



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

Department of Public Expenditure and Reform

Incoming Minister's Brief 2020

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Overview of the Department

Background

The Department of Public Expenditure and Reform was established in July 2011. The Department is responsible for managing public expenditure and for overseeing the reform of the Public Service.

The Mission Statement of the Department of Public Expenditure and Reform is:

- To serve the country, its people and the Government by delivering well-managed and well-targeted public spending, through modernised, effective and accountable public services.

The Department's two Strategic Goals are:

- To manage public expenditure at sustainable levels in a planned, rational and balanced manner; and
- To have public management and governance structures that are accountable, transparent and effective.

Legal Framework

The functions of the Department are set out in the [Ministers and Secretaries \(Amendment\) Act 2011](#) which transferred to the Minister for Public Expenditure and Reform the functions of the Minister for Finance relating to public expenditure, public service pay etc., and public service modernisation. The Act has been supplemented by a number of Orders since 2011.

The detailed functions of the Minister for Public Expenditure and Reform in the 2011 Act include:

- **Public Expenditure**
Responsibility for the management of gross voted expenditure and the annual estimates process, general sanctioning powers in relation to expenditure and policy matters relating to the appraisal, review and evaluation of expenditure, while the Minister for Finance retains responsibility for overall budgetary parameters;
- **Public Service Pay and Pensions**
All functions relating to the appointment, terms and conditions, and remuneration of public servants transferred from the Minister for Finance to the Minister for Public Expenditure and Reform; and
- **Public Service Reform**
Public service reform and modernisation functions were put on a statutory basis to reflect the new reform function included in the name of the Department. The Minister assumed responsibility for existing non-statutory functions of the Department of Finance and the Department of the Taoiseach in the area of public service modernisation, development and reform. The statutory functions include the formulation and development of policies required for the modernisation and development of the Public Service and making proposals to Government in relation to the implementation of those policies, along with the coordination and review of the implementation of these

measures across the Public Service. The functions also include the promotion of value for money in the provision of public services and the development of policy and procedural frameworks in relation to the procurement of goods and services by the State.

The functions conferred by the 2011 Act – in particular the management of public expenditure – remain the primary and most significant responsibilities of the Department. Further information in this regard is set out in Appendix A. It is worth noting that since 2011, a number of other Acts have conferred additional responsibilities or powers on the Minister. Appendix B summarises the main Acts that have developed and expanded the Minister's role since 2011.

Some pieces of legislation to which particular attention is drawn, based on the significance of the responsibilities conferred, are below.

Public Service Pensions (Single Scheme and Other Provisions) Act 2012

The Single Pension Scheme for the Public Service, introduced on 1 January 2013, is a landmark reform in the history of public service pensions. Though on its face a simple idea – one centrally administered pension scheme for the public service as a whole – implementation is a complex and evolving process.

The challenges posed by the transition to this Scheme are both legal (pension entitlements are considered constitutionally protected property rights) and practical. As the Minister responsible for the legislation, the Minister has a key role to play in meeting those challenges.

Protected Disclosures Act 2014

The Protected Disclosures Act is part of a wider set of legislative reforms implemented since 2011 to support and encourage integrity and openness in Irish society. Other measures (which also confer responsibilities on the Minister) include the Freedom of Information Act 2014 and the Regulation of Lobbying Act 2015.

The volume and complexity of the Department's work in this area is likely to increase with the recent EU Directive on the Protection of Persons Who Report Breaches of Union Law (EU 2019/1937). The Directive, which must be transposed into Irish law by October 2021, will alter and expand Ireland's whistleblower protection regime in several important respects. As well as widening the range of persons entitled to protection, the Directive will require public bodies to have systems in place not only to receive whistleblower reports, but to respond, follow up and provide feedback within designated time limits.

Data Sharing and Governance Act 2019

The Act is intended to provide a general legal basis for the sharing of data between public bodies, with appropriate safeguards. As the Minister responsible for the Act, the Minister has a number of duties and powers, including power to direct the disclosure of information; require the provision of information for pension or other purposes; establish a pension scheme database; establish a personal data access portal, to facilitate individuals' access to their own data; appoint a Data Governance Board; and issue Guidelines and Model Agreements.

Regulation of Lobbying Act 2015

Amongst other matters, the Act requires the Minister to publish a Transparency Code, giving guidance in this area.

