



2013 Progress Report to the Minister for Public Expenditure and Reform

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1. Introduction, Context and Overview

In accordance with the Public Service Management Act 1997, a Strategy Statement for a period of three years is prepared and presented to each Minister. The two overriding strategic priorities of the [Department's Statement of Strategy 2011-2014](#) were:

To manage public expenditure at more sustainable levels in a planned, rational and balanced manner in support of Ireland's economic performance and social progress, and

To have public administration and governance structures that are transparent, efficient, accountable and responsive.

These two priorities are complementary and inter-locking. Driving the reform agenda helps make public expenditure more sustainable and the firm management of expenditure is itself a spur to reform.

The Public Service Management Act of 1997 also requires a report to the Minister on progress in meeting the objectives set out in the strategy statement.

The Statement of Strategy 2011-2014 tasked the Department with a very ambitious programme of change and reform over a short period. This was to take place in an environment that was never more challenging, given the imperative to regain our economic sovereignty, support economic growth, promote employment and maintain social cohesion. This Report sets out how this Department endeavoured to meet its objectives under the Statement of Strategy to sustain and support the overall national recovery effort.

2013 was a crucial year in Ireland's economic recovery and the end of the year saw Ireland successfully exit from the international assistance programme. A basic foundation for the successful conclusion of the troika programme was the stabilisation of public expenditure to a level that was sustainable and supported by the revenues Government can raise. This demanding objective was met. This crucial national priority has been achieved in substantial part due to the endeavours of this Department, supported by other Departments and public agencies, over the period since 2011 and the specific achievements of 2013 set out in this report.

2013 was a very substantial year in terms of the Department's fulfilment of the mission and objectives set out in the Statement of Strategy 2011-2014. Significant progress was recorded across a number of specific areas:

- (i) Overall expenditure targets were met, reflecting the huge efforts in recent years to put public expenditure on a more sustainable and planned foundation, allowing for greater certainty in the management of the public finances and facilitating the allocation of limited resources to where they could best support essential public services;
- (ii) A significant milestone was reached on the road to a more sustainable paybill in the Haddington Road Agreement negotiated with a wide range of bodies representing public servants; the Agreement facilitates reductions in the public service paybill and underpins the delivery of productivity and reform measures to improve and maintain public services within constrained resources;
- (iii) The commencement of the Single Public Service Pension Scheme in January 2013 marks a major step forward in putting the public service superannuation bill on an affordable foundation;

- (iv) The introduction of a revised public service sick scheme will also help to contain paybill costs and increase public service outputs;
- (v) Graduate economists were recruited into the Irish Government Economic and Evaluation Service, which is being developed as a cross-Government professional service by the Department. 2013 saw the Service expanded across most Government departments.
- (vi) The Reform and Delivery Office in the Department drove the implementation of the Public Service Reform Plan across the public service with a particular focus on cost reduction and efficiency measures and commenced the development of a new/second Public Service Reform Plan for 2014-2016;
- (vii) The Government Reform Unit of the Department continued to progress a very substantial body of legislation to reform our political framework, enhance greater transparency and accountability in Government and help increase public trust in State institutions;
- (viii) The Office of Government Procurement has been established as a dedicated office within DPER to co-ordinate and integrate procurement in the public service to secure greater value for money in the procurement of goods and services; this whole of Government approach to procurement will lead to cost-savings which will help maintain and improve public services;
- (ix) The National Shared Services Office has been established as a dedicated office within DPER to pull together common services for Government Departments and other public bodies (such as An Garda Síochána and the Defence Forces) in areas like human resources, payroll and financial management; this will produce economies of scale and cost savings which will help maintain public services;
- (x) The Office of the Government Chief Information Officer was established within DPER to devise and implement an ICT strategy for the Public Service; and
- (xi) The Department made a very substantial contribution to the formulation of the Medium Term Economic Strategy adopted by Government in late 2013.

Medium Term Economic Strategy (MTES)

As Ireland approached the end of the EU-IMF Programme, in December of 2013, the Department, the Department of Finance and other Government Departments drafted the Medium Term Economic Strategy document, A Strategy for Growth. This involved integrating both sector-specific policy initiatives and supports for overall economic recovery across the full range of Government activity. The Government considered and approved the MTES in late 2013. The MTES sets out a coherent and viable plan which will serve to guide economic policy out to 2020, taking over from the stabilisation policies which had formed the background to the EU-IMF Programme.

2. Expenditure Policy and Management

Statement of Strategy 2011 – 2014

- Greater activity regarding medium-term expenditure levels to facilitate planning, structural reform and delivery in line with overall fiscal targets.
- Strict management of public expenditure each year in line with significantly lower available resources.
- Resources allocated having regard to economic and social outcomes.
- Budgetary process reforms to promote certainty regarding the level and broad composition of public expenditure over the medium-term.
- Adherence to the targets specified in the EU/IMF Programme of Support.

Along with the inter-locking and complementary reform agenda, the achievement and management of a sustainable expenditure framework is core to the Department's mission. In 2013, the Department worked closely with other Departments to ensure the objectives set out in the Statement of Strategy 2011-2014 were achieved. The key achievements of the Department can be categorised as follows:

- Managing the estimates process, resulting in Government agreement to an expenditure aggregate for 2014 which helped consolidate the overall endeavour to put expenditure on a sustainable basis
- Management of Voted expenditure within approved ceilings

Managing the Estimates Process

Ireland successfully exited the Troika programme at the end of 2013. The Department liaised and engaged with the Troika on expenditure matters on an ongoing basis and on its analysis of spending trends consistent to meet Ireland's overall fiscal targets. The Department participated in formal quarterly review Troika meetings and negotiated in relation to end Review statements and reports to ensure Ireland's views were reflected and the reports were in line with the discussions which had taken place.

The Department provided advice and options to the Government to inform the 2014 Budget. It set out the proposed allocation of Government financial resources for 2014 to 2016 in the 2014 Expenditure Report. In line with the new harmonised EU timetable, the 2014 Expenditure Report was published alongside the Budget publications on 15 October 2013. Bringing the publication date forward by 2 months from a December deadline required substantial changes to timelines to ensure a successful timely delivery. The Department ensured that the allocations set out in the 2014 Expenditure Report were in order to meet Ireland's fiscal targets.

In the last quarter of 2013, the 2014 Revised Estimates Volume which set out the 2013 outturn and the 2014 expenditure allocations was published by the Department. A new timetable was agreed in line with new EU rules and consistent with Constitutional requirements. This meant that the Revised Estimates Volume was agreed and published in a very tight timeframe by year end. The Department engaged with Oireachtas Committees to ensure timely approval of Estimates by the end of 2013.

Management of Voted Expenditure

Funding for the services and activities of the Government is authorised by the Dáil each year in blocks of expenditure known as [Votes](#). Each Vote is a coherent area of Government expenditure which is the responsibility of a single Government Department or Office. The Department of Public Expenditure

and Reform monitors and manages expenditure by individual Votes and analyses and manages overall public expenditure.

In 2013, the Department:

- monitored expenditure trends throughout the year and advised on any necessary corrective action;
- examined and evaluated proposals from Departments and State Agencies on a value for money and resource optimisation basis and advised on whether or not the proposals should be sanctioned; and
- reviewed and advised in relation to the policy and performance of State bodies.

The Department was responsible for the successful management of expenditure on 23 Votes within approved ceilings in line with significantly lower available resources. Resources were allocated having regard to economic and social outcomes, performance and value for money to relevant Votes.

The Department introduced performance based budgeting in 2013 in the Revised Estimates for Public Services Volume. As a result, the impacts or outcomes that public policy is aiming to influence – health outcomes, public safety, standards of literacy and higher education, energy sustainability, social inclusion and so on – are now set out clearly beside the associated expenditure. Training supports were provided to Departments on the new performance budgeting initiative.

In addition, as part of the Government's wider reforms of the expenditure management process and in line with its commitment in the Government Programme to focus on performance and delivery across public administration, Ireland Stat, a public service performance information web portal, was introduced in 2013.

