



Rialtas na hÉireann  
Government of Ireland

# Department of Public Expenditure and Reform

## Annual Report 2017

Prepared by the Department of Public Expenditure and Reform  
[gov.ie](http://gov.ie)

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## Executive Summary

### Managing Public Expenditure

2017 saw Ireland continuing to operate under the preventive arm of the Stability and Growth Pact. In June, along with the Department of Finance, the Department hosted the National Economic Dialogue, to facilitate an open and inclusive exchange on the competing economic and social priorities in advance of the Budget. In July, the Department published the [Summer Economic Statement](#), also jointly with the Department of Finance. Later that month, the Department published the [Mid-Year Expenditure Report](#). This report acts as a starting point for the examination of budgetary priorities by the Oireachtas and sets out baseline expenditure ceilings.

In 2017, the Department initiated the first in a series of rolling, selective [Spending Reviews](#), which will cover the totality of Government spending over a three year period to 2019. The 2017 Spending Review involved the production of over [20 separate topic papers](#) selected to reflect key strategic/priority areas of expenditure that will contribute to a robust evidence base to inform policy making in the short and medium term. Work to further embed the performance budgeting initiative in resource allocation and decision making continued throughout 2017.

The Department published the [Expenditure Report 2018](#) on Budget Day (10 October). It oversaw gross current expenditure by Departments of almost €54 billion in 2017, representing a year-on-year increase of over €2 billion or 4.2% over the 2016 outturn of €51.8 billion, reflecting the Government's commitment to maintain and improve the provision of public services. The Department managed Voted expenditure in line with the amount set out in the Expenditure Report 2017 and the Department also worked on strengthening the performance information in the [Revised Estimates for Public Services Volume](#).

The Department oversaw gross capital expenditure by Departments of €4.5 billion in 2017, representing a year-on-year increase in capital investment of almost €300 million or 7.7% over the 2016 outturn of €4.2 billion, as a first step in the Government's commitment to significantly increase the level of public capital investment. Over the course of 2017, a major review of the 2015 Capital Plan was carried out, which informed the allocation in Budget 2018 of an additional €4.3 billion in capital expenditure for the period 2018-2021. The Department also made substantial progress in 2017 on preparing a new 10-year National Development Plan, which was subsequently published on 16<sup>th</sup> February 2018.

The Department continued to work with a number of Government Departments to support and advance key sectoral expenditure policy issues, including, for example: establishment of the Prevention and Early Intervention Unit; Housing and Water; Climate Action; and work in relation to the Justice Sector. Some details in this regard are set out in the report.

### Brexit and International Co-operation

The Department proactively addressed the issues that arose as a consequence of Brexit across a range of policy areas, including supporting the work of the Cabinet Committee on Brexit and contributing to the work of the Inter-Departmental Group on Brexit.

The Department supported the development of EU-related policy across Government under the aegis of the Cabinet Committee on EU Affairs and the EU Senior Officials' Group, as well as supporting the work of the North South Ministerial Council (NSMC) and North South Implementation Bodies established under the Good Friday Agreement.

### Cohesion Policy and Structural Funds

The Department continued to oversee the management of the 2014-2020 EU Structural Funds Programmes (ERDF receipts in aggregate to date is €44 million) and to progress the

development of an eCohesion ICT system which is an EU regulatory requirement for certain EU funds. The Department also contributed to EU policy development on post 2020 Cohesion Policy, including the development and publication of an Irish position paper.

### **Industrial Relations, Public Service Pay and Pensions**

A key focus of the Department in 2017 was negotiating the Public Service Stability Agreement 2018-2020, while continuing to manage the cost of the public service pay and pension bill and maintain a stable industrial relations climate across the public service.

The Public Service Pay Commission (PSPC) published its first report in May 2017 and has commenced reviewing recruitment and retention issues in certain sectors of the public service. This report is expected to be published by end-2018.

Other significant developments in 2017 include progress on the Single Public Service Pension Scheme Administration Project, completion of the actuarial review of public service pension liabilities and the approval by Government of an increase in the compulsory retirement age in the public service to age 70 for those public servants recruited prior to 1 April 2004.

### **Driving Reform in the Civil Service and Wider Public Service**

#### **Civil Service Renewal**

The Department continued to co-ordinate and drive implementation of [Civil Service Renewal Plan](#), which is overseen by the Civil Service Management Board and the [Third Progress Report](#) on its implementation was published in June 2017. Several of the Actions in the Plan are being implemented by the Department and the details of the progress made in respect of those are set out in the main body of the Annual Report. These included: enhancing communications and engagement in the Civil Service to support implementation of the Plan, conducting the [Civil Service Employee Engagement Survey](#) and the [Annual Civil Service Excellence and Innovation Awards](#); improvement of project management capacity in the Civil Service; and completion of a pilot Organisational Capability Review of the Department of Transport, Tourism and Sport.

#### **Civil Service Human Resources**

In line with the [Civil Service Renewal Plan](#), the Department continued to develop and implement Civil Service HR policy in 2017 to facilitate effective and quality public service to the state. This was underpinned by the development and publication of a new People Strategy for the Civil Service. The Strategy aims to position HR as a strategic driver to enable the delivery of three priorities; Being an Employer of Choice, Build the Workforce of the Future; and Build, Support and Value Managers as people developers.

These objectives were supported by a number of key initiatives in 2017 such as the launch of a Civil Service-wide Mobility Scheme; implementation of initiatives to ensure a better gender balance in the Civil Service in future, particularly at senior levels; launching an Executive Leadership Programme for Principal Officers as part of talent management initiatives and the establishment of OneLearning for delivering learning and development for civil servants. The Civil Service Employee Assistance Service continued to provide support to staff while promoting employee health and wellbeing.

#### **Public Service Reform**

The Department published [Our Public Service 2020](#) in December 2017, the new framework for development and innovation in the public service. This new phase of public service reform focuses on supporting sustainable, continuous progress across the public service. It aims to build a stronger public service and to deliver better quality services and outcomes to the Irish public. *Our Public Service 2020* was informed by an [OECD Assessment of the Public Service Reform Plan 2014-2016](#) published in July 2017.

A **Customer Communications Toolkit for the Public Service** was published in June 2017. The **Civil Service General Customer Satisfaction Survey 2017**, published in April 2017, found overall satisfaction levels for service delivery and outcomes to be the highest recorded to date. The **IPA Public Sector Trends 2017** report showed Ireland coming first in the EU28 as having the most professional and least politicised public administration in Europe.

The Department also continued its programme of reforms aimed at delivering open, accountable and ethical government. The **Public Sector Standards Bill 2015** is progressing through the Oireachtas and work is well underway on the **Data Sharing and Governance Bill** which is expected to be published in 2018. The Review of the **Regulation of Lobbying Act 2015** was completed and a review of the **Protected Disclosures Act 2014** initiated. Implementation of the **Open Data initiative** and the **Open Government Partnership National Action Plan 2016-2018** continued as well as the ongoing provision of support and advice in relation to the implementation of the **Freedom of Information legislation** to citizens and some 600 public service bodies.

### Digital Government

The Office of the Government Chief Information Officer (OGCIO), working with Government Departments and agencies across the public service, continued to drive the implementation of the **Public Service ICT Strategy** and in particular the 18-Step Action Plan agreed in 2016. The Strategy focusses on 5 key objectives - Build to Share; Digital First; Data as an Enabler; Improve Governance; and Increase Capability.

Particular achievements in 2017 included progressing a private Government Cloud solution; advancing the business case for the development of a Public Service data centre to reduce risk and meet future demands; continued rollout and development of services available as part of the Common Applications Suite for use by all Departments; on-going rollout of Government Networks for use by Public Service Bodies nationwide; working with a number of stakeholders to advance a National Data Infrastructure with a view to linking data from multiple sources; developing an ICT HR Professionalisation Strategy to assist the Civil Service to deliver effective digital government services; and ongoing engagement with at EU level, including on EU Council Working Party on Competitiveness and Growth regarding a European Commission Proposal for a Regulation for a Single Digital Gateway.

In addition, following approval by Government of the **eGovernment Strategy 2017-2020**, as the lead agency driving its implementation, the OGCIO worked closely with the Department of Employment Affairs and Social Protection to increase the uptake of MyGovID and the Public Services Card including developing a public awareness campaign; in collaboration with the Government's Strategic Communications Unit, OGCIO re-launched the **Gov.ie** digital services gateway providing a more intuitive and user focused gateway to government services and information.

The OGCIO also continues to provide ICT services to the Department, including the Office of Government Procurement, as well as the Department of Finance and the National Shared Services Office.

### Public Procurement

The Office of Government Procurement (OGP) leads the implementation of the Procurement Reform Programme, bringing increased levels of collaboration and consistency to public service procurement. Over the course of the year, it established a total of 64 additional frameworks, 46 discrete contracts and more than 868 mini competitions to assist public sector bodies in securing goods and services. It now has in excess of 135 active framework agreements and since 2014 has put in place 1,446 contracts/mini-competitions representing an estimated framework /contract value of €13.8 billion and an estimated annual spend of €3.7 billion.

It supported high level procurement and contracting strategies for projects across Government, including the OPW flood management programme, OPW conservation and heritage works, rapid delivery housing, the National Children's Hospital, Haulbowline steelworks remediation and Transport Infrastructure Ireland's Dunkettle Interchange upgrade works. It also delivered Automatic Border Control Gates (in partnership with the Department of Justice, Border Control and Dublin Airport Authority); a major legal services contact for Tusla (22 lots); and was involved in the procurement of a shared payroll system for the Education and Training Board sector and the Civil Service Learning and Development platform. A Framework for the provision of mobile voice and data services was delivered and will be launched in 2018.

The OGP continued to consult and engage with its stakeholders; published revised General Procurement Guidelines for Goods and Services in July; finalised the transposition of EU directives into Irish law; increased transparency in public procurement and improved data analytics through the launch of [Public Service Spend and Tendering Analysis Report](#); progressed the Government's strategy for the increased use of digital technology in the delivery of public works projects that are funded through the public capital programme; and drove the professionalisation of public procurement across the Public Service.

In 2017, the OGP won national procurement awards for the ICT Portfolio which was Procurement Team of the Year 2017 and for the Best Procurement External Collaboration Project of the Year for the Rapid Housing Delivery project in conjunction with the Department of Housing, Planning and Local Government, LGMA and Greater Dublin Local Authorities.

### **Shared Services**

Legislation to establish the National Shared Services Office (NSSO) as a body under the aegis of the Department was enacted in 2017 and came into effect on 1 January 2018. During 2017, it continued to deliver HR and pension shared services, progressed the roll out of payroll shared services, and advanced the project to introduce financial management shared services. A significant achievement was the completion of the transitioning of identified client departments and public service bodies into the Payroll Shared Service Centre, bringing the total amount of customers served to just under 125,000.

It also advanced the Financial Management Shared Services project, preparing for the first wave of customers in 2018. The NSSO also supported the key public service sectors of Education, Health and Local Government as they advanced their individual shared services plans.

### **Supporting our Staff to achieve their Mission**

The Department's HR Strategy Unit developed and commenced delivery of the Department's HR Strategy as well as providing a wide range of HR services to the Department's staff. It managed substantial levels of staff turnover and provided training and development opportunities to staff under the ONE HR Learning and Development Strategy 2015-2017.

Throughout 2017, the Corporate Office provided corporate support to the Secretary General and the Department more generally, and coordinated the development of the [Business Plan for 2017 and 2018](#) and the [Annual Report for 2016](#) as well as the Department's approach to governance, risk management and compliance. It supported the Governance Committee and the Management Board in their ongoing work to monitor and enhance best practice governance procedures in the Department. This included: updating the Department's internal procurement policy to reflect new OGP guidelines; developing an ICT Governance Framework and updating the Department's Corporate Governance Framework; and

advancing the Department's knowledge management policy. A new Finance Unit was put in place to manage the financial arrangements for the Department.

