An Roinn Caiteachais Phoiblí
agus Athchóirithe
Department of Public
Expenditure and Reform

Focused Policy Assessment on Pobal

Central Expenditure Evaluation Unit

The CEEU is a unit of the Irish Government Economic and Evaluation Service (IGEES)

Summary

Pobal (formerly Area Development Management) was established as a not-for-profit agency in 1992 under the second national partnership agreement and with the agreement of the EU. The voluntary Chair and Board are appointed by the Minister for the Environment, Community and Local Government. Over time it has taken on responsibility for managing a range of State funded grant schemes and programmes in the broad areas of social inclusion, reconciliation, equality and socio-economic development.

There have been a number of previous reports into the role of Pobal. These reports have recommended a series of reforms, only some of which have been taken on board. Taking account of these previous reports and more recent developments in the external environment including reduced programme funding levels, merged funding streams and enhanced monitoring and accountability requirements, this Focussed Policy Assessment (FPA) focuses on the continued relevance, effectiveness and efficiency of Pobal. It also considers the potential for Pobal to address the system wide problem of multiple sources of funding given the topicality of this issue.

Rationale and Relevance

The FPA makes the following findings, many of which have been highlighted before in previous reports.

- Over time, Pobal appears to have been given different levels and types of responsibility for State-funded community schemes by various departments which has served to confuse its precise purpose and role.

- There are some developments in the external environment which impact upon the relevance of Pobal. Clarity as to what Pobal's role should be and how it can

best add value in the processing, management and monitoring of State funding, is urgently required.

Efficiency

- Significant efforts have been made to improve efficiency but there is scope for further action e.g. rationalisation of regional offices, reduction of administrative costs and more timely reallocation of resources in response to the wind down or re-prioritisation of programmes.

Effectiveness

- It is difficult to judge Pobal's effectiveness as an organisation because it does not yet report on the impact of its own activities, particularly on cross programme impacts.

- Despite recent improvements and initiatives to improve capacity (e.g. the new Resource Allocation Model), Pobal could do more to provide value added performance information in relation to inputs, outputs and impacts to inform resource allocation and decision making. This is due in large part to a lack of engagement by line Departments, an ambiguity in roles and responsibilities and the tension between process activity and performance management.

- The relationship between Pobal and line Departments does not lend itself to the completion of strong appraisals for new schemes.

- There is scope to refine the articulation of Pobal's objectives as there is a degree of overlap between objectives and it is difficult to ascertain specific quantitative yardsticks to judge Pobal's performance.

- There is a lack of clarity regarding the distribution of roles and responsibilities for the different aspects of the programme lifecycle between Pobal and Departments in relation to some programmes. This hinders proper accountability and has the potential to make it more difficult to achieve

compliance with the Value for Money (VFM) standards in the Public Spending Code.

Multiple Sources of Funding

- Pobal is not currently ideally placed to deliver a central solution to the issue of multiple sources of funding due to capacity issues and the low share of overall grant expenditure within its ambit.

The FPA makes the following recommendations:

1. The Department of Environment, Community and Local Government (DECLG), as lead Department with responsibility for Pobal, should bring clarity to the role of Pobal by clearly defining Pobal's broad areas of responsibility. This would involve consultation with other Departments. This could be integrated in a new Service Level Agreement (SLA) or Memorandum of Understanding and would have reference to:

    a. Re-articulation of Pobal's objectives
    b. The stages in the programme lifecycle
    c. Reporting on outputs and impacts for Pobal as an organisation

    It is an open question as to which Department is best placed to take lead responsibility for Pobal.

2. For the purposes of existing programmes administered by Pobal, there should be an improvement in the quality of SLAs (e.g. outputs, performance indicator frameworks and efficiency) with line Departments and in particular, there should be more detail in an overall overarching SLA between Pobal and DECLG covering Pobal's overall effectiveness and efficiency. Proper unit costing of outputs on a full cost as well as a marginal cost basis would aid the estimation and attribution of administration costs, subject to the principle of proportionality.

3. For new/extended programmes which require to be delivered, line Departments should carry out an appraisal of the most cost effective delivery mechanism i.e. Pobal, another public sector body, the Department itself or a private sector body.

4. There should be formal mechanisms in place to share learning between Pobal and line Departments. This could incorporate a programme of properly commissioned research papers or analytical outputs and should build on existing initiatives e.g. Pobal/DECLG liaison meetings.

5. Further efficiency measures should be introduced at Pobal to achieve indicative medium term savings of a minimum of €1 million. This could be based on a combination of measures such as:

    - rationalisation of local regional offices
    - medium term staff mix efficiencies
    - pay savings due to the medium term wind down of programmes/schemes

6. There are opportunities to develop solutions to the multiple sources of funding problem. The proposed Financial Shared Services Centre has a contribution to make along with the involvement of interested stakeholders such as the Charities Regulator, the HSE, the Department of Public Expenditure and Reform, the Department of Finance and other core funding line Departments. Pobal will also have a role as a source of data in relation to its schemes.

This Focused Policy Assessment has been carried out by the Department of Public Expenditure & Reform's Central Expenditure Evaluation Unit (CEEU), which is a part of the Irish Government Economic & Evaluation Service, in accordance with the provisions of the Public Spending Code. It does not necessarily reflect the policy position of the Department, the Minister for Public Expenditure & Reform or the Government.

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1 Overview

This Focused Policy Assessment (FPA) examines the rationale, continued relevance and efficiency and effectiveness of Pobal. Established as a not for profit agency in 1992 under the second national partnership agreement - the Programme for Economic and Social Progress – Pobal's (formerly Area Development Management) original purpose was to deliver and manage the EU Local Development Operational Programme. Over time it has taken on responsibility for managing a whole range of State-funded grant schemes and programmes in the broad areas of social inclusion, reconciliation, equality and socio-economic development.

The assessment is based on a number of core policy evaluation criteria, namely: 1) the rationale underpinning the agency and its continued relevance and 2) its efficiency and effectiveness in achieving its objectives. Given the topicality of the multiple sources of funding issues[1], the FPA also considers the potential for Pobal to play a role in contributing to a solution in this area.

The structure of the report is as follows:

- Section 2 describes the analytical approach followed in this paper.
- Section 3 outlines the background to the organisation and its objectives.
- Section 4 examines the rationale and continued relevance of Pobal.
- Sections 5 and 6 look at efficiency and efficiency issues respectively.
- Section 7 explores the potential for Pobal to contribute to new arrangements to enhance accountability relating to multiple sources of funding.
- Section 8 sets out some recommendations arising from the analysis undertaken.

2 Analytical Approach

The analytical approach is based on the standard CEEU approach to FPAs which takes into account the traditional VFM criteria. There have been a number of reports

[1] See CEEU Cross Cutting Paper Nr 1 *Rationalising Multiple Sources of Funding for the Not Profit Sector,* Department of Public Expenditure and Reform (2011) and *Local Delivery Mechanisms*

into Pobal[2] which have highlighted issues around efficiency, accountability and overall performance. These reports, in tandem with significant changes to the operating environment within which Pobal operates (i.e. significant reductions in programme expenditure, Government policy in agency rationalisation, local Government reform and broader Public Sector reform) informed the approach to this FPA. Specifically, the FPA draws on:

- Previously published reports on Pobal
- Internal Pobal documentation and management information e.g. costs, staffing etc
- Discussions with Pobal staff