The Department also progressed the implementation of the agency rationalisation programme to reduce the number of public bodies in 2013. A number of measures were completed during the year including the abolition of the 33 Vocational Educational Committees (VECs) and the merger of the Family Support Agency and the National Educational Welfare Board into the new Child and Family Agency.

Public Spending Code

The Department published the new Public Spending Code. The Public Spending Code is a comprehensive set of expenditure appraisal, Value for Money requirements and related guidance covering all public expenditure. It consolidates existing guidelines, extends the guidelines to cover current expenditure as well as capital investment and introduces new financial thresholds for appraisal and cost benefit analysis.

The Department's Central Expenditure Evaluation Unit, which devised the new Code, also provided training and advisory support to Departments on the new Code. In addition, the Unit held expert sessions on a number of evaluation and policy analysis topics, including on Behavioural Economics and Predictive Analytics.

Public Service Numbers

The Department supported optimal resource allocation by agreeing and implementing Employment Control Frameworks with Departments. In accordance with Government policy, the Department oversaw the reduction in public service numbers from over 290,400 at end 2012 to under 287,800 at end 2013.

Capital investment

The Department launched the second and third phases of the Capital Infrastructure Stimulus Plan in 2013. In June, additional Exchequer investment of €150m for schools, roads and energy efficiency in Local Authority housing was announced. This was followed in October with an announcement that half of the proceeds from the Lottery Licence transaction would be invested in a range of growth enhancing capital projects across the country. The final phase of the Stimulus Plan was announced in May 2014 and all elements are now underway. Additional arrangements were put in place to monitor spend on stimulus projects.

Improved financial market conditions and Ireland's continued economic recovery have led to a marked improvement in market sentiment towards Irish PPP projects and there are now sufficient funders willing to provide finance to our projects. All projects in the 2012 PPP programme announcement have gone to market and there was significant engagement in tendering and funding competitions held during the year. The Department continued to liaise with the Department of Finance and the NDFA in relation to engagement with the EIB, CEB and other potential funding sources.

The Irish Government Economic and Evaluation Service

Following establishment in 2012, the Department focused on putting in place the core building blocks for the development of Irish Government Economic and Evaluation Service (IGEES). IGEES is a professional economic and evaluation service which aims to build economic and evaluation capacity in the Civil Service and provide high standards of economic and policy analysis to assist the Government decision-making process.

IGEES membership grew in 2013 with specialist graduate recruitment to properly resource the new service. The Department put in place appropriate corporate governance structures for the new economic and evaluation service. The IGEES Continuous Professional Development Programme was designed, with roll out in early 2014, and the IGEES website was designed for launch in early 2014.

The inaugural [IGEES Conference](#) on "*Strategies for Sustainable Economic & Employment Growth*" was held in September 2013 to inform the analysis being carried out as part of the development of the Government's Medium Term Economic Strategy. The event was attended by about 100 people working in Government Departments, the wider public service, academia and various research institutes.

Other points of note

Development of Social Impact Investing

DPER played a pivotal role in implementing the Programme for Government commitment to establish a new model of financing social interventions – called social impact bonds – that share audited exchequer savings with charitable and voluntary organisations. Government agreement was secured in October 2013 to establish a pilot programme which aims to find long term sustainable accommodation for homeless families in Dublin.

National Lottery Licence Transaction

During 2013, the Department of Public Expenditure and Reform launched a competitive process, enacted legislation and announced a preferred applicant which culminated in the signing of the new National Lottery Licence on 27th February 2014. The licence transaction yielded an upfront payment of €405m for the State. Half of that amount was received in March 2014. The remaining half was received at end November 2014. The new Licence will commence in late 2014.

3. International Co-operation: The EU Presidency, Cohesion Policy, North-South Co-operation and Climate Policy

Statement of Strategy 2011-2014

- Ensuring that Ireland is in a strong position to contribute to the development of EU Cohesion policy before and during our Presidency in 2013.
- The success of Ireland's Presidency in 2013.
- Progress with North-South co-operation.

One of the key objectives of the Department in 2013 was to make a substantial contribution to Ireland's Presidency of the European Union, particularly in the area of Cohesion Policy. This Department played a prominent role for Ireland in the overall negotiation of Cohesion Policy Regulations in 2013 governing the period 2014-2020, including the Presidency role in progressing consideration by Member States of the Commission's proposals. Most importantly from a national perspective, the Department helped Ireland achieve a significant allocation from the EU's cohesion allocations for the seven years 2014 – 2020. The Department also managed and supervised the continuing implementation of existing EU allocations for regional development, as well as jointly managing with our Northern Ireland counterparts the valuable cross-border programmes.

EU Presidency

Ireland held the EU Presidency of the Council of Ministers between January and June 2013. For this Department, the central issue for which this Department had responsibility was the negotiations on future cohesion policy, which the Irish Presidency had to lead during the six months of our Presidency. This involved intensive inter-action with the European Commission, the other Member States and the European Parliament. In particular, the Department supported the Minister in key Presidency events:

- Plenary meeting between the Government and the European Commission, followed by a meeting on economic and financial issues.
- Meetings in Brussels in the European Parliament and appearance before the Regional Development Committee.
- Bilateral meetings with MEPs on Cohesion policy, Public Procurement and the Staff Regulations.
- Attending, along with the First Minister and the Deputy First Minister of Northern Ireland, a conference hosted by Regional Policy Commissioner Hahn on the EU funded PEACE Programme for Northern Ireland.
- A high level conference on Investing in Europe's regions and cities organised by the Committee of the Regions and the European Investment Bank with the support of the Irish Presidency.
- An Irish Presidency Conference jointly organized by the Regional Assemblies in conjunction with this Department on the contribution of Cohesion and Urban Policy to Economic Recovery followed by a panel discussion with the Vice President of the European Investment Bank.

Cohesion Policy

Cohesion spending in Europe itself lies at the very heart of the growth agenda. It is one of the primary instruments available to the Union to drive investment and to promote growth and jobs in the years ahead, as we strive towards meeting the Europe 2020 goals of smart, sustainable and inclusive economic growth. The Department performed a crucial role in Ireland's presidency of the EU Council

of Ministers in the first half of 2013. Significant progress was achieved in negotiations with the European Parliament on the Cohesion Legislative Package which sets out the regulations governing the European Structural and Investment Funds for the 2014-2020 programming period. Four of the six Regulations that comprise the Cohesion legislative package were agreed together with 90% of the Common Provisions Regulation during the Irish Presidency. This involved representing the EU Council at almost 90 trilogues between it, the European Parliament and the European Commission.

The Cohesion legislative package agreed by the Council of Ministers and the European Parliament in December 2013 consists of:

- A Common Provisions Regulation covering the ESI Funds: the Cohesion Fund, ERDF, ESF, EAFRD and the EMFF;
- Fund specific regulations for each of the Funds; and
- Regulations covering European Territorial Co-operation and European Grouping of Territorial Co-operation.

The overall Cohesion package for Europe in the 2014-2020 period amounts to €352 billion of funding over the next seven years and Ireland will receive over €1.2 billion of this. This represents an increase of 8% in real terms over the 2007-2013 programming period, at a time when the overall EU budget for Cohesion policy was cut by 8%. Of this €1.2 billion, some €951 million is for European Regional Development Fund (ERDF) and European Social Fund (ESF) co-funded programmes in Ireland, with the balance being devoted to European Territorial Cooperation (ETC) programmes.

The Department also played a central role in securing special allocations of €100 million for the Border, Midland & Western Region and €150 million for a new cross-border PEACE programme.

EU Investment in our Regional Development

Significant progress was also made during 2013 in the preparation of Ireland's Partnership Agreement for 2014-2020. The Partnership Agreement, which was concluded in November 2014, is a formal agreement with the EU Commission on the use of the available funding.

