a later date. This approach also allows lessons and experience to be shared.

Overall, the assessment of the Management Board is that the Department is strong at formulating policy and strategy, with senior managers having deep knowledge and understanding of the various sectors.

### 1.1.2 Assessment of POs and other management grades of Department's strategic capacity

The general view amongst Principal Officers is that policy divisions still retain considerable capability to develop, influence and contribute to policy and strategy, but there is also a view that the Department is less "in control" now than in the past.

They point in particular to the asymmetry in the Department's skills and resource base relative to its agencies, the cumulative loss of knowledge arising from staff cutbacks during the recession, the lack of specialist resources in critical enabling areas of policymaking, and the unrelenting demands of having to deal with day-to-day matters.

Amongst other managerial staff below PO level, the views are broadly similar. A special emphasis in their feedback was that even though the Department is still quite strong at developing policy and strategy, its capacity to do so has been denuded somewhat, primarily because of the extent to which power has been devolved to the agencies and internal capability has been hollowed out due to years of staff cutbacks.

### 1.1.3 Assessment of agencies and stakeholders of Department's strategic capacity

In accordance with its political mandate and legal remit, the Department leads on the development of policy and strategy. Over the past five years, it has either put in place new strategies for each of its sectors, and where there are gaps, it is in the process of formulating new directions.

On the Department's capacity, there is a divergence of views amongst agencies and stakeholders.

At one extreme, the following assessment of an agency is representative of some views:

*'The Department's capacity for developing strategy is 'very limited': it has hardly any resources, it is swamped by the routine, and is caught up in day-to-day matters'.*

And at the other extreme, there was the opinion of a stakeholder that:

*'The Department is generally good at strategy. There are good people there. I do think though that they need to join up the dots'.*

The thrust of the evidence, particularly amongst agencies and stakeholders, is that the Department needs to be able to devote more time, energy and resources to long-term thinking and to join up policies so that they not just support one another, but that they also augment one another.

Another strong sentiment expressed externally is that the Department, when formulating policies and strategies, needs to be guided by more ambitious objectives based on the long-term needs of a growing population and expanding economy. And a particular concern of both stakeholders and agencies hinges on the quality, cohesiveness and implementation of strategy. The Department acknowledges this point but also points to limitations arising from the still challenging fiscal position of the public finances.

Interviewees, internally and externally, referred to a number of key strengths of the Department which enable it to conceptualise, direct and develop policy and strategy with the necessary authority and rigour. And while the Department also has some weaknesses, there are steps it can take to improve capacity.

### 1.1.4 Strengths of the Department for developing policy and strategy

The Department has a number of strengths which position it uniquely to conceptualise, direct, and develop policy and strategy. These strengths, which constitute a unique value added proposition, were identified by interviewees – internal and external – as follows:

1. **Political Head:** At the pinnacle of the management structure is the Minister. That confers on the Department an authority and measure of influence unmatched by any of its agencies or stakeholders.
2. **Programme for Government:** It can be a valuable asset to the Department in setting out the parameters for policies and establishing priorities.
3. **Interface between administrative and political processes:** The Department acts as an interface between the two processes – for example, between an agency and the Minister – and it can remould propositions that will be acceptable to the wider political system, especially Government and the Oireachtas. Ultimately, while specialised agencies can provide expertise, it is the Department that develops policy proposals and the Minister and Cabinet colleagues who make the final decision.
4. **Knowledge of the sectors:** Collectively, senior management and line division managers are very knowledgeable of the various sectors under the Department's remit and the environments within which they operate.
5. **Evaluative capacity:** The Economic and Financial Evaluation Unit (EFEU) is adding significant ballast to overall capacity in terms of appraising, evaluating and reviewing proposals, policies and programmes.

### 1.1.5 Constraints on Department's capacity to develop policy and strategy

Over the course of the evidence gathering phase, some shortcomings in Departmental capacity were identified:

1. **Risk of compartmentalisation:** The development of a land transport policy document linking into all transport strategies and a National Planning Framework would help to reduce the risk of a compartmentalised approach to policy formulation and strategy

development. Addressing these matters would provide beneficial guidance for policy makers and decision makers in both sectoral and cross-cutting terms.

2. **Denuded skills capacity relative to agencies:** The Department does not have the resources of a number of its agencies, regulators and operators which, in the words of one stakeholder, are 'tooled up to the hilt' in some instances. This asymmetry in the allocation of skilled resources has emerged in the main because of staff reduction obligations as part of the Troika bailout programme and the more flexible hiring arrangements which some agencies have. An additional issue is that understandably the Department does not always have the same level of coalface technical knowledge as its agencies.
3. **Stretched resources:** Some policy areas are especially stretched, particularly aviation. A considerable number of internal and external stakeholders are of the view that the resources devoted to this important sector are inadequate. Similarly, the Economic and Financial Evaluation Unit and financial advisory function are also believed to be under-resourced, with the result that the Department could be foregoing considerable value added in the policymaking and risk management spaces.
4. **Lack of clarity on roles of Department and agencies:** In some instances, a sub-current running through the evidence of internal and external interviewees is that there could be more clarity between the Department and agencies, including on their most appropriate roles in developing strategy, even in cases where there is strong legal clarity on roles.

### Conclusions

Amongst the Department's management, agencies and stakeholders, there is a convergence of views that it is the Department's responsibility to play the lead role in developing policy and overseeing implementation.

Despite the economic recession and the related contractions in skills and resources, the Department nonetheless has made significant progress over recent years on developing policy, notably in the areas of ports, aviation, and tourism, along with the *Strategic Framework for Investment in Land Transport (SFILT)*.

The Department is regarded as having particular strengths that enable it to lead on and contribute to the policymaking agenda in a meaningful and effective manner. However, there are also gaps in Departmental capacity, and they are exerting an adverse influence on its ability to lead policy, manage change and ameliorate risk.

There could be greater clarity in the areas of policy making and strategy development on the respective roles and responsibilities of the Department vis-à-vis some of its agencies, even in instances where there is legal clarity.

Ultimately the Department is challenged to play to its own unique strengths while, at the same time, harnessing more effectively the potential of its agencies for policy- and strategy-making purposes, as they have knowledge, resources and expertise which can be brought to bear in a positive way.

### 1.2 VISION AND STRATEGIC DIRECTION

#### Introduction

In this section, the effectiveness of the Department's capacity is assessed by reference to long-range holistic planning. Specifically, that involves consideration of the extent to which the Department is steered by a high-level vision on land transport connecting to air and sea, and whether such a vision provides guidance for a framework within which individual policies and strategies are set. The backdrop is that, generally, the Department is regarded as having a strong short- to medium-term perspective for each of its sectors, even though some concerns exist around ambition, implementation and joined-up thinking.

#### 1.2.1 A national land transport policy statement

The Department recognises the potential value in developing a national multi-modal land transport policy statement into which the individual sector strategies should fit – rail, freight, road, and sustainable transport. Technically, some of the critical elements of such a strategy are to be found in *Smarter Travel: A Sustainable Transport Future, 2009*.

Interviewees – internally within the Department and externally in its agencies and stakeholders – expressed a variety of views on the current state and suggested some options for future direction:

- 1) **Clarifying existing policy approach:** Insofar as a national land transport strategy does exist, it is for the Greater Dublin Area (GDA) and was led by the National Transport Authority (NTA), in accordance with its legislative mandate. A common view emerging from the evidence is that the attributes and components of a plan for the GDA are much better understood and developed than for the rest of the country.

Against that background, the Department should strongly consider preparing a composite national policy statement on land transport taking account of relevant sectoral strategies already developed and covering all relevant modes including freight and key contextual and cross-cutting issues such as the forthcoming National Planning Framework and climate change policy.

- 2) **Benefits of a land transport policy statement:** The clear articulation of a vision and policy on land transport would help avoid policymaking becoming too compartmentalised, although generally that situation is regarded as improving.
- 3) **Some suggested features of land transport policy statement:** In the course of evidence-gathering, a number suggestions were put forward on the desirable orientation and features of a policy statement:
  - a) **Anchor strategies on high level objectives:** The Department should set high level national transport policy objectives by which the strategies of its agencies would be guided, set and monitored.
  - b) **Relationship between land use and transport:** Land use and transport policies are integral to one another and, in that respect, the work under way on the National Planning

Framework (NPF) will provide critical context. The Department has already demonstrated commitment to the integration of land use and transport policy, as evidenced most recently by its input to the work underway on the NPF. When developing a national land transport policy statement, the Department could tap into the knowledge of organisations like the Irish Exporters' Association (IEA) and the Chartered Institute of Logistics and Transport Ireland (CILT), which have developed considerable knowledge and expertise on supply chain management covering all modes – air, sea, road and rail.

- c) **Implementation Plan:** The ultimate national land transport strategy should include a 10-year implementation plan, thereby helping to provide confidence on the balance between the ambition of the strategy and the capacity to deliver it.
- 4) **Benefits of an overarching transport policy statement:** Interviewees put forward a number of benefits that would arise:
  - a. An overarching transport policy statement would help to drive maximum integration between the various transport modes.
  - b. It would help to elevate the ambition in strategies and plans beyond current budget limits.
  - c. It would add a long-range holistic perspective to policy, thus assisting EU-related engagement on transport matters and related issues.
  - d. It would lead to stronger buy-in from agencies and stakeholders on sector policies, and greater awareness of desired national objectives and impacts.

### Conclusions

The absence of a land transport policy for the country as a whole represents a gap in terms of strategy development. While many elements of such a policy are already in place for the Greater Dublin Area, the development of the relevant strategy was led by the NTA without the guidance of pre-set high-level strategic objectives set by the Department.

In preparing a composite national policy document on land transport, the Department should align its approach to the forthcoming National Planning Framework and climate change issues so that there is clarity about the direction of policy and its implementation. A collaborative approach led by the Department and involving input from policy divisions, the Economic and Financial Evaluation Unit, all relevant agencies and key stakeholders would be essential. The new Strategic Policy and Planning Unit would be central to this process.

In that way the Department would ensure that all particularly pertinent factors would not just be brought to bear in the deliberative process but crucially, that they would be appropriately aligned with one another, particularly around economic, social, and climate change goals. The Department's focus has to be on the long-term interests of the country and its citizens.

## 1.3 STRATEGIES BY SECTOR: THE CURRENT SITUATION

### Introduction

The following section examines policy areas by sector. In it are set out the 'as is' states on developing policy and strategy in each of the sectors, and assessments of whether the Department is optimally positioned to exercise policy leadership.

#### 1.3.1 Strategy on land transport

##### 1.3.1 (a) *Strategic Framework for Investment in Land Transport (SFILT)*

With the publication in August 2015 of *Investing in our Transport Future: Strategic Framework for Investment in Land Transport (SFILT)*, the Department set out a high-quality analysis of overall land transport investment requirements. The SFILT describes in considerable detail the gap between funding allocations for land transport and the funding levels required to maintain the existing system in adequate condition.

The backdrop is that as a result of the recession which followed the banking collapse in 2008, the Exchequer allocations for capital investment in land transport fell from a peak of around €3 billion in 2008 to about €855 million in 2013 – from 1.64% of GDP to 0.52% of GDP which was the lowest percentage since the mid-1970s.

As well as identifying the quantum needed to maintain and service the existing network at acceptable 'steady state' levels, the SFILT identified the long-term average funding trend for capital investment in transport in Ireland at 1.13% of GDP, in keeping with OECD averages. For example in 2014 the €850m capital investment in transport was 0.5% of GDP. The SFILT set clear priorities for future investments in the transport network; firstly maintaining the existing network adequately, secondly tackling urban congestion and thirdly seeking to maximise the contribution of land transport to national development.

##### 1.3.1 (b) *Roles of Department and its agencies*

Three organisations play lead roles on land transport strategy, each with distinct mandates and powers derived from law and delineated by geography and activity:

- 1) **Department of Transport, Tourism and Sport:** The Department's goal on land transport is *'to best service the needs of society and the economy through safe, sustainable and competitive transport networks and services'*.<sup>4</sup>
- 2) **National Transport Authority (NTA):** Nationally, the NTA procures public transport services by means of public service contracts and it licences public bus passenger services and taxi services. Exclusively within the Greater Dublin Area (GDA), it undertakes strategic planning and investment in all public transport infrastructure from providers, most notably the CIE Group of companies. It also controls money from the Exchequer to the providers set within the framework of Service Level Agreements and similar arrangements. In addition, the NTA plans and administers sustainable transport projects

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<sup>4</sup> *Statement of Strategy, 2016 – 2019*

in the regional cities of Cork, Limerick, Galway and Waterford on behalf of the Department on a non-statutory basis.

- 3) **Transport Infrastructure Ireland (TII):** The TII is the product of a merger between the National Roads Authority and the Railway Procurement Agency. It came into being in August 2015, and its primary function is ‘to provide an integrated approach to the future development and operation of the national roads network and light rail infrastructure throughout Ireland’.

Following approval by the Minister, the *TII Statement of Strategy, 2016 - 2021* was published in November 2016. It builds upon and is guided by a number of national strategies such as the SFILT, describes the TII’s vision and strategic objectives, and sets out what it intends to achieve for national road and light rail users and the wider community. For each strategic objective, the Statement prescribes enabling actions.

### 1.3.1 (c) Leadership on land transport for the GDA

In line with its statutory remit, the NTA leads on land transport strategy and planning in the Greater Dublin Area (GDA), especially public transport, but within that context it works collaboratively with the Department. The NTA has a legal mandate, has the resources, has access to expertise, works to a strategic plan, and operates to six year implementation programmes.

### 1.3.1 (d) Land transport policy and strategy outside GDA and for Ireland as a whole

In seeking to strengthen policy, there are two geographical contexts: (i) land transport strategy outside the GDA, and (ii) land transport strategy for the country as a whole:

- 1) **Outside the GDA:** Concerns were expressed by some stakeholders about the clarity and coherence of land use and transport planning outside the GDA and the need to align transport planning with national policies on sustainability, climate change and regional planning objectives.
- 2) **The country as a whole:** Interviewees pointed to sources of concern:
  - a. **Absence of a national land transport strategy:** Even though a well-researched and thoughtful analysis of investment needs in land transport was carried out by the Department – *Strategic Framework for Investment in Land Transport (SFILT)* – it does not purport to be a blueprint for detailed investment and delivery of public transport services nationally.
  - b. **Control of investment funding outside the GDA:** The respective responsibilities of the Department and the TII in prioritising investment would benefit from a clear articulation of overall strategy and plans.

## Conclusions

The legislation establishing the NTA and the TII gives them each a strong and clear mandate.

As agencies, they enjoy particular benefits, notably value added derived from predominantly single purpose and specialist activity. They also operate at a distance from the political system in both planning and delivery terms.

The forthcoming National Planning Framework presents an opportunity to provide greater clarity and coherence on the identification by the Department of its transport plans and investment priorities nationally in two key respects:

- a. To plan collaboratively with the NTA and the TII relative to a broad national transport vision and policy statement and wider policies, and
- b. To evaluate the plans and outputs of these two agencies by reference to that vision and other policy agendas.

### 1.3.2 Strategy on freight

The fast, efficient and safe movement of freight is essential to the Irish economy. The Irish freight sector is competitive and very responsive to customers' evolving needs as economic activity increases as the economy grows out of recession.

Internal and external interviewees were of the view that there is no coherent freight transport strategy for Ireland covering road and rail and their connections with air and sea. They believe that freight tends to be either overlooked or else treated in a piecemeal manner. This may be due to the nature of freight operations as they take place. Often being dispersed across different transport modes, the emphasis on freight logistics within each mode tends to take precedence over a wider multi-modal perspective.

A rounded approach was advocated whereby the roles and contributions of all modes would be examined holistically, perhaps best done as part of a new land transport strategy. One stakeholder described the multi-modal context situation in the following terms:

*'Typically air is suitable for high value and low volume products whereas it's vice versa for rail, trucks and ports. In reality though, multiple modes are often used for the same product – for example pharmaceuticals can be amenable to transportation by a combination of road and air, with one-third of such products produced by US multinationals here being exported by air.'*

Interviewees suggested that a new freight strategy should include an assessment of how freight could contribute towards achieving the 2030 objectives on CO<sub>2</sub> emissions reductions, given especially that freight in its totality – road and rail – accounts for some 30% of all national emissions. Interviewees also referred to the importance and added urgency of a freight strategy arising from Brexit.

An internal review is underway into how the Department intervenes in the various freight modes of road, rail, maritime and air, e.g. regulating, licensing, and representing Irish interests in international fora. The purpose is to identify how best to support all involved in the logistics chain including producers, retailers, importers, exporters and transport providers.

The impact of Brexit on freight movements to and from Ireland is currently being reviewed, and the Department and the Irish Maritime Development Office (IMDO) will engage consultants shortly to consider the impact of a hard Brexit on the use of the UK land bridge.

### Conclusions

A new national freight strategy would need to take due account of the roles, complementarities and synergies between the various modes so that the ultimate strategy might reflect the full end-to-end complexity of the 'as is' and 'go to' states.

There is a growing acceptance within the Department that freight policy needs to be updated and a new strategy put in place. The challenges presented by the climate change agenda and Brexit are especially relevant, given in particular the UK's prominence as a trading partner and the very significant proportion of Ireland's exports into continental Europe which travel by road across Britain.

Freight should be an integral part of any future transport strategy, with due regard given to the multi-modal and inter-modal factors that influence economic choice in freight and logistics policy.

