



Rialtas na hÉireann
Government of Ireland

Spending Review 2021

Executive Summaries – Tranche 4 Publications

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These papers has been prepared by IGEES staff across a number of Departments. The views presented in the papers do not represent the official views of each Department or Minister.

IGEES

Irish Government Economic and Evaluation Service

Contents

1. Costs associated with new entrant employees to the Civil Service <i>Produced by staff in the Department of Public Expenditure and Reform</i>	3
2. Beef Environmental Efficiency Programme - Sucklers (BEEP-S) <i>Produced by staff in the Department of Agriculture, Food and the Marine</i>	7
3. Non-Exchequer Funds under the Aegis of the Department of the Environment, Climate and Communications <i>Produced by staff in the Department of Public Expenditure and Reform</i>	11
4. Focused Policy Assessment of the Town and Village Renewal Scheme <i>Produced by staff in the Department of Rural and Community Development</i>	13
5. Review of the Management of the Department of Foreign Affairs' Overseas Leased Property Portfolio <i>Produced by staff in the Department of Foreign Affairs</i>	17
6. The SAFE-PSC-MyGovID Framework for Public Service Identity Management <i>Produced by staff in the Department of Social Protection</i>	20

Costs associated with new entrant employees to the Civil Service

Executive Summary

- This paper provides an estimation of the average life time costs associated with new entrant employees to the Civil Service with the purpose of aiding the strategic management of our public expenditure. An estimation of lifetime costs provides a useful alternative to existing measures of employee costs by highlighting the long term spending implications of recruitment.
- Specifically, an analysis of career progression is carried out and the costs associated with new employees, throughout both their working and retirement years, are estimated.
- Average one year employee costs, taking career progression into account, are also estimated and presented alongside those devised from the parameters set out in the Department of Public Expenditure and Reform's Public Spending Code (Central Technical References and Economic Appraisal Parameters).
- This paper also projects the number of new entrant employees across the Civil Service, including the Prison Service, over a 10 year period. An estimation of new entrant numbers, and associated costs, was carried out by projecting retirements from active service and growth in the Civil Service workforce itself over future years. The results presented are projections, not forecasts, which should be reviewed in light of updated data available.

Main Findings

Career Progression

- The career progression of individuals who came into the Civil Service on standard entry level grades after 10 years' service is set out in Table 1.1 below. For example, 60% of all those who entered the Civil Service as a clerical officer ("CO") remained as a CO, 26% progressed to an executive officer ("EO"), 10% progressed to higher executive officer ("HEO") and 4% progressed to a variety of other grades by year end 2020.

Table 1.1 Career progression of all Civil Service employees with >10 years' service

Entry Grade	Grade at 31 December 2020			
	CO	EO	HEO	Other
CO	60%	26%	10%	4%
	EO/SO	HEO	AP	Other
EO/SO	69%	20%	8%	3%
	AO	AP	PO	Other
AO/AO Equivalent	51%	37%	9%	3%

- A number of career paths were identified from the analysis of career progression in order to estimate the average lifetime costs associated with new entrants to the Civil Service.

Specifically, for each entry level grade, the same career progression data was used to proxy a 40 year career path for each grade considered.