The Department also oversees two ERDF Operational Programmes managed by the Regional Assemblies (Southern and Eastern and Border, Midland and Western) for the 2007-2013 round of funding. The 2007-2013 programmes aim to build on the success of the programmes in the previous 2000-2006 round and address new challenges in the regions. These Operational Programmes provide €375 million of ERDF funding to projects in the 2007-2013 period, primarily in the areas of ICT, Innovation and the Knowledge Economy, Environment, Risk Prevention and Accessibility and Sustainable Urban Development and Secondary Transport Networks.

Certification work by the Department resulted in €88 million of EU funding being received into the Exchequer in 2013.

North South Cooperation

The Department worked closely with the Department of Finance and Personnel in Northern Ireland (DFPNI) and the Special EU Programmes Body (SEUPB) on programme oversight and project selection to bring the 2007-2013 PEACE and INTERREG Programmes to full commitment level. The Programmes are valued at €333 million and €256 million respectively. Between the two Programmes, a total of 305 projects have been approved and these are making a significant contribution to the economic and social well-being of the region and to reinforcing a peaceful and stable society.

Significant progress was achieved in developing the 2014-2020 PEACE and North/South INTERREG Programmes, with this Department, DFPNI and SEUPB, playing a central role in guiding and oversight of the development process and in agreeing themes for the new Programmes. The Department also

continued to liaise closely with the Department of Foreign Affairs and other Irish Departments with responsibilities for PEACE and INTERREG themes and/or North South Implementation Bodies to provide advice and resolve issues ranging from financial to political in this sensitive area. During 2013, the Department reached agreement with DFPNI on appropriate staffing levels for SEUPB following a staffing review conducted in 2012. We also worked closely with DFPNI to agree and issue joint guidance for North South Implementation Bodies, Corporate Plans (2014-2016) and Business Plans (2014), including an agreement for a minimum efficiency saving of 4% per annum.

Enhanced evaluation of climate policy

The Department also made significant progress in promoting economic evaluation of climate policies by Departments and in promoting at central government level a mainstream awareness of this developing policy area that will have wide ranging impacts across sectors. The Department also pressed the need for an economic perspective to inform national policy positions.

The Department's staff worked at EU level during the EU Presidency at Working Group levels to influence the inclusion of cost efficiency and cost effectiveness into suggested policy positions. In addition, the Department organised a joint seminar on climate finance strategy, with the EU Commission and had considerable drafting input into the EU submission on Strategies and approaches of the EU and its Member States for mobilising scaled up climate finance in line with internationally agreed goals by 2020.

4. Labour Market Activation

Statement of Strategy 2011 – 2014

- Better targeting of public spending in support of enterprise and employment growth.
- A greater emphasis on labour market activation measures and job creation.

Activation, Education and Training

In 2013 DPER strongly supported the Government's priority of activating the long term unemployed – which was restated as part of the updated 2013 Pathways to Work Strategy. DPER focused on discrete actions that would realise this commitment, utilising the reporting structure of the Cabinet Committee on Labour Market Issues to press implementation.

On the direction of the Cabinet Committee, DPER established and chaired the Inter-Departmental Group which set targets for long term unemployed participation on Department of Social Protection activation programmes and Department of Education and Skills further education and skills. Over 80,000 places were reserved for the long term unemployed, the first time resources had been ring-fenced for this cohort on such a large scale. The Inter-Departmental Data Group also examined the data systems and linkages required to track and evaluate inputs, outputs and outcomes of the €1.6bn spend on activation. Identifying the existing data deficiencies allowed DPER to push for necessary improvements.

To overcome a resource gap in the number of case officers available to provide activation services to the long term unemployed, DPER assisted DSP on the design of an outsourced service - testing scenarios and quality assuring advice received from a UK consultancy. As a result of DPER's constructive engagement, a Troika commitment to publish a request for tender was met; the service to be delivered will be more focused on the existing stock of long term unemployed; and overall project costs will be considerably less than first projected.

DPER also provided NESC with input and guidance for the Strategic Review of Education and Training for the Unemployed, another Troika commitment. This review helped affirm the long term unemployed as a priority group for the delivery of further education and training services.

DPER played an important role in monitoring and reviewing DSP's implementation of Pathways to Work 2013. DPER ensured more emphasis on data collection and reporting/tracking and implementation of the recommendations of the Geary report and encouraged DSP and DES to put in place effective arrangements for the delivery of appropriate further education and training interventions for priority *Intreo* clients. We were also involved in the ongoing negotiations around introducing outsourced case management services in DSP (JobPath).

In line with the Government's reform agenda, DPER facilitated where possible the institutional re-organisation of the activation system including:

- the establishment of INTREO offices which combined FÁS guidance services and DSP payments processing into one integrated services;
- the establishment of SOLAS to provided strategic direction and funding to the further education and training sector; and

- the amalgamation of 33 VECs and the former FÁS training centres into 16 Education and Training Boards for the delivery of further education and training services.

The Department also participated in the Advisory Group on Tax and Social Welfare, which was in the process of reviewing working age income supports. The group is concerned with how the social welfare system can best achieve its goals of supporting persons through periods of involuntary unemployment, while incentivising work and discouraging welfare dependency.

Finally, DPER played a central role in agreeing changes to the Back To Education Allowance scheme to be implemented from 2014 onwards, including the provision that all BTEA approvals should be the subject of approval from a DSP case officer who should sign off on the Allowance on the basis of its potential for helping the applicant back into the labour force and to access employment, thus ending self-selection. A further provision is the introduction of suitable information systems and tracking processes should be put in place to enable us to support the monitoring of outcomes under the BTEA scheme and post-BTEA progression and to inform future policy decisions.

5. State Assets

Statement of Strategy 2011-2014

- More effective use of all State assets and management of State asset disposals
- More cost effective investment in key networks of the economy and effective management of State asset disposal proceeds

State Assets

DPER coordinated and oversaw significant progress on the Government's State Assets Disposal Programme in 2013.

The Bord Gáis Énergy sale transaction was launched and successfully managed in 2013 to the point where a bid from a consortium comprising Centrica plc, Brookfield Renewable Power Inc and iCON Infrastructure, with an associated enterprise value of up to €1.12b for the business, was recommended to Ministers and accepted by them. The Ministers announced the appointment of the consortium as Preferred Bidder in December 2013. (The sale subsequently completed in June 2014).

ESB completed the sale of the first of two overseas asset sales (Marchwood in the UK) in November 2013, at a price which was in excess of expectations and which realised almost €153 million in dividends for the Exchequer in 2014. The sale of the second overseas asset (in Spain) was close to completion by the end of 2013, while planning for Phase 2 of ESB's asset disposal programme (the sale of its two peat stations - West Offaly Power and Lough Ree Power), announced in October 2013, was also well advanced by end-2013, with financial advisors for that transaction appointed in December.

Following detailed consideration of the analysis undertaken on the prospects for, and implications of, a sale of the Coillte's harvesting rights, Government agreement was secured in June 2013 for a changed approach in relation to Coillte. Rather than proceed with the proposed harvesting rights transaction at this time, it was decided that the focus instead should be on restructuring and streamlining Coillte as a company, to address a number of issues which had been surfaced by the detailed review of the company. In this context, consideration was subsequently given to how to progress a merger of Coillte with Bord na Mona, to create BioEnergy Ireland as proposed in the Programme for Government, with a report to Government on the matter being available in draft form in December 2013.

A proposal for a major investment in Coillte's SmartPly business was also progressed in 2013 and, after lengthy consideration, Ministerial approval secured for the investment subject to a number of conditions being met by Coillte.

6. Political Reform

Statement of Strategy 2011 - 2014

- A more accountable public service and more effective administrative and democratic structures.
- Improving Structures and norms of administrative governance and democratic accountability.
- Legislation prepared in line with Government's programme for more effective democratic structures.

Protected Disclosures

The Protected Disclosures Bill 2013 represents best practice and meets highest standards internationally. The main objective is the protection of workers in all sectors of the economy against reprisals in circumstances where they make a disclosure of information relating to wrongdoing in the workplace. It provides for a stepped disclosure regime in which a number of distinct disclosure channels are available and provides important protections including a provision allowing for the making of an application to the Circuit Court for an order of interim relief by a worker unfairly dismissed for having made a protected disclosure. Having been introduced into Seanad Éireann, the Protected Disclosures Bill 2013 passed all Seanad stages on 20th November 2013(1).