### 1.3.3 Strategy on aviation

#### 1.3.3 (a) Development of strategy on aviation

Ireland's policy and strategy for the aviation sector, *National Aviation Policy (NAP)*, was published in 2015. It constitutes a significant milestone: the first aviation policy framework in 25 years and the most comprehensive of its kind to date, involving 24 policy statements supported by over 70 actions.

The process of developing the NAP involved collaboration in the initial stages between the Department and the IAA, with the latter having initiated and hosted a conference of some 400 stakeholders. The outcome was a document that set out the issues to be addressed. That formed the basis of a Green Paper which was drafted by the Department and circulated widely to industry interests for consultation, with the eventual product being the NAP. As part of the process, the IAA provided analyses and skilled personnel, and prepared an initial document. A critical enabler throughout was the leadership given at ministerial and official levels.

An important context is that aviation policy is increasingly and predominantly driven at EU and wider global levels, especially under the umbrella of the Montreal-based International Civil Aviation Organization (ICAO).

#### 1.3.3 (b) Views of stakeholders and Department's managers

There is a strong consensus internally amongst managers and externally amongst stakeholders that, notwithstanding its leadership on developing the NAP, the Department struggles at times to sufficiently assert itself for the following reasons:

- 1) **Stretched Department, strong IAA and DAA:** The Department is stretched resource-wise on the aviation side and lacks some technical capacity, even though its management and staff are otherwise highly competent, well informed and favourably regarded. By contrast, the IAA and DAA are well-resourced and well-skilled commercial organisations, thus placing them in strong positions relative to the Department. Against that backdrop, the Department is challenged to resource itself appropriately in terms of both policy and oversight.
- 2) **Day-to-day demands – aviation general:** Much of the Department's role is around dealing with day to day demands comprising both foreseeable requirements like the preparation of draft replies to Parliamentary Questions and unforeseeable obligations such as Court Discovery Orders which can be very time-consuming (see also section 2.4.1 on Management of Records).
- 3) **Day-to-day demands – aircraft register:** The large commercial aircraft fleet has expanded significantly in recent years and has experienced growth of 63% over the last eight years. The projected growth for one airline alone up to 2024 will see an additional 250 large aircraft coming onto the Irish register and will bring the large commercial aircraft registered fleet to over 1,000 aircraft. This equates to growth of 115% since 2008.

This expansion of the Irish register brings more flight operations per day and more associated occurrences reported into the Air Accident Investigation Unit. In 2016, the Unit received over 17,123 occurrence reports, an increase of 71% on 2015 and 216% since 2009. Such reporting imposes a significant administrative burden to review and assess each event in order to determine whether there is a legal remit to investigate or not.

Regarding the development of the NAP and its implementation structures, there is strong correlation between internal and external opinions:

- 1) **Strong stakeholder engagement:** There was good engagement with a broad spectrum of stakeholders on developing the NAP and in the follow-up forum to oversee its implementation, *National Civil Aviation Development Forum*, which is chaired by the Department's Assistant Secretary leading on aviation matters. The two processes, although quite protracted, were conducted in an open, transparent and balanced way.
- 2) **Lacks timelines:** The NAP is a comprehensive policy statement containing 73 action points. These actions are not time-bound, although it is noteworthy that 11% can be considered completed or substantially completed and, 78% are in progress. In many cases, the Action is ongoing on a continuous basis. 8% have not yet been initiated (in some cases, commencement of work is conditional on other actions being completed in first instance). 3% have been superseded as a result of the UK Brexit decision (the NAP was published in August 2015 prior to UK Brexit decision.) The above would suggest that, even by November 2016, a steady pace of implementation had already been

achieved since the NAP was published (August 2015). This rate of implementation has continued throughout 2017.

On follow-up, internal senior management agree with the views of agencies and stakeholders that the Department needs to reconsider how best to deliver effective follow-through in the further policy development and implementation phases. The real challenge lies in giving effect to the various policy objectives set out in the NAP and doing so at an appropriate pace (see also Chapter 3).

### Conclusions

The development of the *National Aviation Policy (NAP)* and the establishment of the National Civil Aviation Development Forum (NCADF) represent significant milestones in the development of aviation policy in Ireland.

There is a view internally amongst managers and externally amongst stakeholders that the policy lines between the Department and the IAA have become somewhat blurred. That has arisen primarily because of inadequate resources in the Department whereas the two main aviation agencies, IAA and DAA, have deep technical coalface knowledge of the sector, and are well resourced and technically proficient.

Political accountability for policy, at Ministerial and Government level requires that the Department has the necessary resources, skills and knowledge to oversee the development of policy and guide its implementation. That is particularly critical where a policy or strategy at a sector level has a cross-cutting dimension of a national or international nature.

Environmental issues such as carbon emissions, air quality and noise levels are core factors to be taken into account in aviation policy. In addition to providing the appropriate policy framework to ensure the continued growth of the sector, the Department must also balance that against the strong environmental challenges presented by such growth.

In following through on the ambitious policy-development objectives flowing from the NAP, the Department faces special challenges, even though the sector is performing exceptionally strongly. A notable complication in that regard is that the aviation sector is fast moving, highly commercial, extremely competitive and technically complex, and has very significant EU and wider international dimensions. A particular consequence is that the growth in the Irish aircraft register has potential impacts for the work of the Air Accident Investigation Unit (AAIU).

#### 1.3.4 Strategy on maritime

Within the past four years, the Department has transformed the policy context within which maritime matters are addressed:

- 1) **Ports policy:** The development of the ports policy document, *National Ports Policy, 2013* was spearheaded and managed by the Department. Its production involved a public consultation process and extensive engagement with stakeholders such as the port

companies and the Irish Maritime Development Office (IMDO) insofar as the strategy touched on shipping matters.

Interviewees were most positive regarding the orientation of the policy, the designation of ports according to size and potential, the transfer of the five smallest ports to local authority control,<sup>5</sup> and the extent of stakeholder engagement. However, some unease was expressed about the extent to which road freight movements were not integrated into the policy document, as well as the pace of implementation.

- 2) **Maritime Safety Strategy:** The *Maritime Safety Strategy – Making Time for Maritime Safety*, was published in April 2015, following a public consultation process. Its development was led by the Department, notably Maritime Safety Division, and the Marine Survey Office in collaboration with the Coast Guard.
- 3) Stakeholders spoke positively about the extent and depth of engagement in developing the strategy, and the rigour of the analysis of factors contributing to maritime fatalities. International Policy: Much of maritime policy is set at international level, especially by the International Maritime Organization (IMO) – a specialist United Nations’ agency tasked with responsibility for the safety and security of shipping and the prevention of marine pollution by ships. International Conventions and EU Directives set the context and nature of much of national policy.

The Department’s contribution and participation at IMO and EU levels are highly valued and respected.

- 4) **Shipping strategy:** It was commented by a small number of stakeholders that Ireland does not have a strategy for shipping and that this matter should be given attention.

### Conclusions

The Department has demonstrated high capacity to lead transformative change on maritime transport matters and to forge new policy directions underpinned by strong internal and external collaboration.

The National Ports Policy document has injected significant clarity and heralded major structural reform of Ireland’s commercial ports. It provides a good example of proactivity on the part of the Department, demonstrating that it can initiate and lead on long-term strategic change in a manner that serves national, regional and stakeholders’ interests.

On maritime safety, the Department demonstrates high competency in setting strategy and contributing in international arena.

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<sup>5</sup> The Dublin Port Company, the Port of Cork Company and Shannon Foynes Port Company were accorded Tier 1 status, the Port of Waterford Company and Rosslare Europort were given Tier 2 status and the five smaller State-owned commercial port companies – Drogheda, Dún Laoghaire, Galway, New Ross and Wicklow – were designated as Ports of Regional Significance and transferred to local authority control.

### 1.3.5 Strategy on tourism

#### 1.3.5 (a) Roles of Department and its agencies

Three organisations play lead roles on tourism policy and strategy, each with distinct mandates and powers derived from law:

- 1) **Department of Transport, Tourism and Sport:** The Department's Tourism Division sets national tourism policy and provides the strategic direction required to support the industry. It fulfils that role by developing, implementing and influencing on a range of policy actions and programmes by the Department, its agencies and other Government Departments in consultation with industry partners. The tourism agencies, operating under the aegis of the Department, deal with the implementation of policy.
- 2) **Fáilte Ireland:** Fáilte Ireland is the National Tourism Development Authority. Its role is to support the tourism industry through, for example, the provision of a range of practical business supports to help tourism businesses manage and market their products and services. It is also responsible for promoting Ireland as a holiday destination through its domestic marketing campaign and managing a network of nationwide tourist information centres that provide help and advice to visitors.
- 3) **Tourism Ireland:** Established under the terms of the Good Friday Agreement, Tourism Ireland is responsible for marketing the island of Ireland overseas as a holiday and business tourism destination. It operates under the auspices of the North/South Ministerial Council through the Department of Transport, Tourism and Sport and Northern Ireland's Department for the Economy. It has its own Board of Directors which is appointed by the Council.

#### 1.3.5 (b) Development of strategy on tourism

The development of Ireland's first tourism policy, *People, Place and Policy – Growing Tourism to 2025*, is an exemplar of strong leadership, good consultation and effective collaboration between the Department and its two tourism agencies, with each contributing in accordance with their mandates and strengths.

- 1) **Role of Department:** The tourism policy, which was published in March 2015 and followed a series of previous strategies, sets out 51 policy objectives. This was followed in January 2016 by *Tourism Action Plan, 2016 to 2018*, which prioritises 23 actions to be addressed over that period. In both cases, the Minister and former Minister of State led the process and the Department published the reports. And the overall policy is supported by funding and investment programmes.

In producing the policy and action plan, the Minister and the Department led in a highly collaborative manner. There was extensive stakeholder and public consultation, including on designing and refining a Green Paper which paved the pathway to the policy. There was also internal engagement, especially with the Aviation and Sports Divisions.

Regarding the action plan, the priority actions were developed and agreed by the Tourism Leadership Group representing the Department, Fáilte Ireland, Tourism Ireland and stakeholders, including from industry. The entire process, covering both the strategy and the action plan, took 18 months to complete.

- 2) **Roles of Fáilte Ireland and Tourism Ireland:** These two agencies provided considerable input into the development of the policy. Their coalface knowledge and access to internal datasets contributed significantly to the evidential base.

Regarding Tourism Ireland, it has its own tourism-related datasets and has access to global and international tourism statistical databases, including the UN, covering trends, forecasts and risks in various markets. As input into developing the policy, it shared its principal analyses and other market knowledge with the Department.

In the case of Fáilte Ireland, it was able to supplement CSO data with its own market-based analyses, especially around tourists' attitudes, preferences, expectations and experiences, which again helped fortify the evidential base for the policy.

Overall, the current tourism policy was led and driven at Ministerial level, and that was done in concert with Fáilte Ireland and Tourism Ireland. There was some criticism however at the Department's level of ambition and the absence of regional targets. Be that as it may, it is nonetheless clearly positive for the Department that some key targets have already been met well ahead of schedule owing to the strength and pace of tourism growth.

### Conclusions

The Department demonstrated initiative, leadership and capacity in the development of the country's first tourism policy and follow-up action plan. There was strong stakeholder engagement and a healthy respect for data and analysis in underpinning policy with evidence. The follow-up action plan identifying 23 actions for implementation over the medium term represents a serious attempt at prioritisation.

Overall, the Department can be satisfied that for the first time a written tourism policy is in place. It has a long-term view for tourism which is shared by the two primary agencies, Fáilte Ireland and Tourism Ireland, whose roles and remits are covered by statute, leaving the CEOs and Boards with considerable powers to set their own strategic direction and prioritise actions and resources. Within that context, the critical strategic challenge for the Department is to lead so that it and its agencies will plan and implement in a manner that will support and complement one another.

### 1.3.6 Strategy on sport

#### 1.3.6 (a) Roles of Department and its agencies

Outside of the Department, there are two umbrella organisations which are important in a sports context:

- 1) **Sport Ireland:** Sport Ireland<sup>6</sup> provides funding to 65 National Governing Bodies of Sport (NGBs)<sup>7</sup> to allow them to carry out the core activities. It also supports a national network of 29 Local Sports Partnerships who coordinate and promote the development of sport at local level and aim to increase levels of participation.
- 2) **Federation of Irish Sport:** The Federation is the representative organisation for the NGBs and the Local Sports Partnerships, and one of its roles is to '*communicate their views regarding the benefits of sport in areas such as personal health/wellbeing, the economy and society as a whole*'.

### 1.3.6 (b) Development of strategy on sport

A significant recent development was the publication on 16 November 2016 of a consultation paper on the first National Sports Policy Framework in 20 years. The core purpose of the Framework is to:

*'address the structures, programmes and infrastructure required for recreational and high performance sport and how best to facilitate and support the achievement of sport objectives over the next ten years'*.

A first step in the consultation process was a 'consultation day' on 5 November 2016 with a range of sports stakeholders. With the consultation paper, stakeholders are invited to provide opinions, views and ideas about the future shape of Irish sports policy and how best it could be delivered. As an aid to those providing submissions, the paper is divided into themes under which salient background information is presented and questions for consideration posed. A closing date of 6 January 2017 applied for the receipt of submissions, with publication of the Framework expected in June 2017.

Regarding Sport Ireland and strategy specifically, it is currently in the process of developing a 5-year strategic plan, a draft version of which will be forwarded to the Department for review and approval in line with previous practice.

### Conclusions

The development of a national vision and strategy for sport in Ireland is a welcome and significant policy development, given especially the recent establishment of Sport Ireland and the importance of sport from health, social and economic perspectives. There is also the

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<sup>6</sup> Sport Ireland is a Government agency established on 1 October 2015. It replaced the Irish Sports Council and the National Sports Campus Development Authority and took on the functions previously performed by the Council and the Authority.

<sup>7</sup> The NGBs, along with their member clubs and affiliates, manage and administer organised sport in Ireland. They train and deploy coaches, organise representative level sport, provide opportunities and pathways leading from local sports (through their clubs) to national and international competition, deliver critical national sports programmes in areas such as anti-doping and the safeguarding of children in sport, and organise and host international sporting events. Sport Ireland also supports a national network of 29 Local Sports Partnerships who coordinate and promote the development of sport at local level and aim to increase levels of participation.

consideration that there are touch points between sport and other areas of the Department's remit, notably tourism.

The consultation process on a National Sports Policy Framework is a positive and necessary first step. The guidance being provided is innovative and focused, helping to support informed and targeted submissions from stakeholders and the public. A particular challenge is to ensure it is the Department that is perceived as leading on developing and implementing the eventual policy and strategy, thereby giving confidence that all the various elements and influences are being brought to bear in steering sport in Ireland towards a new strategic start.

### 1.4 REVIEW AND EVALUATION

#### Introduction

In this section, the capacity of the Department to review, evaluate and appraise is examined. For the purposes of reviewing and evaluating policies and appraising proposals, including from a financial performance perspective, the Department has access to four primary resources:

- 1) **Line policy divisions:** The managers and staff of these Divisions possess a depth of policy and operational knowledge which is critical for review, evaluative and appraisal purposes, often providing important guidance and challenge to colleagues in specialist Units.
- 2) **Financial Advisor:** The financial advisory function in the Department provides financial expertise to support line divisions in analysing and interpreting the financial aspects of performance, plans and proposals of agencies, thereby assisting the Department to exercise a well-informed oversight role. The work also involves appraisal of the financial aspects of programmes, projects, policies and other more general issues that arise.
- 3) **Economic and Financial Evaluation Unit (EFEU):** This is a Unit within the Department that provides an analytical and research resource to support the policy divisions. Its key aim is '*to ensure that policy and programme development, monitoring and evaluation are evidence based and objectives led*'. The EFEU is a constituent unit of the Irish Government's Economic and Evaluation Service (IGEES) – an integrated cross-Government service to enhance the role of economics and value for money analysis in public policy making.
- 4) **NewERA:** NewERA (New Economy and Recovery Authority) provides centralised financial and commercial advisory services to a defined list of public sector entities (specified in legislation) and acts as a dedicated source of corporate finance advice to Ministers with respect to a number of designated bodies. On request by a Government Minister, NewERA may also provide financial and commercial advisory services in relation to specific State bodies or assets.

### 1.4.1 Role and effectiveness of the financial advisory function

#### 1.4.1 (a) Role of the financial advisory function

The Department Finance function is headed up at PO level and undertakes a number of evaluative functions as outlined primarily in the Corporate Governance Framework of the Department:

- 1) **Review of strategic and corporate plans and budgets of agencies:** The Financial Advisor (Chartered Accountant) review these plans from a financial perspective.
- 2) **Review of annual financial statements of agencies:** The Financial Advisor reviews the annual financial statements<sup>8</sup> and interim quarterly accounts received from the Department's 25 agencies and initially assessed by the relevant line divisions:
  - a. **Commercial agencies:** In conducting the reviews, priority is given to the commercial companies as they typically bear the greater financial risk areas and have AGMs that take place within weeks of receipt of the draft financial statements.
  - b. **Non-commercial agencies:** Because of staffing constraints the Financial Advisor is obliged to use a risk-based approach for reviews of these agencies (informed by previous year's information and flagging by the line division of any particular issues of concern). The examination of their accounts is typically more focussed on assessing compliance with the financial aspects of the Code of Practice for the Governance of State Bodies annual reporting requirements – such as CEO salaries, directors' fees and disclosures.
- 3) **Review of business cases:** In cases where agencies wish to diversify, establish or acquire subsidiaries or participate in joint ventures, Ministerial approval is required. When seeking such approval, the agency must provide details of the financial consequences of the proposals, and in the cases of proposed acquisition or establishment of subsidiaries or joint ventures, provide full business cases and any other information required by the Department. The information received is reviewed by the Financial Advisor from a financial perspective to assist the line divisions with assessments and decisions.<sup>9</sup>

#### 1.4.1 (b) Assessment of the financial advisory function

The Financial Advisor provides an internally focused service including review and appraisals of the Department's agencies in terms of financial performance and plans. That work involves liaising with managers and line divisions as necessary, particularly on matters they believe require attention.