The Internal and EU Audit Unit continued to provide an internal audit service to the Department of Public Expenditure and Reform and the Department of Finance and to implement its Internal Audit Strategic Plan 2016-19.

**Office of the Chief Medical Officer (CMO)**

The CMO delivered an efficient and cost effective occupational health service as well as policy advice on occupational health matters to the Civil and Public Service during 2017. The CMO had extensive involvement in updates to the existing sick leave/critical illness pay/capability processes, as well as providing ongoing assistance to the State Claims Agency and the Office of Government Procurement.



## 1. Managing Public Expenditure Better

### Managing the Estimates Process

In 2017, Ireland continued to operate under the preventive arm of the Stability and Growth Pact, which informed the context for the management of public expenditure. The Department continued to liaise and engage with the Troika<sup>1</sup> on expenditure matters and participated in formal post programme monitoring review meetings, as well as negotiations in relation to end Review statements and reports to ensure Ireland's views were presented and the reports were in line with the discussions which had taken place.

In October, the Department published the [Expenditure Report 2018](#), which set out the detailed budget measures for 2018 and three year Ministerial expenditure ceilings out to 2020. In December, the 2018 [Revised Estimates Volume](#) was published by the Department, setting out detailed expenditure allocations for 2018. The 2018 Revised Estimates Volume also includes performance information for each Vote, setting out the key services and activities funded by public resources and high level measures of the context and impact of these services and activities. The 2018 Revised Estimates included, for the first time, performance budgeting information related to the pilot programme of equality budgeting that is currently underway for the 2018 budgetary cycle.

### Budgetary Reform

In June, the Department, along with the Department of Finance, jointly published the [Summer Economic Statement](#). This set out the broad parameters for macroeconomic and fiscal growth and constraints over the medium term and facilitated discussion about fiscal options and priorities in advance of the October Budget and Estimates.

Also in June, the Department jointly hosted the National Economic Dialogue with the Department of Finance. The event, held in Dublin Castle, facilitated an open and inclusive exchange on the social and economic priorities facing the Government, in the context of macro-economic and fiscal parameters. The theme of the event was '*Sustainable and inclusive growth in the context of national and global challenges.*' A number of breakout sessions were held to discuss topical issues in smaller group settings. These sessions covered topics such as Brexit, climate change and future skills needs. The papers produced by the Department to guide these sessions can be found on the [Budget website](#).

As part of the continuing efforts to enhance budgetary engagement and oversight by the Oireachtas, the Department once again published the [Mid-Year Expenditure Report \(MYER\)](#) in July. This report set out the high-level parameters for Budget 2018, while also detailing estimated gross voted expenditure amounts over the medium term. The early publication of the MYER was intended to facilitate an open exchange within the Oireachtas Select Committee on Budgetary Oversight about the Government's expenditure priorities in advance of the formulation of Budget 2018.

2017 saw the first round of the new Spending Review process. This was the first in a series of rolling, selective reviews, which will cover the totality of Government spending over a three year period to 2019. This process allows for the systematic examination of existing spending programmes to assess their effectiveness in meeting policy objectives and to identify scope for re-allocating expenditure to meet expenditure priorities. The first year of the review resulted in the publication of over 20 papers, examining a wide range of policy areas, including acute services in health, special educational needs provision and Public Service Obligation (PSO) expenditure on public transport. This provided a robust evidence base for Estimates 2018 discussions with line Departments.

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<sup>1</sup> As Ireland has repaid the IMF portion of the Programme funding, the IMF has reverted to undertaking Article IV Missions rather than post-programme monitoring which is carried out by the Commission and ECB/EFSM.



Work to further embed the performance budgeting initiative in resource allocation and decision making continued in 2017. In order to increase the focus on quantitative, numerical performance information, the Revised Estimates Volume 2018 does not include qualitative statements of performance. This allows for a more streamlined presentation of the information, making it more accessible and easier to absorb. In addition, the first **Public Service Performance Report** was published in April. This report, providing timely quantitative performance data, aims to help to enhance the focus on performance and delivery by presenting relevant performance indicators in a dedicated, focused document.

### **Equality Budgeting**

Throughout 2017, work was underway to implement the Programme for Partnership Government commitment to develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights. During 2017, a number of workshops were both hosted and supported by the Department to raise awareness of the concept of equality budgeting and tools used in its implementation. On budget day, a policy paper **Equality Budgeting: Proposed Next Steps in Ireland** was published detailing the pilot programme of equality budgeting for the 2018 budgetary cycle.

The pilot programme of equality budgeting is anchored in the performance budgeting framework. The 2018 Revised Estimates Volume contained high level equality budgeting objectives and performance indicators for six diverse expenditure programmes. Progress towards achieving these targets will be reported on in the Public Service Performance Report to be published in 2018. This work is also among the initiatives the Department is undertaking in accordance with its public sector duty.

### **Irish Government Economic and Evaluation Service (IGEES)**

IGEES is an integrated cross-Government service that aims to support better policy formulation and implementation in the Civil Service through economic analysis, evaluation, and statistical analysis. IGEES staff are part of each Department adding their skills sets to the varied expertise working on policy analysis and formulation. IGEES continued to grow in 2017 with approximately 120 civil servants in IGEES roles.

IGEES is a key initiative in the promotion of evidence based policy making. In 2017, the Department continued to support IGEES in its capacity building in evidence based policy making in the civil service. It does this through central specialist recruitment (16 IGEES policy analysts were recruited in 2017), structured mobility, targeted learning and development opportunities, and organisation of conferences and other events as platforms for discussion of analysis and its relevance for policy.

The **IGEES Learning and Development Framework 2017-2019** was launched in 2017. As the initial stage of the implementation of a comprehensive learning and development plan, targeted training opportunities were piloted for skills such as cost benefit analysis and counterfactual impact evaluation.

A 2017 IGEES work programme and over 30 papers produced by IGEES staff across Departments in 2017, covering variety of topics including Health, Social Protection, Education, behavioural economics, tax policy, and capital expenditure, are available on the **IGEES website**.

In 2017, an IGEES Research Fund was established in order to support analytical work which provides insights in relation to cross-departmental issues. Following a competitive process, the 2017 fund was allocated in support of collaborative work between the Department of Finance and Department of Housing, Planning and Local Government on tenure choices.

To support policy debate and evidence based policy-making, in 2017, IGEES organised two conferences (IGEES Spending Review Conference and IGEES Annual Conference) and hosted a number of seminars.

### **Government Accounting**

In 2017, the Government Accounting Unit produced a number of key policy guidance documents, most notably *A Guide to the Implications for the Annual Financial Statements and the Annual Report*, relating to the Code of Practice for the Governance of State Bodies, 2016 and the *Requirements for the Appropriation Account 2017 Circular 25/2017* and the *Guidance Manual for the Preparation of the Appropriation Accounts*.

#### ***A Guide to the Implications for the Annual Financial Statements and the Annual Report***

This guidance sets out how the new requirements and financial reporting disclosures required in the 2016 Code should be reported in the annual report and financial statements of State bodies. The aim of the guidance is to provide practical assistance to State bodies in implementing the requirements of the 2016 Code of Practice. It has been developed in consultation with the Office of the Comptroller and Auditor General.

Key elements of the new guidance is as follows:

- Requirements of the Statement on Internal Control (SIC), which replaces the Statement on Internal Financial Control (SIFC);
- New Governance Statement and Board Members' Report incorporating additional disclosures specified in the Code in relation to how the Board operates; and
- Remuneration Note which brings together the enhanced disclosures required in this area under the 2016 Code.

### **Public Spending Code**

In 2017, Government Accounting Unit delivered training and development sessions on the *Public Spending Code* appraisal and evaluation requirements as part of the AO Graduate Training Programme. The Public Spending Code is the set of rules, procedures and guidance to ensure Value for Money (VFM) in public expenditure across the public service. It draws together in one central location, the long-established elements of the VFM arrangements that have been in place over the past number of years. The requirements of the PSC are based on employing best practice at all stages of the expenditure life cycle. Departments and other public bodies must ensure that their expenditure appraisal and evaluation techniques are of an acceptable standard, and that they consistently maintain these standards.

## 2. Expenditure Management and Sectoral Policies

### Management of Voted Expenditure

Each year, the Dáil authorises funding for the services and activities of the Government in blocks of expenditure known as Votes. A Vote is a specific area of Government expenditure, which is the responsibility of a single Government Department or Office. It is the role of the Department of Public Expenditure and Reform to monitor and manage expenditure by individual Votes, as well as analysing and managing public expenditure on an aggregate level.

The Department continued to monitor expenditure trends throughout 2017. Key tasks in this area included; examination and evaluation of proposals from Departments and Agencies on a value for money and resource prioritisation basis; advising on whether or not the proposals should be sanctioned; and reviewing and advising on the policy and performance of State bodies. The Department oversaw gross current expenditure by Departments of almost €54 billion in 2017, representing a year-on-year increase of over €2 billion or 4.2% over the 2016 outturn of €51.8 billion. This increase reflects the Government's commitment to maintain and improve the provision of public services, while also maintaining the stability of the public finances.

Thirty one of the 42 Votes managed expenditure within the original voted allocations for 2017, with the remaining 11 requiring Supplementary Estimates in December. The Supplementary Estimates provided additional expenditure for the Health service, Garda pay, the provision of a Social Welfare Christmas Bonus and additional capital expenditure for housing, for example. Savings across other Departments brought overall expenditure for the year in to line with the amount set out in the [Expenditure Report 2017](#).

### Sectoral Expenditure Policies

A number of sectoral expenditure policies were addressed during 2017, including, for example, those set out below.

#### *Prevention and Early Intervention Unit*

In 2017, the Department established a Prevention and Early Intervention Unit to support the development of a sustainable cross sectoral approach to prevention and early interventions (PEI) in public policy in the context of the management and evaluation of public expenditure. The Unit's particular remit relates to PEI in early years policy and chronic health conditions impacting on older people and, in this context, the Unit is liaising with Department of Children and Youth Affairs, the Department of Health and other relevant stakeholders.

#### *Housing and Water*

The Department provided an additional €700 million in capital funding under Rebuilding Ireland to provide an increase of 3,000 social housing units under the plan, bringing the total target to 50,000 units by 2021.

The Department facilitated the new funding model for Irish Water, on foot of the Joint Oireachtas Committee recommendations on the future domestic water charges. Financial provision for domestic water charges is now channelled through the Housing, Planning and Local Government Vote from the start of 2018.

#### *Climate Action*

The Department continued to promote a whole of government approach in the area of climate action. In this context, the Department included climate impacts in the Multi-Criteria Analyses in the Mid-term Review of Capital Plan (Q3 2017) while Ireland's first statutory National Mitigation Plan, published by the Department of Communications, Climate Action

and Environment, acknowledged the importance of ensuring proposed climate measures were both cost efficient and effective.

The Department also continued to engage with the relevant lead Departments in terms of the incorporation of an Exchequer perspective, including the parameters of budgetary / fiscal rules, in informing Ireland's national negotiation position on the 2030 Climate and Energy Package.

The Department was actively engaged with relevant Departments, Agencies and various fora on the climate change related agenda, and inputted into various relevant working groups at national and EU level. In addition, a number of papers were undertaken, such as [Climate Change Related Funding Research in Ireland \(2010-2015\) - An Analysis](#); [Application of Behavioural Economics for Emissions Reductions in Transport](#).

### **Justice Sector**

During 2017, the Department advised the Minister on a broad range of significant policy, legislative and organisational matters in relation to the Criminal Justice system. In particular, the Department focused on the area of policing reform through collaborative engagements with other stakeholders such as the Department of Justice and Equality, An Garda Síochána and the Policing Authority on issues regarding workforce planning, IT and resourcing.