Freedom of Information Bill

The Freedom of Information (FOI) Bill which effectively reverses the restrictions to FOI introduced in 2003, extends FOI to all public bodies and introduces a number of important reforms and improvements to Ireland's FOI regime was published in 2013, following an extensive consultation process. (2)

FOI Draft Code of Practice

In 2013, a focused, targeted and time-bound review of the operation of FOI was undertaken by an External Review Group comprising academics, journalists and civil society representatives and informed by a Public Bodies group. The findings led to the development of a comprehensive draft Code of Practice, which will be finalised on enactment of the FOI Bill. The FOI Central Policy Unit continued to provide support and expert advice to users and public bodies throughout the year.

Ethics

A substantial review of the existing ethics legislative framework was undertaken in 2013, including consideration of the recommendations of the Mahon and Moriarty Tribunals and other relevant recommendations, as well as international best practice. Development of the Heads of a General Scheme for a comprehensive, reformed and modernised Public Sector Standards Bill was progressed.

Statute Law Revision Project

The Statute Law Revision Programme has continued with analysis of legislation and preparation of schedules for statute law revision bills. In July 2013, Government approved the drafting of a number of Bills to repeal spent and obsolete primary and secondary legislation. A scoping exercise was carried out in relation to post 1922 primary legislation.

Open Government Partnership

Government approval was obtained for Ireland to become a member of the international Open Government Partnership (OGP) initiative which aims to support transparency, empower citizens,

combat corruption and use new technologies to strengthen governance. Following a competitive tendering process, Transparency International Ireland was engaged to carry out a public consultation process – three public meetings were held and a number of submissions were made. As a result, a report containing a number of recommendations was submitted to the Minister in October 2013, for analysis and potential inclusion in Ireland’s first OGP National Action Plan. The Minister attended an OGP Summit in London late October and made a number of important commitments around Open Data, which are being implemented through the OGP National Action Plan. Ireland’s participation in the OGP brings further cohesion to the legislative and public sector reform initiatives and will provide on-going scope for further reform.

Registration of Lobbying Bill 2014

Work continued during 2013 on the development of legislative proposals designed to introduce a register of lobbying to make information available to the public on the identity of those who are communicating with Government and senior civil and public servants on public policy matters. The Government approved the drafting of the Regulation of Lobbying Bill. The General Scheme of the Regulation of Lobbying Bill took into account the contributions received from interested parties as a result of extensive consultation processes. The Oireachtas Joint Committee on Finance, Public Expenditure and Reform for pre-legislative scrutiny in May 2013.

Oireachtas Inquiries

The Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 was enacted by the Houses of the Oireachtas in July and commenced in full on 25 September 2013. This Act establishes a comprehensive statutory framework for the Oireachtas to conduct parliamentary inquiries into matters of significant public importance. This represents an important step in the process of clarifying the role of the Houses of the Oireachtas in securing accountability through such inquiries.

7. Public Service Reform, Civil Service Renewal and Public Service Management

Statement of Strategy 2011-2014

- A significantly smaller, less costly and more productive Public Service, which is better managed and focused on achieving the best results and outcomes for the citizen.
- A more accountable Public Service and more effective administrative and democratic structures.
- Driving a comprehensive programme for the reform of the Public Service.
- Effective delivery of the Public Service Reform Plan 2011.
- Strengthened HR Practices, including performance management and workforce planning in the civil and public service.

Reform and Delivery Office

In November 2011, the Government published its first Public Service Reform Plan, setting out its Programme of Public Service Reform over the coming years. The Reform Plan included some 200 specific actions, which were assigned to responsible owners for implementation within agreed deadlines.

Over the course of 2013, the Reform and Delivery Office (RDO) in the Department continued to drive, coordinate and support the implementation of the Public Service Reform Plan 2011, as well as the complementary organisational and sectoral reforms set out in the Integrated Reform Delivery Plans (IRDPs) of Departments and major Offices. In this context, the RDO supported the structures that were put in place to oversee the delivery of the Reform Plan, with a dedicated and robust governance model led by a Cabinet Committee, an Advisory Group of Secretaries General, a Reform Delivery Board of Assistant Secretaries and the Change Delivery Teams established in Departments and Offices.

During the second half of 2013, the RDO began the process of drafting a new Public Service Reform Plan, for 2014-2016. This process was undertaken to build on the considerable progress made on the Government's first Reform Plan and to set out the ambition for further reform of the Public Service. Given the fiscal situation, the primary focus of the first phase of reform was necessarily on cost reduction and efficiency measures. While maintaining the focus on efficiency, the next phase of reform places a renewed emphasis on service improvement and on building a Public Service that will have positive outcomes for all stakeholders, including citizens, businesses and public servants themselves. The Public Service Reform Plan was published in January, 2014. At the same time, a progress report setting out the achievements and developments since 2011 was also published. Both documents can be seen at <http://www.per.gov.ie/public-service-reform/>.

External Service Delivery

Throughout 2013, the External Service Delivery Unit continued to encourage the Civil and Public Service to make appropriate use of External Service Delivery (ESD). In 2012, a Government decision required the four largest sectors (Health, Education, Justice and Local Government) to produce detailed evidence-based ESD plans to drive efficiencies and reduce costs, whilst simultaneously protecting the quality of services to the public. These sectoral plans were produced and presented to the Department during 2013. The Department furnished advice, where necessary, to the relevant Departments in order to assist in the evidence-based approach to externalising any business processes.

The Government also agreed during 2013 that a further five large Government Departments were to produce detailed ESD plans. Once received by the Department, these plans were reviewed and further advice was provided to the relevant Departments, where necessary. These plans will be subject to progress reporting by the Unit going forward.

A programme of learning and development was initiated during 2013 and a specially-tailored two-day training course was designed and delivered to public sector managers who are responsible for ESD in their organisations. In addition to this, the Department published an ESD handbook and resources/tools for managers to use; in order to assess and measure whether potential projects are viable and suitable for external delivery. The Department also examined how a number of Civil/Public Service bodies manage debt that is owed to them. A comprehensive report on debt management was produced by BearingPoint.

Civil Service Accountability

During 2013, a consultation paper on the Programme for Government commitments on strengthening Civil Service accountability and performance was developed, in consultation with Departments/Offices. It was prepared in order to initiate an extensive consultation process with the aim of bringing about change and reform to the current accountability arrangements. This consultation paper was approved by Government in December 2013 and published shortly thereafter.

The Government agreed in December 2013 to appoint an independent panel on Strengthening Civil Service Accountability and Performance to oversee the consultation process, review submissions received and develop recommendations. The Panel's report was published in June 2014.

Civil Service Renewal

As part of its wider programme of Public Service Reform, a major process to inform the development of a programme of renewal of the Civil Service was initiated by the Government in 2013. A Taskforce of civil servants under the direction of Secretaries General was established in June 2013 to advance this work. The Taskforce supported by a small Programme Team in the RDO met 13 times in 2013. The Taskforce also hosted a series of workshops and presentations across the Civil Service as part of a targeted communication and engagement process with stakeholders and external experts and also completed a series of meetings with all Management Boards. It also developed a large-scale staff consultation and engagement process for roll-out in early 2014.

The work of the Taskforce involved identifying the strengths of the Civil Service and the areas which require improvement to support higher performing Departments and Offices and higher performing staff. It included research of reform initiatives in other countries, identifying existing best practice in the Irish Civil Service and drew upon analysis from external perspectives from for example the IPA, the OECD and the private sector.

In December 2013, the Government decided that the outcomes of both the Civil Service Renewal process and the work of the Independent Panel on Strengthening Civil Service Accountability and Performance would be integrated into one Civil Service Renewal Plan which was published in October 2014 and can be seen at <http://www.per.gov.ie/civil-service-renewal/>.