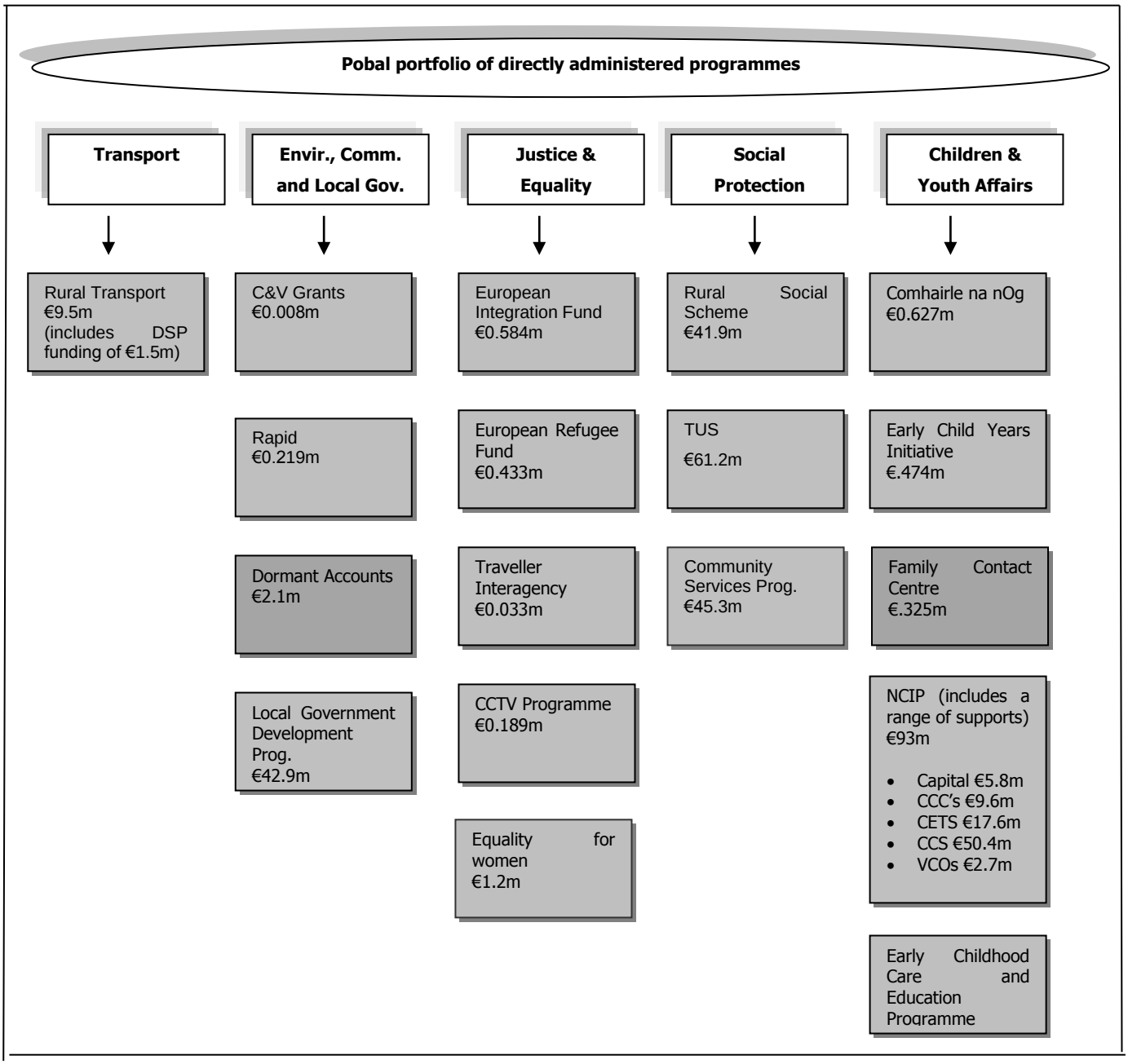
In the course of discussing the issues, DELCG as the lead Department with responsibility for Pobal made a number of observations in relation to the findings of the FPA. These are set out in Appendix A. The appendix also includes some additional comments by the Department of Children and Youth Affairs (DCYA) and the Department of Social Protection (DSP). The majority of the data collection and analysis work on this FPA was carried out in 2012 and 2013. This predated the publication of the revised Strategic Plan for Pobal, 2014 to 2017. It also predates any other policy/organisational developments at Pobal since then.

3 Background and objectives

Pobal (formerly Area Development Management) was established as a not-for-profit agency in 1992 to deliver and manage the EU Local Development Operational Programme. Figure 3.1 shows Pobal's portfolio of programmes as per the latest available published financial statements for 2012. This shows that Pobal administers 18 core programmes with an approximate value of €300m, net of administration expenses, mainly on behalf of 5 Government Departments. The programme portfolio has changed since 2012 with the addition of new some programmes and the winding up of others.

[2] Mazars Organisational Review Report (2011); various Value for Money reviews (Rural Transport); A Review of ADM - Indecon (2003); Managing Cohesion and Integration of Local Community Development Structures – Annual Report OCAG (2009); Review of Local Development and Social Inclusion Programme – Fitzpatrick (2007)

Figure 3.1 Pobal administered programmes by relevant line Department-2012



Notes

A This table excludes the following programmes as they are no longer active – Millennium Fund, Community and Voluntary Grants and Enhancing Disability Services.

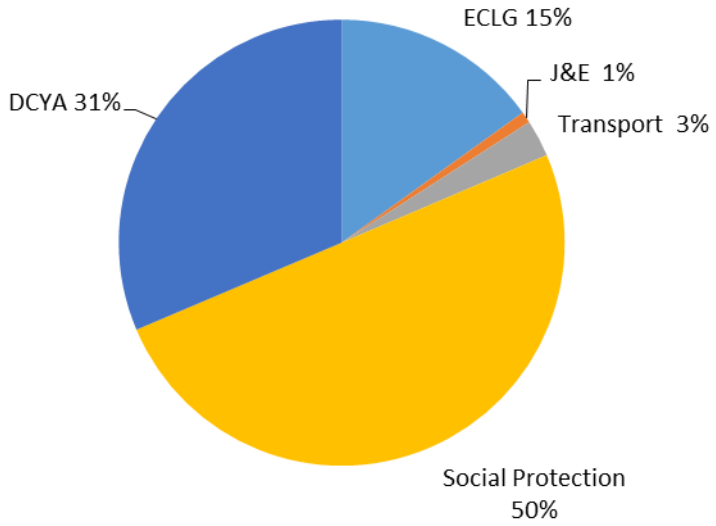
B In some cases, Pobal also carried some activity in relation to programmes which do not involve the direct disbursement of funds by Pobal i.e the Early Childhood Care and Education programme, the Peace programme

In relation to the programmes related to children, Pobal's role also relates to compliance activities e.g. site visits in relation to the Early Childhood Care and Education (ECCE) programme. Based on the 2012 portfolio, just over 79% of expenditure administered by Pobal relates to the TÚS, Rural Social Scheme (RSS), Local Community Development Programme (LCDP) and National Childcare Investment Programme (NCIP) programmes.

In 2013, two new programmes were introduced and are administered by Pobal – the Area Based Children Programme (€2.5 million) and a new School Age Childcare programme (€11.5 million). Work is also underway to transfer additional administrative work within DCYA to Pobal in relation to the childcare programmes, the ECCE programme and the School Completion Programme.

Figure 3.2 shows the percentage grants paid by Pobal in relation to its client Departments. Pobal applies 50% of grant resources to clients of the Department of Social Protection (DSP)[3]. The Department of Children and Youth Affairs (DCYA) accounts for 31% of Pobal payments and DECLG accounts for 15% of funds disbursed.

Figure 3.2 Breakdown of Pobal payments to beneficiaries by source - 2012



Source: Source: Annual financial statement for Pobal 2012

[3] This is also based on the 2012 data.

Pobal's most recent strategic objectives, as outlined in its Strategic Plan 2010 to 2013[4], are:

- To provide services to Government and the EU to develop and expertly implement programmes that realise national policy objectives within communities
- To add value to Government policy by collecting data, informing resource allocation and service planning and promoting the mainstreaming of best practice
- To ensure value for money along with excellent standards of accountability and transparency in respect of all the funds that Pobal manages
- To ensure Pobal remains dynamic in meeting changing needs

Pobal have noted that these objectives require updating given that the period of the plan has almost elapsed[5]. The original objectives for Pobal/Area Development Management are set out at Appendix A. In its most recent annual report relating to 2012, Pobal notes that it exists to manage and deliver programmes.

Depending on what is required by the sponsoring Government department, the nature of Pobal's activities with each programme/scheme varies between:

- Programme design
- Appraisal/assessment of grant/funding applications
- Processing applications
- Issuing payments
- Collecting performance information for monitoring purposes
- Training, support and development
- Financial reporting and monitoring
- Inspections, audits and on site compliance reports
- Winding up schemes

[4] This does not reflect the most recent Pobal Strategic Plan as this FPA was completed prior to publication of the new plan which covers the period 2014 to 2017.

[5] In the interim, Pobal have published a new strategic plan.

In relation to the most significant schemes under its remit, the main day to day focus of Pobal's activities tends to be on processing applications, issuing payments and monitoring. In relation to some of the Childcare programmes (NCIP, ECCE and the Equal Opportunities Programme), Pobal carries out monitoring, verification and contractual management activities to safeguard investments made to date.

Reflecting what has been happening in the Public Service generally, Pobal has reduced its staff numbers and costs over the last number of years. Staff numbers are down 8% since 2006. Pobal is also currently implementing a programme of organisational and operational reform, as recommended by the Mazars report – Pobal Organisation Review 2011.