As part of its ongoing work to develop evidence to inform its approach to vote management in the justice area, the Department also published a paper entitled [Challenges to Investment in Policing: A Public Expenditure Perspective](#) as part of the Spending Review process referred to earlier.

The Department participates in a large number of inter-Departmental groups as part of its role to promote value for money in sectoral policy for the justice area. Among others, these include the Taskforce on the Supreme Court Judgement on the Right to Work of International Protection Applicants and the Review Group on the Administration of Civil Justice.

### **Capital Expenditure Management**

The Department oversaw gross capital expenditure by Departments of €4.5 billion in 2017, representing a year-on-year increase in capital investment of almost €300 million or 7.7% over the 2016 outturn of €4.2 billion, reflecting the Government's commitment to increase capital expenditure in line with the Capital Plan.

Over the course of 2017, a [review of the 2015 Capital Plan](#) was carried out. The review of the Capital Plan constructed an evidence base that included submissions by Departments and Offices, an extensive public consultation, and also an Infrastructure Capacity and Demand Analysis completed by the Irish Government Economic and Evaluation Service (IGEES) in the Department of Public Expenditure and Reform. The [Capital Projects Tracker](#) was also published, listing a range of projects and programmes committed to by Departments over the period of the Capital Plan.

The review of the Capital Plan informed the allocation in Budget 2018 of an additional €4.3 billion in capital expenditure for the period out to 2021.

The review of the Capital Plan also provided a significant input into the ongoing development of the [National Development Plan \(NDP\)](#), which was published on 16<sup>th</sup> February 2018 in conjunction with the Minister for Housing, Planning and Local Government's new National Planning Framework (NPF) - the objectives of which are fundamental to the achievement of long-term economic, social and environmental sustainability. The work in 2017 in relation to the NDP included the hosting of a stakeholder consultation forum in Farmleigh in November

and continued engagement with Departments to identify strategic investment priorities consistent with achieving the NPF objectives.

### **Public Private Partnerships**

A senior-level Inter-Departmental/Agency Group was established in 2017 to review Ireland's experience of PPPs and to make recommendations on the future role of PPPs, in the context of the development of the new 10 year National Development Plan (NDP).

The work of the Review Group was substantially completed in 2017 and the key findings and recommendations of the PPP review were included in the NDP published in February 2018.

### 3. Brexit and International Co-Operation

#### Brexit

A dedicated Brexit/EU/North South Unit is responsible for coordinating Brexit issues across the Department and for contributing to the whole-of-Government response.

Throughout 2017, the Department continued to address the issues that arose as a consequence of Brexit, building on the contingency planning that had commenced in advance of the UK referendum on EU membership. It was active in supporting the Minister as a member of the Cabinet Committee on Brexit, as well as contributing to the work of the Interdepartmental Group on Brexit and the various cross-Departmental groups that are responding to Brexit.

#### EU and North South Coordination

The Department supported the development of EU-related policy across Government, including through the work of the Cabinet Committee on EU Affairs and related interdepartmental groups. While it was not possible to hold sectoral meetings of the NSMC devoted to the Special EU Programmes Body in 2017 due to the absence of an Executive in Northern Ireland, the Department continued to support work on North South cooperation undertaken under the auspices of the North South Ministerial Council (NSMC) and by North South Implementation Bodies (NSIBs).

#### 2014-2020 EU Structural Funds Programmes

Ireland was successful in securing €1.2 billion of EU Structural Funds for the period 2014-2020. Of this, €409 million is for programmes co-funded by the European Regional Development Fund (ERDF) for which the Department has overall responsibility, with €610 million allocated to the European Social Fund (ESF) and the Youth Employment Initiative (YEI), which are under the aegis of the Department of Education and Skills. A further €169 million is devoted to European Territorial Co-operation (ETC) Programmes in which Ireland participates, most notably the two North-South Programmes (PEACE and INTERREG IVA).

During 2017, the Department worked closely with the ERDF Managing Authorities to meet Ireland's N+3 deadline of 31 December 2017 ensuring no de-commitment of EU ERDF funding and that EU payment applications were submitted for €47 million of public eligible expenditure. This was achieved by ensuring the Designation of Managing and Certifying Authorities for the Operational Programme allowing for payment claims to be submitted to the Commission in Q2 and Q4. As part of the process for designation for EU funding, a contingency ICT system was also implemented.

The development of an eCohesion IT system, an EU regulatory requirement for the administration of just over €1.2 billion of Ireland's Structural Funds and the Fund for European Aid to the Most Deprived (FEAD) in the 2014-2020 funding period, was progressed in 2017. It was agreed that this would be rolled out in three phases (phase 1 and 2 went live in 2017 and Phase 3 is planned for roll out end of Q1 2018) and will allow Ireland to meet its regulatory requirements whilst simplifying and improving the administrative and management processes for beneficiaries. FEAD successfully submitted its first claim on the eCohesion IT system in December 2017.

Work was completed on a new national website, developed by the EU Structural Funds Unit and the Office of the Government Chief Information Officer, to promote the positive impact of [Structural Funding in Ireland](#). The website, which was launched by Minister Donohoe in April 2017, presents information on EU Structural Funds in a user friendly format to programme beneficiaries and to citizens in general.



The process to close the two regional ERDF Operational Programmes for the 2007-2013 period (expenditure for the period 2007-2015) was completed by the regulatory deadline of 31 March, 2017.

In relation to the European Structural and Investment Funds (ESIF) more broadly, the Department hosted the Partnership Agreement Monitoring Committee (PAMC) in December. This monitors progress on implementing the strategic objectives identified in the Partnership Agreement and provides updates on implementation issues.

While the continued implementation of the existing programmes remains a key focus, attention is now also being directed to the negotiations on the next round of Structural Funds and budgetary pressure. The negotiation of a new Multi-annual Financial Framework (MFF) for the EU will be a major issue for the Union in 2018 and 2019 with the Commission expected to bring forwards its proposals for the next MFF in May followed by the sectoral legislation for the different Funds expected soon afterwards.

With this in mind, in November 2017 the Department completed a position paper setting out Ireland's view on the future of Cohesion policy. While the paper highlighted the value placed by Ireland on Cohesion policy as an investment tool, it also made clear the urgent need to simplify the unnecessary regulatory complexity surrounding the management of the EU Funded Programmes and for increased flexibility for Member States to target investment at areas of most relevance to them.

It is also increasingly likely that the use of Financial Instruments will become part of the delivery of structural funds for all programmes. With this in mind, work is ongoing within the Department on investigating the suitability of different investment priorities as areas where financial instruments could be deployed.

### **North South Programmes**

The Department worked closely with the Department of Finance in Northern Ireland and the Special EU Programmes Body (SEUPB) on oversight of the 2014-2020 cross-border PEACE and INTERREG Programmes. These programmes are 85% funded by the EU through the European Regional Development Fund and have a total value of €553 million. In 2016 the Department secured agreement on the terms of a safeguard clause to Brexit-proof funding agreements with programme beneficiaries. As a consequence, by the end of 2017 the PEACE IV Programme was 73% committed, with 79 projects to the value of €176 million, while the INTERREG VA Programme was 78% committed, with 27 projects approved to a value of €208 million.

The Department also oversaw finalisation and programme closure of the 2007-2013 PEACE and INTERREG Programmes, which had a combined value of almost €590 million.

### **European Territorial Cooperation**

As well as the North South Programmes, Ireland is also a partner in the Ireland Wales INTERREG Programme, which has a total value of almost €100 million over the 2014-2020 programming period, as well as a number of transnational programmes, namely the Atlantic Area, North West Europe, and the Northern Periphery & Arctic Region Programmes.

### **North South Implementation Bodies**

The Department worked with counterparts in the Northern Ireland Department of Finance to agree and issue joint guidance for the North South Implementation Bodies established under the Good Friday Agreement. These guidance documents covered Business Planning and Budgets for NSIBs and Annual Report and Accounts for NSIBs.

### **ERDF Authority**

As the designated Audit Authority in Ireland for the 2007-13 ERDF Programmes, the Department's Internal and EU Audit Unit submitted the Final Control Reports for each of the 3 programmes then within its remit to the European Commission in advance of the statutory deadline of 31<sup>st</sup> March 2017. In respect of the 2014-2020 programming period, the Unit significantly progressed the designation process for the two ERDF operational programmes within its remit. In addition, the Unit completed 2 operations audits and 3 systems audits during 2017 across these two programmes.

## 4. Industrial Relations, Public Service Pay and Pensions

### Public Service Pay and Pensions Policy

#### **Public Service Stability Agreement 2018-2020**

The Financial Emergency Measures in the Public Interest (FEMPI) Acts 2009-2013 have underpinned public service pay and pensions reductions since 2009. Collectively, the savings from these measures have played a crucial part in the stabilisation of the public finances. As Ireland's economy continues to improve, a key focus in 2017 was to make provisions for the further sustainable unwinding of the emergency measures affecting public servants and public service retirees which commenced under FEMPI 2015.

In mid-2017, officials from the Department entered into negotiations with public service trade unions and representative associations and agreed a successor to the Lansdowne Road Agreement, the **Public Service Stability Agreement (PSSA) 2018-2020**. This agreement was subsequently ratified by Government and the Public Services Committee of the Irish Congress of Trade Unions (ICTU), confirming the pathway to the exit of the FEMPI framework and securing the industrial relations climate until end-2020.

The PSSA 2018-2020 offers a series of affordable pay increases which will unwind FEMPI pay reductions for almost 90% of public servants over the period to end-2020.

The agreement also proposed the conversion of the existing FEMPI Pension Related Deduction (PRD) into a permanent Additional Superannuation Contribution (ASC) from 2019, while still delivering modest gains for most public servants through increases in the exemption threshold. The ASC will be in addition to existing pension contributions made by public servants, placing public service pensions on a more sustainable long-term footing. At a cost of €887 million to end-2020, the benefits of these measures to different income groups range from 6.2% to 7.4% over the three-year period, weighted in favour of those on lower pay.

#### **Public Service Pay and Pensions Act 2017**

In Quarter 4, the Department worked with the Office of the Attorney General to draft and publish the Public Service Pay and Pensions Bill 2017. This Bill was enacted in December 2017 and gave effect to the provisions of the Public Service Stability Agreement 2018-2020.

The Act provides for the phased unwinding of the FEMPI measures on a sustainable basis over a number of years, as follows:

- Sustainable wage growth over the 3-year period 2018-2020 which will bring approx. 90% of public servants out of FEMPI by end-2020;
- Further measures to eliminate the remaining impact of the FEMPI measures on public servants by July 2022;
- The introduction of a permanent Additional Superannuation Contribution for public servants from 1 January 2019, providing an additional €550 million towards the cost of public service pensions when fully implemented from 2020;
- A further significant lessening of the Public Service Pension Reduction (PSPR) occurring in 2019 and 2020, meaning that from 1 January 2020, PSPR will have ceased to apply for approx. 97% of public service pensioners; and
- A further provision for a date to be set by ministerial order for the complete elimination of the remaining PSPR impact on pensions.

#### **Public Service Pay Commission – Phase 2**

The Public Service Pay Commission (PSPC) was formally established in October 2016 to advise the Government on Public Service remuneration policy. In May of 2017, the PSPC published its **first report** which provided significant input to the negotiations between unions

and public service employers which resulted in the Public Service Stability Agreement 2018 - 2020.