Quality Customer Service

The RDO also continued its role in promoting the Quality Customer Service (QCS) Initiative, including providing support to the QCS Officers' Network for Government Departments and Offices. The Network met four times in 2013. One of these meetings was in the form of the annual QCS seminar, which had an audience of over 100.

Government Accounting

The Department is responsible for developing policy and advising on risk management, financial management and internal audit. In 2013, the Department produced a Guidance Manual for the preparation of Appropriation Accounts to assist Departments in their preparation of the Annual Accounts and a draft of Audit Committee Guidance for Chairs of Audit Committees and Accounting Officers. DPER also established a governance subgroup for the development of guidance on the governance aspects of the Internal Audit Standards, in line with the Internal Audit Standards Implementation Plan. DPER also completed a reconciliation exercise between its records and Departmental records on all public bank accounts.

Senior Public Service, Workforce Planning, and CSEAS – Governance Framework

Senior Public Service

The purpose of the Senior Public Service is to promote a more integrated public service and to strengthen the senior management and leadership of the public service. A number of measures were implemented in 2013 towards this aim.

The Leadership Development Strategy 2013 – 2015 was published in early 2013. This details the learning and development activities the SPS plans to implement before end 2015. The key objectives of the strategy are to:

- Build individual and organisational leadership capacity
- Create sustainable networks of learning and support across SPS
- Support development of collaborative culture
- Provide a mechanism to support the matching of skills
- Support individual development through mobility
- Identify and develop the leaders of the future SPS

A key element of the Strategy is the SPS Executive Coaching Programme, first piloted in 2012 with 13 participants, which has been developed in line with participant feedback to ensure its ongoing relevance and value to SPS members. There were a further 38 participants on the SPS Executive Coaching Programme in 2013.

The SPS worked with PAS to develop and launch a new Assistant Secretary Competency Framework in 2013. The Competency Framework is used as a basis for recruitment at TLAC and also informs learning and development activities.

The SPS continued to manage the mobility process for SPS members in 2013. Mobility broadens the skills and experience base of the senior leadership cadre and individual management boards. It encourages continuous professional development, with SPS members taking on fresh challenges in their new role. Since the revised mobility protocol came into effect in 2012, 30 Assistant Secretary level vacancies have been advertised to the SPS membership and 9 moves have been agreed.

Networking events encourage collegiality, shared values and the informal sharing of knowledge and experience between SPS members. Three networking events for the SPS membership were held in 2013 and the Assistant Secretary Network Annual Conference was held in April.

Workforce planning

Strategic workforce planning and management of human resources are required to ensure Departments and Offices maintain their capacity for service delivery.

Departments and Offices submitted the second iteration of their workforce plan in 2013. New templates were introduced to aid Departments in analysing their workforce supply and demand. An updated workforce planning process is currently under development, with a view to strengthening the links to voted expenditure. A workshop on conducting skills audits was held in early 2013. Through discussions with Departments and Offices, this has evolved into a regular workforce planning network which meets on a quarterly basis.

Civil Service Employee Assistance Service

The newly restructured CSEAS continued to embed itself across the Civil Service in 2013, with a substantial increase in service usage and delivery over 2012. A survey assessing the quality of service delivery was carried out across the Civil Service and an action plan to address the survey findings was developed in early 2014. The CSEAS established a cross departmental working group to develop and rollout guidance on mental health and well-being in the work place. The information guide was published in July 2014. This was supported by the delivery of an enhanced CSEAS communications strategy.

Civil Service Human Resources Policy

A key achievement in 2013 was the introduction of initiatives aimed at increasing flexibility between the public and private sector. A policy introduced in early 2013 allowed civil servants to take a career break, of up to 3 years, to work in the private sector. The scheme offers an opportunity for civil servants to gain knowledge and skills from working outside the civil and public service which would potentially be a valuable asset to the civil service when they return. A staff exchange scheme between the public and private sectors was also introduced on a pilot basis in 2013.

During 2013 the Department also implemented key initiatives in the civil service that were contained in the Haddington Road Agreement. Under that Agreement there were a number of changes to the working conditions of public servants aimed at increasing productivity and flexibility. This Department introduced the new policy which required civil servants to work additional working hours. The impact of this reform is particularly important in light of the ongoing reduction in staff numbers in many areas. In addition to the obvious cost benefits, these hours are providing public service management with the ability to achieve improvements in the services they deliver. A further direct impact is the reduction in overtime costs.

At the same time the Department introduced changes to the flexible working arrangements of staff. The civil service is a highly flexible equal opportunities employer. Given the need to deliver services to the public in the context of ongoing staff reductions, this Department implemented changes to the flexible working arrangements that reduced the number of flexi days (18 to 12 days per annum for staff on flexi time). In addition, there was also a reduction in access to flexi time which means that any new staff appointed to the management level of Assistant Principal or above will not have access to flexi time.

New Public Service Sick Leave Scheme

The Public Service Management (Recruitment and Appointments) Act 2013 also provided the basis for the Minister for Public Expenditure and Reform to introduce the new public service sick leave scheme, which commenced in March 2014. The rationale behind the introduction of the new scheme is to cut the cost and incidence of sick leave across the public service and to increase productivity. The legislation marked the conclusion of 18 months of negotiations and consultation with staff representatives and management across the public service to agree the design of the new scheme. During the course of the negotiations over 2013 new provisions to deal with Critical Illness were developed and finally agreed through a binding decision of the Labour Court in December 2013.

8. Industrial Relations and Sustainable Public Service Pay and Pensions

Statement of Strategy 2011-2014

- A significantly smaller, less costly and more productive public service which is better managed and focused on achieving the best results and outcomes for the citizen.
- Engaging proactively with staff interests on reform of employment practices, while supporting industrial peace in the public service.
- A sustainable reduction in the cost of the overall public service payroll.
- Effective implementation of the Public Service Agreement 2000-2014.
- Sustainable improvement in the long term sustainability of public service pensions.

One of the most significant achievements of the Department in the last few years has been the reductions achieved in the cost of running the public service, mainly through reducing the remuneration (pay and pensions) received by serving and former public servants and reducing the numbers of public servants employed, while improving their productivity to deliver the same or greater levels of service. This has fed directly into the work of securing the country's fiscal position, both in the near term and over a longer time horizon.

Two of the Department's most substantial achievements of 2013 related to this area of work:

1. A significant milestone was reached on the road to a more sustainable payroll through reaching an agreement, the Haddington Road Agreement, with the wide range of organisations representing public servants. The Agreement, underpinned by legislation called the Financial Emergency Measures in the Public Interest Act, 2013, facilitates reductions in the public service payroll and underpins the delivery of productivity and reform measures to improve and maintain public services within constrained resources;
2. The commencement of the Single Public Service Pension Scheme in January 2013 marks a major step forward in putting the public service superannuation bill on an affordable foundation for the medium and long term.

Haddington Road Agreement

Negotiation

During 2013, the work of Remuneration, Industrial Relations and Pensions Division was dominated by the negotiation, agreement and implementation of what was to become the Haddington Road Agreement.

In November 2012 an invitation had been extended by public service employers to the unions representing public servants to discussions on measures to secure additional savings from the cost of the public service pay and pensions bill over the period 2013 to 2015, along with additional productivity measures. It was considered essential for the pay and pensions bill at 36% of spending to make a proportionate reduction of some €1 billion in the cost of the pay and pensions bill in order to meet the necessary fiscal deficit target of less than 3% by 2015.

The first round of intensive discussions commenced in January 2013, these were facilitated by the Labour Relations Commission (LRC) and concluded with the Commission's proposals for a draft Public Service Agreement. Following rejection of these proposals by the Public Services Committee of the Irish Congress of Trade Unions, the Government agreed to request the CEO of the Labour Relations Commission to make further contact with the parties to establish whether or not there was a basis for a negotiated agreement to meet these budgetary targets. Amended proposals, the Haddington Road Agreement (HRA), were brokered by the Labour Relations Commission in intensive discussions in May between the public service employers and unions/associations in relation to terms and conditions of public servants.