4 Rationale and Continued Relevance

An important criterion of VFM analysis is an assessment of the rationale and relevance of an organisation/programme given its original purpose and changes over time in the environment within which it is delivered/operates as well as the degree to which it has adapted to reflect those changes. Another key principle to bear in mind is the extent to which the goals for which an agency was originally established have been achieved and whether the original objective remains relevant today having regard to developments in society or changes in Government priorities.

4.1 Rationale

The underlying rationale was to establish an external agency responsible for the delivery and management of the EU Local Development Operational Programme.

Today, Pobal's stated mission is to address social inclusion and disadvantage. This is a wide ranging mission that overlaps with other State organisations across the broad policy spectrum that includes social protection, enterprise policy, transport and other areas. Pobal initially played a developmental role in supporting local groups and organisations to deliver community services. However, in more recent times, given that community services have become more established, it has played a role in the restructuring of local development companies as well as its traditional primary activities of programme administration.

It has also tended to take on projects/programmes at short notice, when requested by its lead Department. These projects/programmes sometimes have had little to do with its core remit, such as administering the taxi hardship that compensated taxi drivers who were deemed to have been significant financially disadvantaged as a result of deregulation of the industry at the time. Pobal's assignment to such programmes by Departments, and other once-off projects, reflected its skills set in administration and payment processing. However, such ad-hoc assignment of tasks over time serve to dilute and blur the original rationale.

Finding 1: Over time, Pobal appears to have been given different levels and types of responsibility for State-funded community schemes by various departments which has served to confuse its purpose and role.

4.2 Continued Relevance

Pobal's core objectives to support programmes in the area of social inclusion and economic development remain relevant in the context of current Government policy to address unemployment and economic recovery. However, there have been a number of recent policy developments in the area of labour market activation and regional development which give rise to questions about Pobal's current and future role.

Pobal administers a number of employment support schemes on behalf of DSP, which include RSS and the TÚS community work placement scheme. In the context of the Government's recently issued statement on activation policy – "Pathways to Work", it is not yet fully clear where Pobal will fit into this or how it will add value into the future. It should be noted that Pobal will be tasked with taking on administration of the new Gateways scheme (a Local Authorities activation scheme) and there are ongoing discussions regarding the potential role of Pobal with new schemes. Pobal is also a member of the DSP Pathways Advisory Board[6]. The majority of supports aimed at social inclusion are delivered through DSP schemes

[6] Note: The Pobal FPA published on 21 October originally referred to the "Gateways Advisory Board". This was corrected to the "Pathways Advisory Board" on 23 October following clarification with the relevant Departments.

and the main organisation tasked with delivery of activation policy as a core function is DSP.

In the area of economic development, the Government's reform of local Government places a much greater emphasis on the role Local Authorities will play in nurturing and supporting local enterprise. As part of this, the former County Enterprise Boards (CEB's) were merged into Local Authorities to form Local Enterprise Offices. This local alignment process raises a question as to the extent to which another intermediary structure such as Pobal is required and whether Local Authorities could fulfil functions in relation to programmes currently supported through Pobal. In other countries, Local Authorities would generally carry out activities currently delivered by Pobal. In terms of other economic supports, enterprise focused schemes to incentivise employment are mainly delivered through Enterprise Ireland.

External service delivery is an important part of the Government's public service reform agenda. The aims of this initiative are to achieve cost savings, allow Departments to focus on core activities and allow for innovation in service delivery. To date, the decision to use Pobal as a delivery mechanism for Government programmes has not involved a competitive procurement process[7]. Legal advice obtained by DECLG has indicated that there is no obligation on Departments to tender the contracts or arrangements made with Pobal for the management of funds. This is based on the Teckal exemption[8] as well as other legal precedents.

Given the public sector reform impetus for working and organising in new ways, there is a renewed imperative to assess the VFM of contracting programmes currently administered by Pobal. This is also reinforced by the requirements of the Public Spending Code that new programmes are delivered as cost effectively as possible. This requires a financial appraisal of different administrative delivery options. It is also consistent with a recent Government decision which requires that outsourcing be considered as a delivery mechanism for new services. It is arguable that Pobal's current portfolio of strengths relate mainly to administrative activities such as processing payments and verification/compliance work. These are activities

[7] A 2007 Fitzpatrick review of the Local Development and Social Inclusion Programme (LDSIP) scheme recommended that Pobal's role should be put out to tender. This has not taken place to date

[8] It is a principle of EU procurement law that the open advertising and tendering rules for public contracts do not apply where a public body obtains services from "in-house" sources. This is the so-called *Teckal* principle.

which could potentially lend themselves to outsourcing as they are process focussed. This is not to say that an externally sourced service would necessarily provide better value or that a sufficient market exists but there is an argument that a private sector solution should at least be considered.

There are also other intermediaries with some similar competences which are now becoming active in the third sector and other types of service delivery e.g. social impact investing.

In addition, given that some programmes are slowly winding down (the capital investment part of the NCIP, Dormant Accounts) and other schemes are coming under the responsibility of different agencies (i.e. the Rural Transport scheme and the National Transport Authority), there may not always be the same portfolio of programmes requiring administration via an intermediary such as Pobal in the long term. This is not to assert that all the developments in the external environment are acting to reduce the relevance of Pobal as there are other areas where Pobal have been tasked with additional work on administering schemes (e.g. Gateways) and providing additional services in relation to DCYA childcare programmes. Further, in the short term, Pobal is also playing a role in providing technical support and expertise with regard to the local Government alignment process.

It is clear that so long as the State, and to a lesser extent now the EU, is committed to supporting community based schemes and programmes across the socio-economic spectrum there will remain some requirement for a resource to process that funding, ensure probity and propriety, monitor it and support performance reporting and management. Pobal occupies a space that appears conducive to providing this role but successive reports have suggested that it does not do this universally or consistently. The local Government reform agenda also suggests that such a role may perhaps be increasingly played by Local Authorities

The changes in the environment require that DECLG as Pobal's lead Department, should address the issue of Pobal's role and how it can add value using its competences. The other funding departments and Pobal are also important stakeholders in this discussion. Although DECLG is the lead department, DCYA programmes account for a higher proportion of expenditure administered through

Pobal. It is an open question as to which Department is best placed to take overall responsibility for Pobal.

Finding 2: There are some developments in the external environment which impact on the relevance of Pobal. Clarity as to what Pobal's role should be and how it can best add value in the processing, management and monitoring of State funding is urgently required.

5 Efficiency

There are a number of potential measures to assess the efficiency of Pobal as an organisation. These include:

- Administration costs as a percentage of annual grants paid
- Variations in administration costs across different programmes
- Cost components such as travel and subsistence costs, rent, legal and consultancy costs
- Timeliness of key outputs and activities e.g. grant processing, payments, appraisals
- Unit cost per processes e.g. payments, inspections, audits

Management information data is not routinely published in relation to outputs such as payments and inspections so it is not possible to measure timeliness and unit costs for these outputs. The remainder of this section focuses on administration costs and cost components, including staff.

5.1 Administration Costs

Table 5.1 shows the trend in Pobal's costs as a percentage of grants paid to beneficiaries. This metric is a crude measure as the level of administration costs does not always vary in a purely proportional way with total grants paid. There can be a significant fixed element in administrative burden i.e. activities that must be carried out regardless of programme scale. The incidence of administration costs can also vary depending on the following factors:

- Existence of local delivery mechanisms

- Requirement for monitoring and compliance activities e.g. audits, inspections
- Implementation stage i.e. there may be potentially higher costs at the close of programmes
- Extent of restructuring work required

Programmes differ in terms of the administrative activities required depending on the nature of the scheme e.g. direct payments to beneficiaries vs. payments to local implementation bodies.