Corporate Governance

The Department currently has ten divisions:

Name of Division	Head of Division
Expenditure Policy and Reporting	Ronnie Downes
Labour Market and Enterprise Policy	David Moloney
Expenditure Management, Structural Funds and Audit	Patricia Coleman
Public Service Pay and Pensions Division	Colin Menton
Reform Division	Lucy Fallon Byrne
Office of Government Chief Information Officer	Barry Lowry
Civil Service Human Resources Division	David Cagney
Office of Government Procurement	Paul Quinn
Corporate Office	David Feeney
HR Strategy Unit	Claire O'Reilly

The Management Board is chaired by the Secretary General and includes the Heads of each Division. It meets once a week to discuss and progress immediate business. The Special Adviser(s) and the Press Officer also attend Management Board meetings. There are two Sub-Committees of the Management Board – the Workforce Planning Group which deals with the deployment of staff across the Department and other HR matters and the Governance Committee which oversees the Department's governance and compliance framework. In addition to the weekly meetings, the Management Board holds a longer meeting every three weeks to discuss major policy issues.

The Corporate Office operates under the direction of the Chief Operations Officer and is comprised of four Units – the Corporate Support Unit, the Corporate Governance Unit, the Data Protection Unit and the Finance Unit. Its role is to operate and continually enhance D/PER's governance, risk management and compliance framework, to provide a high quality of corporate support, and to implement effective financial management and procurement arrangements for the Department.

The [Governance Framework](#) of the Department of Public Expenditure and Reform implements the corporate governance standard for the Civil Service. A new three year Statement of Strategy (2020-2022) will be developed reflecting the priorities from the Programme for Government which are the responsibility of this Department. This will be presented to the Minister within six months of appointment, in line with the provisions of the Public Service Management Act 1997.

Reflecting its origins, the Department of Public Expenditure and Reform shares several common services with the Department of Finance. The two Departments also share space in the Merrion Campus (South Block of Government Buildings and 7-9 Merrion Row). The Department of Public Expenditure and Reform provides a shared ICT service and internal audit service to both Departments. The Department of Finance manages common financial management services and facilities services for both Departments.

The Department's headquarters is in South Block, Government Buildings on Upper Merrion Street. The Department also has staff in 7-9 Merrion Row, St. Stephen's Green House on Earlsfort Terrace, Miesian Plaza on Baggot Street and Spencer Dock. The Office of the Chief Medical Officer (for the Civil Service), which is part of the Department, is based on North King Street.

The core Department has approximately 460 staff (Full Time Equivalents). In addition, there are approximately 220 staff (Full Time Equivalents) in the Office of Government Procurement, which is also a Division of the Department.

The Department's budget provision is set out later in this section.

In 2019, the Department answered 305 FOI requests and 1,602 PQs and the Minister for Public Expenditure and Reform's office received 1,873 items of correspondence.

Bodies Under the Aegis

There are four types of body under the aegis of the Department of Public Expenditure and Reform:

- Civil Service Offices (Scheduled Bodies) – this includes the Office of Public Works, the National Shared Services Office, the Public Appointments Service and the State Laboratory;
- The Ombudsman Group and the National Lottery Regulator (independent in the performance of their functions);
- The Economic and Social Research Institute and Institute of Public Administration which are not State Bodies but do receive grant funding; and
- The Special EU Programmes Body which is a North South Implementation Body established under the Good Friday Agreement that operates under the policy direction of the North South Ministerial Council and is jointly sponsored by the Minister for Finance in Northern Ireland and the Minister for Public Expenditure and Reform.

The Department does not have any non-commercial state sponsored bodies or commercial state sponsored bodies under its aegis.

A Corporate Bodies Unit (CBU) was established in July 2018 to engage with most of the bodies under the Department's aegis (except the OPW and the SEUPB) in relation to expenditure and governance.

Information on the bodies under the aegis of the Department and the nature of Ministerial engagement with these is set out in Appendix B.

Covid-19

As set out throughout this brief, the Covid-19 public health emergency has had a very significant impact from a policy perspective. In addition, like all organisations, there has been a substantial operational impact on the Department. In this context, the implementation of the Department's Covid-19 Business Continuity Plan has led to the Department equipping all relevant staff to work remotely. Staff have responded well to the challenge as new ways of working have become the norm, and the Department's critical functions continue to be delivered in this new environment. A number of staff continue to attend the office when required.