Effective Implementation

The Haddington Road Agreement, which came into effect on 1 July 2013, for 3 years, provides for significant productivity and reform measures which make it a key enabler for cost reduction in the public service and the delivery of the next phase of the Government's ambitious public service reform agenda. The Haddington Road Agreement is comprised of a number of central measures, which required legislative changes, relating to pay reductions and increments, and increases in working hours across the public service, and a series of sectoral measures such as; reductions in overtime rates, premia rates and non-core payments, changes to other sectoral work practices, and revisions to supervision and substitution payments.

There was a narrow window available between securing Agreement and implementation of the measures set out in the Agreement with effect from 1 July 2013. To support and underpin the central measures provided for within the Agreement, it was necessary to draft and secure the agreement of the Oireachtas to the terms of the Financial Emergency Measures in the Public Interest Act, 2013. The Act provided for reductions of 5.5% to 10% to the salary of public servants whose annual remuneration exceeded €65,000. It also provided for reductions of 2% to 5% to public service pensions valued in excess of €32,500 that were already in payment or coming into payment up to end August 2014 (afterwards extended to end-June 2015). Both of these measures came into effect from 1 July 2013.

The Agreement is complex and regular communication and ongoing engagement with the sectors continued throughout 2013 to implement the Agreement in a consistent manner across the entire public service. In recognition of the complexity of the measures contained in the Agreement an oversight group comprising of the representatives of the Public Service Management and the Public Services Committee of the ICTU was set up and meets regularly to address any matters of implementation and interpretation that arise under the Agreement.

The Agreement is now contributing to the maintenance of our public services at a time of significant resource constraints and is facilitating the delivery of vital public services at a time when demands on those services have never been greater. The cost reductions and productivity increases which the Agreement has facilitated have also allowed the Government the scope to recruit additional staff to key frontline services. This reform dividend will help sustain the public service reform agenda by re-investing some of the efficiency savings we are delivering into improved services. In addition industrial peace in the public service has been secured at a critical time on our path to economic recovery.

Single Public Service Pension Scheme

The Single Public Service Pension Scheme provided for under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 commenced on 1st January 2013. The Scheme represents the most significant root and branch reform in public service pension provision since civil service pensions were provided for in legislation for the first time in 1834. It applies to all pensionable first-time entrants to the Public Service, as well as to former public servants returning to the public service after a break of more than 26 weeks. The scheme provides:

- A pension and retirement lump sum based on career-average pensionable remuneration.
- A facility for early retirement from age 55 on a cost-neutral (actuarially reduced) basis.
- A facility for early retirement on medical grounds, subject to certain conditions.
- Preservation of retirement benefits which are payable on application at the age a member would be eligible for the State Pension (Contributory).
- A pension for spouses or civil partners and for eligible children.
- Pension indexation linked to CPI increases.

This landmark reform targets very substantial long-run savings of about one third of pension outgo, with foreseen savings mainly deriving from career-average (not final-salary) pension accrual, inflation (not pay) linkage of benefits, and higher minimum pension age (effectively 68 years for most new joiners). Implementation of such a significant reform in public service pensions has required a very significant input of implementation support by the Division to all sectors of the public service which will be required to continue in the early years of the establishment of the Scheme.

As well as those significant milestones, the Division pursued reforms across a number of areas, including:

Supports for the democratic system

The Division is also responsible for the regime of supports to cover expenses incurred by individual Oireachtas members and by political parties represented in the Oireachtas.

From 1 January 2013 certain changes were made to the Oireachtas expense allowance regime (more commonly known as the Parliamentary Standard Allowance (PSA)).

The travel and accommodation (TAA) element of the PSA was reduced by 10% (25% in the case of Dublin members), the unvouched element of the Public Representational Allowances (PRA) ceased and the vouched amounts were reduced on average by 20% (a small unvouched monthly element for incidentals is allowed). The number of pre-paid envelopes for Deputies and Senators was reduced and the unvouched elements of the secretarial scheme also terminated.

It was estimated that these changes would save over €1 million from the cost of the expenses regime in a full year.

In addition, as part of the Government's overall political reform agenda, the Oireachtas (Ministerial and Offices) (Amendment) Bill 2013 was published. It had the aim of reducing the cost and introducing greater accountability over the allowance paid in respect of political party expenses, known as the Party Leaders Allowance. Publication of the Bill followed a comprehensive review of the allowance and a consultation process with leaders of qualifying parties, qualifying independent members, who would now be the subject of audit of their use of the allowance, and with the Standards in Public Office Commission. In order to improve the transparency and operation of the allowance, improved reporting and auditing measures will apply to parliamentary leaders and the same provisions will be extended to independent members in receipt of the allowance. The Standards in Public Office Commission will have a more involved role in the reporting process in relation to expenditure from the allowance. This legislation also provided for the abolition of severance payments for Ministers and Officeholders.

Review of EU Staff Regulations during the Irish Presidency

The Staff Regulations are the legal framework for the employment and working conditions of about 55,000 officials and other temporary/contract staff employed in more than fifty EU institutions and agencies located in different countries.

During the Irish Presidency in 2013 agreement was reached on the review of staff regulations which had commenced in December 2011. This was considered a major achievement for Ireland given that progress on the review had been slow. The aim of the review was to secure the modernisation of the terms of employment of EU officials, and savings in the framework of the Multi-Annual Framework (MFF) 2014 - 2020.

It was estimated at the time that the changes agreed to the Staff Regulations would result in savings of €2.7bn by 2020, and savings of €1.5bn per year in the longer term.

The review led, to among other things, pay freezes in 2013 and 2014, reductions in staff numbers, longer working hours and later retirements.

9. Office of the Government Chief Information Officer & eGovernment

Statement of Strategy 2011- 2014

- Making more Government services and data available electronically, and managing and sharing data and services better, for targeted service delivery for all users of public services.
- Delivery of the Government ICT and eGovernment programme.

Establishment of OGCIO

The Office of the Government Chief Information Officer was established in July 2013. OGCIO replaced the Centre for Management and Organisation Development (CMOD) as a Division of the Department of Public Expenditure and Reform. Its role is to lead the cross-organisational CIO Council in devising and implementing an ICT Strategy for the Public Service, and to provide a range of ICT services to D/PER, D/Finance and PeoplePoint in supporting their respective work programmes

This document provides a summary of activities under the Statement of Strategy 2011-2014. Achievements and other progress relate to both principal goals of the Statement of Strategy, viz:

- To manage public expenditure at more sustainable levels in a planned, rational and balanced manner in support of Ireland's economic performance and social progress.
- To have public administration and governance structures that are transparent, efficient, accountable and responsive.

Strategy Development and Implementation Management

In addition to its technology role, OGCIO is responsible for developing and coordinating implementation of ICT-related strategy, including:

- Coordinating implementation of the eGovernment Strategy
- Commencing work on a new Public Service ICT Strategy
- Driving the agenda of the CIO Council;
- Conducting a survey on "Top 20" high-volume transactional services delivered by Government Departments and Offices and the extent to which these are online
- Obtaining approval by Government of a Memo on the preparation the Heads of Data-Sharing, Linking and Governance Bill

Website Development & Design

OGCIO provides technical support and guidance to its service users, including the design and development of websites, including:

- Redesign of the Budget website
- Redesign of the PER Databank – new open data functionality
- Redesign of the Department of Public Expenditure and Reform website
- Development of the Reform and Delivery Office website (<http://www.reformoffice.per.gov.ie>)
- Development of the PeoplePoint website (<http://peoplepoint.gov.ie>)
- The Irish Government News Service website moved its hosting to OGCIO in 2013.
- The Department of Health moved a number of websites to OGCIO hosting in 2013. <http://www.futurehealth.gov.ie>, <http://healthupdate.gov.ie>, <http://nacd.ie/>

Systems Development

The Systems Development Section in the OGCIO was responsible for the rollout of a large number of new systems/services in 2013.