Table 5.1 Pobal expenditure and grants paid – 2006 to 2012

	2006	2007	2008	2009	2010	2011	2012
Pobal costs - €m	13.9	17.4	20.9	18.7	14.2	14.6	14.6
Grants paid - €m	238	360	347	316	273	258	300
Percentage	5.8%	4.8%	6.0%	5.9%	5.2%	5.7%	4.9%

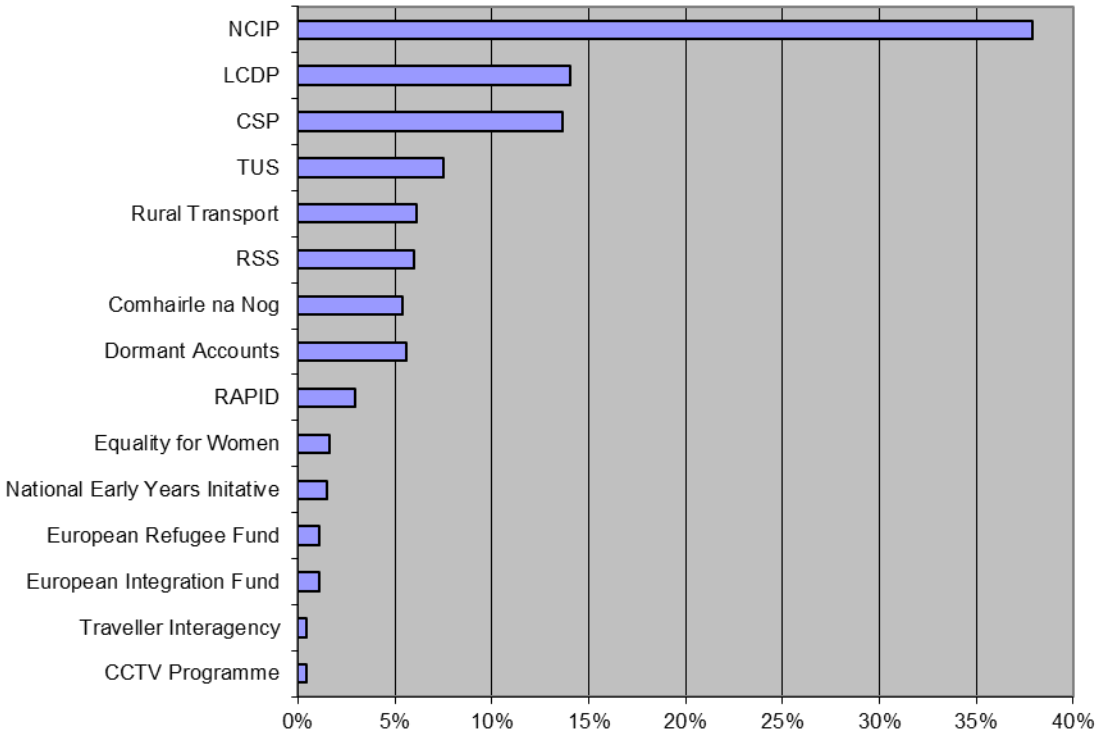
Source: Pobal Annual Reports, 2006 to 2012

Pobal costs as a percentage of total annual grant payments generally ranges from 4.8% to 6.0% as shown in table 5.1 above. Overall, the administration cost percentage has remained relatively steady since 2006. From a peak of €20.9m in 2008, administration costs have declined to €14.6m in 2012.

To some degree, this percentage can be misleading as an increase in the programme grant can reduce the administration burden artificially without any cost containment measures undertaken. Conversely, a decrease in the programme grant can have the opposite effect. Cost containment should lead to a reduction in administration costs and administration costs have declined in absolute terms by 30% since 2008 due to cost cutting measures undertaken by Pobal[9]. The distribution of administration costs by programmes is shown in figure 5.1.

[9] These include a freeze on increments, imposition of two days unpaid leave on staff as well as average pay cuts of between 3.5% and 10.5%.

Figure 5.1 Distribution of Pobal administration costs by programme, 2012



Source: Annual financial statements for Pobal 2012
Note: This is the latest year for which published annual financial statements are available.

Over one third of Pobal's administration costs are accounted for by the NCIP. The LCDP and Community Services Programme (CSP) together consume a further 26% of costs. The other major drivers of Pobals administration expenditure are the RSS, the TÚS[10] schemes and the Rural Transport Programme. There are ten other smaller schemes which account for approximately 14% of Pobal's resources.

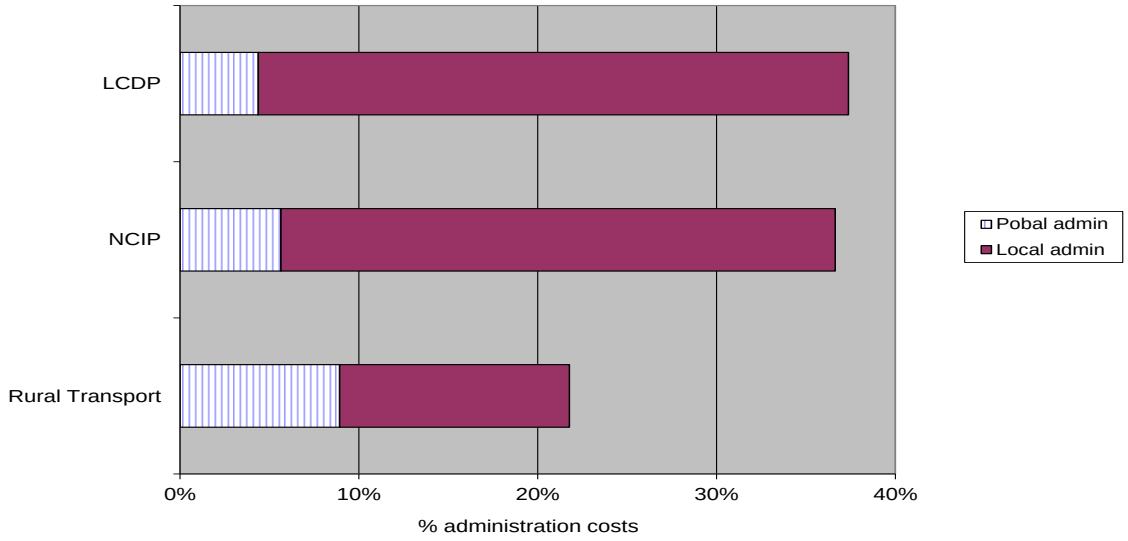
For some programmes/schemes the administration burden relates both to Pobal costs and administration costs incurred by local delivery mechanisms. This does not apply to all schemes administered by Pobal. Figure 5.2 shows the total administration burden for some of the other main programmes where local structures are involved and where data is available. This type of administration cost analysis should ideally be routinely carried out by Pobal.

When administration costs are considered in total – i.e. inclusive of Pobal and the client entities administrative costs, the proportion of the programme expenditure

[10] A new activation initiative initiated by the Department of Social Protection

consumed by administration can be sizeable, ranging from 25% to 35%. Therefore, focusing on Pobal's administrative costs alone does not capture the full picture on efficiency in the management of programme expenditure in this area although figure 5.2 also shows that in relation to the LCDP programme, the level of administration cost for Pobal alone is 5%. It should be acknowledged that assessing administration costs can be complex as the definition of these costs can vary across programmes. In addition, there are some monitoring and verification activities which incur administrative costs but where there is no concurrent grant allocations.

Figure 5.2 Total administration costs by programme – Pobal and local structures



Source: Management Information Pobal, 2011 – 2012

A better measure of administration costs is not a fixed percentage or the fully absorbed amount of administration costs but rather a measure of the marginal cost of administering a new scheme[11]. According to Pobal, the annual administration budget is negotiated with Departments based on service requirements. The costs for services are based on estimated direct staff, overheads and attributable corporate costs. The service level agreements do not generally contain any quantification or agreement of administration cost allocations as these are separately agreed, usually by discussion followed by a formal letter.

[11] Pobal are also currently working on a common definition of administration costs across programmes

For illustrative purposes, table 5.2 shows administration cost percentages for other programmes to illustrate the range in administration cost percentages which may arise. It shows that total administrative costs for Pobal schemes including costs arising for local delivery mechanisms can be high compared to other programmes. It is accepted that cross programme benchmarking of this nature is subject to comparability issues because of the actual nature of activities undertaken in administering programmes. In the future, the selection of appropriate benchmarks, including from relevant programmes in other jurisdictions, could provide a useful yardstick to assess administrative costs for Pobal.

Table 5.2 Administration costs for other programmes

Programme / scheme	**Administration cost percentage**
Suckler Cow scheme	9.8%
School transport	12.0%
Installation aid	18.0%

Source: Department of Agriculture and Food VFM reviews

5.2 Cost Components including staffing

Allied to broad efficiency issues are economy issues such as travel and subsistence costs, regional office costs and other non-pay costs. Pobal have made efforts to reduce non pay expenditure (e.g. travel and subsistence) by reducing rates and using technology. Rent is the second largest cost element for Pobal besides salaries. In 2012, Pobal spent approximately €1.2m on rents across offices in Dublin, Sligo, Clifden, Monaghan, Mayo, Donegal and Cork. There are three regional offices in Connacht[12] even though the share of Pobal administered grants for this region amounts to 22%. Munster accounts for 23% of grants with one regional office in Cork. Although the annual combined cost of the offices, including lease costs and service charges, is just under €155,000 (11% of all lease and service charges costs), it is difficult to justify the lease of three regional offices in the same general region. The leases on two of these offices will expire within 3-5 years and for one of the offices there is an annual renewal of the lease.