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<sup>8</sup> Audited by external auditors in the case of commercial agencies and by the C&AG in the case of non-commercial agencies.

<sup>9</sup> In addition to the areas identified in the Corporate Governance Framework document there are some other areas requiring routine financial advisor input such as review and reporting on Department programmes as well as 'ad-hoc' issues and financial queries which arise for divisions through the year – from straightforward (e.g. queries on accounting policies and standards) to more sensitive/complex or time consuming issues.

The following assessment is representative of views expressed by Departmental managers across virtually all grades:

- 1) **Thinly spread resource:** Given the workload of the Financial Advisor, limited time is available for individual work items e.g. in the case of review of annual financial statements. All of the draft financial statements from the agencies, both commercial and non-commercial, are received in February each year. Because of the number of them (25) priority is given to review of the statements of the commercial companies as they will typically have more financial risk areas and have AGMs that take place within weeks of receipt of the financial statements.
- 2) **Single point of dependency and insufficient time to provide input to review of outside parties:** The Financial Advisor post constitutes a single point of dependency. The Department needs to consider the risk involved in having just one Departmental official dealing with the volume and variety of agency accounts and financial issues in general. In particular, it would be helpful in terms of risk mitigation if there were scope to look deeper into the financial positions of major proposals from agencies.

### Conclusion

The financial advisory function is especially stretched and constitutes a single point of dependency. A notable feature is the proximity between the Financial Advisor and the Department's senior management and policy divisions. As required, that enables both the non-financial and financial aspects of an issue to be determined quite quickly and presented as a package to senior management for deliberation and decision. Given also the multiplicity and diversity of agencies, the financial advisory function should not only remain within the Department but it should be beefed up by adding to the skills base.

### 1.4.2 (a) Role of the Economic and Financial Evaluation Unit (EFEU)

The EFEU is a member of the Inter-Governmental Economic and Evaluation Service (IGEES) and undertakes a number of evaluative functions on behalf of the Department:

- 1) **Public Spending Code:** Some 85% of the Unit's work is devoted to ensuring adherence by the Department and its agencies to the requirements (including a VfM programme) of the Public Spending Code – a set of rules and procedures aimed at ensuring that the best possible value-for-money is obtained whenever public money is being spent or invested.
- 2) **Project appraisal:** An appraisal of every Exchequer funded project of scale (over €20 million) by the Department or one of its agencies is required to be submitted to the EFEU for *ex ante* quality assurance.
- 3) **Analysis of programmes:** The only *ex ante* analysis of a strategy or investment programme undertaken in recent times was of the *Strategic Framework for Investment in Land Transport (SFILT)* – an investment needs analysis of requirements to 2035 based on a 'steady state' assumption. The EFEU led on that analysis.

- 4) **'Ex post' evaluations:** The Public Spending Code requires that Departments agree a programme of value-for-money reviews, typically 2 or 3 every few years on major expenditure programmes.

The EFEU, under the guidance of a steering group comprising the Department of Public Expenditure and Reform's (DPER) Transport Vote, the relevant line division and an independent chair, undertakes the value-for-money reviews for DTTAS which, once agreed, are signed off by the Secretaries General of DTTAS and DPER.

- 5) **Critiques:** The EFEU critiques investment appraisals and similar propositions from the Department's agencies to ensure that they are in line with national policy and are robust from a methodology viewpoint. When reviewing an appraisal from an agency, the EFEU sets out its assessment in writing, including any concerns, and forwards them to the relevant policy division. Appraisals of investments over €20m together with the EFEU's views are also sent to the relevant Vote Division in DPER.
- 6) **Monitoring investment frameworks:** The Department approves the master plans of the NTA and TII which provide the strategic and investment framework for a 20 year period and within which the two agencies work. Each of these agencies conducts their own independent audits to ensure compliance with the Public Spending Code, and that work is reviewed by the EFEU. Through that process, the EFEU acts as the gatekeeper on expenditure.
- 7) **Assessing data gaps:** The EFEU has recently commenced work on a data strategy for the Department that reviews access to and use of statistics and data across the Department's sectors in terms of both adequacy and statistical gaps.

### 1.4.2 (b) Assessment of the EFEU

The EFEU is an in-house centre of support with a primary role to assist line divisions. This Review found the following:

- 1) **Highly regarded:** The EFEU's staff and their outputs are very well regarded. The staff are highly competent and give significant value-add to the Department's work, especially in assessing investment propositions, identifying risks, and generally guiding the Department and its agencies towards best practice.
- 2) **Very stretched:** The Unit is regarded as very under-resourced, and so it struggles to reach its potential in giving value-added to the Department:
  - a. **Insufficient bandwidth for strategic thinking:** Some 85% of the Unit's work is devoted to ensuring compliance with the Public Spending Code, leaving about 15% of its time available for strategic and forward planning.
  - b. **Excessively retrospective:** The Unit is not appropriately structured and sufficiently resourced with skilled personnel to provide analytical input into the development of strategies and policies from their inception, and to critique them as they evolve. This

is recognised by senior management who believe that it would be much better if the Unit could be resourced so that it could focus much more on *ex ante* policy analysis.

- c. **Little 'ex post' evaluation:** Notwithstanding the EFEU's retrospective focus, the Department, by and large, does not as a matter of course conduct or commission *ex post* evaluations of major investment projects completed independently of the agencies who deliver the projects – for example, none were done of the LUAS, the M50 or the Dublin Port Tunnel projects.
- d. **Stretched on critiquing business cases:** While regarded as competent in this space, the staff involved tend to be engaged at times on other pressing and complex issues. There is also a view that the EFEU does not have the scope to quality assure the models developed by agencies, especially the assumptions used and their uniformity across similar agencies.

Recent examples of major proposals assessed by the EFEU are the business cases for the proposed Metro North and several major roads projects. Similarly, the Unit undertook an economic assessment of the redevelopment of Pairc Ui Chaoimh, examining it for compliance with the Public Spending Code.

- 3) **Collaboration between EFEU and line divisions:** Where the EFEU and line divisions are required to collaborate, they do so in an engaged and respectful way. In September 2016, the EFEU proposed a multidisciplinary approach to working with policy teams on projects. This has been recently implemented in a Public Transport PSO funding project. Notwithstanding that positive development however, the evidence surfaces two other issues requiring attention:
  - a. **Most appropriate role for EFEU:** Senior managers, line divisions and the EFEU staff agree that the Unit should be oriented more towards strategy development and appraisal work, although it would still have to deal with compliance-related assessments. In that regard, a particular focus should be on critiquing appraisals from the Department's agencies, and ensuring that the methodologies and assumptions are appropriate and reliable.
  - b. **Role of line divisions and awareness of EFEU:** Line divisions have a role in critiquing business cases. There is capacity in some business units, such as the Ports Division, but it's weaker in some others. The only criticism expressed of the EFEU is that it is not well branded throughout the Department as a resource that line divisions could avail of, even though it did undertake a consultation exercise around the Department shortly after its establishment. However, that situation is now changing

### Conclusions

The Economic and Financial Evaluation Unit (EFEU) is not being leveraged to the Department's best advantage. Its enhanced role as an integral support tool of the proposed new Strategic Policy and Planning Unit, which will be critical to boosting organisational capacity on strategic planning, requires that the resourcing of the EFEU will need to be kept under regular review.

Given the breadth of its remit, the multiplicity of its agencies and the diversity of risk it bears at organisational and sectoral levels, the Department is too stretched in critically important activities relating to the analysis and development of strategy. The EFEU has the potential to bridge this gap that exists and to significantly bolster overall Departmental capacity. It could do so by reorienting its focus more towards issues of a strategic and cross-cutting nature, but in a way that would still integrate the existing activities of the Unit.

In such a scenario the EFEU's span of activity would relate predominantly to evaluation, appraisal and strategy, against the backdrop of line policy divisions and their management chains continuing to be the initiators, drivers and managers of policy and strategy.

Regarding appraisal and evaluation, there would be particular merit in boosting the EFEU's capacity so that it would be in a position to work progressively towards the following aims:

- a. **Appraisal:** That by working with the relevant line divisions, the Unit would be in a position to rigorously interrogate major investment proposals from the Department's agencies, and
- b. **Evaluation:** That over time the Unit would fill the void whereby *ex post* evaluations are rarely done, especially of major infrastructure projects. In doing so, lessons could be learned that potentially might be applied to similar projects in the future.

In order to position the Unit to achieve its full potential and send a clear signal of transformational reform, changes to the EFEU's title, reporting arrangements and resource base are recommended. Commensurate too with its strengthened role at the heart of the Department's planning function, the EFEU should continue to report regularly into the Management Board on its work and plans.

In conclusion, an appropriately resourced EFEU with a more forward-looking orientation would contribute significantly to the Department's capacity in the development of policy and strategy. It would also enhance the rigour applied to analytical and evaluative work.

### 1.4.3 Role of NewERA in supporting the Department

The Department of Transport, Tourism and Sport does not fall within the statutory remit of NewERA and thus any involvement by the agency is at the specific request or invitation of the Department.

NewERA is a provider of external and independent advice and analytical support and in exercising that role, it works closely not just with the Department but also with some of its agencies, notably the NTA, the CIE Group and the DAA. NewERA's work bears on some of the critical touch-points of the Department's business and the sectors it leads, particularly in the areas of crisis management and investment critiques.

To date, NewERA has been assisting the Department in a number of ways:

- 1) **Debt management of CIE Group:** NewERA has been working closely with the NTA and the CIE Group for some years on what is termed the *Strategic Rail Review* which for the most part is a blueprint for the financial stability of Irish Rail. The Department has a

Memorandum of Understanding with NewERA on securing financial advice on the CIE Group. The Group believes that NewERA's involvement in managing the Group's debt position has significantly improved the Department's understanding of the situation and the options available.

- 2) **Value-add on risk management:** NewERA has been particularly helpful to the Department on the review in 2017 of Bus Éireann's business planning and processes.
- 3) **Investment critiques:** NewERA was commissioned by the Department of Communications, Climate Action and Environment to critically review sectoral analytical work on climate mitigation proposals and inputs including transport proposals.<sup>10</sup> As part of its input, NewERA worked to ensure that a consistent methodology would be used across the sectors – transport, energy and agriculture. Interviewees from the Department of Transport, Tourism, and Sport were very complimentary of NewERA's input. Furthermore in undertaking specific tasks previously arising from the privatisation of State companies and the disposal of their assets, a variety of issues were surfaced, such as emerging pensions obligations in the port companies and Aer Lingus and the insolvency risk in Irish Rail.
- 4) **Critique capacity:** NewERA plays a useful role in casting a critical eye at times over investment proposals from the Department's agencies, as well as their performance.

At the time of writing the precise nature of the future relationship between the Department and NewERA continued to be the subject of on-going discussions between the two parties. Draft Terms of Engagement were being considered, a purpose being to formalise the bilateral relationship in line with that applying to other similar Departments.

### Conclusions

The Department's experience to date is that NewERA is adding both capacity and capability to corporate governance and financial oversight matters.

NewERA together with the EFEU and the Financial Advisor who are the key contributors to the Department's analytical functions, are all contributing major value-added to analysis and decision-making by the Department and its agencies. NewERA is also bringing an added level of technical competency to the relationships between the Department and some of its commercial bodies.

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<sup>10</sup> The Department of Transport, Tourism and Sport was one of the principal participants in the development of Ireland's climate change action plan, *Climate Action and Low-Carbon Development – National Policy Position Ireland*, which was led by the Department of Communications, Climate Action and Environment. That Department requested NewERA to undertake modelling analysis of the measures proposed for each of the sectors, including transport. As part of its input, NewERA worked to ensure that a consistent methodology would be used across the sectors – transport, environment, energy and agriculture. Interviewees from the Department of Transport, Tourism and Sport Review Team were very complimentary of NewERA's input and NewEra were similarly satisfied with the work on transport measures.

Looking ahead, an enhanced EFEU, an alignment of agency analytical work with departmental policy priorities, a strengthened internal financial advisory function and clear Terms of Engagement with NewERA would give a marked and perhaps transformational lift to the Department's analytical capability. In order that the Department might gain to the maximum extent possible, the future role of NewERA would have to be as an additional analytical support that would neither replicate nor supplant any of the work of either the EFEU or financial advisory function.

The focus of any new understanding should be on how best NewERA can assist in giving critical value added support. As NewERA can plug gaps in the Department's skills and expertise base, it would be desirable if its involvement could lead to a skills transfer.

### 1.5 PRIORITISATION: STRATEGIC V ROUTINE

In this section are set out the opinions expressed, internally and externally, on the extent to which the immediate tends to push out the important, and short-term demands take precedence over long-term planning and delivery.

#### 1.5.1 Strategic crowded out by routine?

There is agreement amongst internal and external interviewees that some divisions and staff are stretched. Interviewees described that in the following terms:

- 1) **Demands of democracy:** Parliamentary Questions, other Oireachtas demands, Ministerial briefings and engagements, Freedom of Information (FOI) requests, reports and returns to central Departments notably to the Department of Public Expenditure and Reform, and media and other demands generated by 24 hour news cycles are encroaching on the capacity of officials to reflect, plan and act in a strategic way.
- 2) **Value added falls, risk rises:** The pincer effect of increased demands and stretched resources has created a situation whereby the Department does not have sufficient scope to strike an appropriate balance between short-term demand and long-term need: the value added piece can get squeezed and the risk profile can rise.
- 3) **Mission creep:** The Department tends to get pulled into a lot of operational areas, which properly fall within the remit of an agency. This is particularly the case with Fáilte Ireland because the generally 'good news' nature of tourism initiatives generates an understandable but general political interest. For the Department's Tourism Development Division, serving the democratic process is a particularly large part of its work.
- 4) **Behaviours are a factor:** Some senior managers engage in work that might best be left solely to agencies, some are more comfortable dealing with the immediate and others with the long-term. Additionally, the evidence suggests that the Management Board has limited options at times to reallocate resources to a major new assignment – for example, the disposal of the State's residual shares in Aer Lingus was a major and complex

undertaking which had been assigned to an already busy unit who delivered a successful outcome, although no additional resources were assigned.

- 5) **Immediate demands unavoidable:** Immediate demands are often both unforeseen and unavoidable, especially because many of them are driven by events outside the control of the Department – for example, legal deadlines for dealing with FOI requests and timelines for engaging with Oireachtas Committees. There is also the immediacy of social media whereby responses to a statement or request are often expected to be virtually instant.
- 6) **Reporting demands from central Departments:** The frequency, granularity and at times complexity of reporting requirements from the Department of Public Expenditure and Reform surfaced quite a lot, with interviewees commenting on the need for rationalisation and simplification.
- 7) **Prioritisation and resources:** Unlike a commercial agency, the Department does not have the autonomy to resource up in line with increasing business needs. One consequence is that in certain areas of activity, the Department has found itself particularly stretched to keep pace with changing demand. While the efficient deployment of resources through good workforce planning would undoubtedly help, it seems clear that the overall quantum of resources available in the Department should be kept under review.

An example of the impact of a focus on day-to-day issues can be found on the maritime safety side whereby it is acknowledged internally that the Department has fallen behind in enacting national legislation, mainly arising from requirements of the International Maritime Organisation (IMO). Problems around prioritisation and resourcing are believed to be the key reasons. Similarly, the *Merchant Shipping Act, 1894* has been amended by 30 subsequent Acts, and while consolidation has commenced, there is a belief that dedicated resources need to be assigned on a long-term basis.

With a view to improving matters, some participants in interviews and workshops drew attention to steps already taken to bring about a better balance between the immediate and the important:

- 1) **Build-to-Share (BTS) applications:** The Department has put in place a number of Build-to-Share applications which are assisting significantly with the administration of much of the day-to-day work: e-PQs for processing replies to Parliamentary Questions, e-FOI for Freedom of Information requests, and e-Submissions and e-Correspondence for managing the relevant processes. A file management system, eDocs, is also due to be introduced.
- 2) **Recycling data to reduce response burden:** When the Finance Unit is seeking data from Divisions for the Estimates process for example, it pre-populates cells with data wherever possible and thus divisions need concentrate on new data only. The Unit also operates a one-stop facility whereby one can access a previous financial return easily and quickly.
- 3) **Policy and Governance Coordination Division:** The establishment of the Policy and Governance Coordination Division is helping line divisions to better manage the administrative burden. For example, it co-ordinates matters of a corporate governance

nature that span three or more divisions, and it develops and manages all CEO contracts, thus putting the matter at a step removed from the line divisions.