Business Plan 2020

The Department's [Business Plan for 2020](#) was agreed in December 2019 and clearly predated the Covid-19 public health emergency. The Business Plan sets out the following priorities:

Corporate Performance

- To implement the Statement of Strategy to reflect the public expenditure and reform priorities of the Government and to provide a high quality service to the Minister, the Government and the Oireachtas;
- To implement our People@PER HR Strategy 2017-2020 to champion an inclusive and diverse workforce, enhance our framework for talent management, strengthen our internal capacity and promote employee engagement;
- To implement our Corporate Governance Framework to help us meet our obligations and ensure accountability and transparency in our operations, and to have effective oversight of the bodies under our aegis;
- To enhance knowledge management in the Department by implementing people, process and technology initiatives to enable us to get the right information to the right people at the right time;
- To enhance cross-divisional working in the Department, initially focusing on a small number of priority issues that impact on multiple Divisions;

Sustainable Public Expenditure

- To produce multi-annual Estimates and Expenditure Statements that meet Government objectives, EU commitments and support economic and social progress on a fiscally sustainable basis, and to monitor voted expenditure outturns and trends during the year;
- To mainstream budgetary reforms to promote certainty and discipline regarding the level and broad composition of public expenditure over the medium term, to enhance the quality of performance information and to continually develop the evidence-based approach to expenditure policy formulation including through the key role of the Irish Government Economic and Evaluation Service;
- To manage public service pay and pension costs on a fiscally sustainable basis within the industrial relations framework set by the Public Service Stability Agreement 2018-2020 and advance solutions to support the effective administration of the Single Pension Scheme;
- To oversee the effective implementation of the National Development Plan and alignment with the National Planning Framework as part of Project Ireland 2040;
- To address the challenges posed by Brexit across the economy and the Public Service, as well as the areas of EU policy for which the Department has specific responsibility, including making the best use of the European Structural and Investment Funds, particularly in promoting North-South co-operation;

Reform and Innovation

- To lead the implementation of Our Public Service 2020 to deliver better outcomes for the public and to build effective public service organisations, and to develop a culture of innovation and evaluation as part of the reform programme;
- To develop and lead the implementation of the next phase of Civil Service Renewal;
- To promote and support open, accountable and transparent government and public administration and good governance in the Public Service;
- To lead and support the implementation of the Civil Service People Strategy;
- To drive the implementation of the Public Service ICT and eGovernment Strategies, with particular focus on those initiatives that will improve delivery of public services, encourage take-up of digital services, encourage sharing and promote the use of data as a key enabler of better services;
- To lead the Procurement Reform Programme, to enable effective, sustainable and compliant procurement across the Public Service;

Service Delivery

- To deliver effective and efficient ICT services to relevant public bodies as part of the Build to Share programme and use the new OGCI0 Vote to support the sustainable development and delivery of these services;
- To lead and support the delivery of common learning and development services for the Civil Service through OneLearning; and
- To continue to drive an integrated approach to public procurement through the Office of Government Procurement and to provide a range of procurement solutions for the Public Service, delivering value for money, compliance and risk reduction.

Budget allocation

In 2020, the Department's overall budget is allocated across three separate Votes; the Department itself and two Offices which are part of the Department. The Secretary General is the Accounting Officer for all three Votes, which are:

- Vote 11 - Department of Public Expenditure and Reform (DPER);
- Vote 39 - Office of Government Procurement (OGP); and
- Vote 43 - Office of the Chief Government Information Officer (OGCIO).

The Department itself has a wide range of objectives across its two strategic programmes:

- Programme A - Public Expenditure and Sectoral Policy; and
- Programme B - Public Service Management and Reform.

The 2020 Estimate for the Office of the Minister for Public Expenditure and Reform (Vote 11) is €42.7 million (net). The Revised Estimates provides significant detail on the two programmes that are part of this Vote, which are aligned with the Department's Statement of Strategy. The table below shows the 2019 and 2020 estimates, as well as the 2019 outturn.

The 2020 Revised Estimate also sets out similar information for the Office of Government Procurement (Vote 39), which has an Estimate of €18.3 million (net) in 2020.

2020 is a particularly significant year for the Office of the Government Chief Information Officer, with the establishment of the new OGCIO Vote, which has an Estimate of €21.7 million (net) in 2020. The creation of this Vote, for which the Secretary General is also Accounting Officer, will serve to drive the digital transformation agenda across Government while providing and developing pan-public service ICT infrastructure, service delivery models and cross government applications. The set-up of the new OGCIO Vote accounts for the 28% reduction in the Department's own Vote in 2020 as the OGCIO's pay, admin and programme costs were transferred on an exchequer neutral basis from the Department's own Vote and from other Departments and Offices using the OGCIO's services.

	2019 Estimate	2019 Outturn	2020 Budget Allocation	Change year-on-year	% Change
D/PER	€58.9m	€56.9m	€42.7m	- €16.2m	- 28%
OGP	€18.0m	€15.7m	€18.4m	€0.4m	2%
OGCIO*	N/A	N/A	€21.7m	€21.7m	N/A

* new Vote in 2020.