[12] One of the offices is a hotdesking facility

The voluntary Chair and Board are appointed by the Minister for the Environment, Community and Local Government. Although Pobal is not a public sector organisation, the pay scales are broadly linked to the public sector. Information on staffing by grade is set out in table 5.3. The average salary in 2012 was €50,000[13], which is a little high given the process/operational nature of many of the activities in the organisation. The corresponding average salary for Pobal in 2008 was estimated at approximately €45,000. The average pay of staff in the Special EU Programmes Body (SEUPB - a cross border body which administers EU structural funds) is estimated at €35,000. Of course, some of this differential is not related to staff mix or pay rates at Pobal but is a function of other salary differentials across jurisdictions. 57% of the Pobal staff complement are in middle or senior management grades.

Table 5.3 Pobal staffing by grade and programme - 2012

	Grade Equivalent	Programme	Corporate	Total
Grade 1	CO	29	8	37
Grade 2	SO/EO	37	4	41
Grade 3	HEO	49	12	63
Grade 4	HEO/AP	23	6	30
Grade 5	AP	1		1
Grade 6	AP1/PO	7	3	10
Total		**146**	**34**	**180**

Note – These figures exclude the CEO and corporate staff includes 9 audit staff

Pobal have noted that a high proportion of their staff require professional qualifications e.g. audit and financial staff. Further, staff numbers declined from a peak of 266 in 2008 to 180 in 2012, a reduction of 32%. It is not possible to further analyse the type of activities carried out by Pobal staff, i.e. the extent of the types of activity carried out by different grade types with reference to the stages of the programme life cycle.

In addition to rent costs, there are two potential drivers of expenditure savings at Pobal - the eventual wind up of some programmes (Rapid, Dormant Accounts and others) as well as a re-alignment of the grade mix. Indeed, a combination of medium

[13] Excluding employers PRSI

term salary savings due to programme wind down, rationalisation of local regional offices and staff mix efficiencies could yield a minimum of €1 million indicative savings[14]. This is separate to any efficiencies related to the implementation of pay measures aligned to the Haddington Road Agreement which Pobal have stated were delivered in recent months. This reflects savings based on the current portfolio of activities and does not reflect the marginal cost of additional work.

Finding 3: Efforts have been made to improve efficiency but there is scope for further medium term action to achieve minimum savings of €1 million or 9% of total administrative spend e.g. regional offices, pay efficiencies due to staff mix changes

[14] This is based on the completion of programmes such as Dormant Accounts, RAPID, Community based CCTV scheme and Comhairle na nOg

6 Effectiveness

Assessment of effectiveness is carried out by examining performance against the stated objectives of the organisation and the quality of its governance and accountability arrangements.

6.1 Performance

Pobal's strategic objectives as outlined in its Strategic Plan 2010 to 2013 are:

- To provide services to Government and the EU to develop and expertly implement programmes that realise national policy objectives within communities
- To add value to Government policy by collecting data, informing resource allocation and service planning and promoting the mainstreaming of best practice
- To ensure value for money along with excellent standards of accountability and transparency in respect of all the funds that Pobal manages
- To ensure Pobal remains dynamic in meeting changing needs

The objectives listed above are a mixture of activity descriptions and broad public expenditure management principle as well as actual objectives. In practical terms, Pobal manages and delivers programmes but this could be more clearly articulated in its objectives.

Each objective is discussed in turn below, focussing on the clarity of articulation and the extent to which the objectives have been met.

1. *To provide services to Government and the EU to develop and expertly implement programmes that realise national policy objectives within communities*

To some extent, this objective is tautological in that Pobal, by definition, is involved in service provision to Government to develop and implement programmes i.e. the objective describes the activity.

There is little published evidence on the specific contribution Pobal makes on a cross programme basis i.e. how is value added through provision of multiple programmes by one body. In particular, Pobal has not produced evidence to show how it specifically has promoted social inclusion or countered disadvantage through the implementation of progammes. This is not to say that no contribution has not been made but rather that no systematic cross programme evidence has been compiled.

The potential value that Pobal adds comes from its operational work as the actual impacts of the programmes are a function of Departmental funding and objectives. A report[15] published in 2011 in relation to area based disadvantage questioned the effectiveness of Pobal in enhancing national coordination. That question remains open in terms of evidence provision. The annual report represents an opportunity to illustrate Pobal's efficiency and effectiveness as an organisation in managing programmes e.g:

- Outputs by type
- Cross programme research and learning
- Impact on quality of services

Given that Pobal has experience in administering schemes for a range of Departments and the potential for synergies across programme management systems, it should be possible to demonstrate the value it provides due to the possibility of leveraging its investments in programme implementation systems.

Pobal have noted that they have been involved in co-ordinating the cross programme review of OECD local economic and employment development recommendations. Pobal's role involved information collection, briefing and consultation.

[15] Combating Disadvantage in Social Housing Estates: the policy implications of a ten year study, Fahy, Norris, McCafferty and Humphreys 2011

One other aspect of programme implementation merits specific mention. Pobal carries out financial audits and inspections. In 2011, there were 176 audits and the Childcare verification team also carried out 126 on site verification visits to beneficiaries of Childcare Programmes. These activities are an important safeguard against fraud. Pobal have noted that it has led national thinking on a wide range of resource allocation issues and has led ambitious processes to set out definitions of inputs, outputs and outcomes for key programmes.

Finding 4: It is difficult to judge Pobal's effectiveness as an organisation because it does not yet report in detail on the impact of its own activities, particularly on cross programme impacts.

2. *To add value to Government policy by collecting data, informing resource allocation and service planning and promoting the mainstreaming of best practice*

Given that Pobal administers several funding programmes and has over 20 years experience in this area, it is well placed to gather relevant performance data. Table 6.1 shows the extent of performance data monitoring for the main spending schemes (€5m+)

Table 6.1 Scope of Pobal performance measurement as at 2012

Programme type	Grants paid 2012- €m	Inputs	Outputs	Outcomes
Tús	61.2	✓	×	×
Community Childcare Subvention	50.4	✓	✓	×
Community Service Programme	45.3	✓	✓	×
LCDP	42.9	✓	✓	✓
Rural Social Scheme	41.9	✓	×	×
Childcare education and training	17.6	✓	✓	×
Childcare committees	9.5	✓	✓	×
Rural Transport Programme	9.5	✓	✓	✓

Note: In the case of some schemes like the Rural Transport Programme, outcome data is collected but not in an aggregated form

In general, while Pobal fulfils a monitoring function for some schemes and table 6.1 shows the scope of performance reporting as gleaned from website publications and annual reports, the quality and extent of performance data gathered to date is mixed. There is no standardised performance budgeting type approach to summarising indicator performance across schemes. It is accepted that there can be difficulties in measuring the outputs and outcomes of schemes with social objectives. Pobal have noted that the new structures will facilitate greater standardisation in work across programmes and greater data consistency.

It should be noted that Pobal have been tasked with specific performance data collation by line Departments in only some cases and there is a general ambiguity about some of the respective responsibilities of line Departments and Pobal in this regard (see section 6.2 on service level agreements). The responsibility for weaknesses in performance data gathering therefore lies in large part with Departments.

Inputs

As at 2012, Pobal managed payments and programmes worth over €300m to some 4,900 funded entities. This is equivalent to approximately 15-20%[16] of all national grant funding (excluding payments to the larger social care providers such as disability, older people and mental health service providers). Of the 4,900 entities in receipt of Pobal payments, a small number (circa 120, or 3%) receive multiple sources of Pobal funding (i.e. programmes administered by Pobal) but many of these organisations could be receiving funding from at least one other source – often another State organisation. The average number of sources for the cohort in receipt of multiple Pobal funding sources is 3 but there is a very small number of beneficiaries which receive between 5 and 7 sources (see table 6.2). It is not clear that Pobal have taken action to streamline payments for this cohort as it does not carry out detailed analysis of all other non Pobal sources of funding for its beneficiaries.

[16] This includes funding for local delivery mechanisms such as local development companies, leader companies, family resource centres etc. It also includes grant payments in the agricultural, enterprise and energy sectors. It excludes payments for research.