- The SharePoint 2013 platform was rolled out internally to the Department of Finance and the Department of Public Expenditure and Reform.
- The Intranet was re-developed using SharePoint 2013 and rolled out with new features and a new design.
- TeamSites have been available since the rollout of SharePoint, many sections within the Department of Finance and the Department of Public Expenditure and Reform have developed their own TeamSite in order to store and share information about their section.
- The ePQ system was designed and built in 2013 to aid in the management, tracking and processing of PQs (Parliamentary Questions) within the Department.
- The ePMDS system was developed by OGCIO in 2013, and was successfully rolled out to the Civil Service in Jan 2014. It was designed to enable all Employees and Managers to complete their PMDS forms online.

Data Analysis Supporting Good Financial Management

OGCIO worked to ensure that key financial and expenditure data was made available to support efficient and effective delivery of the Programme for Government, Reform Plan and Statement of strategy, through:

- Successful delivery of the DPER 2014 Budget (in 2013)
- Successful delivery of the DPER 2014 REV (in 2013)
- Provided detail pay and increment analysis to Pay side for the Haddington Road talks with unions
- Coordinated the implementation of the Haddington Road Agreement with CORE from a technical perspective
- Ongoing support for the Financial Reporting systems of the Department
- Providing CSO with regular updates of key Departmental data as part of our commitment under the IMF Fiscal Transparency Agreement

Project Management

The important technological developments outlined above are managed through a new reporting process for all projects, adopted by OGCIO in 2013, with monthly reports prepared for D/PER Management Board and D/Finance MAC.

Communications

To promote Openness and transparency, OGCIO operates the eGovernment Twitter account to promote online services and engages with the public via a dedicated, monitored, email address for enquiries about eGovernment matters.

Engaging at EU & International Level

Policy development at a national level is informed by a number of EU & International activities. OGCIO represented Ireland in a number of these activities, including:

- Participating extensively in the European Commission's eGovernment benchmarking process;
- Leading Ireland's National Consortium in e-SENS (Electronic Simple European Networked Services), a new EU project;
- Representing Ireland at various international forums (EU, OECD);
- Leading in the preparations for the Open Data and Social Media policy elements of the EUPAN meeting during Ireland's EU Presidency;

- Preparing thematic papers in advance of the EUPAN meeting;
- Chaired sessions and speaking on Open Data and Social Media at the EUPAN meeting.

10. Shared Services

Statement of Strategy 2011-2014

- Increasing the volume of public service activity delivered through alternative delivery models.
- Delivery of new shared Services in the Civil Service.

PeoplePoint, the Civil Service HR and Pensions Shared Service, became operational in March 2013. PeoplePoint brings together shared HR and Pension administrative processes and systems from across Civil Service organisations. Some 15,000 employees across 13 organisations were serviced by PeoplePoint by the end of 2013.

Work to create a new Payroll Shared Service Centre (PSSC) also commenced in 2013. The PSSC will consolidate and integrate payroll processes and practices relating to 53 in-scope Public Service Bodies. The number of payroll centres will reduce from 17 down to 3.

The baselining of Financial Management and Banking arrangements across 48 in-scope Public Service Bodies was completed in 2013. In December 2013, the Government agreed that the Financial Management Shared Services Project would move to the next phase, involving detailed process design and business case validation.

In July 2013, the Government approved the establishment of a National Shared Services Office, to lead civil service Shared Services and provide support to the Shared Services sectoral leads across the key Public Service sectors of: Health; Education and Local Government. The Office will be established on an administrative basis initially within the Department of Public Expenditure and Reform.

11. Office of Government Procurement

Statement of Strategy 2011-2014

- Increasing the volume of public service activity delivered through alternative delivery models.
- Delivery of new shared Services in the Civil Service.
- A stronger focus on value for money and performance information, that is more integrated with processes to allocate resources.

One of the key priorities set out in the Public Service Reform Plan is to reduce costs and achieve better value for money through reform of public procurement.

The first Chief Procurement Officer (CPO) for the Irish public service was appointed in January 2013 to lead on procurement reform and the creation of the Office of Government Procurement (OGP) in line with the recommendations made in a 2012 external review of public procurement. The OGP, which operates as an office of the Department of Public Expenditure and Reform, was officially launched in July 2013.

The creation of the OGP encompasses a considerable restructuring of the public sector's procurement functions. As the OGP becomes operational, it will, together with four key sectors, take responsibility for sourcing all goods and services on behalf of the public service. In addition, the OGP will also take full responsibility for procurement policy and procedures including works and works-related services.

To devise and validate a governance and operating model for the OGP, the CPO initiated an intensive consultation process with representatives from across the public service during the first quarter of 2013. The model, which was approved by Government Decision in April 2013, consists of six organisational elements: a Board, a Steering Committee, an Executive, Category Councils, Procurement Officers and Sourcing Teams. By the end of 2013, an interim Board, Steering Committee and Executive were in place and a number of Category Councils had been established.

The centralisation of procurement operations requires an unprecedented migration of staff from across the public service into one office. To ensure a smooth transition to the OGP, an organisational design and a staff migration strategy were developed and formally validated at sector level in 2013 and a Joint Implementation Committee, representative of the key public service unions and OGP and sectoral management, was established. In July and August of 2013, the CPO held a series of cross-sectoral information workshops around the country to update public procurement staff on progress in reforming and restructuring procurement. During 2013, the National Public Procurement Policy Unit (NPPPU), with responsibility for national public procurement policy, legislation and construction procurement reform, was integrated into the OGP and key appointments / assignments were made to the OGP Management Team. Arrangements were also put in place for the formal transfer of staff from the National Procurement Service (NPS) to the OGP with effect from 1 January 2014 and for the recruitment of the remaining majority of OGP roles in 2014.

The OGP is tasked with achieving sustainable savings and is taking a balanced approach to delivering value for the taxpayer, ensuring that public procurement is accessible by all business, including SMEs. To that end, the OGP set up a high level group on SME Access to Public Procurement in 2013 with the Department of Jobs, Enterprise and Innovation, which is chaired by the CPO and which has a specific focus on developing and monitoring strategies for SME access to public procurement and monitoring the public procurement actions under the Action Plan on Jobs. Other supports provided during 2013

for SMEs included regular seminars and events, such as the Meet the Buyer events which were recognised at the 2013 National Procurement Awards for promoting engagement between SMEs and public sector buyers.

The OGP also commenced the review of the public works contracts, which were introduced in 2007 as part of the Construction Procurement Reform Initiative and are used for all construction projects funded under the Exchequer Capital Programme. The key objectives that underlie the public works contracts are cost certainty at contract award; value for money and efficient delivery of public works projects. On 10 December 2013, the Minister for Public Expenditure and Reform chaired the inaugural meeting of the main stakeholder bodies in the review of the public works contracts. Interested parties were invited to make written submissions by Friday, 17 January 2014.

Ongoing engagements with industry representatives continued in 2013. Developments and updates under the Capital Works Management Framework during 2013 included:

- a New Framework Agreement for use with the Term Maintenance and Refurbishment Works Contract;
- Revisions to Notification Letters to Candidates/Tenderers at different stages of the procurement process;
- Significant changes were also made to the pre-qualification and tender documentation for construction-related service providers. The assessment methodology for awarding contracts set out in the tender documents was amended to ensure that quality is the deciding factor in the award of contracts for service providers;
- Circular 07/13: Construction Procurement Reform – Reduction of the Current Level of Construction Performance Bonds for use with the Public Works Contracts was published on 1 May 2013 reducing the level of construction performance bonds required on public works contracts.

A new 'Instructions to Tenderers' for use in a Restricted Procedure for Works Contractors using the Short Public Works Contract (ITT-W5) was published.

12. Departmental Capacity and Governance

Statement of Strategy 2011-2014

- Strengthen capabilities and skills, particularly change leadership and programme evaluation.
- Better alignment of Departmental Structures and staff deployment with evolving strategy.
- Better management of team and individual performance.
- Internal Controls on expenditure.
- Business Planning.
- Standards of ethics and business behaviour.
- Risk management.

For the Department to fulfil its objectives, making the best use of its staff, ensuring they make the most effective contribution to delivering the Department's tasks and responsibilities, is essential. The HR function is particularly important when the Department is absorbing large numbers of staff from other Departments. In 2013 the Department's staff numbers increased by 195, from 369 to 564, mostly for posts in shared services.