Lifetime costs

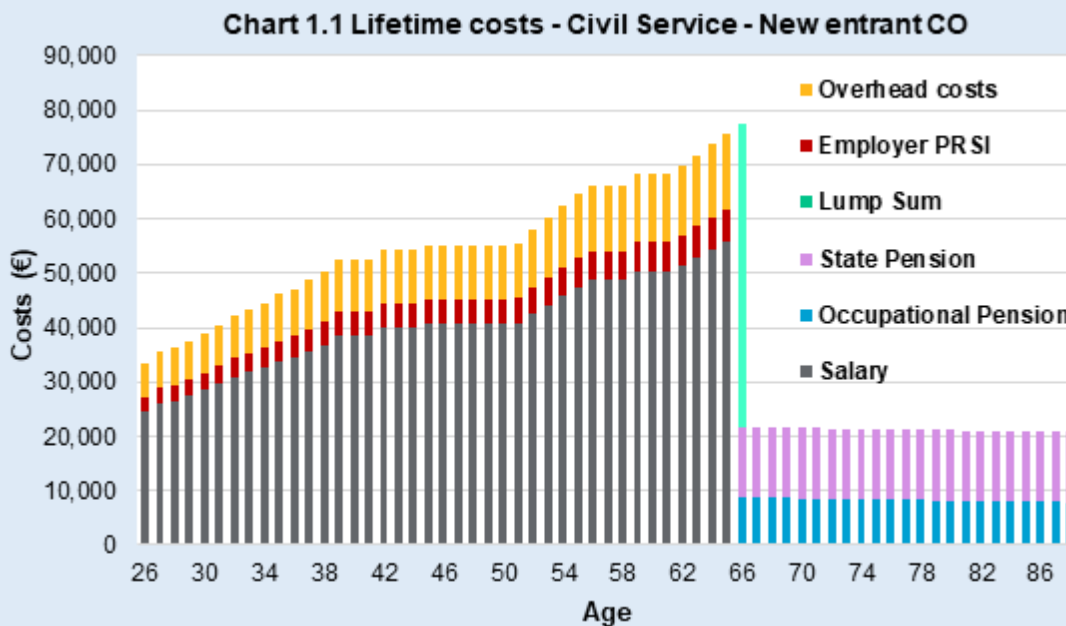
- The lifetime costs associated with recruitment of new entrants to the Civil Service were estimated by projecting salary, overhead costs, employer PRSI and retirement benefits. Annual employee contributions payable under the Single Scheme and Additional Superannuation Contributions (“ASC”) were also projected over the 40 years.
- The estimated life time costs associated with recruitment of new entrants to the Civil Service are set out in table 1.2 overleaf. The overall cost ranges from €2.36m for a new entrant CO to €2.96m for a new entrant EO/SO and to €4.05m for a new entrant AO/AO equivalent.

Table 1.2 Estimated life time costs in the Civil Service

Entry grade	Lifetime Costs in € millions				Total
	Salary	Overhead	Employer PRSI	Pension & Lump sum*	
CO	€1.61	€0.40	€0.18	€0.17	€2.36
EO/SO	€2.02	€0.51	€0.22	€0.21	€2.96
AO/AO equivalent	€2.73	€0.68	€0.30	€0.34	€4.05

*Net of employee contributions under the Single Scheme and Additional Superannuation Contributions

- The estimated average lifetime costs associated with a new entrant CO to the Civil Service are shown graphically in Chart 1.1. The State Pension Contributory is also included on this graph for the purpose of illustrating the member’s expected retirement benefits; however, this cost is not included in the lifetime costs set out above in table 1.2.



Future new entrant employees

- The number of future new entrant employees, and associated costs, will reflect both retirements from active service and growth in the size of the Civil Service workforce itself over future years.

Projected number of retirements

- The projected cumulative number of retirements from the Civil Service over the period 2022 to 2031 is approximately 16,545.
- A compositional analysis shows that a large proportion of current POs (52%), HEOs (47%), EO/SOs (44%) and APs (34%) are expected to retire over the next ten year projection period.

Growth in workforce

- A projection of new entrant numbers to the Civil Service allowing for both projected retirements and an assumed growth in the workforce over the coming decade is set out in Table 1.3. The future growth in the overall Civil Service workforce was assumed to be consistent with recent growth experienced since 2014, i.e. 3.36% p.a.

Table 1.3 Projected new entrant numbers from 2022 to 2031

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected New entrants	3,330	3,226	3,301	3,431	3,494	3,614	3,569	3,439	3,451	3,541

Future new entrant costs

- The average employee costs, as outlined in the Public Spending Code, and using the estimated life time costs are set out in Table 1.4. These figures suggest that employee costs are significantly higher when an allowance is made for career progression in the Civil Service.

- While the public spending code may be appropriate for the purpose of project appraisal, consideration of average employee costs, taking future career progression in to account, is important for understanding the long terms cost implications of recruitment.

Table 1.4 Average employee costs per annum

Entry grade	Average cost per annum	
	Using Public Spending Code	Using Life time costs
CO	€49,364	€59,006
EO/SO	€64,870	€74,140
AO/AO equivalent	€51,883	€101,482

- The costs associated with projected new entrant numbers in year one of recruitment, using the life time costs, is set out in Table 1.5 below. These figures suggest that one year costs of between c. €228m and €255m will be incurred in respect of projected new entrant employees over the next decade. Accordingly, the cumulative costs associated with new entrant employees will become increasingly significant over time.