On how the situation could be improved, interviewees made a number of suggestions:

- 1) **Publish as much as possible:** Although the Department already makes a large amount of content available to the public, staff believe that there is scope to do more. A useful starting point might be an audit of the types and classes of information and data most frequently sought via FOI requests and general correspondence which are not readily accessible at present.
- 2) **File and data management:** The development of new strategies, protocols and applications could reduce significantly the considerable time and effort involved in retrieving records as a consequence of a FOI request or Court Discovery Order.
- 3) **Better understanding of roles:** As already indicated in section 1.1.5(4), the Department needs to determine its most appropriate role vis-à-vis its agencies and decide where it needs to position itself in order to give maximum value added. Such clarity may enable the Department to navigate between the urgent and important in a more managed manner.
- 4) **Focus on smaller number of priorities:** As the Department can never match the resources, technical skills and coalface knowledge of its main agencies, it needs, in the words of one stakeholder, *'to stop trying to do so much and keep all stakeholders happy'*. It needs to zone in on a smaller number of long range national priorities than it is at present.
- 5) **Match resources to need:** Quite a lot of managers and staff are burdened with excessive work and demands, and as elaborated upon further later in section 2.5.3.4, there is scope to better match resources and skills with business needs and priorities.

### Conclusions

The democratic process, entailing citizen, media and the Oireachtas, is demanding ever-increasing responsiveness, transparency and accountability of those dealing with policy and money. 24 hour news cycles and social media are adding to the communications burden. The Department's senior managers often find themselves having to expend lots of effort and energy on communicating and clarifying. That entails a significant opportunity cost relating to the time and thought devoted to reflecting, researching and planning.

The more routine work with which the Department has to deal, the more the Department's risk profile rises and the less is its capacity to plan, delve and interrogate.

The prudent deployment of staff resources, technology, information and data can all help managers to mediate more effectively between short-term demands and long-term needs. Fewer long-term priorities, resourced up appropriately, could assist, as well as clearer understandings of how agencies could help the Department to achieve a better balance between competing demands.

While the efficient deployment of resources would undoubtedly yield new efficiency and effectiveness gains, it seems clear that the overall quantum of available resources should be kept under review.

### FINDINGS ON STRATEGY

- The Department has a number of important strengths which position it uniquely to conceptualise, direct, develop and contribute to policymaking.
- Although the Department works to ensure that policymaking matters are informed where appropriate by input from its agencies, there is scope for improvement, whereby each entity would play to its own unique strengths in working towards shared goals.
- The Department has made great strides in recent years in producing new policies and strategies for its various sectors, and in some cases the approach to their development constitutes exemplars of best practice.
- Notable areas of progress are ports, aviation, and tourism, along with *the Strategic Framework for Investment in Land Transport (SFILT)* and the establishment of the National Transport Authority.
- The stakeholder engagement process used in the development of the sports strategy is an exemplar of good practice.
- The Department should prepare a composite national policy statement on land transport, taking account of relevant sectoral strategies and the forthcoming National Planning Framework and climate change policy.
- The Department needs to develop a new freight transport strategy covering road and rail and their connections with air and sea. Particular account would need to be taken of Brexit and climate change issues.
- The Department has strong analytical capacity but it requires further development and integration.
- The financial advisory function is highly competent but constitutes a single point of dependency. It requires further resourcing to bolster the Department's capacity.
- The Department needs the capacity to devote more time, energy and resources to long-term thinking, as it is obliged to spend considerable effort on routine matters including of a compliance nature.

## Chapter 2 - Leadership

### Introduction

In this chapter, leadership is assessed by reference to a number of complementary criteria:

- leadership by senior management<sup>11</sup> comprising:
  - the Management Board which is chaired by the Secretary General and includes five Assistant Secretaries, each leading on a policy area and sharing corporate support functions between them, and
  - Principal Officers who typically manage a single policy or corporate division
- internal strategy development and business planning
- cross-government collaboration
- internal cross-divisional working, and
- the corporate functions of Finance, ICT and HR.

### 2.1 Internal Leadership and Communications

#### 2.1.1 Leadership by Management Board and Principal Officers

**Engagement by the Board:** There was a general view amongst the POs and APs interviewed that more formal interaction with the Management Board would be a positive development.

A criticism, especially by POs, is that the Board focuses excessively on governance matters, typically connected with the Oireachtas, the Cabinet, the Department of Finance or the Department of Public Expenditure and Reform.

There was also a view that the level of cross-divisional cooperation and policy coordination could be enhanced, with the Management Board having a key enabling role to play. Improving the extent to which the Board as a collective engages on internal cross-divisional issues could greatly contribute towards dispelling many of the concerns about compartmentalisation in some areas.

1. **Communications from Management Board:** The quality and timeliness of communications from Assistant Secretaries to their staff on matters discussed at Management Board level can be improved. While the minutes of meetings are available on the Department's intranet ('The Hub'), many staff consider them somewhat meaningless in that they provide only scant details of deliberations.
2. **External views on deliberations by the Board:** Externally, senior management is regarded as professional, capable and knowledgeable but the environment within which they operate is complex – very political and dominated by strong agencies in some sectors. Against that background, unsurprisingly there are varied views on the timeliness and comprehensiveness of decision-making by the Department.

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<sup>11</sup> Unless stated otherwise, 'senior management' is defined as the Management Board and the Principal Officer cohort.

3. **Leadership by POs:** Internally and externally, the Department's PO cadre is considered a key strength. They are regarded as professional and authoritative, and engage well with their stakeholders. A perceived risk, however, is that many POs are believed to be overloaded and stretched, with an attendant rise in risk profile.

### 2.1.2 Internal communications

The Department relies on one-to-one engagements, divisional meetings and an on-line information repository called 'The Hub' as its principal means of internal communications. Issues raised include the following:

1. **Communications within Divisions:** Staff meetings are the most common means of formal communications within divisions. However frequency, participation by grade and depth of discussion vary widely. Some meet weekly, others less often and in instances not at all.
2. **Effectiveness of 'The Hub':** The Department uses this intranet as the primary means of sharing corporate and general interest information with staff.
  - a. In the opinion of management and staff, the Hub is a very useful repository of information on a wide range of matters relating to the Department's business. A particularly favoured feature is the specification of lead or 'go to' topic specialists, such as a competent person on Regulatory Impact Assessments. Amongst staff in the three regional locations, the Hub enables them to feel connected to colleagues in Dublin, although content on their work areas tends to be sparse.
  - b. Notwithstanding the generally favourable feedback, it appears on occasion that the Hub is used by some line managers as a substitute for face-to-face engagement. As one participant in an EO workshop asserted: *'it was never intended that the Hub would remove responsibility from managers to "soft sell" thorny decisions and developments to staff, which happens on occasion.'*
3. **Internal Communications and role of NewERA:** The rationale for the Department's engagement of NewERA could be better understood internally thus presenting senior management with a communications challenge to make any such engagement rationale clear and explicit.

## Conclusions

As a relatively new Management Board, it enjoys a considerable measure of goodwill towards it from line managers and staff. However, as a collective and having regard to demands on members' time, it needs to be more proactive in face-to-face engagement with staff and to improve internal communications, including more detailed feedback on deliberations and decisions by the Board.

A useful mechanism to strengthen collaboration at senior management level would be the creation of a Senior Management Forum comprising members of the Management Board and Principal Officers. As needs arise, the Forum would establish PO Groups to scope, assess or

undertake specific tasks for clearance by the Forum and submission to the Management Board for its deliberation and, if necessary, decision.

Regarding internal communications at business unit level, practices vary widely on the extent, nature and frequency of divisional meetings by line managers with their staff. Thus, there is scope for a standardised policy to be put in place for application across the Department.

On the Hub, this is clearly a worthwhile information sharing and communications tool that has stood well the test of time. The content relating specifically to the work of the divisions in Killarney, Shannon and Loughrea should be expanded. That is a matter in the first instance for local management. More generally, some managers need to reflect on whether the Hub is the most appropriate channel for communications with staff and whether face-to-face engagement would be more appropriate in some instances.

## 2.2 Internal Business Planning

The pivot on which internal business planning rests is the Statement of Strategy, the purpose of which is to *'define the strategic direction, high level goals and objectives'* on which the Department would focus over the period in question. In mid- 2016, preparations got under way on a new Strategy for 2017 – 2019 which was published in December 2016.

1. **Preparation of the Statement of Strategy:** Every three years or when a new Minister is appointed, the Department is obliged to prepare and publish a new Statement of Strategy, setting out the Minister's and Department's key priorities. It details the high level goals and objectives and provides a framework for more detailed planning and individual performance management.

With the appointment of a new Minister in May 2016 the Department embarked on publishing a new Strategy. It adopted an innovative approach, especially by engaging an external facilitator to work with a cross-section of staff drawn from all divisions and grades to produce an agreed a high level mission statement.

- a) **Internal views:** Participants interviewed were unanimous in their praise of the new approach. They were given the opportunity to contribute and their opinions were heeded. In their view, the initiative was a marked improvement on previous engagements of this nature, and afforded an opportunity for thinking outside the box. Many expressed the hope that the new approach would signal a more enlightened way of undertaking business planning into the future.
- b) **External views:** The Department consulted publicly on the development of its Statement of Strategy, which sets out priorities by sector, although it gives no sense of overall Departmental priorities. The Strategy is strong on the Department's engagement with wider Government policy especially on important policy issues around climate change and the National Planning Framework.

2. **Business planning:** Line divisions use the Statement of Strategy to produce annual business plans which in turn form the basis for individual role profiles for all officials as part of the formal Performance Management Development System (PMDS).
- a) **Uneven staff input:** Despite high praise from those who participated in the Statement of Strategy process, a strong message from staff workshops is that the annual business planning process is not led and driven by senior management. Many staff below AP grade felt they had little or no meaningful input into the process – typically, annual business plans are ‘handed down’ to them.

Such staff sentiment is supported in part by a finding from the *Civil Service Employee Engagement Survey, 2015* whereby 46% of the Department’s respondents disagree that the Department cares about their opinions. A caveat though is that according to many managers’ feedback to the Review Team, it is quite difficult at times to get more junior staff to engage with the business planning process.

- b) **Poor direction:** There is an opportunity, building on the goodwill generated by the work on the Statement of Strategy, to make the business planning process more dynamic and inclusive. A criticism of past exercises is that, in the view of many, a divisional plan for one year amounted to little more than tweaking the previous year’s version. A higher bar has now been set with the Statement of Strategy process and the Department should make sure that this innovative approach becomes common practice in business planning too.
- c) **Scope for Review:** There is little follow-through by senior management to assess the robustness and quality of divisional plans and to ascertain the level of commonality in approach between them. No evidence was given that *ex post* assessments or peer reviews are done.

### Conclusions

On organisational strategy, the Department is fully compliant in terms of the timely production of *Statements of Strategy* and annual divisional business plans.

The novel approach to developing a new mission statement was particularly well received by managers and staff alike. The use of ‘mixed divisions’ and ‘mixed grades’ surfaced a strong commonality of issues across the individual groups.

Generally, it appears that the Management Board give inadequate direction on the annual business planning process. There also appears to be a strong appetite among staff for more formalised engagement with managers and the Management Board. It is down to individual Heads of Function (usually at PO level) to determine how much thought, time and resources should go into the preparation of individual plans. Particular shortcomings with the approach adopted are that review mechanisms are weak and that the Statement of Strategy does not include a hierarchy of Departmental priorities linked to timelines.

## 2.3 Cross-Government Collaboration

### Introduction

The Department is required to engage extensively with other Government Departments in fulfilling its mandate. In parallel, its agencies engage to varying degrees in cross-government collaboration and effort.

In this section, the Department's leadership on EU matters – an important part of its business – is examined, including on a sector-by-sector basis. This is followed by an assessment of collaboration with other Departments and agencies on cross-cutting matters.

### 2.3.1 Leadership on EU matters

There is a very significant EU dimension to much of the Department's policy remit. As such, strong and meaningful engagement with the various EU Institutions as well as the wider stakeholder cohort in Brussels is of fundamental importance.

By way of brief background, Ireland's Permanent Representation to the EU ('Perm Rep') is the State's largest overseas mission, with staff assigned to it from almost all Government Departments. The representation from the Department of Transport, Tourism and Sport includes a Counsellor and two Attachés. These staff usually spend 3-4 years in Brussels and service the various Council Working Groups associated with the Department's sectors as well as liaising with the European Commission and Parliament and engaging with wider representative groups and stakeholders.

The overall role of the Perm Rep is to pursue, secure and protect Ireland's interests and objectives in the EU.

1. **Reporting relationship from the Perm Rep to Departmental HQ:** The Perm Rep transmits detailed notes of meetings of all working parties to HQ – what was discussed, a summary of Member States' positions, a conclusion, and agreed next steps.

There are varying degrees of clarity given to the Perm Rep<sup>12</sup> on policy-related matters – at times the directions and instructions from Departmental HQ are clear whereas on other occasions they are not, although in such situations the relevant PO is invariably only a phone-call away.

A particularly helpful aid to effective engagement is when officials from the Perm Rep can draw upon a published policy or strategy from the Department when articulating a national position on a matter – for example, the NAP on aviation. Seconded national experts can also be of special benefit.

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<sup>12</sup> As part of the review, the current Perm Rep team in Brussels along with a number of former Attachés were interviewed. This section is based heavily on their feedback.

Given increasing EU demands and the unfolding Brexit situation, senior management will need to step up face-to-face interaction with senior officials in the institutions (Commission, Council and Parliament) and with relevant sectoral representative groups.

2. **Senior level engagement:** The Department relies on a small number of highly competent officials, typically at PO level or equivalent, to engage directly on matters relating to the Department's remit.

Often engagement takes the form of contributions from generalist staff being augmented by specialist support from agencies such as the IAA. In the opinion of Perm Rep officials, that combination can be particularly effective, and is frequently adopted at meetings on aviation matters.

### 2.3.2 EU-level engagement by sector

The Department engages to varying degrees of effort and intensity at EU level on matters relating to the various sectors under its auspices.

1. **Engagement on aviation matters:** Aviation is an important sector of the economy, given especially Ireland's global standing as a major player in terms of passengers travelled by Irish-flagged carriers, aircraft leasing and aircraft maintenance. There is a significant global dimension and backdrop to the Department's work, involving a number of international bodies:
  - a) **International Civil Aviation Organization (ICAO)** – the United Nations' technical agency for aviation which sets out international standards and recommended practices.
  - b) **European Aviation Safety Agency (EASA)** – the agency which sets rules and standards across Member States on matters such as airworthiness of craft, air operations and air traffic management.
  - c) **EUROCONTROL** – an intergovernmental organisation with 41 Member and 2 Comprehensive Agreement States committed to developing a Single European Sky that would deliver air traffic management (ATM) performance into the future.
  - d) **EU** – the policy, legal and standards setting entity.

At EU level generally, the Department has stepped up engagement with the Aviation Working Group since the NAP was developed.

At EASA, the Department and the IAA work in tandem, with the former drawing on the technical expertise of the latter when required, which is often in the context of highly technical issues addressed at EASA meetings. Similarly at ICAO, the Department leads and is supported by the IAA. At Eurocontrol, matters are largely dealt with at Ministerial and senior official level.

On safety and security issues, there is strong cooperation between the Department and the IAA. Staff from the aviation side work very well with the regulatory staff in the IAA when a technical matter demanding a response from Ireland arises. In this way any risks arising from an EASA proposal are identified and assessed in a collaborative way. There are also coordination meetings between the two entities on reviewing, for example, an EASA regulation.

Turning to high-level policy, stakeholders perceive a gap at EU working group level where aviation policy and legislative matters are discussed. Given Ireland's role as a major global player on aviation, questions were raised by them about the level of Departmental engagement and the extent to which Ireland would be seen as helping to shape EU aviation policy. The following comment is indicative of general sentiment:

*'There is no real evidence of it [the Department] positioning Ireland to be at the forefront of the 'big picture' aviation deliberations, and thus it needs to devote more resources to engaging and influencing at EU level, especially on the big strategic issues'.*

A counterpoint to that view is that in 2016, the Department undertook a campaign which led to the election of a staff member to the 39-member Council of ICAO and has played an important role in coordinating positions of EU Member States during the Slovakian Presidency and during the current Maltese term.

2. **Engagement on maritime matters:** The maritime side of the Department is very supportive of engagement at EU and wider international levels. The Head of the Marine Survey Office is involved to a significant level on EU matters such as the Paris MoU,<sup>13</sup> the European Maritime Safety Agency (EMSA) and the International Maritime Organisation (IMO).<sup>14</sup> The Department's representation on such forums is highly respected, and the back-up provided to the Perm Rep is regarded as very good. The maritime side is well respected and trusted in negotiations.
3. **Engagement on road safety issues:** The Road Safety Authority and, more recently, the Department participate in the High Level Group on Road Safety which is usually held in Brussels and chaired by the Commission twice a year. The Department also participates in EU Council Working Group meetings when required.<sup>15</sup>

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<sup>13</sup> *Port State Control (PSC)* is an internationally agreed regime for the inspection of foreign ships in other national ports by PSC inspectors. Inspections can involve checking that the vessel is manned and operated in compliance with applicable international law, and verifying the competency of the ship's master and officers, and the ship's condition and equipment. To this end, in 1982 the *Paris Memorandum of Understanding (Paris MoU)* was agreed.

<sup>14</sup> The Coast Guard has the Chair of the Bonn Agreement (a treaty against pollution) and the MSO represents the Department on the Committee on Safe Seas and the Prevention of Pollution from Ships.