In accordance with Section 3 of the Public Service Stability Agreement 2018-2020, the PSPC have been asked to:

- Seek to establish in the first instance whether, and to what extent, a difficulty exists in terms of recruitment and retention for specific groups/grades/sectors of the public service;
- Where a difficulty is identified, examine the full range of causal factors;
- Develop appropriate methodological and analytical criteria to ensure a robust evidence-based approach to this exercise;
- Have regard to arrangements and best practice in other jurisdictions and, where appropriate, the domestic private sector in Ireland in relation to such issues, particularly in respect of those areas where a global labour market exists as well as the responses being adopted in other jurisdictions where similar recruitment and retention problems pertain; and
- Commission such external expertise as the Commission deems necessary to inform its deliberations in the context of the methodologies developed.

The PSPC will produce a final report to the Minister by end-2018 and/or at such interim stages as the Commission may decide. The Commission has received submissions from parties to the agreement regarding this phase of its work. All submissions received will be published on the PSPC website after the publication of its report. The implementation of any proposals that may arise on foot of the Commission's report will fall to be considered by the relevant staff representative groups and public service employers.

### ***Increase in the Compulsory Retirement Age in the Public Service***

A report on a review of the **Barriers to Extended Participation in the Public Service Workforce**, carried out with public service employers, was published in 2017. Following that review, in December 2017 the Government decided to increase the compulsory retirement age to 70, for public servants recruited prior to 1 April 2004. These are the only group of public servants whose compulsory retirement age is currently less than 70.

This will address the difficulties being experienced by this group of public servants who are obliged to retire at age 65 but are not eligible for the State Pension (Contributory) until their 66th birthday. It will also cater for the group of people who want to continue to work beyond the age of 65 because they are fit and healthy and feel they have more to contribute.

Primary legislation will be necessary to effect this change. The Attorney General's Office has been asked to prioritise the drafting of this legislation so that the new compulsory retirement age becomes effective as soon as possible. The Bill appears on the list of priority legislation for publication in the Spring/Summer Session 2018 and the Department is engaging with the Attorney General's Office on the drafting of this Bill.

Interim arrangements were agreed to cater for public servants who reach the age of 65 in the period between the Government decision and the commencement of the necessary legislation and who wish to remain working. They permit public servants who reach the age of 65 in that period to retire and be re-hired so that they can remain in employment until they reach State Pension age, which is currently 66.

### **Single Public Service Pension Scheme Administration**

The Single Public Service Pension Scheme Administration Project (SSAP) Unit was established in 2016 to conduct a Feasibility Study into options for the long-term administration of the Single Public Service Pension Scheme, which is administered by

approximately 350 employers. Following extensive engagement and analysis, the Feasibility Study was completed in early 2017 with recommendations brought to Government for approval in Quarter 2.

Following the Government Decision, work has progressed on the design of a shared administration for the operation of the Single Scheme in the long-term and this work will continue into 2018. In parallel, a range of resources have been developed to support pension administrators across the public service. This has included the release of a new dedicated [Single Pension Scheme website](#), with templates, guidelines and toolkits available for all aspects of pension administration. An extensive training programme has also been designed, with module 1 delivered via 23 training sessions attended by 164 employers during Quarter 4 2017. Further training will be rolled out during 2018.

### **Actuarial Review of Public Service Pension Liabilities**

The Department completed [an actuarial review](#) of the State's accrued-to-date liability (ADL) in respect of public service occupational pensions in Ireland as at 31st December 2015. The review was carried out on behalf of the Central Statistics Office who are required to include the accrued liabilities of all Irish pension schemes as part of the National Accounts, under EU Regulation 549/2013.

The value of the ADL in respect of public service retirement benefits for employees, pensioners and deferred members was calculated as €114.5bn under the assumption of pay parity, and €97.2bn under the assumption of inflation-indexed pension increases into the future. This valuation was carried out using a large quantity of individual member data with projections capturing the idiosyncrasies in the rules and entitlements by sector and scheme.

## 5. Civil Service Renewal

### Civil Service Renewal Plan

The **Civil Service Renewal Plan** represents a major programme of change for the Civil Service and its vision is to provide a world-class service to the State and to the people of Ireland. The Plan aims to create a more unified, professional, responsive, open and accountable Civil Service. Implementation of the Plan is also a key enabler for the People Strategy; the Digital and ICT Strategy; the Shared Services Programme and the Strategic Communications Strategy. During 2017, the Programme Management Office (PMO), which is located in the Department, continued to coordinate and drive the implementation of the Plan by: supporting the Civil Service Management Board, which oversees its delivery; carrying out regular and robust reporting against all projects, including publication of the third annual progress report; conducting a programme of significant internal communication and engagement with staff; and working with Project Managers and Secretary General sponsors to manage the implementation of the actions in the Plan.

### Third Progress Report

The **Third Progress Report** on the implementation of the Civil Service Renewal Plan was published in June 2017. Several of the actions in the Plan are being implemented directly by this Department and details of the progress made in respect of those are set out below.

### Civil Service Engagement

A number of initiatives were undertaken to enhance communications and engagement in the Civil Service to support implementation of the Plan. These included:

- The second ever Civil Service Employee Engagement Survey undertaken in September 2017 with over 21,300 civil servants from 51 Departments/Offices taking part;
- The holding of 9 Open Policy Debate events in 2017, involving policy networks of practitioners, academics and experts in a range of policy issues, bringing the total to 47 events since the programme began; and
- A programme of staff communications and engagement activities throughout the year, including 9 Town Hall events for staff across the country and three editions of the Civil Service Renewal Newsletter issued along with communications associated with the Employee Engagement Survey.

### Recognising Staff Excellence

The Minister for Finance and Public Expenditure and Reform presented the awards at the second **Annual Civil Service Excellence and Innovation Awards** ceremony on 27 November. There were 10 award winning projects from 75 nominations drawn from across the Civil Service. The awards recognise the achievements of civil servants and showcase examples of best practice and innovation in Government Departments and Offices.

### Project Management

A programme of work continued during the year to improve project management capacity in the Civil Service under Action 17 of the Civil Service Renewal Plan. The Project Managers' Network held a number of events including its annual conference on 21 November on the theme of 'Building Project Management Capability: Insights and Trends'. The Project Management Leaders and Advisory Service (PMLAS) helped to inform the development of the Project Management Foundation Training Course available from *OneLearning*. In 2018 the Network will be broadened to the wider Public Service.

### Organisational Capability Reviews

A pilot Organisational Capability Review of the Department of Transport, Tourism and Sport was completed in 2017. It involved one-to-one interviews with senior management, workshops with staff and significant engagement with a wide range of agencies and stakeholders. A further review involving a refined methodology was also commenced in



2017 – on the Courts Service – with evidence gathering having been concluded by the end of the year.

### Whole-of-Government Pathfinder Projects

Pathfinder projects for the Public Services Card and the National Cyber Security Strategy concluded with the third review of the projects in October 2017 and the learning outcomes have been captured. A cross-agency team explored innovative ways to achieve whole-of-government action in the area of youth mental health and work is continuing to develop the project.

### Human Resources Strategy

A number of actions to develop strategic HR in the Civil Service were progressed under the Civil Service Renewal Plan, including the development of a new People Strategy for the Civil Service. Further details are set out below.

#### Position HR as a Strategic Driver

##### Civil Service People Strategy Developed

The *People Strategy for the Civil Service 2017-2020* was approved by the Civil Service Management Board in May 2017 and was officially launched by the Minister on the 17<sup>th</sup> October 2017. The People Strategy is an over-arching HR Strategy for the Civil Service. It aims to strengthen strategic HR capability and capacity beyond 2020 and is organised around three broad priorities:

- Be an Employer of Choice;
- Build the Workforce of the Future; and
- Build, Support and Value Managers as People Developers.

These priorities are underpinned by an enabling priority:

- Positioning HR as a Strategic Driver.

A Strategic HR Advisory Group has been established and is chaired by the Chief Human Resources Officer for the Civil Service. The inaugural meeting of the Strategic HR Advisory Group was held on 4<sup>th</sup> October 2017. The purpose of the group is to support and promote the implementation of the People Strategy and associated action plan across the Civil Service so that its outcomes are achieved.

### Human Capital Management

During 2017, a research project was initiated to evaluate operational options and possible technical approaches to the implementation of a Human Capital Management (HCM) solution across the Civil Service. The project aims to establish a set of basic principles to improve implementation of operational HR and Payroll and to develop a change management programme. The project - led by the HR Technology Steering Group - has involved extensive consultations with stakeholders across the Civil Service, the Public Service, and platform/technology vendors.

### Employee Relations Network

The Employee Relations Network (ERN) facilitates peer learning and promotes a collaborative approach to managing HR cases in the Civil Service HR community. The ERN is directly linked to Action 28 (Enhance collaboration and learning within the HR Community) of the *People Strategy for the Civil Service 2017 – 2020*. Four sessions were held in 2017 focussing on the topics of probation and reasonable accommodation. Feedback from post-event evaluations was positive, with, for example, 82% of HR managers who responded agreeing or strongly agreeing that learnings from the session were useful and could be applied to their roles.

### **Recoupment of Overpayments Policy**

A revised Recoupment of Overpayments Policy (set out in Circular 10/2017 *Recovery of Salary, Allowances, and Expenses Overpayments made to Staff Members/ Former Staff Members/ Pensioners*) was issued with an effective date of 1 May 2017.

### **Being an Employer of Choice Learning and Development**

OneLearning, the new Learning and Development Centre for the Civil Service was established in 2017. The first OneLearning class took place on 15 Sept 2017. To date over 3000 employees have attended classes, held in 15 counties across 34 Public Service Bodies.

Following a procurement process contracts were signed with nine training providers to develop 63 courses in partnership with the Civil Service. 37 of these courses are currently available to all Civil Servants with more on the way throughout 2018 as they are developed. An in-house Civil Service Induction Programme for all new recruits has been developed and is currently being piloted. A successful bidder was identified on foot of a procurement process in 2017 for a Learning Management System and contracts are being concluded at present. Significant progress has been made in developing a Civil Service Skills Register to enable Civil Service Skills audits post implementation of the LMS.

### **Graduate Development**

219 recruits at Administrative Officer and Third Secretary level participated in the Civil Service Graduate Development Programme. This was delivered in partnership with the Think People Consulting and involved training from both external practitioners and experienced Civil Service subject matter experts.

### **Civil Service Employee Assistance Service**

The CSEAS contributes to organisational effectiveness through the regional delivery of services which promote employee health and wellbeing and foster a resilient workforce. In 2017, a total of 14% of serving civil servants availed of information and support from the CSEAS either one-to-one (10%) or telephone/email to the CSSAS central point of contact (4%) in relation to a variety of personal and/or work related issues. These figures are indicative of a sustained usage of the service each year.

The targeted focus on services for line managers was ongoing in 2017. In 2017, the CSEAS designed and delivered a 'Self-Care Awareness for HR Staff' Workshop to a number of HR Divisions in various government offices. Delivery of these workshops was in recognition of the requirement for targeted support for HR staff.

The CSEAS is contributing to the strategic direction of the Health and Wellbeing Framework outlined in the People Strategy for the Civil Service (2017-2020).

### **Build the Workforce of the Future Strategic Workforce Planning**

A Strategic Workforce Planning approach is applied by Departments and Offices to assist them in maintaining and optimising their capacity for service delivery in a context where significant challenges, including an ageing workforce, changing national demographics, new methods of service delivery and resultant expectations are faced in the medium term. In 2017, the Department continued to develop and embed the concept of Strategic Workforce Planning across the Civil Service and to impart the information and skills required to improve the planning capacity in each Department/Office. The Department worked with Departments / Offices to prepare for the development of workforce plans in respect of 2017-19, arising from the appointment of new Ministers and the requirement to develop new Strategy Statements.

## Recruitment and Promotion

As part of the Renewal Plan there was a key commitment to strengthen the resourcing model by opening up recruitment and promotion processes and the expansion of career and mobility opportunities. Since the opening up of recruitment in October 2014, there have been 8,004 appointments to the Civil Service across all levels from Clerical Officer to Principal Officer through open competitions.