Table 1.5 Projected 1 year cost of projected new entrants to the Civil Service in millions

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected year 1 cost*	€235	€228	€233	€242	€247	€255	€252	€243	€244	€250

*Full year costs [based on averages]

- As future new entrant employees reflect not only growth in the workforce itself but also retirements, it is important to highlight that these projected costs do not make an allowance for any potential cost savings that will arise from a proportion of new entrants likely entering the workforce on lower salaries than those they are replacing.

Conclusion

- The costs associated with new entrant employees, over their working and retirement years, represent a significant and long term element of expenditure for the Exchequer. Accordingly, this paper highlights the importance of managing new entrant numbers to the Civil Service to ensure a public service pay and pensions bill that delivers continued value for money for the public.

Beef Environmental Efficiency Programme – Sucklers (BEEP-S)

Executive Summary

The Irish beef sector produced 633,000 tonnes or €2.29bn of output in 2020 (c. 26% of total goods output value from the primary agriculture sector) and represented 16% (€2.33bn) of total agri-food export value. The sector also, however, faces challenges in terms of economic viability, with cattle rearing farms consistently recording the lowest average Family Farm Income (FFI) in successive Teagasc National Farm Survey (NFS) reports. This is largely due to such farms being relatively smaller in terms of scale. Beef farming also faces environmental challenges in terms of the level of national agricultural GHG emissions¹. The number of non-dairy cows in Ireland has fallen c. 23% from the most recent high-point of 1.22m in June 2008, to 0.940m in June 2021, and is likely to fall further by 2030². Teagasc NFS Sustainability Report data suggests that the emissions efficiency of cattle farming – as measured by kilograms of CO₂eq per kilogram of beef produced – has improved by 4% between 2015-2019³. Further improvement, including convergence between top- and bottom-performing farms, is required to ensure the objective of emissions intensity progress is realised overall and that this translates to absolute emissions savings at the national level.

The Beef Environmental Efficiency Programme – Sucklers (BEEP-S) contributes to this objective, while supporting improved economic outcomes, by encouraging the use of animal health and performance data to inform on-farm decision making. Participants were paid to weigh suckler cow/calf pairs, as well as to complete optional actions including meal feeding, vaccination, and faecal egg testing. This promotes best practices in animal and herd management.

Producing a more efficient suckler cow herd will bolster economic performance and reduce GHG emissions intensity due to improved animal health and performance, particularly in the medium-to-long term as cumulative gains are realised. Supporting evidence-based farm-level breeding decisions will aid absolute emissions reductions as farmers utilise timely and relevant data to replace stock with more efficient animals; these, in turn, have lower feed requirements and higher output value, enabling slaughter at a younger age. More efficient cattle have a higher Average Daily Gain (ADG) in live-weight for a given level of feed input, and are more resilient to disease; this improved productivity and lower mortality leads to unit efficiency improvements. As the overall herd becomes more efficient over time, assuming stable total animal numbers, improvements can help to reduce the aggregate level of sector emissions. Participants benefit from more efficient animals and compensation of labour & input costs, while the State and wider society benefit from the economic contribution of the sector and reduced emissions levels.

25,880 farmers received payments totalling c. €41.08 million for participating in the BEEP-S scheme in 2020, giving a mean payment of €1,587 per successful applicant. Almost 98% of c. 27,300 BEEP-S applicants opted for meal-feeding (85.7%) or vaccination (12.2%) as part of Optional Action A, in

support of lowering the incidence of pneumonia. 73.5% of applicants opted for faecal egg testing under Optional Action B. There was a 95% likelihood of an application being successful overall. 92.6% of successful applicants were paid for completing at least one optional additional measure, while 64% of participants were paid for completing weighing and both optional actions A and B.

BEEP-S is one aspect of a wider policy approach for the beef sector and is complementary to the Beef Data Genomics Programme (BDGP), with c. 85% of BEEP-S participants also enrolled in BDGP. BEEP-S farmers tended to be younger, farmed larger areas, hold higher numbers of stock and earn higher incomes on average than those who did not participate in BEEP-S.