<sup>15</sup> For example, where EU Directives / Regulations etc. are being examined in relation to legislative dossiers in relation to road safety, particularly on driver licensing, driver testing, and vehicle roadworthiness. The Department also engages on a bilateral basis with the UK Department of

4. **Engagement on public transport matters:** The most common reference made by interviewees related to the:
- a) *Connecting Europe Facility (CEF)* – an EU funding instrument targeted at infrastructure investment in transport, energy and digital services.
  - b) *Trans-European Transport Networks (Ten-T)* programme – an EU-led policy aimed at improving transport networks across all modes between Member States.
  - c) *4th Railway Package* – an EU initiative aimed at removing remaining barriers to the creation of a single European rail area.

The Department contributed as required over a number of years to the development of these three programmes. Regarding the CEF specifically, it has engaged well with project promoters on the Second Transport Call for Proposals. Having learned lessons from the First Call, particularly improved dealing with CBAs, the structured and cooperative work by project promoters, Agencies and line divisions was reflected in funding outcomes for transport projects.

5. **Engagement on tourism and sport matters:** There tends to be EU level engagement as required. This requires ministerial attendance at the Sports Council, along with limited project-based engagement on tourism as that is not an exclusive EU competency.<sup>16</sup>

### Conclusions

Departmental engagement on EU matters is generally satisfactory at EU Council level but less so in relation to the other Institutions.

On aviation, which is a hugely important sector of the economy, the Department's policy divisions are led by just two POs (recently increased to three), leaving it stretched to engage in EU and wider international forums as it might wish.

On certain matters the combination of a generalist staff member from the Department being supported by a technical specialist from the IAA can be a very effective form of contribution. There may be merit in examining afresh how engagement by the Department and the IAA at EU and international levels could be refined and strengthened, with the Department continuing to lead on policy matters.

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Transport: most recently on the introduction of drug driving legislation and the mutual recognition of driver disqualifications.

<sup>16</sup> The competences of the European Union are defined in the EU Treaties and are divided into three categories: (i) the EU has **exclusive competence** ([Article 3 TFEU](#)) (only the EU can act); (ii) **competences are shared** between the EU and the member states ([Article 4 TFEU](#)) (The member states can act *only* if the EU has chosen not to); and (iii) the EU has **competence to support, coordinate or supplement** the actions of the member states ([article 6 TFEU](#)) – in these areas, the EU may *not* adopt legally binding acts that require the Member States to harmonise their laws and regulations.

That examination could involve a new bilateral understanding between the two entities on what engagements they should service jointly and individually, perhaps leaving the predominantly technical meetings solely to the IAA. Obviously, that would require a strong degree of mutual trust and clearly understood reporting arrangements between the two sides.

On high level policy making at EU level, there is disequilibrium in economies of scale: on the one hand, the aviation sector is particularly large relative to the size of the economy whereas on the other, the Department has very limited resources to devote to policy planning and development. Against that background, the Department needs – as a starting point – to assess how it can improve its capacity to develop and influence aviation policy, especially at EU level.

On maritime matters, Ireland enjoys a high standing internationally and is quite a significant player at EU level.

The Department has been learning from past experience and is improving the quality of its engagement.

### 2.3.3 Departmental engagement on Brexit

Given its potential significant adverse impact across most of the sectors for which it has responsibility, Brexit is categorised as a high level risk by the Department. This Review confirms that the Department is proactively involved, both on its own and as part of the whole-of-Government response, in dealing with the potential impacts it may exert.

At the time of writing the Department is participating in the following deliberative groups:

- Cabinet Committee on Brexit (Minister and/or official attends)
- Inter-Departmental Group on EU/UK Relations (D/Taoiseach chair)
  - Group on Economy and Trade (D/Taoiseach chair)
    - Sub-Group Tourism (D/TTAS chair)
    - A new Sub-Group on Aviation is being established (D/TTAS will chair)
  - Group on Common Travel Area (Department of Justice and Equality chair)
  - Group on EU Budget (Department of Finance)
  - Export Trade Council (Department of Foreign Affairs and Trade)
  - International Trade Coordination Group (Department of Foreign Affairs and Trade)

The Department is proactive in trying to identify and manage the various risks across its sectors associated with Brexit and is fully engaging across Government and with its stakeholders.

## 2.4 Leadership on Knowledge Management

### Introduction

The Department holds a considerable amount of information and data which possess significant value from a variety of perspectives, specifically on matters relating to policy development and operations management and generally around lessons learned.

For the purposes of this section, 'information' should be understood as relating primarily to records of a qualitative kind whereas 'data' refers to matter of a predominantly quantitative or numeric nature. And the management of knowledge encompasses the management of both information and data, tangible as in viewable, intangible as in corporate memory.

### 2.4.1 Management of records

**Scope to improve records management:** The management of records, both electronic and paper-based, could be much better. No internal guidelines exist on what constitutes a record and should therefore be retained to meet legal requirements such as those prescribed in the Freedom of Information and National Archives Acts. The definition of a record extends to emails and again there is no consistent policy on types of emails which need to be electronically tagged, filed and archived.

Two recent Discovery Orders, one on travel tax and another on pensions relating to two commercial State companies, highlighted these deficiencies. Amassing the records for court case purposes has been very onerous and resource intensive and while the ICT Unit 'pulled out all the stops', no additional resources were redeployed to assist with these urgent tasks.

More generally on Freedom of Information requests, the absence of guidance and a supporting system on what constitutes a purely administrative record is adding significantly at times to the burden imposed by such requests.

### 2.4.2 Management of data

**A distance to go on data management:** On the management of data, there is a distance to go. From a policy perspective, a good start was made in 2016 with the production by the EFEU of a *Data Strategy, 2017 - 2019* which includes a series of recommendations to improve the situation.

In terms of practice, one area of good performance is the Road Transport Operator Licensing Division in Loughrea where operators' files and statistical datasets are well managed and structured. Overall, a view from those working in data generating environments, such as the Driver and Vehicle Computer Services Division, Shannon, is that better use could be made of data held by the Department and its agencies for planning and operational purposes.

### 2.4.3 Management of corporate knowledge

**Documentation of procedures and specialist knowledge:** The operational entities of the Department are generally strong on documented procedures although there is scope for them to be augmented in some instances by process maps. Such practices are much less commonplace as work gravitates towards a policy-making nature.

**Poor succession planning:** The Review Team did not surface any instance of a formal handover arrangement involving an imminent staff departure and his/her replacement. And insofar as succession planning is done, it is at local initiative and without central guidance.

The risk profile from weak knowledge transfer is most acute when a retiree possesses discrete specialist knowledge and expertise. Formal overlap arrangements between departing and arriving staff should be standard practice but they clearly are not. As a result, the Department's failure to harness at least some of an individual's corporate knowledge can cause it to lose it all. A contributing factor though is that the timely availability of replacement staff – from internal or inter-departmental promotion panels – is an important enabler in this regard and it is not always straightforward to secure the release of replacement staff in time to 'shadow' a retiring official.

### Conclusions

The Department needs to manage and mine its information, data and corporate knowledge in a much smarter way. Records management is weak and requires a standardised Electronic Document and Records Management System (EDRMS) to be put in place and supported by guidelines.<sup>17</sup> Additionally in relation to Court Discovery Orders, it would seem that the eDiscovery ICT application should be centrally resourced rather than leaving it to individual Departments to procure on receipt of a Court Discovery Order.

Management should be more attuned to the richness and potential of the datasets held by the Department and its agencies, and how the data could be used better for planning and operational purposes. A formal process should be put in place to address this.

A standardised approach for harnessing corporate knowledge, especially of specialist staff facing into retirement, does not exist. As a result a retiree can leave behind a major knowledge void. Thus, proper succession planning arrangements are required, involving documentation of critical work elements, overlap arrangements between retiring and replacement staff in specialist work areas, and formal exit interviews when an employee is leaving.

## 2.5 Leadership on Internal Corporate Functions

### Introduction

As part of this review, the corporate support units of Finance, ICT and HR were examined. A particular emphasis was given to the extent to which they operate with a strong customer focus aimed at providing the Department and its staff with the necessary professional supports to enable the successful delivery of business objectives. The combined staff complement across the three Units stands at 23% of the Department's total staff.

#### 2.5.1 Leadership on Financial Management

The Finance Unit, which comprises 22 staff, provides a variety of finance-related support functions on behalf of the Department, requiring it to engage extensively and frequently with senior management, line managers and line division staff.

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<sup>17</sup> eDocs is an EDRMS developed by the Office of the Chief Information Officer which is being implemented in a number of Government Departments and is backed up by a set of records management guidelines. eDocs is a consolidated location in which staff can store and track both electronic and paper-based files.

1. **Highly competent and respected:** Financial reports are presented and discussed once a month at the Management Board level, and more frequently as the need arises.

The Board has very high confidence in the Finance Officer and his staff. This confidence is shared by managers and staff across all grades and divisions.

The Finance Unit is viewed as professional, well-organised, and having a strong customer focus. It inevitably has regular and high-level contact with all parts of the Department. Staff try hard to minimise the demands placed on already busy divisions when seeking information.

The view of the Management Board is that the Finance Unit presents high quality financial management information as required, and is very efficient on managing the Department's budget.

2. **Customer-focused:** Staff are regarded as proactive and adept at suggesting solutions to problems, identifying risks and developing mitigating steps.
3. **Strong controls:** Good controls are in place and audits conducted by the Comptroller and Auditor General would reinforce that view.

### Conclusion

The evidence shows that the Finance Unit is a high-performing, customer-focused operation that commands widespread respect and support.

## 2.5.2 Leadership on ICT

### Introduction

The Department's ICT Unit has 16 staff, comprising a mix of in-house and contract staff of whom there are 2 – one on SharePoint and another on networks. There is also a drawdown arrangement to cater for once-off and low cost supports.

#### 2.5.2.1 Strategy and planning

**ICT planning:** The Department has a well-developed ICT Strategy and a solid approach towards its implementation. An ICT Strategy Group is in place. It is chaired by the Head of the ICT Unit, includes Heads of Divisions, meets twice-yearly and presents on its plans and progress to the Management Board. A particular focus of the Group revolves around progressing the decision made some years ago to use SharePoint for cross-divisional and collaborative solutions. That work is complemented by some sector specific arrangements, such as an ICT Strategy Group on Maritime Matters.

**Internal engagements:** A further engagement mechanism is the IT Liaison Officers (ITLO) network established some 2 to 3 years ago. It comprises a liaison officer from each division and meets every month. Since the beginning of 2016, regular planning and review meetings are being held between the Head of ICT, each Head of a Division and the relevant ITLO. This engagement process is proving to be very useful.

### 2.5.2.2 *Bespoke ICT solutions*

The ICT Unit, supported by consultancies as necessary, has developed or is in the process of developing a number of highly regarded bespoke solutions as follows, some of which are of considerable complexity:

- SILAS – Incident Management System for the Coast Guard
- RTOL (Road Transport Operators' Licence) on-line licensing
- Safe Seas – development of existing system in line with EU requirements such as FAL Directive
- Boat registration and tracking
- Seafarer's Register covering details of qualifications for example
- A Volunteer Information Management System (VIMS) to be rolled out in 2017, which will track the training needs of the Coast Guard's volunteers including timelines for refresher courses
- An online sports grants applications

The online system for administering sports grants applications provides a good example of responsiveness to a business need. According to some interviewees, there had been very little ICT investment in the Sports Capital Programme until the function was transferred to the Department of Transport, Tourism and Sport. Since then, the ICT Unit with the aid of outside consultants has put in place a very effective on-line web-based sport grants applications system.

Regarding the other solutions mentioned in this section, some of them are replacing paper-based systems which should realise considerable financial and non-financial benefits over time.

One planned programme of particular note is the Renewal Programme for the Department's Driver and Vehicle Computer Services Division based in Shannon.<sup>18</sup> The Programme includes the development of an ICT solution to create a Master License Record (MLR) which will match the driver and vehicle databases, and a new Customer Management System (CMS) which will incorporate a scanning and PBX solution.

The overall cost of the Renewal Programme is approximately €4 million with an implementation timescale of between 2 and 3 years. 9 streams consisting of up to 40-50 project scale initiatives have been identified and are being analysed and prioritised at present.

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<sup>18</sup> Briefly, the Driver and Vehicle Computer Services Division, Shannon, is responsible for the National Vehicle and Driver File (NVDF) which contains details of all 2.4 million registered vehicles and 2.65 million licensed drivers in the country. The computer facilities are critical to the processing of motor tax and driving licence applications and are instrumental in the collection of over €1.5 billion in motor tax and driving licence fees.

### 2.5.2.3 Generic ICT solutions

The term 'generic' refers in this context to solutions and applications that support common activities across the Civil Service, such as a system for handling, administering and recording correspondence.

Big strides have been made by the Department in recent times in the use of generic ICT solutions, with ePQs, eCorrespondence and eSubmissions regarded as particularly helpful. One PO estimates that ePQs and eSubmissions solutions save him a half day's work every week. Overall, there is a high degree of comfort with the generic ICT applications and solutions.

### 2.5.2.4 Customer support

The general picture is that the ICT function is well organised, very responsive and deals with problems quickly. Its sense of service is refreshing and the helpdesk is very well regarded. One easily rectifiable area of concern relates to the Killarney office: although support on applications is viewed as very good, support on basic ICT infrastructure and service such as video conferencing is minimal.

### Conclusions

The ICT Unit is regarded as one of the Department's success stories. Impressive solutions have been put in place, replacing in some cases error prone paper-based systems. Customer service is rated very highly.

Overall the Unit emerges from the review process as being effective, supportive and responsive to the needs of the Department generally and staff members individually.

## 2.5.3 Management and Development of People

### Introduction

The management and development of people in the Department is a function of not just the Personnel Officer and colleagues in the HR Unit but also of all managers from the most senior to the most junior with responsibilities adjusting in line with managerial grade.

#### 2.5.3.1 Operation of the HR function

**Resourcing of the HR Unit:** The HR Unit has 29 staff (headcount), 13 of whom provide accommodation services (includes Service Officers and telephony services).

The Department, in line with other Civil Service bodies, has transitioned much of its transactional HR activity to the recently established shared services centre, *PeoplePoint*. The HR Unit finds itself still supporting such work to a greater extent than it envisaged at the outset and thus, in its view, has been unable to reduce the number of support staff accordingly.

**HR capacity to meet challenges:** Throughout the economic crisis, the Department was obliged to adopt a strict compliance policy with the Employment Control Framework (ECF) requirements and was consequently hit heavily in terms of staffing levels. It fell to the HR function to manage this process.

With recent economic recovery and the loosening of the ECF obligations,<sup>19</sup> the *Civil Service Renewal Programme* envisages that HR functions would switch towards more long term strategic thinking and planning, so as to better equip Departments in addressing major challenges ahead. Within that context, the evidence presented to the Review Team suggests that the HR function in the Department of Transport, Tourism and Sport is still heavily focussed on compliance matters and has not yet reoriented itself towards a more strategic outlook.

**Overall sentiment towards HR function:** The Review Team encountered very significant negative views towards the HR function from managers and staff at all levels. In particular, there is a general lack of confidence amongst managers regarding the Unit's support for them when dealing with staff performance issues. While in many respects HR Divisions are "soft targets" in review exercises such as this, it is impossible to ignore the negative and critical opinion expressed.

However, it is important to note that some of the perceived failings and weaknesses can be attributed to wider management failings within the Department but there are still some key issues pertinent to the HR function itself.

**HR Unit unresponsive:** A very consistent message from managers and staff at all grades is that the Unit is seen as inaccessible and non-responsive, with a tendency to be excessively rules-driven. Unfortunately, such issues were originally surfaced in the last capability review of the Department in 2008 under the Organisational Review Programme (ORP), when it was noted: '*...many of those consulted by the ORP Team said that they found the Section to be unresponsive. The Section needs to develop a greater sense of its role as an internal service provider*'.

The evidence suggests that many of these issues remain unresolved.

**Inappropriate structure:** The failure to adopt a more strategic approach can be partly attributed to the current management structure:

The Assistant Secretary with responsibility for HR also has a very challenging and time-consuming policy portfolio.

Additionally, the HR Unit is trying to cover many operational activities and thus struggles to focus properly on the important issues relating to HR policy and practice. Managing Service Officers, facilities, and health and safety matters – while important in themselves – all distract the Unit from its core function of managing, developing and supporting managers and their staff throughout the Department.

**Senior management behaviours:** As covered in detail in sections 2.5.3.6 to 2.5.3.8 following, the behaviours of senior managers have contributed significantly to some of the underlying HR problems facing the Department, notably around staff mobility and managing underperformance.

### Conclusions

A very significant cultural shift is required in terms of how the HR Unit sees itself and its role within the Department.

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<sup>19</sup> Departments now have delegated sanction for filling posts up to and including PO.

The Department's corporate functions, including the HR Unit, would benefit from a dedicated Assistant Secretary who could provide the necessary leadership without the distractions of other policy issues requiring attention.

Managing Service Officers, facilities, and health and safety matters should all be placed in the proposed new Corporate Services and Governance Division which would not have any formal reporting relationships to the Personnel Officer.

A smaller, leaner and more strategically-focused HR Unit would be better able to concentrate on delivering the professional services required.

Making changes in the HR Unit alone will not address the various organisational challenges within the Department. As discussed in the next section, the broader senior management team have contributed to some of the underlying problems. Consequently, the conclusions in this section need to be considered in conjunction with those set out in the following sections.