It is also important that, to ensure probity in the spending of public money, robust internal audit arrangements are in place. This is also critical in terms of the Department's central role in supporting Ireland's drawdown of support from the EU Structural Funds. Finally, it is also necessary that the Department develops and embeds in its planning and operational processes an appreciation of risk management, particularly the identification and mitigation of risks.

A. Human Resource Management

The key Objectives of the Human Resources Strategy Unit of the Department are:

- Effective resource management, recruitment and selection;
- Workforce planning;
- Providing advisory services within the Department (transfers, leave schemes and PMDS, etc.);
- Staff learning and development;
- Performance Management;
- Industrial Relations in the Department; and
- Support PeoplePoint HR Management.

The following sections set out progress with three of these objectives, which are crucial to the Department's overall performance: Resource Management; Staff Learning and Development; and Performance Management and Development.

Resource Management

For the Department to fulfil its objectives, the best use of our staff is essential. At the end of 2013 the Department had 555 staff and it is important that our staff are supported in making the most effective contribution to delivering the Department's objectives. The importance of the HR function is particularly significant when the Department is delivering on a challenging reform agenda and taking in large numbers of staff from across the civil and public service.

In 2013 the Department increased staff numbers by 186, from 369 to 555. The majority of these staff took up posts in the shared service areas, i.e., HR and Pensions (Peoplepoint) and Payroll (Payroll

Shared Service Centre). PeoplePoint went live in April 2013 and the Payroll Shared Service Centre commenced operations in September 2013.

In the latter part of 2013 further key positions were filled in the Office of Government Procurement and the HR Strategy Unit worked with the relevant stakeholders to oversee the transfer of staff from the Office of Public Works, National Procurement Service to the newly established Office of Government Procurement.

Staff Training and Development

A Leadership and Performance Management Forum, provided for in the Department's 2013 Business Plan was established to provide input and support for the development of a suite of initiatives to meet our learning and development requirements. The Leadership and Performance Management Forum met on five occasions in 2013 has been very successful in informing and advising on learning and development and education initiatives undertaken to-date. These include:

- Extension of the Organisational and Personal Leadership Programme to include the AP grade;
- Extension of the Management Skills Programme to include all grades;
- Revised Post-Entry Education Policy for the academic year 2013/2014, including the suggestion of scheduling in autumn 2014 of a post-entry education recognition/celebration event for staff who have completed academic courses since the Department's establishment.

During 2013, some 538 staff attended one or more learning and development initiatives covering post-entry education, general training programmes, continuous professional development, IT Training and health and wellbeing initiatives. This represents a four-fold increase in participation numbers as compared to 2012.

The learning and development requirements of the Shared Services Offices and the Office of Government Procurement are driven by the particular business functions of the offices. The HR Strategy Unit engaged with and supported representatives of these offices in how best to address their current and future particular learning and development requirements.

Performance Management and Development System

Following a review and evaluation by this Department of the civil service PMDS, the 2013 PMDS cycle was streamlined and simplified to include: the introduction of more meaningful competencies, improved descriptors for evaluating performance and strengthening fairness and consistency, revised review arrangements and the linkage of PMDS to the award of increments.

The 2013 PMDS cycle encompassed a number of core principles: effective planning and goal setting, enhanced understanding of the strategic objectives of the organisation and individual contribution to achieving these, regular review periods to ensure common understanding of progress towards achieving goals and foster career progression through continuous learning and development. The HR Unit delivered training to all staff on the new arrangements for the 2013 cycle of PMDS.

In accordance with the agreed changes under the 2013 PMDS cycle, calibration was introduced on a pilot basis for certain grades. As agreed by the Management Board in the case of this Department, Assistant Secretaries calibrated the evaluations of Principal Officers. This was a valuable start to ensuring consistency and fairness in performance ratings, with the calibration meeting been open and challenging.

The 2013 PMDS end of year reporting process was transacted by the newly established HR and Pensions Shared Service, PeoplePoint. The Department's compliance rate for the 2013 PMDS cycle was 91.3%.

Employee and Industrial Relations

Both through the formal mechanism of the Departmental Council and through ongoing engagement with the staff side, the HR Strategy Unit continued to focus on building productive relationships in IR matters. The Unit also continued to address legacy IR issues which predated the establishment of the Department.

B. Providing assurance to the Secretary General: the Audit Function and Risk Management

As part of the Shared Service performed for both the Department of Public Expenditure and Reform and the Department of Finance, the Internal and EU Audit Unit completed five Internal Audits for this Department during 2013. These have all resulted in recommendations to improve various business-critical aspects of the Department's processes.

In addition, the Unit carried out 98 audits of operations and systems in 2013 in relation to the 2007-13 round of ERDF funding. The associated Annual Control Reports for each ERDF programme (Southern & Eastern, Border, Midland and Western and Ireland/Wales) were submitted to the EU Commission by 31st December 2013. Two of the three reports have been unconditionally accepted by the European Commission, with consultations on the third continuing.

Staff in the Department made major progress in the closure of the 2000-2006 round of funding during 2013, and led the Irish authorities' response to the European Commission findings in this regard. This has resulted directly (in 2014) in a €104 million net gain to the Exchequer in regard to the Economic and Social Infrastructure Operational Programme 2000-2006. Further gains are expected to be realised in the future in respect of the remaining open Operational Programmes.

The Unit also provided a Statement of Validity in respect of a claim by the Department for approximately €13 million from the European Union Solidarity Fund in respect of assistance for expenditure for the serious flooding experienced in Ireland in late 2009. This is expected to result in a net gain of this amount to the Irish Exchequer.

The operations of the Internal and EU Audit Unit are supervised by the Department's Audit Committee, which has an independent, external Chairperson.

Risk Management and business planning

During 2013 the Department revised guidance to its staff on identifying and reporting how risks were managed in the department. This revised guidance, with the input of a risk committee, laid the foundation for more formalised risk management reporting and consideration of risks at board level.

The 2014 business planning process, concluded by the end of 2013, assessed business plan outputs for potential risks in a way that embedded risk management in business planning.

13. Office of the Chief Medical Officer

The mission of the CMO's Office is to deliver an efficient and cost effective occupational health service as well as policy advice on occupational health matters to the Civil and Public Service. The Civil Service Occupational Health Department (CSOHD) functions within in the CMO's office, and delivers these services. Occupational Health is concerned with how workers health impacts on his or her ability to do their job, and how work and the work environment can affect a worker's health.

An occupational health service and policy input is provided for the Civil Service, across 55 government offices and departments and 14 prisons countywide. This encompasses civil servants, prison officers, state industrial employees and defence industrial employees totalling over 38,000. Occupational health services are also provided to selected non-commercial semi-state organisations. In addition, pre-employment medical advice is given to the Public Appointments Service in relation HSE and local authority positions.

2013 was a busy year, during which the office dealt with approximately 10,000 client episodes, including case management, immunisations, audiograms and health screening. The leading causes of long term absence in 2013 were musculoskeletal disorders, mental health and various chronic physical health conditions. This reflects the high population prevalence of these conditions in the Irish population, as well as the ageing profile of the Civil Service population.

The CMO is actively involved in assisting the Department of Public Expenditure and Reform, the personnel officer network and the State Claims Agency with various policy issues. Over the last 2 years, a significant area of work involved assistance with the introduction of the new public sector sick leave arrangements, which came into effect on the 31st March 2014 this year.

These new public service outline the appropriate management of sick leave absences, detail new reduced time periods for paid sick leave absences and provide for extended sick pay for employees with a critical illness. The CMO has actively assisted DPER with the introduction of these changes to both the civil and public service, including participation in the Labour Court / Labour Relations Commission process. These new arrangements are due a one year review from March 2015.

The CMO's Office has developed a new website. It describes in detail the services we provide, an introduction to the medical staff as well as a list of Frequently Asked Questions (FAQs). The site can be viewed on www.cmo.gov.ie.