Key Findings

BEEP-S – based on an additional 15% selection accuracy due to access to data on weights and animal performance, or 8.25% when weighted – can be expected to generate 14.9 KT CO₂e emissions mitigation at 2030. This is equivalent to 0.5% of 2020 baseline emissions. This translates to a permanent economic value of c. €51.5m at 2030, based on a stable herd. This includes market value of genetic improvements and shadow emission cost savings generated by efficiency improvements. Additional gains will also arise from improvements due to BEEP-S, such as through improved technical efficiency and improved animal welfare outcomes.

Although a longer reference period is required to fully evaluate the cumulative efficiency improvements which can accrue over time, the current evidence suggests positive economic and environmental outcomes from BEEP-S, particularly when considered in conjunction with schemes such as BDGP. Below, the efficiency gap between low- and high-rated cows (in terms of genetic merit) is illustrated using ICBF BEEP-S herds data.

¹ Author's calculations based on Buckley, C. and Donnellan, T. (2020) [NFS Sustainability Report 2019](#).

² Buckley, C. and Krol, D. (2020) [An Analysis of the Cost of the Abatement of Ammonia Emissions in Irish Agriculture to 2030](#). Teagasc.

³ Author's Calculations based on [Teagasc NFS Sustainability Report 2019](#), p.71 (Appendix One, Table 6).

Indicator	Cow Star Rating							Efficiency Gap
Metric	One	Two	Midpoint (One/Two Star)	Three	Four	Five	Midpoint (Four/Five Star)	Difference 5* vs 1*
Weaning Efficiency (%)	34	41	37.5	45	50	61	55.5	+27
200-Day Calf Average Daily Live-weight Gain (kg)	1.01	1.19	1.1	1.28	1.38	1.57	1.48	+0.56
Dam Replacement Index Value (€)	81	90	85.5	93	97	102	99.5	+21
Age of Calf at Slaughter (Days)	731	694	712.5	669	642	597	619.5	-134

Promoting high-merit cows can therefore translate to economic and environmental savings over time as four- and five-star cows become predominant in the national herd:

- High genetic merit animals are currently slaughtering at 20 kilograms heavier and 7 days younger, equivalent to approx. one month if slaughtered at the same carcass weight.
- Each one-month reduction in age of slaughter of prime animals from the suckler herd abates c. 115 KT of GHG CO₂eq (c. 7.3% of total emissions), assuming no change in the herd size. This is equivalent to not replacing c. 21,000 suckler cows.

If current genetic trends continue, the ICBF project that aggregate beef sector GHG emissions output will be 2.1% lower than the current (2020) level for a constant number of cows, or 5.4% lower for a given level of beef produced, by 2030. This translates to 18.9kg less CO₂e emitted per 175kg beef produced per suckler cow. This includes gains from BDGP.

Further, the review also identified some recommendations:

- Continue to build the National Herd Dataset further and integrate this evidence base with other sustainability metrics – particularly in the areas of climate, animal health and welfare. This can, if such collated information is disseminated effectively, inform farm-level decisions and improve aggregate environmental and economic outcomes.
- Incorporate the principles of BEEP-S alongside BDGP in an integrated approach, as both are complementary in improving the national beef herd through permanent cumulative gains. Performance data such as weights and weaning efficiency estimates can be used in conjunction with genetic information by farmers to inform production decisions.
- Improve the communication of the benefits of the vaccination option to ensure a greater level of uptake, and likewise to improve the compliance rate for faecal egg testing.

- Build on the evidence base established to date by incorporating silage quality metrics, and/or the use of optimum level of crude protein content in meal feed, to enhance these performance-based metrics further.