### 2.5.3.2 HR Strategy

**HR Strategy:** While the Department had a HR strategy document covering the period 2010 to 2014, it has been producing an annual HR strategy since then as part of the business planning process, pending the development of guidance from the Department of Public Expenditure and Reform on a new standardised approach for the entire Civil Service. Therefore, no high level strategy exists to guide the Department's HR development over the medium-term.

### 2.5.3.3 Workforce planning

**Research undertaken but no plan:** The Department has produced a *Workforce Planning Framework, 2015 - 2017*, a draft version of which was submitted to the Management Board at end-2015. From the interviews and workshops carried out as part of the Review, it is apparent that there is little visibility amongst many staff regarding the approach to and impact of workforce planning. On overall resources, management point out that the Department's pay budget has increased in recent years to cover centrally agreed pay increases (mostly FEMPI related measures) but not headcount increases, following years of reduced headcount.

Putting the funding issue aside, there is no evidence that statistics are gathered and updated regularly on staff skills and job assignments. The general view is that workforce planning, insofar as any is done, is undertaken in 'fits and starts', and does not form an integral part of the management of people and the allocation of resources to meet policy priorities. There is clearly significant scope for the Department to improve and enhance its workforce planning capability.

### 2.5.3.4 Matching expertise to jobs

**Matching not done:** Managers at all levels across the managerial chain were clear that matching expertise to jobs assignments is not a standard practice, and is rarely done in an explicit manner. That is supported by a finding from the *Civil Service Employee Engagement Survey, 2015* whereby almost a third of respondents do not believe that their work utilises their full abilities.

Behavioural issues could be a factor. A number of workshop participants referred to an attempt some years ago to put a skills register in place. Quite a number of staff did not cooperate out of fear of being pigeon-holed in terms of job assignment in the event of a particular skill or qualification being revealed.

**New skills not used:** New skills acquired by staff through the Third Level Refund Scheme are often not used in-house, even though the Department had borne the financial cost.

While it is accepted practice that generalist civil servants must be capable of undertaking a wide range of tasks, there is also a push towards increased specialisation. In that respect, no evidence was presented to demonstrate that the Department has undertaken a skills audit in recent times to establish the most appropriate skills mix for its business.

### 2.5.3.5 *Specialist and generalist staff*

**Balance improving, but distance to go:** The general view of managers is that while the balance between specialist and generalist staff has improved, there is still a distance to go in assessing the optimal state of equilibrium and resource planning to ensure it would be reached.

Particular mention was made of the improvements to organisational capacity arising from the establishment of the EFEU, the recruitment of a Financial Advisor, the engagement of a legal expert from the Office of the Attorney General, and the strengthened capacity in the ICT Unit. The Department also has a quite number of specialist staff in other divisions, although it is clear that there are skills gaps in certain specialist areas, such as the Roads Inspectorate (subject of a written caution from the C&AG), the Marine Survey Office (MSO) and the Air Accident Investigation Unit (AAIU).

**Could use agencies better:** The Department already avails of technical skills within some its agencies.

For example, the Road Safety Authority (RSA) undertakes specialist work and analyses on request from time to time in support of policy formulation and amendments to primary legislation; the Commission for Aviation Regulation (CAR) has provided skills support on progressing technical EU requirements on landing slots; the Irish Aviation Authority (IAA) provides considerable technical knowledge at EU and wider international levels; and Transport Infrastructure Ireland (TII) provides engineering and financial analyses on national infrastructure issues. More generally, the Department's engagement of NewERA is strengthening capacity. Yet a number of agencies expressed the view that there is scope for the Department to make much greater use of skilled personnel within its agencies.

### 2.5.3.6 *Staff mobility*

This subject featured prominently in both the one-to-one interviews and the staff workshops. The main findings were as follows:

**A non-functioning policy:** It is universally accepted across the Department that its mobility scheme is not working. This is the cause of considerable dissatisfaction amongst staff. Responsibility for this situation rests with the Management Board, the wider senior management team and the HR Unit.

**Failure to implement:** Some years ago, the Department introduced a tenure-dependent or time-based mobility policy, which envisaged staff moving every 3, 4 and 5 years delineated primarily by grade. However, the policy was never properly implemented, largely as a result of senior managers blocking staff transfers. A number of factors contributed to this:

- a) The frequent absence of an immediate replacement for a departing staff member and in circumstances where managers of busy sections were being asked to wait, sometimes indefinitely for a replacement.
- b) Managers being reluctant to facilitate a transfer where there existed a perception that an experienced staff member was being lost and the replacement was inexperienced or a lesser overall performer.
- c) Principal Officers (sometimes with an Assistant Secretary's support) wielding vetoes over staff moves on occasion, recognising that there are scarce resources and strong demands for experienced and skilled staff.

Further criticisms of the policy as articulated by staff included:

1. **Slowness in filling vacancies:** A common refrain was that when mobility does occur, for example on foot of a promotion, there can be a considerable passage of time before the consequential vacancy is filled. Some stakeholders have commented on this as well.
2. **Excessively tenure-dependent:** The policy, insofar as it exists, is excessively dependent on tenure and takes insufficient account of a staff member's career development or the needs and risks of the business. For example, in one Division the three HEOs have been in their current positions for 10, 12 and 13 years.
3. **Promoted persons remain in situ:** There have been instances where a person just promoted remains in the old job for quite some time because his/her manager(s) will not approve release unless and until a comparable replacement is offered.
4. **Adverse effect on careers:** Long tenures in a post can be an impediment to career advancement.
5. **Decentralised Offices:** The Department's decentralised offices, as with those of other civil service organisations, face particular challenges on staff mobility.

### 2.5.3.7 *Managing staff performance through PMDS*

**Inconsistent application of PMDS:** The evidence gathered over the course of the Review highlights that the management of staff through the Performance Management Development System (PMDS) is not done in a consistent manner across the Department. It is perceived as not

being championed at Management Board level and some managers use PMDS more effectively as a performance and development tool than others.

The inconsistent application of the five-point rating scale by managers was much commented upon and its replacement by a new binary system, which applies across the Civil Service, received a mixed assessment.

These views are very much in line with the general finding from the *2015 Civil Service Employee Engagement Survey* whereby more than two in three civil servants felt that poor performance was not being addressed effectively in their organisations.

### 2.5.3.8 Managing staff underperformance

**High staff commitment:** The Review Team encountered a very engaged and enthusiastic workforce. It is clear that the great majority of managers and staff are motivated, hard-working and committed, with a considerable number of them expending additional time and effort above and beyond what would be normally expected.

**Visibility of some underperformance:** While the number of underperformers does not appear to be large, there is evidence that it is visible. There is a consensus amongst managers and staff alike that the visible failure to tackle an underperformer can have a corrosive effect on performing staff and engender bitterness. The following is a representative comment from one workshop participant:

*'It was very disheartening to go into your job getting a 3 or 4 in your PMDS rating and the underperformer you are working with is also getting a 3 or 4.'*

This is an issue that features strongly in the reform agenda for the Civil Service and certainly some of the solutions rest in centrally set measures and rule changes that need to be worked through.

**Features of underperformance:** Participants in interviews and workshops gave a number reasons why, in their view, underperformance fails to be addressed:

- 1) **Inappropriate tools:** Managers do not have the tools to tackle underperformance effectively. The formal process is too complex and time-consuming. In the words of one senior manager who had sought to formally address an underperformer, *'it was a horrendous exercise involving months of hassle and grievance procedures'*.
- 2) **Inadequate training:** Managers are not properly trained to deal with underperformance.
- 3) **PIP period too long:** The period of the Performance Improvement Plan (PIP) process in the Department is too long: it should be reduced from 2 years to 1 year, and involve regular reviews.
- 4) **Senior management and HR support not forthcoming:** Managing a serious underperformer takes a lot of time and energy and requires the steadfast support of the line manager, senior management and the HR Unit. Many managers raised concerns that,

based on previous experience, such support from both senior management and the HR Unit would not necessarily be forthcoming.

### 2.5.3.9 Management of learning and development (L&D)

The extent to which the Department engages in and provides support to learning and development also featured prominently in exchanges at staff workshops:

1. **L&D plan:** While an L&D plan was drafted in 2015, no evidence was presented that it is grounded in research on business needs involving engagement with local managers. It is also unclear whether this document was ever formally signed off by the Management Board.
2. **Mentoring:** This recently introduced programme is regarded very highly, and viewed as a particular success.
3. **Data gathering tool:** The ICT Unit worked with the HR Unit on developing a WorkSmart training site to gather data on training, and a new L&D portal has been set up which is designed to match training requests with PMDS assessments.
4. **Induction training:** It is universally acknowledged by senior management that induction training was not being done until very recently. Indeed some staff in the Department for up to one-and-a-half years have still not received formal induction training leaving them struggling to learn about the work of their own division, the broader Department and how together they fit into the wider Civil Service. The absence of even the most basic induction training should be seen as a collective management failure.
5. **Generalist training:** Such training revolves around the basic skills of Civil Service business – effective writing, file management and so forth. Access however is mixed. Training on Freedom of Information has been reported as difficult to obtain, even for key decision makers. There is little or no engagement with senior managers on course requirements. Regarding the regional locations, it was suggested by some COs that there is scope to regionalise generic training in collaboration with other Departments and Offices, especially Revenue and the Department of Social Protection.
6. **Grade-specific training:** Since the abolition of the Civil Service Training Centre, no grade-specific training has been provided for COs, EOs, HEOs or APs. Such training however is available to AOs through a central scheme run by the Department of Public Expenditure and Reform, with some participants speaking very positively of the year-long development programme (16 days culminating in a project).
7. **Specialist training:** Specialist ICT-related training is supported well by local management in Dublin and Shannon. However, outside of that, interviewees referred to skills gaps in budget management, courtroom engagement, State Aids and certain areas of law.

8. **PMDS-related training:** Follow-up to training requests specified as part of the PMDS process is very mixed. The more specialist the request, the greater is the likelihood of no follow-up.
9. **Responsiveness of HR Unit:** A strong message running through the evidence is that the training function in the HR Unit is not as responsive to requests for training as it should be, even to requests that are PMDS-related. Quite a number of examples were given of no response at all having been issued, and there is a lack of consistency and transparency regarding the basis on which decisions are sometimes made.

Finally, according to several workshop participants, tight budgetary situations were sometimes given as a reason by the HR Unit for declining requests for course attendance and payment. Yet no corroborating evidence was produced in support of that view.

### 2.5.3.10 Staff morale

**Generally good:** The Review Team has formed the impression that staff morale is generally good. Managers and staff appear to like their work, respect their colleagues and believe that the Department is a good place to work. Where morale is not high, externalities such as pay cuts are a factor in some cases, whereas internal behaviours such as no feedback on good performance and weak practices like restricted staff mobility and failures to tackle underperformance are reasons in other instances.

In overall terms, the suite of findings in the *Civil Service Employee Staff Engagement Survey, 2015* relating to work morale and job sentiment were significantly positive for the Department.

### 2.5.3.11 Staff networks

One of the most striking features of the engagement with Departmental managers and staff was the absence of any networks below Management Board level. This is quite unusual in the Irish Civil Service and constitutes a weakness in the Department's efforts to develop coherent and consistent policies, not just in terms of HR policy and Civil Service Renewal but also across its core policy functions such as developing a common approach to regulation, health and safety, and corporate governance.

### 2.5.3.12 Accommodation

**Dublin:** The amalgamation of the Department's three offices into a single campus will help to break down internal barriers to internal communications and cross-divisional working, and promote greater awareness amongst of work outside their own divisions.

**Regional locations:** There are issues relating to accommodation standards in the Department's Shannon and Loughrea offices which are impacting negatively on workplace contentment and morale. Given their nature, the Department should work expeditiously and assiduously with the Office of Public Works in addressing them.

## Conclusions

The Management Board needs to support a more strategic approach to HR and organisational development.

The current structure of the HR function inhibits the provision of a strategic and professional service to the Department. Critically, a significant cultural shift in how the HR Unit perceives itself and its core role as a support to management and staff is required.

It is necessary to quickly establish meaningful dialogue and engagement between the HR Unit and line managers. The evidence suggests that this is largely absent at present and is a major contributor to the sense of inaccessibility and unresponsiveness that currently exists.

Staff forums, such as PO and AP networks, could play a valuable supporting role in a HR and wider contexts, especially on contributing to the development of cohesive cross-sectoral policies, along with protocols and practices to ensure their implementation in a fair manner. An additional benefit would be that if guided well by the Management Board, staff forums could help breakdown internal communications blockages and boost collegiality at both senior management and divisional level.

A strong and consistent message from the evidence is that staff tend not to be deployed in a planned and research-based manner, whether by reference to business need or personal development, and resourcing to priorities is not systemically applied. Planning is done in an *ad hoc* way and is not supported by studies of need.

A capacity gap exists in relation to the availability of some specialist staff, and in instances where there are such staff, there is an inadequate number of them. There is scope for the Department to explore ways in which gaps might be plugged other than by direct recruitment, supported by skills to job audits, work needs analyses, workforce planning and expertise-sharing arrangements with agencies. Such steps would constitute a good starting point. As one member of the Management Board commented:

*'...no doubt the Department has at its disposal a lot of people with more skills than we know'*

Ultimately, the Department needs staff, not just with strong analytical skills but also the ability to be versatile.

A particular weakness in the Department's management of people is the lack of a functioning staff mobility policy underpinned by needs assessments and implemented with perceived transparency. While reductions in staffing due to the economic downturn were a contributory factor, the easing of restrictions on recruitment presents an opportunity now to start addressing the problem. A new staff mobility policy implemented fairly would be a significant step towards restoring trust.

There is a clear need too for more hands-on leadership in terms of properly leveraging PMDS as a staff development tool and as a means of more effective management of under-performance. A more strategically-focused HR Unit should provide the necessary guidance and support to line managers in managing individual cases.

On staff training, a research-based L&D Plan, aimed at improving Departmental capacity and developing staff capability, does not exist, but one is required. The absence of such a Plan is contributing to inconsistencies in decision-making on training. Additionally, the training function is not customer-centric and needs to reassess how it delivers its services. This should be

considered as part of a wider restructuring of the HR Unit. Furthermore, conflicting evidence was presented regarding the funding for L&D. Any uncertainty needs to be resolved urgently and annual training plans must be supported by a meaningful budgetary allocation.

Finally, on staff morale, the situation is generally good but there is a need to guard against passivity. The Management Board and other senior managers need to be aware that many staff feel that their contributions are undervalued, their experiences and past performances count for little, and there is little evidence of positive feedback being given to staff. The recruitment of a number of young AOs in the last couple of years has heightened this sense amongst HEOs in particular.

## Findings on Leadership

- The Department is held in high regard by its stakeholders and is seen as professional, knowledgeable and authoritative in exercising oversight of its brief.
- As a relatively new Management Board, there is a high degree of goodwill towards it from managers and staff. There is also a strong sense of a Board which is eager to lead and deliver on the cultural and structural changes necessary to improve overall organisational capacity and capability.
- The Principal Officer cohort is regarded as experienced, competent and professional.
- While internal communications are generally good, there is scope for improvement. In particular, there is a need for a standardised approach for divisional meetings to be put in place across the Department to ensure that the voices of all staff are heard.
- The absence in the Statement of Strategy of a hierarchy of priorities for the Department linked to timelines is a shortcoming.
- Business planning needs to be led and driven more dynamically at senior management level.
- Given increasing EU demands and the unfolding Brexit situation, senior management will need to step up face-to-face interaction with senior officials in the institutions (Commission, Council and Parliament) and with relevant sectoral representative groups.
- There is strong engagement by the Department on whole-of-government issues, but climate change faces a particular challenge across the government system.
- The management of finance and ICT are areas of particular strength.
- The management of information, data and corporate knowledge needs to be put on a professional footing. New policies on succession planning and records management would add significant new value in terms of improving decision-making, mitigating risk and reducing the response burden related to Freedom of Information requests and Discovery Orders from the Courts.
- The HR function needs to have a much stronger strategic focus. There is a need to restructure and refocus the HR Unit towards effectively supporting the Department's strategic development.
- The willingness of senior managers to manage and develop staff is perceived as requiring attention. A particular issue in that regard is the reluctance of some senior managers to engage meaningfully with the Department's internal staff mobility scheme and to actively manage underperformance, both of which are contributing significantly to some of the underlying HR problems.

- The absence of a medium term HR Development Strategy and an effective Workforce Plan are notable gaps in the Department's people management framework.
- The Department's approach to learning and development is generally disjointed and needs to be reformed to ensure consistent delivery in line with the business requirements of the Department and the development needs of staff.
- The Management Board's structure, whereby each Assistant Secretary leads on a corporate support function as well as policy functions, is contributing to weaknesses in the managerial oversight of HR, compounded by the absence of sub-management forums such as PO and AP networks which could play a valuable supporting role on organisational and cross-cutting issues.

## Chapter 3 – Delivery

### Introduction

In this chapter, the Department's capacity for developing and sustaining a strong governance role (including customer service, stakeholder engagement and risk management) are assessed, as well as its focus on implementation and follow through on policy and strategy.