### **Civil Service Mobility Scheme**

Civil Service Mobility is one of a number of arrangements to be put in place to fulfil the requirements of Action 15 of the Civil Service Renewal Plan (Expand career and mobility opportunities for staff across geographic, organisational and sectoral boundaries). The Civil Service Wide Mobility Scheme will generate an open, fair, transparent and practical system that facilitates effective mobility of staff across the Civil Service in pursuit of development opportunities and relocation while also supporting the needs of the business.

The scheme is being implemented on a phased basis. Phase 1A of the scheme which launched on 13 November 2017 facilitates mobility for the general Civil Service grades of Clerical Officer (CO) and Executive Officer (EO) between and within 46 zones. There has been a high level of interest in the scheme with c.3,000 staff members (62% CO: 38% EO) applying for Mobility and making an average of 7 application choices in the first three months of operation. Local HR Divisions may offer Mobility opportunities from Phase 1A of the scheme with effect from 15 March 2018.

Phase 1B of the scheme will facilitate mobility for the general Civil Service grades of CO and EO within the zone of Dublin and Phase 2 will facilitate mobility for the general Civil Service grades of HEO, AO and AP. These phases remain under development and will launch at later dates.

### **Principal Officer Mobility**

An Interdepartmental Principal Officer Mobility Policy was implemented in July 2015. To date, 58 Principal Officer posts have been advertised and 26 posts filled through mobility. 22 were not filled, and 10 are still under consideration.

## Diversity

Work continued on the development of actions to support gender balance at the senior levels of the Civil Service. As part of the Civil Service Renewal Plan, the ESRI were asked by the Department of Justice and Equality to carry out a study to investigate the factors associated with gender imbalance at the higher levels of the Civil Service. This study will inform the development of the actions to promote gender equality in the Civil Service. In addition, the *People Strategy for the Civil Service 2017-2020* includes a commitment to the development of a new diversity and inclusion policy. This is among the initiatives being taken by the Department to address our public sector duty, as provided for under the Irish Human Rights and Equality Commission Act 2014.

### **Strengthening Professional Expertise within Corporate Functions**

In 2017, the Civil Service Human Resource Division initiated work on Civil Service Renewal Action 14. This involves providing governance and coordination in respect of the professionalisation agenda of Human Resource Management, Finance and ICT in the Civil Service by strengthening professional expertise within these corporate functions. The Project team continues to work alongside the Heads of Profession of these functions to facilitate the implementation of their respective professionalisation strategies.

### ***Build, Support and Value Managers as People Developers*** **Senior Public Service (SPS)**

The new *SPS Leadership Development Strategy 2017-2020* was published in 2017. It provides for a more integrated approach to the development of the Senior Public Service (SPS) as a unified leadership cadre, by encompassing cross-cutting initiatives including the Civil Service People Strategy, talent management and the new performance management process for senior levels.

In 2017, the SPS Secretariat continued to support the development of the senior leadership cohort through Executive Coaching, Assistant Secretary mobility, networking events and tailored learning and development, informed by performance review processes and staff engagement. In 2017, this included:

- 56 participants in the latest tranche of Executive Coaching;
- 5 Assistant Secretary Networking Events in addition to the Annual Conference; and
- A new mentoring programme aimed at provided support for newly appointed Assistant Secretaries and Principal Officers undertaking the Executive Leadership programme.

The SPS Secretariat also continued to manage the mobility process for SPS members and ten Assistant Secretary level posts were advertised in 2017.

### **Public Service Sick Leave**

The statistics for the Public Service Sick Leave Scheme for 2016 were published by the Department and record the impact of the cross-sector reform of sick leave in the Public Service. The Public Service Sick Leave Statistics for 2016 show the rate of sick leave is 4.1% and on average 8.9 working days were taken per Full-Time Equivalent (FTE), this is an increase from 2015 and thus a cause for concern. DPER are monitoring sick leave across the public service on an ongoing basis, and have set up a Civil Service Management Board sub-group dealing with absence this year. The scheme has nevertheless resulted in significant savings to the exchequer, with a cumulative saving of €137.8 million since 2013. A review of the Public Service Sick Leave Scheme has been completed and consultations with staff representatives across the Civil Service are taking place on the introduction of changes to the Scheme aimed at improving its operation and equity.

### **Strengthening Performance**

The Civil Service People Strategy provides a robust framework through which the Civil Service HR Division will work with HR Units and managers at all levels across the Civil Service to re-emphasise the people role of the manager. The review process for SPS grades (other than Secretary General) was introduced in 2016, and continued to be administered and supported by the SPS Secretariat during 2017. This process places a strong emphasis on the jobholder's awareness of strengths and areas for personal development and their role in developing the individuals that they manage.

A full roll-out of the Secretary General Performance annual review process took place in 2017. The process is overseen by the Performance Review Group, which comprises an external member of the Civil Service Accountability Board, the Secretary General of the Department of Public Expenditure and Reform and the Secretary General to the Government. The Performance Review Group will report to the Civil Service Accountability Board on the operation of the overall process. This process is also supported by the SPS Secretariat, which is based in the Department.

### **Underperformance Policy and Line Manager Training**

A new Management of Underperformance Policy and a new Disciplinary Code was introduced for the Civil Service in 2016. In the context of rolling these out, a contract for training line managers across the Civil Service was put in place in February 2017 and by

year end approximately 9,500 line managers were trained. This training will continue in 2018 and it is anticipated that a further 3,500 (approx.) line managers will be trained.

A key initiative under the People Strategy during 2017 was the development of a pilot centre of expertise (CoE) to offer support and advices to HR Units on the topics of Leaves, Discipline, Underperformance, Grievance, Dignity at Work and Probation. The Departments of Agriculture, Food and the Marine, Justice and Equality, and the National Shared Services Office are participating in the pilot CoE, which is being implemented during 2018.

### ***Executive Leadership***

During 2017, two structured development programmes for SPS and Principal Officer levels were piloted, based on agreed talent management principles. Both programmes launched were delivered throughout 2017, with 20 participants at SPS level and 40 participants at PO level, representing a wide range of Government Departments and Offices.

## 6. Public Service Reform

### Our Public Service 2020

*Our Public Service 2020*, which was published in December 2017, was developed with input from a wide range of sources, including the public and public servants. It is designed to address the key issues raised through consultation. The framework offers a structure to deliver changes by 2020 and beyond. It identifies 18 actions to implement in order to deliver better outcomes for the public and to build a responsive and agile public service. The framework is based on three pillars:

- Delivering for our Public;
- Innovating for our Future; and
- Developing our People and Organisations.

*Our Public Service 2020* has a strong emphasis on innovation and on working collaboratively and working better across whole of government. The framework emphasises the importance of digital delivery and data in achieving greater efficiency. It also has a strong focus on organisations and people with actions in areas such as strategic human resources, employee engagement, performance management, and culture and values. As we implement *Our Public Service 2020* we will ensure that the public service takes account of the public sector duty in the provision of services and in how it engages with the citizen. Also there is a much greater focus on achieving real change and outcomes, and a Reform Evaluation Unit was set up in 2017 to support this. The unit will also ensure stronger links between expenditure and reform.

The final *Progress Report on the Public Service Reform Plan 2014-16* was published by the Reform and Delivery Office in July 2017 alongside an *OECD Assessment of the Public Service Reform Plan 2014-2016 (PRSP 2014-2016)*. The Assessment noted that the PSRP 2014-16 was by-and-large successful in terms of completing the majority of the activities it set out. It also identified key learnings for the future and these have been taken into account in framing *Our Public Service 2020*.

The two publications coincided with the launch of a public consultation on the next phase of public service reform which fed into the development of *Our Public Service 2020*. Also published in July were two case studies on reform (on INTREO and the Office of Government Procurement) and a further case study on Tusla was published in September 2017.

### IPA Public Sector Trends Report 2017

The *Institute of Public Administration Public Sector Trends Report 2017* had many positive findings on the performance of Ireland's public services, including:

- Ireland's Public Administration is 1<sup>st</sup> in the EU28 for being the most professional and least politicised;
- Ireland is 6<sup>th</sup> in the EU28 for the quality of its public administration (a relatively consistent score over last three years); and
- Ireland is 5<sup>th</sup> in the EU28 in the rating of perceptions that Government decisions are effectively implemented.

### Public Service Reform Conference

Around 400 delegates representing 105 organisations from across the public service attended the Public Service Reform Conference in the Printworks, Dublin Castle in September 2017. The conference was built around three parallel sessions where 11 speakers presented experience and insights from across the public service on innovation, evaluation and digital and data.



### Quality Customer Service

To promote quality customer service across the Civil Service the Reform Delivery Office (RDO) in the Department held three meetings of the Quality Customer Service Officer's Network in 2017, and organised the annual Customer Service conference in December 2017.

A [Customer Communications Toolkit for the Public Service](#) was published in June 2017. The toolkit was developed by the Quality Customer Service Officers' Network in collaboration with the Centre for Excellence and Universal Design. It includes guidance on general writing style principles, verbal and non-verbal communications, design of forms and documents, web and social media content and how to display signage. The Reform and Delivery Office will promote the toolkit by hosting it on the [Reform Office portal](#) and circulating it widely across the public service.

The results of the [Civil Service General Customer Satisfaction Survey 2017](#) found overall satisfaction levels for service delivery and outcomes are the highest recorded to date. 83% of customers were satisfied with both the service received (up from 76% in 2015). 82% were satisfied with the outcome of their most recent contact (also up from 76% in 2015), and 87% said service levels are mostly meeting or exceeding expectations (up from 83% in 2015).

### Business Process Automation

The Reform and Delivery Office successfully piloted business process automation across four Government Departments/Offices throughout 2017. The Department of Public Expenditure and Reform also part-sponsored a business process automation pilot project in the Housing Assistance Payment Shared Service Centre in Limerick City and County Council, which is expected to be implemented by March 2018.

### Benefacts

The Department and the Ireland Funds co-fund [Benefacts](#). Benefacts continues to provide a high quality service around the collection, classification, cleansing and reporting of regulatory data on the entire not-for-profit sector. This information is made available to the public through an easily [searchable online database](#). Benefacts also provides an [Open Data file](#).

### Openness, Transparency and Accountability

In 2017, the Department continued its reform programme aimed at delivering open, accountable and ethical government.

### Open Government Partnership

The individual commitments in the Open Government Partnership National Action Plan 2016-2018 are on target for delivery by the end of the Plan's timeframe in June 2018 and these are aimed at advancing the objectives of the Open Government Partnership. Of the fifteen commitments in the plan, one has been completed, six have been substantially implemented, the implementation of six has been limited and two haven't been started. Detailed reports on the implementation of each commitment are available on the [OGP Consultation Portal](#).

### Open Data

During 2017, work continued on the implementation of the Open Data initiative which has the potential to lead to more open, transparent and accountable administration and to reap significant benefits. During 2017, Ireland was ranked overall first place in terms of [Open Data Maturity](#) across the EU 28+ countries assessed in a report published by the European Commission. The measurement was built on two key indicators – Open Data Readiness and Portal Maturity. The open data portal also received an eGovernment Award in 2017.

At end 2017, the national [open data portal](#) contained links to approximately 4,800 datasets from 100 publishers. A single supplier framework agreement for the provision of Open Data training was put in place during the year and the roll out of open data training to public bodies subsequently commenced in September. A multi supplier framework for open data technical support was also put in place to assist public bodies in areas such as data cleansing, data anonymization etc.

Following the success of the 2016 pilot, an [Open Data Engagement Fund for 2017/2018](#), was launched in October to promote use of datasets on the open data portal. A total of 24 applications were received and funding of €30,000 was paid to the 13 successful applicants. The Department participated in a number of conferences and seminars during the year.