Non-Exchequer Funds under the Aegis of the Department of the Environment, Climate and Communications

Executive Summary

- The Department of the Environment, Climate and Communications (DECC) is responsible for three non-Exchequer Funds in the Environment and Climate expenditure areas: the **Environment Fund (EF)**, the **Energy Efficiency National Fund (EENF)** and the **Climate Action Fund (CAF)**. This Review set out to establish the **rationale** and **key inputs/outputs** of these funds, to review their **delivery**, and to explore their **sustainability** over time.
- There is a **clear rationale for public funding for all three funds**. However, the **non-Exchequer funding rationale is less clear** for the two funds still in active operation:
 1. There is a clear rationale for public non-Exchequer funding for the CAF, but that it is dependent on the fund's effectiveness in achieving its objectives. At this early stage in its development, it is not possible to state whether this is the case.
 2. The non-Exchequer public funding rationale for the EF in its current form is questionable due to (i) relatively weak grounds for hypothecation of revenues, and (ii) a reliance on varying income for funding of non-discretionary items.
- Regarding the EENF, this Review finds there was a rationale for non-Exchequer public funding at the outset of this Fund in 2014. However, the Review findings align with the 2018 conclusion of the Comptroller and Auditor General that the complex structure used by the Fund appears to have resulted in a disproportionately high level of costs. With a number of projects completed, the **State's assets at end-2020 in respect of the EENF amounted to €35.8m**. This compares to seed investment in the EENF of the €35m. Total fees and expenses that can be considered to be attributable to the State's shareholding have amounted to c. €2m.
- The findings of this Review accord with and confirm the conclusions of the **2017 Spending Review on the Environment Fund**, in that:
 1. Environmentally unfriendly behaviour (exemplified by landfill and plastic bag use) has been on a consistent downward trend, indicating achievement of some of the objectives. This trend has continued since the publication of that paper;
 2. Core policy activities were funded from the EF outside the traditional Voted expenditure system; and
 3. The consistent decline in the EF income presents a risk that some essential commitments which are/were being met from EF could ultimately be transferred to

the Exchequer. This risk has already borne fruit in that a number of EF projects are now being funded from the Vote of DECC.

- The Review finds that the CAF is at an early stage in its development, with a relatively low level of operation in the period post-establishment but prior to being put on statutory footing in 2020.
- This Review therefore recommends:
 1. **Clarifying the rationale for the Environment Fund's** status as a non-Exchequer fund through amending its underlying legislation and/or governing regulations, including:
 - A **requirement to publish guidelines** in advance of any further payments being made from the fund; and
 - The **introduction of expenditure controls** to ensure expenditure reflects the likely variability of levy incomes, and poses no risk that the Exchequer will be required to meet future EF liabilities.
 2. DECC urgently addressing the risks to the Exchequer by **giving consideration to alternative sources of income** and to the **appropriate level of spending on the EF** in order to maintain current levels of funding for longstanding core activities of the fund. Any new revenue generating measures should be accompanied by **robust income projections** and all expenditure measure should be managed within this estimate.
 3. The **early adoption of a Programme Logic Model (PLM)** for future evaluation of both the EF and the CAF which may be used to assess the effectiveness of both funds going forward. The PLMs as proposed in this paper will allow for evaluation of performance against the overarching objectives of the funds, and should also be tailored to capture performance of individual projects receiving funding.
 4. Given the limited operation of the CAF to date, **the CAF should be evaluated once more over the short to medium term**. Three years post-statutory footing would appear to be an appropriate time for this, in consideration of the expected increase in activity from 2022 onwards.
 5. **Reporting on amounts transferred from the EENF to the CAF**, and a note on the return to the EENF from the Qualified Investment Fund, IEEI, to be included in the published accounts of the CAF.

Focused Policy Assessment: Town and Village Renewal Scheme

Executive Summary

This paper examines the Town and Village Renewal Scheme (TVRS) with a view to identifying potential operational improvements to the Scheme.

The TVRS is one of a series of national and local support measures designed to rejuvenate small rural towns and villages throughout Ireland. It was established in 2016 following commitments in the then Programme for Government and subsequently under the Action Plan For Rural Development. The scheme has been under the remit of the Department of Rural and Community Development (DRCD) since 2017.

The scheme is delivered through local authorities each year. DRCD publish a scheme outline setting out broad parameters and priority areas in respect of the scheme. Expressions of interest are then sought by the relevant local authority from local community groups. These are evaluated by the local authorities and a number are forwarded to the Department for appraisal. A broad range of projects are supported. Projects supported to date include improving civic spaces/public realm, enhancing recreation and amenities, job creation initiatives such as the development of enterprise hubs and digital hubs, tackling vacancy by bringing vacant dwellings back into use, shopfront enhancement, town/village marketing initiatives and creation of green spaces.