### 3.1 Customer Service

The Department has a broad policy remit and a number of major public-facing customer services, most notably the Coast Guard (based countrywide), the Driver and Vehicle Computer service (Shannon), and the Road Transport Operator Licensing service (Loughrea):

1. **Coast Guard:** The Coast Guard provides important search and rescue and pollution control services, working closely with colleagues in the Marine Survey Office as required.
2. **Mercantile Marine Office (MMO):** The MMO operates from the Department's Headquarters in Dublin, maintains the General Register of Shipping (in excess of 3,000 vessels) and a database of seafarers. On the latter, the MMO administers the statutory requirements relating to identity, sea service, examinations and certifications in respect of seafarers or anyone working on board a vessel. These certifications are essential for their holders to secure and maintain employment. The seafarer records (in excess of 40,000 and 148 different types of certificate) were recently the subject of a major IT project whereby existing paper and electronic data were verified and migrated onto a new system, and a range on-line functions, including a new website, were developed.
3. **Shannon centre:** There is a very significant level of interaction with the general public through the Driver and Vehicle Computer Services Division based in Shannon, which is responsible for vehicle tax, licencing, NCT and registration operations in the State, raising some €1.5 billion per annum in revenue. The Division also has a very strong customer relationship with the Road Safety Authority.
  - a. All telephone calls and emails to the Shannon centre are logged and calls are monitored for quality assurance purposes. As part of a significant modernisation programme and expansion of services, the Department is planning to introduce a Customer Management System (CMS) which will incorporate a scanning and PBX solution (currently the service is being provided through an analogue phone system). This will introduce a new VoIP telephony system capable of call-centre level functionality and will greatly enhance customer service.
4. **Loughrea office:** Staff in the Road Transport Operator Licencing Division based in Loughrea have a direct customer service role with all those who operate commercial vehicles, including private bus operators. Again, the evidence suggests that the Department carries out this role in a professional and thorough manner.

5. **Sports grants:** The Sports Capital Programme Division provides major public-facing customer service delivery – for example, the most recent round of the programme (which closed in February 2017) resulted in over 2,300 applications.

The Minister's Office and the Department's Customer Service's Division field calls and emails from the public, mostly on public transport related issues. These are generally passed onto the relevant line division or external agency for direct reply. The Department also undertakes regular surveys to assess overall customer satisfaction.

### Conclusions

The Department clearly takes its customer service role seriously, particularly through monitoring service delivery in the public-facing operations in the three decentralised offices, and frontline staff are acutely aware of the importance of this aspect of their work.

Overall the evidence gathered during the review process suggests that customer service is accorded a high priority and is done well and professionally.

Necessary investments in new technology are being made, particularly in Shannon, to help the Department to continue providing high quality and improving services to the public and its stakeholders.

## 3.2 External Governance

Action 3 of the *Civil Service Renewal Plan* sets out an ambition to develop a common governance standard for all Government Departments. Among a number of objectives to achieve this goal is a commitment to formalise the role of Departmental Management Boards and to introduce a single governance standard drawing on international best practice.

### 3.2.1 Features of governance arrangements

1. **Corporate governance:** In April 2016 the Department published its Corporate Governance Framework. It represents a comprehensive and high-standard enunciation of the Department's approach and policy towards governance, both internal and external.

The Framework covers a wide range of functions, such as ministerial and senior management roles, assignments of responsibilities, Management Board and other governance structures, and audit, assurance and compliance arrangements as well as governance mechanisms and structures for agencies and stakeholders. It also sets out the Department's core values, behaviours and culture aimed at maximising capacity to deliver on its stated objectives of being firmly committed to continual reform, innovation and improvement.

2. **Multiplicity of agencies:** The Department has 25 different agencies (both commercial and non-commercial) under its aegis; consequently high-quality best practice corporate governance standards are of particular importance. The Department's Corporate Governance Framework, the recently revised Code of Practice for the Governance of

State Bodies and the Public Spending Code are all used as reference points for how governance is developed and implemented. In addition, the Policy and Governance Coordination Division provides guidance and oversees horizontal issues like CEO remuneration and Board appointments.

3. **Diversity of agencies' remits:** The Department's agencies span a broad and diverse functional spectrum including utility management by the DAA, commercial activity by the large port companies,<sup>20</sup> regulatory oversight by the NTA and the CAR (Commission for Aviation Regulation), marketing by Fáilte Ireland, safety promotion by the Road Safety Authority and Aids to Navigation by the Commissioners for Irish Lights. In the case of the IAA (Irish Aviation Authority), it has both a commercial and regulatory mandate.
4. **Significant budgetary investment:** The Department provides the annual funding for many of its agencies (both capital and current) and the amounts of Exchequer finances involved are quite significant. In 2016 over €1.3 billion was allocated, with Transport Infrastructure Ireland and the National Transport Authority by far the largest recipients.
5. **Structured bilateral engagement:** There is a strong culture of regular and structured senior management engagement with all of the various agencies, involving clear lines of contact in each case. In addition and where appropriate, *Shareholder Expectation Letters* have issued to a number of the larger commercial companies (including to the Tier 1 port companies).

### 3.2.2 Views on external governance

1. **Pace of decision-making:** The pace of decision-making within the Department drew adverse comment from some of the Department's major agencies and stakeholders, with little sense of urgency evident on occasions. Examples given range from delays in clearing corporate plans to getting formal agreement on changes to superannuation schemes, along with delays in filling some Board vacancies.

The Department maintains there are legitimate factors that make decision-making longer than may seem necessary such as legislative amendments, Government decisions and Ministerial consents – all of which require time and analysis.

2. **Concern at micro-management:** A common complaint raised by agencies (particularly the commercial companies) was that the Department is overly-concerned with micro-managing them and that rather than focus on the big strategic issues, it spends far too much time and scarce resources probing matters that are more appropriate to an agency's management and its Board of Directors. This sentiment was echoed too by some of the Department's senior management, although they acknowledge that statutory requirements are sometimes a factor.

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<sup>20</sup> The various commercial port companies do not fall within the standardised State company model. These are set up as limited liability companies with a commercial remit subject to the Companies Act 2014 and the various Harbour Acts 1996 - 2015.

One CEO of a major commercial body suggested that the Department should be focussing on a small number of major strategic issues for each agency and working to ensure their successful delivery instead of expending effort on routine day-to-day business.

While the Review Team believes there is some substance to that view, it is clear nonetheless that much of the orientation towards 'routine work' is driven by compliance obligations such as the Code of Practice for Governance of State Bodies, 2016 set centrally by the Department of Public Expenditure and Reform and, as such, the Department of Transport, Tourism and Sport does not have discretion in the matter.

3. **Skills deficit in agencies' oversight:** Given the multiplicity of agencies and the very significant expenditure undertaken by many of them, there is concern amongst senior managers and shared by the Review Team at the paucity of suitably skilled and qualified staff within the Department to undertake proper financial analysis as part of the governance process.

At present, the Department has one accountant (PO) who acts as a Financial Advisor to management and line divisions. Additionally, quite a number of staff working on corporate governance referred to a general lack of training, with some of them grappling with a rudimentary understanding of interpreting accounts and financial statements.<sup>21</sup> As outlined in section 1.4.3, NewERA is bringing new technical competency to the relationship between the Department and some of its commercial agencies.

4. **Responsibility for strategic projects:** Over the years, the Department's agencies have been responsible for overseeing major capital projects which are of strategic national importance. Such projects are illustrative of the need for the Department to remain closely engaged with an agency throughout the various stages of a proposal for a project of strategic national importance.

### Conclusions

The Department accords significant importance to high quality corporate governance. Its Corporate Governance Framework document is an excellent and concise summary of its processes and procedures and provides a high quality base from which to further develop this important facet of its business.

The challenge now for the Department is to treat the Framework as just the beginning of a process and to further develop a comprehensive and consistent approach to how it executes its governance role into the future.

The Department has oversight responsibility for a large number and wide variety of commercial and non-commercial State companies. It places a high level of significance on building and sustaining quality bilateral relationships and invests the time and personnel to make sure that they work well. A healthy mix of formal and informal bilateral arrangements exists.

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<sup>21</sup> The Financial Advisor developed and ran a course for the training unit in undertaking financial reviews of financial statements in previous years. This course is included in the Department's list of available courses.

Having regard to the importance of the Department's corporate governance role and the very significant financial aspects to it, it is a concern that the skills base is very light in terms of accountancy and financial appraisal capability.

Some staff made the point during the evidence-gathering phase that they lack the necessary understanding of the bigger and longer term strategic issues facing an agency and the sector in which it operates.

While external governance is generally done well, there tends to be a high emphasis on the compliance aspects (which of themselves are of course very important). As a consequence of that and, on occasion, blurred governance boundary lines on a proposal from an agency, there are risks that sometimes opportunities are missed to challenge strategies, plans and proposals with the necessary rigour and in the right way.

In the case of a strategic infrastructure investment proposal from an agency, a challenge for the Department is to respond to economic, social and environmental changes and trends so as to ensure that all relevant factors would be taken into account in the decision making process throughout the various stages of the project.

Overall, the Department needs to be equipped such that the democratic process can hold an agency to appropriate account. It must have enough capacity and expertise to steer agencies in particular directions and to interrogate intelligently what they do.

### 3.2.3 Redefining the Department's role on governance

None of the agencies interviewed indicated problems in accessing senior officials when required. They spoke very positively of the Department's overall levels of professionalism and its understanding of the various sectors.

1. **Perception of agencies:** A number of the agencies (in particular the DAA and IAA) are seen by many, internally and externally, as exerting too much influence on policy direction and strategic decision-making, with the Department perceived at times as deferring to their stronger technical skills base and coalface knowledge.
2. **Diverse structures:** A variety of rationales underpinned the decisions to set up agencies, thereby creating different legal constructs and funding models as illustrated below with the Irish Aviation Authority (IAA) and the National Transport Authority (NTA):
  - a) **IAA structure:** Up until the early 1990s, the IAA was a division within the aviation side of the Department (Air Navigation Services Division). The decision to set it up on a statutory basis was taken to achieve precisely what has transpired – a highly professional and leading-edge services provider with a global reputation for high-end and cost-efficient delivery operating in a highly commercially-competitive environment. Notably, the IAA is both a commercial entity and a regulatory authority – commercial in providing air traffic management services in the 451,000 km<sup>2</sup> of airspace controlled by Ireland and regulatory relating to safety and technical aspects of civil aviation.

- b) **NTA structure:** The NTA was established on a non-commercial basis under statute with a clear mandate to procure public transport services from providers, most notably the CIE Group and to develop a strategic public transport plan for the Greater Dublin Area (GDA). These functions would previously have been within the remit of the Department. Exchequer funding is channelled to the NTA via the Department, with the former being responsible for the expenditure.

One rationale for this structure appears to be that the agency can hire or otherwise engage expertise easily and quickly, especially of a technical nature, such as engineering and transport planning. It also creates a healthy distance between planning and service on the one hand and the political and administrative systems on the other. As one senior official explained:

*'in the past there had been no contractual relationship between the Department and CIE; there is such relationship now via the NTA. It professionally assesses the financial allocations to the CIE companies and holds back money against any quarterly target that has not been met.'*

### Conclusions

The space in which the Department operates has become crowded, with a multiplicity of agencies and stakeholders all actively engaged in a variety of roles. That has created some confusion and at times a lack of clarity regarding respective roles and responsibilities between the Department and its agencies.

Furthermore, the mandate and authority of the Department seem to have diminished in the eyes of some players, which is somewhat understandable given that some roles and responsibilities have been transferred or delegated to special purpose agencies in accordance with Government policy.

There is a compelling case for clarity to be introduced into what the precise nature and scope should be of the Department's governance functions. An opportunity exists to achieve this by:

- a) **Building on Governance Framework:** Further development of Chapter 5 of the Department's *Corporate Governance Framework* so as to reflect the issues outlined above on the governance of agencies.
- b) **New Corporate Services and Governance Division**

This Division would take on board certain administrative and coordination functions currently undertaken by the Policy and Governance Coordination Division such as the Irish language and FOI requests along with organisational services such as accommodation and health and safety currently under the HR Unit.

On governance, the Division's role would be fourfold:

1. lead on governance policy matters
2. exercise oversight on behalf of the Management Board to ensure that governance policy and practice are being applied cohesively and consistently and that appointments to Boards would follow pre-determined criteria,

3. act as a centre of advice and assistance to line divisions on governance matters, and
4. help ensure a cohesive application of governance policy throughout the Department

### c) New Strategic Policy and Planning Unit

With the removal of governance and organisational services such as the Irish language and FOI requests from the existing Policy and Governance Coordination Division, this new Division – Strategic Policy and Planning Unit – would be in a position to focus intently on policy coordination of a cross-cutting nature, with its functions broadly fourfold as follows:

1. an enhanced emphasis on EU and Brexit matters
2. co-ordination of actions relating to the implementation of the Programme for Government
3. development of the Department's Statement of Strategy, and
4. co-ordination of Departmental contributions to external cross-cutting policies and strategies such as the upcoming National Planning Framework.

The Economic and Financial Evaluation Unit (EFEU) and the financial advisory function, should be key and integral contributors to the work of the Strategic Policy and Planning Unit

## 3.3 Delivery on a Cross-Cutting Basis

The range and diversity of the Department's remit obliges it to contribute to the delivery and implementation of policies, programmes and decisions on a cross-cutting basis, involving in particular other Departments and agencies.

In this section, the delivery of a new cross-cutting policy is examined, followed by a similar assessment of general whole-of-government initiatives.

### 3.3.1 Departmental delivery of new cross-cutting policies and projects

As already indicated in section 1.4.1(b), the Department has struggled on the staffing front to respond with agility when confronted with major new policy challenges:

1. **Transport and climate change:** The transport sector has a very significant role to play in terms of Ireland's response to the climate change agenda. It is clear from engagements internally and externally that the Department has found it difficult to realign agency resources to develop evidence in support of policy development, communicate the challenges of developing quick and low-cost transport solutions, and develop a widespread understanding of its sectoral challenges. Of particular note is, that it is beyond the capacity of the Department alone to deliver the climate change benefits for all of the transport sector.

A number of stakeholders across key areas of Government commented on the transport sector's relatively slow initial engagement on progressing Ireland's National Mitigation Plan. In response, the Department has recently assigned dedicated resources which is now resulting in timely contributions to the process and is being well received by key stakeholders including the Climate Change Advisory Council.

An outstanding issue is the lack of analytical support from the Department's agencies for the development of a transport approach compared to the agriculture, energy and environment sectors. Notable too is that the transport sector's critical role on climate change was raised by a number of respondents to the Department's public consultation on its recently published *Statement of Strategy, 2016 - 2019*. Against this background, agencies within the remit of the Department and with a particular focus on climate change matters should be encouraged to deploy their analytical and technical resources in supporting Department led policy interrogation and development.

2. **Sale of the State's residual shareholding in Aer Lingus:** As indicated in section 1.5.1 (4), the experience of selling the State's residual shareholding in Aer Lingus is an example of where the Department was faced with a major, complex and highly risky project but struggled to resource it adequately. The project was handled by an already stretched business unit.

The fact that a project of that significance, complexity and risk had to be managed by a small and busy team was indicative of the conflicting demands facing the Department during the period. It is readily acknowledged that such situations present special challenges around effective response. However, the challenges become magnified when there is an absence of enabling supports such a workforce plan and a skills register. In the event, the sale was completed with a high level of professionalism and all objectives were achieved in terms of price and assurances around connectivity.

3. **Internal collaboration across sectors:** Although there is evidence of considerable scope to improve internal collaboration, there is also evidence of some strong connections at certain points between different sector strategies at an operational level – for example:
  - a) The Department ensured that some major decisions on roads infrastructure by the NRA would be influenced by investment and business needs arising in other transport modes such as the upgrade of the Ringaskiddy road by reference to the business needs and outlook for the Tier 1 Port of Cork, and similarly in the case of Foynes Port.
  - b) There was good cooperation between the Tourism and Roads Divisions on the development of the *Wild Atlantic Way*.
  - c) Collaboration was strong between the tourism and aviation divisions on development of the National Aviation Policy.

### 3.3.2 Whole-of-government initiatives and special projects

There are well-established structures to facilitate debate and discussion on a variety of policy issues that straddle a number of different Departments, notably a system of Senior Officials' Groups (SOGs) chaired at Assistant Secretary level within the Department of the Taoiseach which in turn supports a system of Cabinet Committees chaired by the Taoiseach. In total the Department and its senior officials are involved in 7 separate Senior Officials' Groups and Cabinet Committees.

Senior officials from other Government Departments spoke very highly about the quality of the Department's engagement on issues like the *Action Plan for Jobs*, rural transport and the ongoing National Planning Framework.

On sports policy, the Department has built up strong working relationships with both the Department of Health and the Department of Education and Skills.

A particularly welcome development is that a policy area where particular concern on staffing had been identified, namely climate change, has – according to the Department – now been addressed.

Overall, the evidence suggests that the Department plays a very positive and active role in cross-cutting forums.

An issue requiring attention however relates to the Department's management of special projects. With the exception of the work done on developing the Corporate Governance Framework, no meaningful attempts have been made to assign project teams comprised of suitably skilled staff to undertake new priority assignments, particularly where such tasks are time-bound and clearly defined.

#### Conclusions

Engagement on cross-cutting delivery is an area of strength for the Department.

However, a sharper focus on climate change and its central contribution to the national debate and mitigation plan are needed, building on the work already done. Additionally the intrinsic importance of climate change across all transport policy areas should be given greater priority.