## **Legislative and Public Governance Measures**

### ***Freedom of Information***

A modernised, consolidated, restructured and more accessible Freedom of Information Act 2014 was introduced in October 2014. The Minister made a regulation, SI 53/2017, regarding the class of individuals who can make certain types of requests.

Throughout 2017, the FOI Central Policy Unit in the Department provided support and advice to citizens and to some 600 FOI bodies through its helpdesk. It chaired 8 FOI Network meetings, presented at a number of conferences and training events, developed new guidelines and maintained and updated the content on the [FOI website](#). A multi supplier framework, providing consistent and appropriate training to FOI officers, decision makers and internal reviewers, continued to operate. A total of 8,500 participants have now trained under this framework arrangement.

### ***Protected Disclosures***

The Protected Disclosures Act, developed by the Department and enacted in 2014, provides a single, over-arching and generally applicable regime for the protection of workers who make a protected disclosure (as opposed to the previous sector-by-sector approach). In 2017, the Department worked with the Office of Government Procurement on developing a multi-supplier framework agreement for the provision of training services for staff in public bodies in relation to the operation of the Protected Disclosures Act and also for services related to the receipt and investigation of protected disclosures for public bodies. The competition for the training services framework was held in the summer of 2017 and the framework was put in place in August. The competition for the receipt and investigation services framework commenced in December 2017 and contracts will be awarded in 2018.

A statutory review of the operation of the Act commenced in July 2017, three years after enactment. Submissions were sought by means of a public consultation process, which resulted in the receipt of 25 submissions, 16 of which were from public bodies. Meetings have also been held with a number of key stakeholders. The Act requires that the review be completed by July 2018.

### ***Regulation of Lobbying***

The Regulation of Lobbying Act 2015 established a web based register of lobbying activity to deliver appropriate transparency on “who is contacting whom about what”. Lobbyists are required to register and make their returns with the [Standards in Public Office Commission](#) if they engage in lobbying activities, with returns required every 4 months. Just over 21,000 returns have been submitted to the lobbying register and more than 1,700 persons and organisations have registered on the lobbying register.

The Department has undertaken the first review of the operation of Lobbying Act, which included a public consultation process. The [Report of the review](#) was published in April 2017 and has been submitted to the Oireachtas. The next review will commence in 2019.

### **Data Sharing and Governance Legislation**

Better sharing of data across Government Departments and agencies is a priority of the 2011-2016 Programme for Government, the [Public Service Reform Plan 2014-2016](#), and the [Public Service ICT Strategy](#). Government agreed to the preparation of legislation to promote and encourage data sharing between public bodies by providing a statutory framework for data sharing for legitimate and clearly specified purposes that are compliant with data protection law, and to improve the protection of individual privacy rights by setting new governance standards for data sharing by public bodies.

Pre-Legislative Scrutiny of the Bill was held by the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach in May 2017, and the Committee issued its [report](#) in July. Work is well underway on the drafting of the Bill, which will be informed by the findings and recommendations contained in the Committee's report. The Bill must also take into account the provisions of the EU General [Data Protection Regulation](#), which was published in April 2016 and comes into effect on 25 May 2018. It is expected that the Bill will be published in April 2018 and commence passage through the Oireachtas immediately afterwards.

### **Public Sector Standards**

The [Public Sector Standards Bill 2015](#) which was published in December 2015 completed Second Stage in the Dáil in January 2016. Committee Stage of the Bill commenced in April 2017 and it is expected that the Bill will be enacted in 2018.

The Bill aims to significantly enhance the existing framework for identifying, disclosing and managing conflicts of interest and minimising corruption risks across the public sector, to achieve a shift towards a more dynamic and risk-based system of compliance and to ensure that the institutional framework for oversight, investigation and enforcement is robust and effective. This Bill consolidates the current legislative framework governing the ethical obligations of public officials and gives effect to the recommendations of the Mahon and Moriarty Tribunals.

### **Engagement with International Organisations**

The Department contributed to Ireland's response to evaluations and initiatives promoted through the UN Convention against Corruption, OECD Working Groups on Bribery and on Public Integrity, and the Council of Europe Group of States against Corruption (GRECO).

### **Code of Standards and Behaviour for Special Advisers**

In line with the Civil Service Renewal Plan, a draft Code of Standards and Behaviour for Special Advisers was developed, under the guidance of the Civil Service Management Board, and in consultation with the Standards in Public Office Commission. It is expected to be published in 2018.

## 7. Digital Government

### Office of the Government Chief Information Officer (OGCIO)

The Office of the Government Chief Information Officer (OGCIO) takes the lead on driving forward the implementation of the **Public Service ICT Strategy**, working together with Departments and agencies across the Public Service. Following approval by Government of the eGovernment Strategy 2017-2022, the Office of the Government Chief Information Officer is also the lead agency in driving forward its implementation.

The Government Chief Information Officer chairs the ICT Advisory Board comprising Departmental CIOs and Heads of ICT, to oversee the implementation of the Public Service ICT Strategy and in particular the 18-Step Action Plan agreed in 2016. The Government Chief Information Officer also reports at regular intervals to the Civil Service Management Board to keep them updated on progress.

In addition to direct sectoral engagements, the Government CIO recently hosted the inaugural session of a public-service wide group to establish further opportunities for collaboration and implementation of the Strategy.

In addition to implementing the two strategies, the OGCIO is the ICT service delivery partner for the Department, including the National Shared Services Office and the Office of Government Procurement, as well as the Department of Finance. Through 2017, the OGCIO continued to develop and enhance ICT services in line with the needs of these organisations as they continue to expand. The OGCIO now provides core ICT services to in excess of 2,000 users across over 20 sites nationwide, as well as providing line-of-business support and high-level strategic ICT advice to the Department and the Department of Finance.

Some key highlights from the OGCIO internal work programme during 2017 include:

- The establishment of new mobile telephony services contract has delivered improved pricing and enhanced the security measures around the management and support of the Departments' mobile handset fleet. In addition, the introduction of this new contract facilitated the replacement of all unsupported mobile phone handsets with new cost effective and fully supported devices;
- The implementation of a new Managed Print Services Solution across the organisations has delivered reduced overall print costs due to rationalisation of the print fleet and single click charge irrespective of device, it has also improved security measures relating to the release of confidential documents, improved overall energy savings and provides greater printing flexibility to staff;
- The WiFi Infrastructure Upgrade project was initiated, this enhancement delivers greater coverage and mobility, improves security and performance and facilitates more concurrent users;
- The completion of the PC refresh programme ensured that all end of life computers were decommissioned and replaced with fully supported new computers; and
- The OGCIO supports digital service delivery and innovation initiatives across the Public Service through the development and application of a range of ICT policies; has oversight of ICT-related expenditure by Departments and agencies to ensure this is aligned with the ICT Strategy; and, represents Ireland at EU level in relation to public service ICT, eGovernment, and Government CIO working groups and fora.

### Public Service ICT Strategy Key Achievements 2017

The 18-Step Action Plan to drive forward the implementation of the PS ICT Strategy was the outcome of collaboration between the Government CIO and department CIOs and Heads of ICT and takes forward the five strategic themes of the strategy: Build to Share, Digital First,

Data as an Enabler, Improve Governance, and Increase Capability. Good progress continues to be achieved in implementing the Action Plan and the Strategy which is now also underpinned by the eGovernment Strategy 2017-2020 launched in July 2017. A summary of the wide range of initiatives underway is set out below.

### **Build to Share**

The proof of concept for the private Government Cloud solution has successfully completed during 2017. This project will now move into pilot phase in 2018. The private Government Cloud service will mean that smaller departments and agencies will not have to support their own hardware platforms and also exploit opportunities to maximise the value of the hardware through sharing and re-use. In addition an opportunity for sharing infrastructure with regard a Public Service Data Centre is currently being progressed.

Plans are well advanced to develop new models for the delivery of Common ICT Desktop Services and include projects to implement best practice layers of governance, engagement, and stewardship. The Department of Rural and Community Development will be the first customer of this new service in 2018.

The study to establish the best means to commission a Public Service data centre which would satisfy existing operational risks and future growth and demand from Public Service Bodies was completed in Q1 2017. The business case proposing the building of a shared Government Data Centre, to complement existing government data centres, is supported by the Civil Service Management Board and in Q4, the Department began initial engagements with OPW producing the high level design elements of this Data Centre.

Government Networks offers cost-effective, resilient, carrier-grade, high speed network services for voice, video, and data, to all Public Service Bodies enables secure inter-agency connectivity. In 2018 Government Networks will expand the provision of high speed, high capacity networks to smaller towns that have heretofore relied on lower capacity links. Public Service Bodies in approximately 56 towns and cities around the country now have access to high speed, resilient network connectivity and the rollout is continuing nationwide and is currently made up of approximately 300 network nodes. This network will allow Public Service Bodies to directly leverage the new Government Cloud infrastructure currently in initial pilot design and implementation phase.

The central development of a Common Applications Suite for use by all Departments was identified in the Strategy as an opportunity to drive efficiencies and savings. The Common Applications suite is proving a very successful initiative and the current status is as follows:

- eSubmissions, a system to support managing submissions internally in Departments, is currently live in twelve Departments;
- ePQ, managing replies to PQs internally in Departments, is live in thirteen Departments; remaining Departments will go live during the 2018 Summer recess;
- eCorrespondence, to manage correspondence received by Departments, is live in two Departments;
- eDocs records management system is currently implemented in two Departments with two further rollouts scheduled to begin in Q2 2018;
- eFOI, for processing FOI requests, is currently live two Departments; and
- Hive – a collaboration space for the Civil Service is currently accessible by sixteen Departments.

An ongoing rollout programme is well underway to implement these applications across remaining Departments and will continue, on a phased basis, through 2018 and beyond.



**Digital First**

In relation to Digital First, digital government services and the eGovernment Strategy, the OGCIO continues to work with the Department of Employment Affairs and Social Protection to increase the uptake of MyGovID and the Public Services Card, including its use by Government agencies, and to develop the SAFE authentication model, in line with previous CSMB direction. This programme is about enabling Citizens to access Government services online with confidence,

A first-cut version of a Government Online Services gateway, [www.gov.ie](http://www.gov.ie), was launched in December 2017.

In collaboration with the Government's Strategic Communications Unit, the service will continue to be developed, using appropriate consultation within Government and with other stakeholders, including the public and/or their representatives. This initiative aims to simplify and streamline the way in which we access Government services online and provides an intuitive interface which acts as a simple signposting site to a catalogue of all Government digital services. The Gateway will be developed over time through iterative releases, adding more information and functionality for citizens and businesses, becoming a one stop shop for online interactions with Government.

**Data as an Enabler**

In relation to Data as an Enabler, the OGCIO continues to work with the Department of Employment Affairs and Social Protection, the Revenue Commissioners, the Department of Business Enterprise and Innovation, the Central Statistics Office and other stakeholders to develop the concept of a National Data Infrastructure including the initiation of some pathfinder projects that will demonstrate the value of linking data from multiple sources. One of the objectives of this work will be to facilitate better sharing and a stronger analytics capability through the use of individual, business and location identifiers. This work will demonstrate how we might develop better insight and evidence to inform debate about current policy issues, e.g. housing. This will build on the success of a number of analytics projects based on shared data such as the Jobseeker Longitudinal Dataset.

**Improve Governance**

On the Governance front, the OGCIO is working with the departments and agencies to take forward the implementation of Public Service ICT Strategy in the spirit of cohesion and inclusiveness. The ICT Advisory Board, which reports to CSMB through the CIO, Government participates in and oversees the delivery of the 18 Step Action Plan. In addition, the Government CIO has been set up to encourage dialogue and ideas sharing between central and local Government, HSE, Garda Síochána and Education.