The number of towns and villages supported in each local authority area is limited (up to eight in 2021) with only one project per town or village funded in any given year. As of 2021, the scheme is targeted at rural towns and villages with a population of up to 15,000 people (up from a previous threshold of 10,000). The minimum level of project funding is €20,000, and the maximum is €500,000 (up from a, mainly, €100,000 threshold originally).

This paper has seven findings and four recommendations.

Findings

Finding 1: Strong and continued support for the scheme in Government policy

The scheme was established based on a commitment in the Programme for Government (PFG) 2016, and was later referenced in the Action Plan for Rural Development (2017), and the NDP 2018 – 2027. The most recent PFG (2020), and Our Rural Future: Rural Development Policy 2021-2025 commit to expanding the scheme.

Finding 2: Significant total investment in the scheme

Total project costs (grant and match funding) amounted to over €113 million over the period 2016 to 2020, €94 million of which was grant funding. 1,341 projects in 837 towns and villages have been

supported through the scheme. The average grant funding per project was less than €70,000 over the period.

Finding 3: Geographical distribution of funding and outputs

Between 2016 and 2020, €3.6 million, on average, was invested in each county, with an average of 51 projects supported in each county. Projects are widely distributed, with a slightly higher concentration in border, midlands and eastern regions. 210 (25%) towns and villages have received 53% of grant funding over the period, as most of these had three or more projects funded. The majority of towns and villages (703 or 84%) had up to two projects funded through the scheme.

Finding 4: Broad range of projects and activities funded

For the purposes of this paper, the type of projects funded by the scheme have been classified into eight categories. Most (45%) projects were focused on improving the streetscape and environment of towns and villages. Projects with multiple activities was the second most common type (15% of projects) - 33% for improvements to streetscape and town environment, 16% for recreational activities and 15% for town enterprise and research. The next largest category was recreational activities (12%).

Finding 5: Efficiency of the scheme

No suitable alternative delivery model for the scheme is identified in this paper. Stakeholders are of the view that the approach to the delivery of the scheme works well. However, a number of issues relating to some of the scheme criteria have been identified in this paper and are reflected in the recommendations below.

Finding 6: Effectiveness of the scheme

Given the scale and number of projects funded per town and village, the scheme supports the revitalisation of, but cannot fully regenerate, towns and villages. Stakeholders indicate that the scheme is complemented by other supports, and can support the implementation of wider masterplans, and larger project development through other initiatives.

No measurement of outcomes has been undertaken. Although difficult to measure, the use of case studies could potentially be used as an approach. Broader non-programme specific data could also potentially be used to assess whether regeneration of towns and villages is occurring. Work is progressing in this area to develop a baseline set of indicators as part of a Towns Centre First policy, which is being implemented as part of a commitment in the PFG (2020).

Finding 7: The scheme continues to have relevance

There remain many vulnerabilities and challenges for rural towns and villages, most recently evident from the COVID19 pandemic. Government support for the scheme is strong and there are no

alternative substitutes to the scheme. Discussions with stakeholders indicate the scheme is a valued support.

Recommendations

Recommendation 1: Clarifying what the scheme can achieve (links to finding 6)

Based on the scale of funding, number of projects supported per town and village, and views of stakeholders, the scheme should generally be understood and conveyed as a complementary effort that can support wider regeneration developments.

Recommendation 2: Further consideration of scheme criteria (links to finding 5)

(i) Priorities for project funding

The priorities for project funding has varied from year to year under each scheme outline. While there is value in having a flexible approach, a more stable approach each year could provide greater certainty for stakeholders, and could help facilitate longer-term project planning and improve the quality of projects.

(ii) Population eligibility criteria

In 2021, the eligibility criteria for the TVRS has been increased to towns and villages with a population of up to 15,000 people. This contrasts with the Rural Regeneration and Development Fund (RRDF), which can fund towns and villages with a population size of up to 10,000 people. In this respect, greater consideration could be given to how these rural regeneration initiatives align.

(iii) Limits on the number of projects, and town/villages that can be supported each year

The average scale of projects supported is small with most towns and villages (63%) receiving support for one project between 2016 and 2020. As the size of local authority remits vary, to help increase the effectiveness of the scheme, consideration could be given to reassessing the existing limits on the number of projects per town and village, and the number of towns and villages supported by local authority area each year. A revised limit could be tailored to the number of applicable towns and villages per local authority area, and/or their population sizes, within overall funding limits.