On special projects there is scope for the Department to adopt more internally collaborative approaches to their management and delivery, thereby helping the Department to respond more effectively to new and unanticipated challenges, and to implement change.

## 3.4 Implementation of Strategies and Programmes

### Introduction

With the exception of land transport – which has made its case for investment through the *Strategic Framework for Investment in Land Transport (SFILT)* and has been dealing with the more immediate challenges of the CIE Group and its transport companies – the Department has been

heavily involved in developing comprehensive strategies in the areas of tourism, aviation, ports, and maritime safety and is also currently involved in the formulation of a national sports policy.

### 3.4.1 Overall implementation

1. **Views of former Minister:** The Review Team was particularly struck by some of the reflections from a former Minister for Transport who made points as follows:
  - a) **Greater focus on implementation:** There is a need within the Department for a greater focus on actual implementation. It is important for officials to ensure that the policy agenda is set by the Minister and is implemented in line with a pre-set framework. Failure to do that risks a drift towards an over-powerful agency or agencies.
  - b) **Incorporate implementation into planning:** A critical challenge when developing strategy is to work through how long it will take and what needs to be done to transform the policy into an actionable agenda. This was not an area of strength.
2. **Views of stakeholders:** The external view is largely that the Department's policy and strategy documents are very thorough and have been developed in close liaison with a wide range of stakeholders. However, when it comes to implementation and having the proper structures in place to measure and evaluate outcomes, the picture is not as positive.

### Conclusions

Greater account needs to be given to the factors, required resources and timelines impacting on the implementation of strategies and policies at the point of their development. This process should apply regardless of whether delivery is primarily the responsibility of the Department itself or one of its agencies.

As the Department relies heavily on its agencies to implement policies and deliver strategies, it needs to reflect and determine how it can maximise its value-added contribution to making and implementing policy generally and decide in what areas and in what ways it can best be a leader, where it can best be a contributor, and where it can best be a facilitator.

### 3.4.2 Implementation of road safety policies and programmes

The Roads and Road Safety Divisions have spearheaded a range of initiatives in the last number of years, which include the Design Manual for Urban Roads and Streets, the Speed Limit Review and the MapRoad Pavement Management System, aimed at improving road safety and ensuring funding is used as effectively as possible. The implementation and follow through on these initiatives have significant resource implications.

For example, the "MapRoad" system operates across 31 local authorities to provide a standardised system to record all works undertaken on the regional and local road network, to track and account for expenditure in respect of grant monies for maintenance and rehabilitation each year, to record the condition of road pavements across the network and to provide a platform on which all road opening licenses can be centrally applied for and managed.

Overall the Roads and Road Safety Divisions have undertaken a number of innovative measures that support effective implementation and decision-making, as well as oversight by the Department of road expenditure by local authorities.

### 3.4.3 Implementation of ports policy

While there was widespread praise for the new ports strategy, some concern was expressed about the pace of implementation.

No evidence was given of structures or mechanisms to enable the Department to monitor and measure delivery and to assess the implementation impacts on the sector. The strategy contains no specific milestones and has no apparent in-built review mechanisms.

### 3.4.4 Implementation of tourism policy

The then Minister drove the *Tourism Action Plan 2016-2018* in order to prioritise and focus on the main objectives of the Department-led national tourism policy *People, Place and Policy – Tourism to 2025*. This has been broadly welcomed by stakeholders but there were concerns raised about the lack of ambition in the original objectives and the fact that many of these have already been reached or exceeded. A good number of those interviewed (including the former Minister of State) stressed the desirability of undertaking a review of targets.

### 3.4.5 Implementation of aviation policy

Most of the concerns raised regarding implementation capacity related to aviation, reflecting in part its national importance. The primary implementation mechanism is the National Civil Aviation Development Policy Forum.

**Work of the Aviation Forum:** The development of the National Aviation Policy (NAP) was welcomed by all relevant parties, as was the establishment of the National Civil Aviation Development Policy Forum which is chaired by an Assistant Secretary from the Department and comprises senior-level managers (including CEOs) from the main aviation stakeholders. The idea of the Forum arose during the consultation process leading to the NAP. Essentially, it is a mechanism for bringing together the many players with a common interest in developing the sector, providing them with the opportunity to comment on proposed regulatory developments, to overcome barriers and to optimise the opportunities for further growth.

**Assessment of the Aviation Forum:** All aviation stakeholders interviewed by the Review Team expressed varying degrees of doubt about the Department's willingness and ability to decide and deliver on requirements arising from the NAP and the work of the various work-streams under the Forum.

It was suggested by one interviewee that *'the Department has no developed sense of key priorities and is finding implementation very challenging'*. Others believe that the engagement at CEO level in the Forum may wane unless there is tangible evidence of action on the part of the Department.

It is important to add a counterbalancing view: in the opinion of the Commission for Aviation Regulation, the Forum and the outputs of its constituent working groups, while representative of

stakeholders' views, are voluntary in nature, do not impose mandatory requirements on the Department, and are proposals for consideration only.

For its part, the Department acknowledges that it has some capacity constraints but is actively working through these issues.

**Future regulatory model for Dublin Airport:** Several stakeholders raised questions about the Department's intentions in relation to the future regulatory model for Dublin Airport. Following publication of an independent review conducted by Indecon Consultants, and a subsequent public consultation process, the Minister was expected to publish a policy statement on the matter by the end of 2016. The Review Team understands that due to work pressures (specifically the capacity review of the State airports recently announced by the Minister and a major legal case relating to pension issues for former Aer Rianta and Aer Lingus staff), the publication of this report has been delayed.

The delay in finalising and publishing the outcome of this important piece of work is symptomatic of a Department that is struggling to meet the myriad of demands being placed upon it.

In conclusion, there is a lack of clarity regarding the Department's role in terms of follow up on the National Aviation Plan. It seems necessary that the Department should take steps to clarify how the work of the Forum is to develop and what its ultimate objectives are.

The Department's two aviation divisions are especially stretched, and this is bound to impact on implementation and delivery. Therefore resourcing, perhaps involving further staff redeployment and investigation of the role which agencies and stakeholders could play, should be assessed.

### 3.4.6 Implementation the Integrated Reform Delivery Plan

As part of the comprehensive public service reform package introduced in 2011, all Departments were obliged to develop high-level Integrated Reform Delivery Plans. These plans include reforms at a sector level where applicable and specify how agencies would implement the cross-cutting reforms set out in the Public Service Reform Plan, alongside sector-specific reforms and actions under the Haddington Road Agreement. The main sector entities typically report on implementation at the end of each quarter, while all other Departments and major Offices report on progress every six months.

**Assessment of implementation:** The Department has a strong record of delivery with regard to many of its commitments in recent years viz:

- a) Merger of National Roads Authority and Rail Procurement Agency when Transport Infrastructure Ireland (TII) was established on 1 August 2015 with an anticipated net cost saving of €3.4 million in the combined administrative budgets by the end of year-3 of the merger (2018).
- b) Establishment in October 2015 of Sport Ireland, which merged the Irish Sports Council (ISC) and the National Sports Campus Development Authority (NSCDA).

- c) Completion in 2014 of the *Shannon Project 2012-2014*, which involved the separation of Shannon Airport, the restructuring of Shannon Development and the enactment of legislation to establish the Shannon Group.
- d) Amalgamation of Fáilte Ireland and Dublin Tourism in 2012 and the subsuming of Shannon Development's tourism function into Fáilte Ireland in 2013.
- e) Launch of a number of IT/technology rollouts including the Road Transport Operator Licensing online service which went live in June 2014; and OSCAR (Sports Capital Grants System) which was launched in 2014, followed by a grants application portal.
- f) Progression of some significant projects at agency level, including the rollout and expansion of the LEAP card for public transport users, and the development and deployment of real-time travel information systems (at bus stops in Dublin city). One of the very early reform initiatives fully delivered upon is the rollout of eTagging systems on motorways by NRA (now TII).

### Conclusions

Implementation of the Integrated Reform Delivery Plan represents an area of strength and solid delivery for the Department.

#### 3.4.7 Transposition of EU Directives

Given the significant EU dimension to the work of many of the Department's sectors, it is unsurprising that the Department must deal with a high volume of EU-related legislative issues. Membership of the International Civil Aviation Organisation (ICAO) and the International Maritime Organization (IMO) adds to those legislative requirements.

**Assessment of implementation:** The Department has generally performed well in terms of ensuring expeditious transposition of EU Directives and there is no evidence of any infringement proceedings being initiated by the EU as a result of undue delays in enacting the necessary primary or secondary legislation.

On the maritime side there is evidence of delays in giving effect to the necessary legislative changes required through IMO regulations. The Department is very aware of these issues and is doing what it can, within reason, to manage the situation. Nonetheless, these delays in putting these international maritime regulations onto a statutory footing does constitute a risk going forward.

## 3.5 Management of Risk

### 3.5.1 Managing risks within the Department

The Department manages risk through a number of structures and mechanisms.

1. **Corporate Governance Framework:** The previously-referenced Corporate Governance Framework (see section 3.2.1) sets out the Department's overall approach to risk.

2. **Risk Committee:** This committee, chaired by an Assistant Secretary, oversees the management of internal risks, including reviewing risk policy, processes and standards and overseeing implementation of risk-mitigating actions. It also promotes awareness of risk management generally.
3. **Risk Register:** The register is compiled with input from all areas in the Department. It describes the risks and sets out the controls and actions in place to mitigate against them. The Department's Finance Officer (PO) is the Risk Officer who reports into the Risk Committee which in turn presents to the Management Board formally every quarter.
4. **Risk Policy Document:** This document, which has been updated as recently as January 2017 and is readily accessible internally, defines the Department's policy for managing organisation-wide risk and is a statement of commitment to the adoption, introduction and implementation of an effective risk programme.
5. **IA review of internal risks:** The Department's Internal Audit Unit recently undertook a formal review of the Department's risk management system. In its report published in October 2016, the Unit gave an opinion that the current arrangements in place are adequate and effective.
6. **IA review of external risks:** The Code of Practice for the Governance of State Bodies places a significant focus on internal controls including risk management processes. The Chairperson in his/her annual Comprehensive Report to the Minister must include a statement on the systems of internal control, including risk. These Reports to the Minister are then reviewed by the Department.
7. **Multiplicity of risks on Register:** The Risk Register contains some 140 risks, categorised as 'high' (4), 'medium' (40) and 'low' (remainder). Those categorised as 'high' refer to the operations of the Coast Guard and the Marine Survey Office and revolve around accidental death or injury to voluntary or full-time Coast Guard staff or to an inability to properly respond to a major maritime accident due to resource capacity constraints.

### 3.5.2 Management of risk in the Coast Guard

The Coast Guard maintains a 24/7 National Maritime Operations Centre incorporating the Marine Rescue Co-ordination Centre in Dublin and two Marine Rescue Sub Centres at Malin and Valentia whose functions are to:

- a) run ship-to-shore communications facilities for all seafarers,
- b) provide marine safety Information through marine radio broadcasts to shipping,
- c) maintain a listening watch on distress frequencies,
- d) respond to alerts and co-ordinate the response at sea, and
- e) carry out vessel traffic monitoring functions.

Currently the Centres are operating with 40 staff, of whom 2 are on abatement and 3 on contract.

To respond to incidents the Coast Guard maintains a network of volunteer units equipped for coastline search and boat rescue using a variety of rescue craft, as well as cliff rescue teams. The units are sited at 43 locations around the coast and manned by approximately 920 trained volunteers.

The Review Team conducted interviews with senior managers of the Coast Guard along with workshops of line managers and staff, some mixed with mainstream Departmental staff, others comprised solely of Coast Guard members. Issues raised include the following:

1. **Training and equipment:** Participants agree that training, including of a refresher nature, is done to a very high standard and equipment, both personal such as helmets and universal such as ribs, is of high quality and well maintained.
2. **Rescue Co ordination Centres and Marine Radio Infrastructure:** Each Centre is managed by a Divisional Controller and manned by 2 to 3 Radio Officers on a 24 hour basis. The radio communications network and associated systems in the Centres and on the 24 aerial sites on the coast (other than IT) are maintained by a staff of 4.5 fte Communications Engineers. Their primary role is the maintenance of the 260 radios in use.

From a risk management viewpoint, it was reported that there are good back-up arrangements regarding communications networks and radio back-ups in the event of a failure in either a network or a radio. However, there is a perceived risk insofar as the workload on the small number of Communications Engineers might be constraining the amount of preventative maintenance undertaken on equipment and instruments which, ideally, should be done every 6 months.

3. **Improved engagement capacity:** At the time of writing, the number of full-time area managers had been recently doubled from three to six and a Health and Safety specialist appointed. These appointments have enhanced capacity to interface with the various teams on a regular basis and carry out annual inspections of equipment.
4. **Oil Spill Contingency Planning :** While a national contingency plan for organising responses in cases of accidental marine pollution does exist, there is no national marine pollution plan, although there is now one in draft form.
5. **External reviews:** Three external reports (Deloitte, Farrell Grant Sparks, and Fisher) all concluded that the Coast Guard does not have a sufficiently viable response system in terms of both staff and systems. The main risks identified for attention are summarised as follows:
  - a) Rescue Co-ordination Centres operating with high overtime levels to maintain service
  - b) response to a major shipping casualty or pollution incident

- c) emergency plans and training in need of overhaul: ICAO Safety Oversight Audit 2015, and
- d) support and duty of care to the Coast Guard's volunteers.

According to the Department, it has been putting measures in place to address the issues raised in the three external reports.

### Conclusions

The Department places a high degree of importance on identifying and managing its risk portfolio. Risk policy is clear and available to all staff. An internal audit review shows that risk processes and procedures are well managed.

The Review Team is satisfied that the Department is fully discharging its obligations in relation to risk assessments in its agencies through the provisions of the State Company Guidelines.

Regarding the Coast Guard, the risk exposure is correctly given the highest priority on the Department's Risk Register, and all matters relating to its management and oversight should continue to be reviewed regularly.

### Findings on Delivery

- The Department has produced a high quality Corporate Governance Framework document.
- Corporate governance and stakeholder engagement are given high priority by the Department and are done well and professionally.
- Greater account needs to be given to the factors, required resources and timelines impacting on the implementation of strategies and policies at the point of their development.
- The Department places an insufficient emphasis on challenging the strategies and plans of its agencies and, instead, is regarded externally as disproportionately focused on compliance and routine administrative matters.
- There is a case for clarity to be introduced into what the precise nature and scope should be of the Department's governance functions vis-à-vis its agencies.
- The Department should put in place a protocol with those agencies which have a particular relevance to climate change considerations so that, as required, they would deploy analytical and technical resources in supporting Department-led policy interrogation and development from a climate change perspective.
- The Department places a high degree of importance on identifying and managing its risk portfolio.

## Appendix 1 – Staffing of Department of Transport, Tourism and Sport, 2008 – 2011

Departmental Grades	2008	2011	2016
	(then Dept. of Transport)	(then DTTAS)	(still DTTAS)
Number of staff (FTE) on 31st December			
Secretary General	1	1	1
Assistant Secretary	6	5	5
Principal Officers	21.4	17.7	19.9
Assistant Principal Officers	49.83	42.23	42.5
A.O. H.D.A.	1	0	0
H.E.O. H.D.A.	1	1	0
Administrative Officers	8	6.8	15
Higher Executive Officers	82.03	72.56	69.68
Executive Officers	88.93	76.54	80.58
Staff Officers	18.7	14.1	9.3
Clerical Officers	151.26	128.16	103.93
Ministerial Staff *	9	14	5
Head Services Officer	1	1	0
Services Officers / Attendants / Storekeeper	15.3	12.3	8.5
Telephonists	2.03	2.03	0
Chief Aeronautical Officer	1	1	1
Aeronautical Officer Grade I	2	4	4.6
Aeronautical Officer Grade II	2	1	0
Principal Adviser - Engineer	1	1	1
Senior Adviser	1	1	1
Engineering Inspector	1	0	0
Draughtsman	1	0	0
Inspector	1	1	0
Accountant Grade 2	1	1	0
Accountant	0	1	1
Legal Advisor	1	1	1
Statistician	1	1	0
Sustainability Adviser	1	1	0
Transport Planner	0	1	1
Staff Engineer	1	1	0

Director Irish Coast Guard	1	1	0
Assistant Director ICG	1	1	2
Chief Engineer	1	1	0
Manager Coastguard	1	0	2
Regional Controller ICG	2	2	0
Divisional Controller	2	2	3
Deputy Divisional Controller	2	2	0
Electronics Officer	3	3	2
Engineering & Operations Officer	1	1	1
Radio Officer Grade III	24	27	30
Station Officer	23	13	8
Training & Operations Officer	3	3	3
Coastal Unit Sector Manager	0	3	3
Chief Surveyor	1	1	1
Deputy Chief Surveyor	1	1	1
Principal Radio Surveyor	1	0	0
Marine Radio Surveyor	1	1	0
Surveyor (Officer in charge)	2	1	2
Surveyor (Nautical, Radio, Engineering and Ship)	18	24	23
Chief Railway Accident Investigator	0	0	1
Senior Railway Accident Investigator	0	0	3
Technology Specialist	0	0	1
Economist	0	0	1
Engineering Officer	0	0	1
<b>TOTAL</b>	<b>559.48</b>	<b>497.42</b>	<b>458.99</b>



**An Roinn Iompair,  
Turasóireachta agus Spóirt**  
Department of Transport,  
Tourism and Sport