**Increased Capability**

To address the Increase Capability pillar, the OGCIO, supported by the ICT Advisory Board and Head of Civil Service HR, has developed an ICT HR Professionalisation Strategy. The ambition of this strategy is to ensure that the Civil Service has the right blend of skills, knowledge and expertise available internally to deliver effective digital government services to citizens, businesses and civil servants. This strategy, by aligning with the wider Civil Service HR Strategy and industry best practice, could be used to test the concept of wider Civil Service planned initiatives on professionalisation, particularly with regard to recruitment, talent management and continuous professional development (CPD).

**eGovernment Strategy 2017 - 2020**

The eGovernment Strategy 2017 – 2020 was approved by Government and published in July 2017. The Strategy is underpinned by the Government's commitment to be open, flexible and collaborative with our citizens and businesses, using digitisation and technology to increase efficiency and effectiveness and constantly improve public services. It calls out a



number of key principles which will underpin its implementation. These are: Digital by Default; Once only principle; Inclusiveness and accessibility; Openness & transparency; Cross-border by default; Interoperability by default; and Trustworthiness & Security.

The Strategy develops the ideas first raised in **2015 Public Service ICT Strategy** and its key principles align to the EU eGovernment Action Plan 2016-2020. The priorities set out in the Strategy will be taken forward through the delivery of 10 key actions as follows: We will develop a Digital Service Gateway; We will maintain an overall Digital Programme plan overseen by our eGovernment Minister; We will develop our existing e-ID capability; We will develop similar plans to facilitate business and location identification; We will enhance our data-sharing capability; We will introduce legislation to support our data-sharing ambitions; We will continue to develop our Open Data portal; We will transform our “back office”; We will ensure appropriate governance is in place; and We will ensure our people have the skills and capabilities to help us move forward.

The OGCIO is the lead agency, working with department and bodies across government, driving forward the implementation of the eGovernment Strategy in alignment with the ideas first raised in the 2015 Public Service ICT Strategy.

### **Engaging at EU and International Level**

During 2017, OGCIO monitored developments and represented Ireland at international activities where relevant. In particular, the OGCIO engaged with EU committees and working groups including: the European Commission’s ISA2 Committee and related groups; and the European eGovernment Action Plan Steering Board. The OGCIO represented Ireland at negotiations at the Council Working Party on Competitiveness and Growth regarding a European Commission Proposal for a Regulation for a Single Digital Gateway [Com (2017) 256]. A General Approach regarding the Proposal was agreed at the Competitiveness Council on 30 November 2017.

In the EU Digital Economy and Society Index, which is a composite index summarising relevant indicators on Europe’s digital performance, Ireland ranks in 8th place of the 28 Member States. Engagement with the EU will continue to be an important focus for OGCIO during 2018.

## 8. Public Procurement

### Public Service Procurement Frameworks

In 2017, the Office of Government Procurement (OGP), together with its four sectoral partners in Health, Education, Local Government and Defence, continued to drive the Procurement Reform Programme. Over the course of the year, the OGP established a wide range of frameworks and contracts to assist public sector bodies in securing goods and services that they need to operate effectively and serve their clients.

During the course of 2017, OGP established a total of 64 additional frameworks, 46 discrete contracts and more than 868 mini competitions to assist public sector bodies in securing goods and services. It now has in excess of 135 active framework agreements and since 2014 has put in place 1,446 contracts/mini-competitions representing an estimated framework /contract value of €13.8 billion and an estimated annual spend of €3.7 billion.

Throughout 2017, the OGP supported on high level procurement and contracting strategies for projects across Government, including the OPW flood management programme, OPW conservation and heritage works, rapid delivery housing, the National Children's Hospital, Haulbowline steelworks remediation and TII's Dunkettle Interchange upgrade works.

OGP also delivered Automatic Border Control Gates (in partnership with the Department of Justice, Border Control and Dublin Airport Authority); a major legal services contact for Tusla (22 lots); and was involved in the procurement of a shared payroll system for the ETB sector and the Civil Service Learning and Development platform which are now at evaluation stage. A Framework for the provision of mobile voice and data services was delivered and will be launched in 2018.

In 2017, the OGP won national procurement awards for the ICT Portfolio which was Procurement Team of the Year 2017 and for the Best Procurement External Collaboration Project of the Year for the Rapid Housing Delivery project in conjunction with the Department of Housing, Planning and Local Government, LGMA and Greater Dublin Local Authorities.

### Public Service Spend and Tendering Analysis Report

In keeping with the OGP's remit to increase transparency in public procurement and to improve data analytics in relation to public expenditure on goods and services, Minister of State Murphy launched the [Public Service Spend and Tendering Analysis Report for 2015](#) in September. The report, prepared by the OGP, analysed just under €4.5 billion, or two-thirds of the 2015 public procurement spend in scope for the OGP and its sector partners. 94% of the analysed spend is with firms within the State and the majority is with SMEs.

### Revised General Procurement Guidelines

The OGP continued to develop the [National Public Procurement Policy Framework](#), the overarching policy framework for public procurement in Ireland. The publication of the [General Procurement Guidelines for Goods and Services](#) in July was a significant development in this regard along with amended Template Documentation (RFTs, Contracts and Confidentiality Clauses) for Goods and Services. Information Notes were also published on the National Public Procurement Policy Framework, the Concessions Directive and the application of same.

The Concessions Directive was transposed into Irish law in May and the Remedies Regulations were amended to take account of the new Procurement Directives in July. These were the final pieces in the transposition of the EU Procurement legislation

## **Engagement with Stakeholders**

### ***Small to Medium Enterprises***

The OGP is cognisant of the need for consultation and engagement with all stakeholders involved with public procurement. As part of that engagement and in accordance with the Programme for Government, Minister of State O'Donovan chairs the Small and Medium Enterprises (SME) Working Group (WG) which is managed by the OGP. The SME WG met in February, May, September and December 2017. Its work included establishing a communications sub-committee to develop recommendations on increasing SME understanding of and participation in the public procurement process. On foot of this work, breakfast briefings will be delivered by InterTrade Ireland in addition to the existing programme of two-day Go-2-Tender training offered to SMEs. A more targeted approach to the "Meet the Buyer" events will be developed in 2018.

Minister of State Murphy hosted regional briefings in UCC, Cork on 3 February, Galway on 24 February, and in Cootehill and Dundalk on 26 May. Minister of State O'Donovan hosted his first regional procurement briefing in Limerick on 11 July. These briefings were held to explain the rationale behind the procurement reform programme, the measures in place to support SME access and to hear any concerns, which in turn helped inform and refine the procurement reform model. As provided for in the Programme for Government, the OGP conducted an external review of the Tender Advisory Service in 2017.

### ***Buyers and Suppliers***

The OGP regularly meets with buyers and suppliers through its participation at various events around the country. In 2017, these included the Procurex Ireland event at the RDS, attended by 600 buyers (from the public and private sector), TenderCon, Taking Care of Business, the HEA Education Procurement Summit, construction industry events, and numerous local events including training sessions offered by Local Enterprise Offices. The OGP also organised a Central Government Communications event, held in March, and attended by budget holders and finance officers as well as procurement and covering progress to date, current suite of arrangements and a review of roles and responsibilities in the procurement process. These events are an opportunity for the OGP to provide practical information and advice to buyers and suppliers about the central arrangements being put in place, how to use the government's national procurement platform eTenders, procurement rules and upcoming opportunities.

A wider communications strategy for the OGP was developed in 2017 for launch and implementation from early 2018. The strategy seeks to further promote engagement from both suppliers and clients as well as raising public awareness of the value of strategic procurement. An early action will include the development of targeted sector-specific brochures to strategically encourage take up of OGP arrangements with key messaging about forward planning and early engagement.

The communication strategy builds on a strong track record of external communications. The OGP also represents Ireland at numerous at international level including European Union Commission and Council Working Groups, and at the OECD

### ***Public Sector Clients***

OGP Key Account Managers (KAMs) continue to engage on a regular basis with senior public sector clients to increase awareness of, and engagement with, central procurement solutions and to support the development of strategic procurement practices. The OGP's Customer Service Helpdesk engaged directly with public sector clients and suppliers throughout 2017 and managed over 11,000 queries, an increase of more than 10% over the previous year demonstrating increased traction with the client base.

Quarterly newsletters issued to stakeholders throughout 2017. Schedules of current and forthcoming arrangements are also published online each quarter and updated at the mid-quarter point. The OGP is represented on social media on Twitter @procurement.ie and will expand this presence onto other social media channels as part of the communication strategy.

### **Increased use of Digital Technology**

In November Ministers Donohue and O'Donovan announced Government's strategy for the increased use of digital technology in the delivery of public works projects that are funded through the public capital programme. The announcement followed an extensive consultation process by the Government Contracts Committee for Construction's (GCCC) with public bodies involved in the delivery of the capital programme and an industry-wide consultation on the basis of a position paper that was published in March 2017. The strategy will see public bodies establishing requirements for the use of Building Information Modelling (BIM) in the design, construction and operation of public buildings and infrastructure on a phased basis over the next 4 years, commencing with the larger, more complex projects, where those operating at that scale are already working through BIM.

The initial months of the Programme saw 2 additional staff being on boarded and engagement with key stakeholders within the OGP's sectoral partners to establish governance, sectoral representation and to raise awareness of the Programme's context and objectives with wider Public Sector.

In 2017, the OGP commenced implementation of Microsoft Dynamics 365 (D365) to support its Customer Service and Sourcing operations. The capability of the Government's national eTenders platform capability was increased through the implementation of Dynamic Purchasing Systems (DPS); Bill of Quantities and improved messaging functionality. Development work started on an integrated electronic ESPD (European Single Procurement Document) solution for eTenders.

### **eInvoicing Programme**

The eInvoicing Programme aims to communicate the obligations of the European eInvoicing Directive (2014/55/EU) and to facilitate and enable Public Bodies achieve compliance with the Directive. A Head of eInvoicing was been appointed in April 2017 and the eInvoicing team has met with and presented to a range of stakeholder groups and forums, including procurement, finance and IT representatives within each of the sectors, and also with the SME working group. The team also facilitated a number of Irish Economic Operators to submit applications for European funding (CEF 2017) for eInvoicing related works that are aligned with the national approach.

The **eInvoicing Ireland** identity information materials via online channels were established in December and initial steps have been taken to procure commercially available eInvoicing solutions to enable public bodies to achieve compliance.

Ireland is now part of a European eProcurement community that contribute to the future developments and direction of eProcurement across Europe. The OGP is also represented at the European Commission within the European Multi-Stakeholder Forum on eInvoicing, which shares experiences of eInvoicing policy, procurement and implementation decisions and outcomes.

### **Supporting Staff**

In 2017 a HR Managers was appointed to the roles in the Office of Government Procurement, bringing to an end the requirement of the DPER HR Strategy Unit to manage their HR functions. To coincide with the launch of the *People Strategy for the Civil Service*

2017-2020, employee engagement sessions were held across all OGP locations to support the development of the OGP People Strategy.

Throughout the year, over thirty staff were on boarded and twenty seven staff have been promoted. The OGP has managed several key recruitment campaigns, including several open competitions for sourcing staff across multiple levels and an internal competition for Key Account Managers. As part of its Corporate Social Responsibility (CSR) agenda, it conducted a series of mock interviews for job seekers under a community employment scheme “Jobcare”.

In 2017, the L&D Unit, delivered a range and depth of learning and development initiatives to the OGP across the organisation including one-to-one Personal Confidence Sessions, Dignity at Work awareness and a variety of OneLearning suite of training programmes. OGP also has a comprehensive further education policy to support staff pursuing third-level academic programmes in a variety of disciplines including public procurement, HR, public management and data analytics. To celebrate academic achievement throughout the organisation, the first Education Award Recognition Event was held in the Custom House Visitors Centre. This was an important recognition event, which provides a mechanism for the organisation to acknowledge employee academic achievements.