(iv) Towns and villages targeted by the scheme

The scheme aims to provide support for a widespread distribution of towns and villages across Ireland. However, in a small number of instances, towns in sub-urban areas or close to major city boundaries have been funded by the scheme. If a policy decision was made on the suitability of including these more urban settlement types, it could alternatively allow additional projects to progress in areas that are more rural. For example, eligible RRDF projects must be outside the five metropolitan areas of Dublin, Cork, Limerick, Galway and Waterford.

Recommendation 3: Improvements on the type and format of data and information gathered (links to finding 5)

In terms of the type of information gathered, the application and project completion forms could be amended to focus more on the key details of the outputs, and the intended outcomes. Monitoring

and review of the scheme would also benefit from classifying projects into categories by activity type. The format of data and information collected (e.g. application forms) could also potentially be changed to Microsoft excel or a similar accessible digital format for monitoring and future review.

Recommendation 4: Improvements to measure the outcomes of the scheme (links to finding 6)

The use of case studies is likely the most practical and feasible approach that can be used to help convey the work of the scheme. Case studies could be developed on an annual basis for a sample of individual projects, and towns and villages that have received support over a number of years. For medium-longer term outcomes or impact, while not possible to link to the TVRS directly, broader non-scheme specific data (e.g. population, employment, business activity, level of vacancy etc.) could be used to indicate whether regeneration of towns and villages is occurring. This could potentially leverage work being undertaken by the Heritage Council for the Town Centres First Policy, which involves gathering a baseline of data that can be used to observe changes in the regeneration of towns overtime.

Review of the Management of the Department of Foreign Affairs' Overseas Leased Property Portfolio

Executive Summary

Introduction

Global Ireland – Ireland's Global Footprint to 2025 is the Government's strategy for doubling the scope and impact of Ireland's global footprint in the period ahead. In the context of Ireland's diplomatic relations with 192 countries, the Department of Foreign Affairs has a central role by providing a physical platform for the State overseas through its global network consisting of 169 overseas properties. Thirty-five of these are owned and 134 are leased. These properties house staff from the Department, 18 other departments and State Agencies.

The focus of this spending review is to examine:

- The costs associated with renting official properties for the Irish Diplomatic Network;
- The governance arrangements in place to manage the portfolio;
- A review period from 2016 to 2020.

The methodology included a desk-based review of 102 documents; 26 semi-structured interviews; 20 qualitative responses from a survey of 20 Missions; and a purposive sample of eight Missions comprising eight leased chanceries and seven leased official accommodations.

Findings (expenditure)

- During the period under review, overall overseas property expenditure, for both leased and owned properties, amounted to €172 million.
- Total leased property expenditure associated with the mission network amounted to €131.5 million for the period.
- Rent expenditure for chancery buildings increased by 15.73% in 2020 compared to 2016, with an average annual increase of 3.81% in the review period.
- The increase in total rent expenditure for chancery properties is due to several factors including the opening of new missions, incremental changes in rent as agreed in lease terms, and currency related fluctuations.
- Maintenance accounted for 13% of total expenditure incurred on leased properties.

With regard to value for money, consistent business processes largely helped ensure that value for money was prioritised and evidence suggests that the Department was not paying above the prevailing market rates.

Conclusions

1. The majority of the properties reviewed met operational requirements.

2. The information relating to the management of leases is not systematically collated in one place. This impacts on the efficiency of making informed and quick decisions in relation to budgets, value for money, and planning.
3. The process of commencing lease renewals is generally initiated in a timely fashion.
4. The current approach has brought more clarity, transparency and accountability to the management of leases. Markets and circumstances vary greatly and consequently some need more local involvement from the missions than others do.
5. The Department's default position is to lease property, the principal advantage being the ability to respond flexibly to changing circumstances and business needs. However, there can be occasions when purchasing or building are viable options with subsequent rent turned into an asset.
6. Clear guidelines are provided on lease negotiations, health, safety and security and there is some guidance on space provided per staff member. However, there is limited guidance documentation on the function and desired design and image of Irish missions (chanceries and residences).
7. The Department is compliant with Department of Public Expenditure and Reform requirements on property acquisition and disposal, having incorporated the relevant circular in its own guidelines. The Property Management Unit obtains condition reports for newer buildings; however, further work is required to complete those for older buildings.
8. While the use of Real Estate Agents and conducting market analysis provides some assurance that leases are achieving value for money, it was unclear if Property Management Unit has the required skill set at a senior level to examine each lease and market to ensure that value for money is being maximized.