Table 6.2 Pobal beneficiaries receiving multiple funding sources - 2012

Number of funding sources	% of multiply funded cohort, N = 124
2	54%
3	17%
4	16%
5	6%
6	5%
7	2%

Source: Pobal, 2012

This raises the following issues:

- Where State funding is being made available to an entity for a certain purpose and that entity is also in receipt of other streams of income the State cannot always properly assess the impact of its funding stream on the objectives without understanding the contribution of the other income stream(s) thus rendering an assessment of value for money problematic

- Where the other funding streams are coming from other Government bodies there is a risk of duplication of funding and of effort. It raises the risk that two or more Government funding streams are supporting the same objective/programme.

- There is also the potential for higher administration and compliance costs for all organisations concerned.

While Pobal maintains reference data on the profile of its client entities and the payments made, it does not routinely analyse multiple sources of funding for its clients using its own internal data on Pobal administered schemes. Indeed, up until recently, Pobal did not request data on other non-Pobal Government sources as part of the appraisal process for all schemes and report accordingly. This has changed recently for some programmes e.g. Rural Transport and LCDP, but it is still the case that Pobal does not carry out detailed analysis of all other non-Pobal sources of funding for its beneficiaries. Pobal have noted that it accesses information on other

sources of funding for Pobal funded projects where these sources are accessed by the applicant to carry out work on the project proposed for funding.

Outputs and Outcomes

Problems with performance measurement have been consistent within the organisation since its inception and were highlighted in the Indecon (2003) and Mazars (2011) reports as well as VFM reviews on Rural Transport (2010) and the Local Development Social Inclusion Programme (2007). The Mazars report found that Pobal lacks integrated systems for capturing, analysing and sharing information on beneficiaries.

The C&AG, in his 2009 annual report, also noted that more effort should be given to capturing the outputs and outcomes for reconfigured Local Development companies. This report also noted that a general level of coordination between the CSP, Pobal and the DECLG is desirable in the area of information capture and monitoring. This reinforces the point that the model of Pobal as a mechanism to administer programmes has not been conducive to high quality performance measurement frameworks to the extent that would be expected.

In response to the Mazars report, Pobal has commenced projects in 2012 to develop frameworks for impact reporting and to monitor the achievement of social inclusion objectives. It should be noted that improvements have been made in recent years, most notably with the Rural Transport Scheme (implementing the Rural Transport VFM recommendations) and in particular in developing the IRIS computer system for the LCDP programme which includes a significant performance measurement function. For some programmes end of year output progress reports are required. In 2013, Pobal initiated and published a research report with a particular focus on one goal in the LCDP programme – provision of self employment supports. Performance measurement and reviews come at a cost and may be required to be separately funded by Departments.

Further, Pobal has also developed deprivation indices which allow for mapping of services by the level of deprivation in a given area. The data is based on census returns and the tool can act as an aid for programme/scheme appraisal and resource allocation through assessment of deprivation in a given location. The RAM (resource

allocation model) is now being used to inform allocation processes. This is a positive development but the real benefits of this tool will be realised when appraisals of new schemes or ongoing monitoring of existing schemes take into account the data in the index i.e. when the data acts as an input for resource allocation decisions, and when effectiveness and duplication issues are also taken into account.

Finding 5: Despite recent improvements and initiatives to improve capacity, Pobal has not performed well as could be expected in providing value added performance information in relation to inputs, outputs and impacts to inform resource allocation and decision making. This is due mainly to a lack of engagement by line Departments as well as the tension between processing activities and performance management.

3. To ensure value for money along with excellent standards of accountability and transparency in respect of all the funds that Pobal manages

Firstly, this objective overlaps with the previous objective to some degree as VFM standards encompasses appraisal and resource allocation concerns as articulated in the second objective.

There are several aspects to ensuring VFM standards at the different stages of the project/programme lifecycle i.e. appraisal, planning, implementation and review. These standards have most recently been set out in the Public Spending Code – http://publicspendingcode.per.gov.ie. However, a key determinant of the success of programme monitoring and evaluation is the construction of logic models and the definition of performance measurement requirements at the outset of a programme. This was not done for most schemes. It should be acknowledged that Pobal has addressed this issue e.g. logic models and outcomes were developed for the new LCDP scheme in conjunction with DECLG. However, strictly speaking, the development of logic models is the responsibility of line Departments (see section 5) and so this should not be seen as a direct criticism of Pobal.

Considering the appraisal stage first, it is unclear how appraisal responsibilities in practice are shared between line Departments and Pobal. In this context, appraisal means the business case/justification for a scheme as opposed to planning and

design of an approved scheme. These activities can of course overlap. Line Departments in principle should be responsible for appraisals of new programmes/schemes because they are developing the policy proposals. Pobal may provide evidence to support appraisals but in general it is not Pobal's role to carry out these appraisals, unless specifically commissioned. In the case of the recent LCDP programme development, Pobal contributed significantly to the design of the new scheme.

Programmes/schemes of the type administered by Pobal are open to the risk of displacement and deadweight. The Indecon report pointed to weaknesses in project appraisal relating to assessment of deadweight and displacement. It is not clear how Pobal takes displacement and deadweight into account in grant assessments. No evidence on deadweight or displacement has emerged through Pobal monitoring datasets. In this context, it is noteworthy that a small number of complaints have been submitted to the Competition Authority regarding the displacement by Pobal funded bodies of other private sector bodies when competing for public tenders. This relates to subvented bodies competing against commercial bodies for public tenders.

Moving on to the implementation stage of the project/programme lifecycle, Pobal has published some useful research papers and monitoring reports which consider inputs and outputs in some detail. These include:

- An annual monitoring report on Rural Transport impact indicators
- An annual survey of the Early Years sector
- A research paper on Employment and Social Inclusion in rural areas

In the case of the early reports survey, the level of detail is quite granular.

Although VFM is a strategic aim for Pobal, a review of the 2012 annual report finds that standardised performance budgeting reporting on outputs and context indicators for other programmes requires further development. This may reflect the tension between ensuring the basic processing and compliance activities are carried out as against the valued added performance management.

There have been evaluations carried out in relation to Rural Transport, the LDSIP and CLAR/Rapid leveraged funding as well as, more recently, the National Early Years Access Initiative and Síolta Quality Assurance Programme. To a greater or lesser degree, the evaluations also highlight issues with performance measurement. Strictly speaking, the commissioning of evaluations is a function of line Departments. However, Pobal is best placed to collate and interpret performance data for administered programmes.

In terms of the review stage, Pobal has published a limited number of evaluations and research papers it administers. Pobal has established an analytics/monitoring unit. It is important that Pobal now leverage its programme datasets to share learning with Departments. It should be noted in relation to evaluations (as opposed to ongoing monitoring), these should ideally be carried out by an external body independent of schemes/programmes and commissioned by the line Department.

Finding 6: The relationship between Pobal and line Departments does not lend itself to the completion of strong appraisals for new schemes.

4. To ensure Pobal remains dynamic in meeting changing needs

This objective is not a specific goal on its own terms but rather a description of an organisational attribute. There have been a number of topical issues affecting the voluntary and community sector in recent years and informing changing needs. These include:

- Multiple sources of funding
- Streamlining of local delivery mechanisms (i.e. alignment with local authorities)
- Developments in social impact analysis – funding by results, social impact bonds,

As previously mentioned, the Mazars review commissioned by Pobal in 2011 has triggered a change management process which is ongoing. Pobal has been reorganised into four functional directorates (Corporate, Finance, Community

Services & Supports and Programmes). Staff and work streams have transferred to the new structures.

The pressure of reducing resources and the reliance on Pobal for direction from line Departments makes it difficult for Pobal to take on new initiatives. It is not straightforward to assess Pobal's performance under this heading and the objective in and of itself does not lend itself to measurement or judgement.

Finding 7: There is scope to refine the articulation of Pobal's objectives as there is overlap between objectives and it is difficult to ascertain specific quantitative yardsticks to judge Pobal's performance as there is a lack of targets.

6.2 Governance and Accountability

Given that Pobal performs a number of implementation functions on behalf of line Departments, it is important that there are clear lines of accountability and reporting to ensure VFM.

The relationship between Pobal and its funding Departments are governed by SLAs. These are based on a common model with customisation for different programmes. They usually apply for the duration of a programme. The SLAs are intended to provide clarity on Pobal responsibilities for the programmes it administers. The agreements cover headings such as application processes, contracting with beneficiaries, budgets and allocations, monitoring performance, financial controls and closure procedures. Actions are identified separately for Pobal and the line Department concerned. There is a high level approach taken in the SLAs in terms of setting out roles and responsibilities.