## 9. Shared Services

### National Shared Services Office

The National Shared Services Office (NSSO) was established in 2014 as a Division within the Department of Public Expenditure and Reform. The legislation to establish it as a Scheduled Office under the aegis of the Department was enacted in 2017 and came into effect on 1 January 2018. The NSSO leads on the shared services strategy and the implementation of shared services in the civil service. Directly responsible for delivering business shared services within the civil service, it also provides expert guidance and support to other public service sectors in progressing their shared services commitments.

### Civil Service Shared Services

During 2017, the National Shared Services Office continued to deliver HR and pension shared services, progressed the roll out of payroll shared services, and advanced the project to introduce financial management shared services.

The HR and Pensions Administration Shared Service Centre, PeoplePoint, based in Dublin, manages high volume administration activities, providing various HR and pension administration services to customers, including leave, absence, pension and pay administration. 34,800 Civil Servants from 39 Public Service Bodies are receiving their HR and pensions administration services from PeoplePoint.

The Payroll Shared Service Centre, PSSC, is based in three locations; Galway, Killarney and Tullamore. It provides payroll, travel and expense administration to 124,500 payees across 52 organisations, including 60,000 retirees. The centre made payroll and pension payments of €4.2 billion in 2017.

Key achievements in 2017 include:

- The NSSO has almost 125,000 customers, across a wide range of public service organisations;
- Completion of the Payroll Shared Services project – 52 organisations have fully transitioned into the PSSC;
- Progress made in the Financial Management Shared Services Project, with Wave 1 project managers working towards migrating into Finance Shared Services in 2018;
- Establishing an Internal Audit unit and other senior positions, to support the management of the NSSO;
- Establishing a Robotics Process Automation team, to increase efficiencies within the NSSO; and
- PeoplePoint was highly commended in the Contact Centre Management Awards (CCMA) for its work in developing a highly efficient and effective shared services model.

### Financial Management Shared Services

The introduction of Financial Management Shared Services for the Civil Service is underway. This will replace 31 existing finance systems across Government departments and offices and facilitate a consistent method of transaction processing. The new centre, which is scheduled to start providing finance administration services in 2018, will use common technology and standardised procedures to deliver core financial management services to 48 Government organisations. It is expected to yield a sustainable reduction in the annual cost of finance of approximately €15.4m. This will be achieved through a reduction in the cost of support for finance technology and a reduction in the headcount equal to 145 full time equivalents required to provide financial management processing services.



Financial Management Shared Services will make a significant contribution in fulfilling the dual mandate of managing expenditure and transforming the way in which we deliver services. The Centre will deliver tangible improvements in the efficiency and effectiveness of the Government's central finance function. This includes the processing of finance transactions such as payment of invoices, processing of receipts, fixed asset accounting, as well as the general ledger and appropriation accounts audited by the Comptroller and Auditor General.

### **Shared Services in other Public Service Sectors**

The NSSO also has a leadership role in supporting the key Public Service sectors of Education and Skills, Health and Local Government as they advance their individual Shared Services Plans. Shared Services projects are progressing within each area, in line with their individual Shared Services plans.

The Sectors Leaders Network, made up of senior members of the four public service sectors, met several times in 2017, working together to improve shared services delivery within the public service. In October 2017, the network organised the first Shared Services in the Irish Public Service conference. This was attended by 230 people working in public service shared services.

Health Business Services (HBS) was established in 2014 to modernise the services previously provided under the former Health Board structure into a national multi-functional shared services structure within the Health sector. Operating within a strong governance structure, the HBS portfolio of service includes Estates, Procurement and Enterprise Resource Planning Services along with the transactional elements of Finance and Human Resources. HBS is currently scoping a significant programme of work which will drive the introduction of a standard national HR and payroll system and facilitate the consolidation of the existing number of payroll and HR operational sites located across the country.

The implementation of the MyPay project, a Payroll and Superannuation Shared Service for Local Government is progressing. There are more 25 local authorities, as well as the LGMA, live in the MyPay Shared Services Centre (SSC).

The Education and Skills sector also has a number of shared services projects either planned or underway, which includes:

- Payroll and Financial Management Shared Services for the Education and Training Boards.
- Payroll Shared Services serving 60,000 payees in the Higher Education sector.
- The sector also supports existing initiatives such as the SUSI ICT infrastructure project.

## 10. Supporting Our Staff to Achieve Their Mission

The HR Strategy Unit is responsible for the development and delivery of the Department's HR Strategy and for the provision of a wide range of HR services. The Unit is a key enabler that allows the Department to fulfil its core expenditure and reform objectives by ensuring that staff make the most effective contribution possible and possess the skills and knowledge required to meet these demands.

In 2017, we launched our People@PER strategy 2017-2020. The strategy is based on a number of principles, and a framework to guide the roll-out of people-centred initiatives, supporting the achievement of the departmental objectives and impacting positively on our organisational culture moving forward.

Our approach to developing the strategy was one of ask, align, execute. A process of consultation and engagement in early 2017 was rolled out through a call for action, workshops based on a conversation café format and awareness raising sessions. This allowed us to establish key messages and strategic themes. These themes were then aligned with the DPER Statement of Strategy 2016-2019, Civil Service Renewal Agenda and CSHR Strategy 2017-2020.

A number of initiatives were identified to allow us to deliver on the key strategic objectives set out in the strategy: to achieve our vision of a high-performing organisation with an engaged and inclusive workforce. We are currently rolling out a number of these initiatives. One of the key strategic priorities identified in the People@PER strategy is to 'value diversity and support an inclusive workforce'. The Department proactively embraced diversity in 2017 and a number of activities were rolled out to embed recognition of diversity throughout the organisation. A PERspectives group was also established in order to bring the diversity agenda forward and embed a culture of diversity and inclusion across the department. Reflecting our public service duty, our work in this area will also cover the requirement in the Irish Human Rights and Equality Commission Act 2014 under Section 42 (1).

In 2017, HR Managers were appointed to roles in the Office of Government Procurement and the National Shared Services Office, bringing to an end the requirement of the DPER HR Strategy Unit to manage their HR functions.

### ***HR Business Partnering***

The Business Partnering (BP) function continued to be further embedded across the Department in 2016, positioning itself as a consultancy/advisory service for senior management and staff to draw upon as required. Partnering with divisions to support and drive and change.

A strategic approach to the allocation of staffing resources continues to be embedded across the Department to ensure resources are aligned to business priorities. The Workforce Planning Group continues to meet on a regular basis to review and consider the impact of new HR policy developments / initiatives.

In addition to supporting divisions through facilitating annual Business Planning Workshops, the Business Partners also supported the recruitment and placement of 100 staff in the Department and worked closely with IGEES management on bespoke recruitment campaigns over the course of the year.

The Unit also manages a high volume of transactional HR cases and complex queries. There continues to be a focus on sustaining stable industrial relations through the formal mechanism of Departmental Council and through ongoing engagement with staff side representatives.

### **HR Operations**

The recruitment and selection function continues to play an important role in supporting the Department to deliver on a challenging reform agenda. -Retention continues to present a challenge and in 2017 the Unit recruited 100 staff and managed 90 staff exits, 35% of which were staff leaving on promotion.

The departmental induction programme is recognised as important, especially for new recruits to the civil service and 7 sessions took place in 2017. There was also 1 AO IGEES induction session. An enhancement to the Induction Programme introduced last year has been a success and received good feedback.

### **Organisational Development**

The ONE HR Learning and Development Strategy 2015-2017, sets out the Department's learning and development vision, mission and goals, and continues to be implemented. 393 members of staff participated in one or more formal learning and development initiatives in 2017 with a total of 1,744 formal training days been recorded, averaging 4.4 formal training days. This represents an increase of over 33% since the inauguration of the Strategy in 2015. The Strategy has provided the platform for organisational learning and development across the Department and has been instrumental in embedding a continuous learning culture and mind-set. It was awarded 'Best Learning & Development Strategy' at the Irish HR Leadership and Management Awards 2017 and was a finalist in the UK HR Excellence Awards 2017.

All of the learning and development interventions were complimented by a comprehensive Post-Entry Education Scheme supporting 23 staff pursuing academic programmes in a variety of disciplines including finance, business and economics, HR, policy analysis, legal studies, information systems and public management. Continuing professional development (CPD) is a key component in the up-skilling of staff and their professionalisation. CPD was facilitated in each division of the Department to cover attendance at seminars, conferences, short public training programmes and subscriptions to professional bodies.

### **Corporate Management**

The Department's Corporate Office continued to provide corporate support to the Secretary General, Management Board and the Department more generally including administration and processing of Parliamentary Questions, Data Protection Requests, Statutory Instruments, eCabinet Memoranda and Freedom of Information Requests. It also coordinated the Department's approach to governance, risk management and compliance framework.

Key outputs and tasks in 2017 included:

- Preparation of the Department's **Business Plan for 2017 and 2018** and the **Annual Report for 2016**;
- Co-ordination of the management of strategic high level and business unit level risks in the Department and of the input to the National Risk Assessment conducted by the Department of the Taoiseach;
- Updating of the Department's Internal Procurement Policy and Procedures to reflect the publication in July of new guidelines for the public procurement of goods and services by the Office of Government Procurement;
- Updating the Department's **Corporate Governance Framework**. In parallel, a Governance Framework in relation to the delivery and development of ICT for the Department was developed with the Office of the Government Chief Information Officer; and
- Development of a systematic approach to Knowledge Management for the Department. This was underpinned by:

- the development and implementation of Corporate Policy Guidelines to support the development, approval, maintenance and review of corporate policies, particularly in the areas of Corporate Governance and HR;
- the development of information management guidelines setting out how the primary repositories for the information of the Department should be managed; and
- work in conjunction with the Press Office and divisional representatives to revise and transform the Department's intranet into a "one stop" navigation hub for sharing and accessing key corporate information and support materials.

A new Finance Unit was established to manage the financial arrangements for the Department which include: Preparing the Appropriation Accounts; Creating the Department's annual Estimates; Providing business support and advice to the Department's divisions; Enhancing financial governance, compliance and procedures; and Leading and preparing the Department in the transition to Financial Management Shared Services.

### **Providing Assurance to the Secretary General: Internal and EU Audit**

The Internal and EU Audit Unit provides an internal audit service to the Department of Public Expenditure and Reform and the Department of Finance and is the designated European Regional Development Fund (ERDF) Audit Authority for Ireland as required by European Union regulations.

The Audit Unit completed seven internal audit reports for the Department of Public Expenditure and Reform in respect of its 2017 Programme of audits. These have resulted in recommendations to improve various business-critical aspects of the Department's processes. In addition, the Audit Unit provided significant support to the National Shared Services Office in the development and oversight of a robust and extensive assurance regime across the shared services programmes, primarily relating to the Human Resources (PeoplePoint) and Payroll Shared Services. As part of its shared service internal audit agreement with the Department of Finance, the Audit Unit completed five internal audit reports in respect of its 2017 programme of audits and reported results to the Department's Audit Committee.

### **Office of the Chief Medical Officer (CMO)**

The CMO delivered an efficient and cost effective occupational health service as well as policy advice on occupational health matters to the Civil and Public Service during 2017. The CMO had extensive involvement in updates to the existing sick leave/critical illness pay/capability processes, as well as providing ongoing assistance to the State Claims Agency and the Office of Government Procurement.

The CMO published a Review of Sick Leave Referrals 2014-2016 which found that with 2 year follow up almost all cases referred to the CMO's Office are resolved. It also **upgraded its website** to with a new dedicated HR login area which assists HR and local management with health and work issues. Updated Prison Officer Recruit Medical Fitness Standards were also published.



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Public Expenditure and Reform



Rialtas na hÉireann  
Government of Ireland