Recommendations

1. The IT real estate management system for data collection and management information should be enhanced (2).
2. Ensure that initiation and planning for lease renewals commences on a timely basis (3).
3. Building files should be established, where the mission updates the file on the property and the market prior to the lease renewal date. (4).
4. In terms of considering purchase of properties, strategic locations should be identified and a medium term plan for acquisition developed (5).

5. Develop Design and Specification briefs for properties (6).
6. Develop a project to ensure condition reports are obtained for the properties of the mission network (7).
7. Strengthen the capability of the Property Management Unit to maximise 'Value for Money' in managing leases (8)

The SAFE-PSC-MyGovID Framework for Public Service Identity Management: A Cost-Benefit Analysis

Executive Summary

This Spending Review is a Cost-Benefit Analysis (CBA) of the Public Service Identity management framework. The framework was introduced in 2010, and is administered by DSP on behalf of the whole Public Service. It has three components: the Standard Authentication Framework Environment (SAFE), the Public Services Card (PSC), and the MyGovID online identity platform.

The quantitative Cost-Benefit Analysis aims to answer two key questions:

- How do the costs and benefits of the framework compare with the costs of public service identity verification in the counterfactual scenario where the framework was not introduced?
- What wider financial impacts of the framework are likely to exist?

Alongside this, the report also includes a qualitative analysis of the impact of the framework, across three key dimensions:

- How successful was the implementation of the framework?
- What was the impact of the framework on public service design and delivery?
- What are the wider impacts of the framework for people in Ireland?

Key Findings

The SAFE-PSC-MyGovID Public Service Identity management framework was a major strategic investment in a key element of public infrastructure. It is clear that this investment has been highly successful in both quantitative and qualitative terms.

Quantitative results

We find that the investment paid for itself in less than five years, and the discounted Net Present Value of the initiative is highly positive, with a central estimate of +€206 million.

- The main driver of this positive result is the savings realised from not having to repeatedly re-verify people's identities: if the Public Service Identity management framework did not exist, then at least 17 million extra identity checks would be required from 2010 to 2030 to deliver the same level of public services.
- Like comparable investments in physical infrastructure, a large proportion of the lifetime costs of the initiative fell in its early years, from 2010 to 2019. However, even in this period, the benefits of the initiative, at €218 million, greatly exceeded its €98 million actual costs.

- Now, as a mature project with annual costs of about €10 million, the framework saves over one million identity checks every year, and yields direct annual savings of over €20 million.

We also identify further net positive financial impacts beyond those captured in the conservatively scoped quantitative model used in this report:

- Further efficiency gains to DSP and its service delivery partners;
- Further control and customer contact savings accruing to DSP;
- Further efficiency gains accruing to other Public Service bodies;
- The value of time and cost savings accruing to people using public services;
- The potential value of extending the use of the framework beyond the Public Service.

Broadening the scope of the financial model to include these impacts would likely increase the estimated Net Present Value of the investment in the Public Service Identity management framework by between +€300 million and +€1 billion.

Qualitative results

We find that the initiative generated substantial qualitative benefits, across three key dimensions:

1. *Implementation:* The initiative has been successfully implemented, with clear institutional responsibility, secure and well-designed systems, and efficient, crisis-responsive service provision with high customer satisfaction.
2. *Impact on Public Service design and delivery:* The initiative has enabled both greater efficiency in the delivery of existing Public Services, and innovation in the design and delivery of new and reformed Public Services, including better crisis response capacity as well as minimisation of the use of personal data by Public Service bodies.
3. *Wider impacts:* By improving the efficiency and security of Public Service delivery, the initiative has enhanced trust in Ireland's Public Services, while the pervasive availability of a free, trusted Public Service identity and easier access to services has had a positive Social Inclusion impact.