A high level overview of the main SLAs in place up to the end of the period September 2013 highlighted the following:

- There is a general lack of specificity in relation to quantifying outputs to be delivered by Pobal or overall performance/customer service measures and targets

e.g. numbers of payments processed, audits to be completed, specific performance measures, customer service response times etc. For some aspects, such as financial management, the specificity can be quite high.

- There is variation in the quality of SLAs across programmes e.g. the SLAs for DSP programmes are fairly specific in terms of activities to be carried out by Pobal and the SLA for the Rural Transport Programme is specific about reporting deadlines and the content of weekly reports.

- There is a mixed approach to the scope of SLAs e.g. DECLG has an SLA in place with Pobal which covers all DECLG programmes whereas DSP has separate agreements in place in relation to each programme.

- In some cases, the administration fee is not set out in the SLA itself but is subject to a separate agreement on fees made between Pobal and the line Department. This is to provide for annual negotiation of the fee whereas the SLAs are multi - annual.

- There are no performance incentives/financial sanctions in place to encourage cost control, productivity or cross programme performance data development.

- There is an ambiguity about the specific roles of both line Departments and Pobal in relation to responsibilities for programme/scheme appraisal, objective setting and design of performance measurement frameworks.

There is also an over-arching agreement (Framework Agreement) which was put in place between Pobal and the then Department of Community, Equality and Gaeltacht affairs in 2007. A new SLA was put in its place for the period 2011 to 2013. It is not clear how overall performance and cost effectiveness of Pobal in delivering on its objectives, on a cross programme basis, is assessed or evaluated.

Administration budgets are negotiated with departments based on service requirements and costings are based on estimated direct staff required, estimated overheads for direct staff based on current costs and the percentage corporate costs

based on information available. However, the actual method of agreeing administrative costs varies across Departments can vary i.e.

- A fixed percentage of the programme/scheme cost (DCYA, DoT[17])
- A fixed amount (DECLG, DSP DJEI[18])

It is not clear if administration costs are assessed on a marginal basis or full cost recovery basis, and how overall oversight over Pobal's administration costs is exercised. Although Pobal carries out regular management accounting, units of output are not individually costed. Such activity based costing would allow for a more evidence based approach to administration costing and would be an aid to both Pobal and Departments. There are obvious limits to a stringent cost accounting approach. Any additional cost accounting exercises would be a useful aid to accountability but could not be expected to capture all of the value of Pobal's services.

It should be noted the internal audit unit in DCYA completed a report which explores some the issues set out above. This report focused on the effectiveness of the Early Childhood Care and Education scheme management and control systems and the level of assurance which can be attributed to the systems in place. In particular, it found that it was difficult to support the DCYA funding provided for the compliance visit programme. It also noted that there was a potential conflict of interest because the Pobal regional development officers are responsible both for audit type functions and also supporting childcare support infrastructure. Pobal has stated that it has fully co-operated with the audit and is working with that Department to implement any changes arising from it.

Using the Public Spending Code taxonomy of the programme/project lifecycle, the majority of Pobal's activities relate to the assessment of applications and the implementation stage of projects. Best practice suggests that line Departments should be responsible for carrying out the appraisal for a new programme including the specification of performance indicators, piloting arrangements as well as

[17] Department of Transport
[18] Department of Jobs, Enterprise and Innovation

identifying performance budgeting requirements. Where this work is commissioned, Departments should ensure that the work is objective and accurate.

Currently, there is a lack of clarity over the respective roles and responsibilities for programme appraisal and scheme inception. This makes it more difficult to define the accountability requirements which apply to Pobal and Departments. In particular, Pobal is placed in a difficult position due to the blurred boundaries (see also finding 7)

As a result, Pobal are undertaking activities which are traditionally the responsibility of Departments e.g. articulating programme logic models and specifying performance indicators for programmes. This is not due to any failing on Pobal's part but rather reflects the ambiguity in responsibilities as currently set by Departments. In addition, meeting ad hoc requirements from line Departments has been a feature of Pobal's model to date and the extent of this work may not necessarily be recognised in the SLAs either. For example, accountability, documentation and audit arrangements for programmes can continue well beyond the close of programmes/schemes.

Finding 8: The lack of clarity regarding the roles and responsibilities for the different aspects of the programme lifecycle hinders proper accountability. It also has the potential to make it more difficult to achieve compliance with the VFM standards in the Public Spending Code.

7 Multiple sources of funding

7.1 The problem of multiple sources of funding

The previous section considered, at a high level, the effectiveness of Pobal. It also noted the scope for improvement in terms of performance reporting. In particular, it highlighted gaps in relation to reporting on multiple sources of funding, data management and accountability issues of current topical interest. The remainder of this section examines the extent to which Pobal can play a role in addressing this problem in relation to different funding streams flowing to funded entities, taking into account the previous discussion about Pobal's effectiveness.

Firstly, it is necessary to describe the problem. A previous paper prepared in 2011 by the CEEU[19] as part of the Government's Comprehensive Review of Expenditure highlighted the inefficiencies and performance/impact measurement challenges posed by the multiplicity of funding sources for local and community-based employment and development schemes. The paper recommended rationalisation of the number of funding bodies and the number of State interlocutors, arguing that there was likely significant administrative duplication and double-funding. It also pointed out the overly burdensome impact on grant-aided bodies of having to deal with multiple state funders, since each Government department applies its own administrative and accountability requirements for funding provided.

From a VFM and evaluation perspective, the paper also pointed out that multiple sources of funding made it very difficult to track and properly assess the effectiveness and impact of expenditure in this area. These issues have also become topical in recent months at recent meetings of the Public Accounts Committee. This has refocused attention on a number of related public policy concerns and problems:

- the uses of Exchequer and private funding streams and the purposes for which funds are intended
- pay policy issues among organisations operating in the community and voluntary sector
- governance issues for community, voluntary and charitable organisations
- the required financial reporting standards for voluntary and community bodies

It is beyond the scope of this paper to outline potential measures to address all of the above wide ranging issues. Instead, the focus of this paper is limited to the VFM issues arising from multiple sources of funds and Pedal's role in this context.

Potential solutions to address the core multiple sources of funding problem could include a mix of the following (see further detail at Appendix C):

[19] *Rationalising Multiple Sources of Funding to the Not - for - Profit Sector* CEEU (2011)

- Expand the information requirements from applicants (mainly community and voluntary bodies) so that they have to provide information on all sources of funding, for all State supported activities at the appraisal stage.

- Put in place a central record of all funding provided and all outputs produced for each organisation funded. This can be updated by each funding organisation and can also be consulted by each funding organisation when making decisions on new applications. The information required will include the information to be provided in annual financial statements as per Circular 17/2010 – Requirements for Grants and Grants-in-Aid[20]. The ownership of this data is a separate issue.

- Designate a lead funder for each organisation based on the scale of funding provided or the alignment of the organisations objectives to those of the funding Department

Solutions to the problem also require the use of a common unique identifier to allow for coding of payments and collation of management information. There may also be other solution options to address the problem beyond the ones identified here.

7.2 Role of Pobal

Given the role of Pobal in delivering programmes across multiple sectors and its experience in performance monitoring, it can be argued that it should play a part in addressing the problem described above. It has experience of processing payments and managing financial information. However, there are a number of considerations which counterbalance these arguments.

Firstly, section 6 noted that the share of grant payments to funded bodies administered through Pobal amounts to 15% to 20%. This figure drops to below 10% when disability, mental health and older persons' service providers are included. Therefore, it cannot be argued that Pobal maintains financial data for the majority of payments to the not-for-profit sector.

[20] This circular is currently under review and a new circular will be published in October 2014

A second issue relates to the extent to which Pobal has demonstrated the capacity to carry out detailed analysis for the financial information on funding sources for its grantees. Section 6 noted that while Pobal maintains reference data on the profile of fundees and payments made, it does not routinely analyse multiple sources of funding for its clients using its own internal data on Pobal administered schemes although it has in the past undertaken exploratory projects in this space.

Thirdly, there is the issue of continuity for any solution which would involve a database or composite data sources. It could be more advantageous to initially locate or manage such a potential database from a central perspective as opposed to an organisation like Pobal because an organisation such as a Government Department may be in a stronger position than an external organisation like Pobal to coordinate and request data from other Departments and agencies, at least at the inception stage. In addition, there may be problems with transferring responsibility and ownership for a database particularly if Pobal lost some functions/programmes or changed focus.

Overall, while some arguments can be made for Pobal to develop a funding database based on its activities to date and recent projects launched in this area, it makes more sense to develop solutions from a more central perspective. It should be noted that Pobal is a useful stakeholder to consult on potential solutions and to provide data feeds for its own funding streams.

Finding 9: Despite recent improvements, Pobal is not currently ideally placed to deliver a solution to the issue of multiple sources of funding due to capacity issues and the low share of overall grant expenditure within its purview

7.3 Addressing multiple sources of funding

There are a number of positive developments underway which could provide a way forward to address the multiple sources of funding issue.

Firstly, a new Charities Regulator is being set up to ensure greater accountability for charities and to increase transparency. One of its functions is to create an initial

register and to introduce reporting requirements for registered charities. This body may well be gathering data on funding sources for charities and developing unique identifiers. This is an example of a potentially useful contribution to help address the "multiple sources of funding" problem. There are some caveats with this approach as not all relevant "not for profit" bodies may be considered charities. There are important logistical issues such as multiple ownership structures and subsidiaries for the same organisation and the difficulty of linking programme payments to organisations. There will also be practical limits given resource constraints. There may not necessarily be capacity at the Charities Regulator in the short term to address this problem on its own.

There are also proposals underway to set up a Financial Shared Services Centre to process accounting transactions on behalf of Government Departments. This Centre could have the capacity to develop data on payments made by Departments to funded bodies. There would be some challenges as there may not be oversight over all payment types on an agency by agency and programme by programme basis. Ultimately, it will be a much more medium term project to identify the operations of how a new shared services centre will potentially gather useful data on multiple sources of funding.

Finally, although it is beyond the scope of this paper to recommend the solution to the multiple sources of funding problem, at minimum there are opportunities to think about data strategies to allow for more comprehensive funding reporting in the medium term. On balance, the development of the Financial Shared Services Centre can play a role in developing data streams which in the medium to long term could support a database solution. The Charities Regulator is also an important relevant stakeholder as is the HSE, the other line Departments and Pobal. Any viable solution will involve a level of resource commitment which may seem unaffordable in the short term but incremental steps and scoping exercises could support an eventual solution.

8. Recommendations

1. DECLG, as the current lead Department with responsibility for Pobal, should bring clarity to the role of Pobal by clearly defining Pobal's broad areas of responsibility. This would involve consultation with other Departments. This could be integrated in a new SLA or Memorandum of Understanding and would have reference to:

    a. Re-articulation of Pobal's objectives
    b. The stages in the programme lifecycle
    c. Reporting on outputs and impacts for Pobal as an organisation

    It is an open question as to which Department is best placed to take lead responsibility for Pobal.

2. For the purposes of existing programmes administered by Pobal, there should be an improvement in the quality of SLAs (e.g. outputs, performance indicator frameworks and efficiency) with line Departments and in particular, there should be more detail in an overall overarching SLA (i.e. Framework Agreement) between Pobal and DECLG covering Pobal's overall effectiveness and efficiency. Proper unit costing of outputs on a full cost as well as a marginal cost basis would aid the estimation and attribution of administration costs, subject to the principle of proportionality.

3. For new/extended programmes which require to be delivered, line Departments should carry out an appraisal of the most cost effective delivery mechanism i.e. Pobal, another public sector body, the Department itself or a private sector body.

4. There should be formal mechanisms in place to share learning between Pobal and line Departments. This could incorporate a programme of commissioned research papers or analytical outputs e.g. Pobal/DECLG liaison meetings.

5. Further efficiency measures should be introduced at Pobal to save a minimum of €1 million. This could be based on a combination of measures such as

- rationalisation of local regional offices
- medium term staff mix efficiencies
- pay savings due to the medium term wind down of programmes/schemes

6. There are opportunities to develop solutions to the multiple sources of funding problem. The proposed Financial Shared Services Centre has a contribution to make, in the medium to long term, along with the involvement of interested stakeholders such as the Charities Regulator, the HSE, the Department of Public Expenditure and Reform, the Department of Finance and other core funding line Departments. Pobal will also have a role as a source of data.

Appendix A Observations of relevant Government Departments

In discussing the findings of the FPA, DECLG (lead Department for Pobal) made the following observations. Some of these comments are also shared by other major funding Departments.

- In the completion of its remit regarding contracts for programme delivery, Pobal can point to clear completion of contractual commitments in each of its programmes and year on year improvements in efficiency and quality of output within key programmes.

- The sharing of systems and data within Pobal allows for small programmes to achieve the pay-off for the investment in design and development for larger programmes. This also allows for data analysis to move to levels beyond those currently demanded of Pobal within current contracts.

- Pobal is not mandated to expand its own remit and the fact that the full benefits of Pobal's activities are not being achieved from its work due to the confined nature of its remit requires that this issue is addressed by sponsoring Departments.

- The take up of continuing and new work (Gateways scheme, DCYA childcare programmes and the role of support in relation to the Local Government/Local Development Alignment process) represents an addition in workload for Pobal which increases Pobal's relevance.

The Department of Children and Youth Affairs also noted that:

- Pobal provides significant overhead services which are driven by the public sector model and which demand a huge degree of fluency and flexibility. Meeting the ad hoc reporting, briefing and analysis requirements of DCYA and presumably other Departments is a significant undertaking.

- There is a substantial energy and value across the portfolio of activity undertaken by Pobal on behalf of the Department and across Government as a whole.

The Department of Social Protection provided the following views:

- Service Level Agreements between Pobal and the Department of Social Protection detail the role of both organisations. Generally Pobal carries out the administration of schemes for this Department, while the Department retains overall responsibility for policy.

- It is not the function of Pobal to expand its own remit in its dealings with Government Departments.

- During the past year, Pobal has been given responsibility for the administration of the Gateway Scheme. After a slow start in 2014, the numbers on the scheme have steadily increased.

Appendix B Original objectives of Pobal

The original objectives for which Pobal was established in 1992 include:

- The delivery and management of programmes which promote social inclusion, reconciliation and equality through integrated social and economic development within communities.

- The delivery and management of local community and other development programmes.

- The provision of technical assistance, support and advice to the groups and beneficiaries of the programmes, which are delivered/managed.

- The provision of assistance and support in the analysis and exchange of experience leading to the communication of information and the identification and dissemination of good practice within the programmes which are delivered/managed.

- Aiding, through the lessons learnt from these programmes, in the formation of Government and other policy development at local, regional and national levels.

- The provision of technical assistance, support and advice to other bodies with the approval of the Minister.

Appendix C Multiple sources of funding issues

Figure A1 sets out a summary of funding sources reform options. These options are not mutually exclusive nor exhaustive.

A1 Summary of advantages and disadvantages of funding reform options

		Advantages	Disadvantages
1	Funding sources provided by agencies	• Places the overhead on the part of the grantee • Grantees have long been required to provide this information with mixed results to date	• Requires compliance and validation checking • May be difficult to implement to inform ex ante resource allocation decisions • There is no central dataset enabling analysis of funding streams across the community sector • Could be interpreted in different ways by different bodies
2	Central record of funding updated by Departments	• A central data source would allow for powerful analysis of geographic and other funding patterns • Precedent i.e. public sector numbers, pensions, grant payments • High level data could be included as part of estimates publications	• Requires ongoing maintenance • May also be difficult to update database as funding is allocated • Discipline required by each funding organisation. • Could be costly with IT and staffing resources required
3	Lead funder model	• Single locus of responsibility • Less administrative burden for fundees	• Ownership of data on multiple funding streams could be split across many departments – cumbersome • Lead funders may find it difficult to monitor outputs relating to another Departments stream of funding

Note: Per Circular 17/2010 and Public Financial Procedures Handbook

Box A1 overleaf provides some examples of a central database approach from other jurisdictions.

Box A1: Examples of Central Database approach from other jurisdictions

Australia

The Department of Finance and Administration (Finance) in Australia established the Discretionary Grants Central Register in 1997-98 as a central data base containing individual grants awarded by Ministers. The database enables cross portfolio reporting and analysis by Treasury in Australia and is an important tool for assisting Commonwealth agencies to assess grant applicants in order to eliminate any possible double funding.

Northern Ireland

In Northern Ireland, the Department for Social Development runs a website which provides information on Government supports to the community and voluntary sector. The objective of the database is to bridge the gaps between Government and the community. The database is multi-functional and allows users to access information on what funding individual community and voluntary groups are receiving, as well as providing information on grants that are available from Government Departments.

U.K

Up until 2007, the UK home office carried out annual surveys in order to estimate Central Government expenditure on voluntary and community organisations. This culminated in an annual report. These appear to have been recently discontinued.