Highlights of the Brief

This section sets out an overview of the key and more immediate policy issues facing the Department. These are explored in greater detail throughout the brief. It is proposed that more in-depth briefing will be provided by each of the Teams over the next few weeks.

In essence, the work of the Department and, of course, all of Government, is dominated by the impact of the Covid-19 public health emergency. Key priority issues are:

- Managing public expenditure pressures and demands in the context of the re-opening of society and the economic recovery;
- Developing plans for the next phase of the Economic Response and finalisation of measures for an additional package in July – separate draft note attached;
- Making policy decisions in relation to the PUP and the WSS, which depend on the pace of economic recovery and wider labour market developments;
- Planning a sustainable public expenditure framework and work for the October Budget;
- Preparing a National Recovery Plan with the Department of Finance and other relevant Departments;
- Commencing a review of Project Ireland 2040 reflecting the Programme for Government Commitments and post-Covid economy and society; and
- Preparing a new public sector pay policy framework.

1. Public Expenditure Demands and Pressures

Growth in overall public expenditure in the last five years has averaged just under 5% a year, while overall Exchequer tax revenues and PRSI (excluding Corporation Tax) have grown by 6.3% a year. This has contributed to an improvement in the General Government Balance to end 2019. In the last two years, expenditure growth has risen to approximately 7% a year, reflecting higher capital investment and improved allocations across a broad range of sectors, most notably health.

The update to the Fiscal Strategy, published on 9 January 2020, was prepared on the basis of running surpluses to mitigate overheating risks to the economy and public finances. This now redundant strategy assumed potential expenditure growth up to 4.5% per annum on average, inclusive of both current and capital expenditure, over the next five years, assuming no taxation reductions. This was broadly in line with the long term growth rate of the economy as measured by GNI*.

The fiscal position entering the Covid-19 crisis was reasonably positive. A General Government surplus of 0.4% of GDP was recorded in 2019, a balanced budget in structural terms was delivered, and the debt / GDP ratio was 59% and close to 100 % of GNI*.

The Covid-19 crisis has had a profound economic and fiscal impact. The Stability Programme Update (SPU) published in April 2020 projected a General Government deficit of €23 billion or 7.4% of GDP for the year. This included additional Covid-19 related spending of €8 billion, across Health, Social Protection, and Business, Enterprise and Innovation, reflecting decisions taken to that date in April.

It is now estimated that the additional expenditure arising from the Covid-19 crisis is up to €12 billion, with further upward additional pressure, in particular relating to health.

This higher expenditure is driven mainly by weaker labour market developments since the SPU, the pace of reopening of the economy, and Government decisions across a range of sectors. Changes since the SPU are set out in the table below and reflect:

- the Social Protection Estimate agreed by the Dáil in May;
- Extension of the PUP and the TWSS to August;
- Additional funding agreed for a number of sectors including Sport, Culture, Agriculture, Business for restart grants and commercial rates waiver;
- A pressure in relation in to Public Transport of up to €460 million due to reductions in passenger revenue; and
- Other measures as set out in the Table.

Additional Expenditure – Covid-19

€ billion	SPU	End-June Position
Social Protection	5.75	8.84
<i>Social Protection Estimate</i>		6.84
<i>2 June Decision – Extension of PUP and TWSS</i>		1.80-2.00
Health – Included in Estimate	2.00	2.00
Transport (PSO)		0.46
Sport		0.07
Business, Enterprise and Innovation –	0.25	0.48
Commercial Rates Waiver		0.09
Others (Culture, Agriculture, and Taoiseach)		0.10
Total Increase v REV 2020	8.00	11.8-12.0
Increase v REV 2020 (% of GDP)	2.6%	3.8%

In addition to the costs outlined above, there are other areas where major cost pressures are liable to arise:

- In Health, there are further pressures, in particular in relation to PPE. Work is ongoing in assessing these costs, that could be up to ██████████, and any potential offsetting amounts;
- In Education, there will be additional costs in relation to school reopening. There will also be pressures in the higher education sector;
- There are pressures in relation in relation to homelessness expenditure and on a number of Local Authority revenue streams; and

- In the Justice sector, there are cost pressures arising on Asylum Seekers Accommodation and on the Garda Vote.

Work is ongoing in relation to assessing the potential impact of these cost pressures and any potential offsetting underspends. The initial assessment is that these additional costs could be in the region of 0.5% of GDP or c. €1.5 billion, including Health. In addition, with 465,900 people in receipt of the Pandemic Unemployment Payment as of 23 June, additional expenditure may be required for income and employment supports depending on the pace of the economic recovery. Reducing the number of people on the PUP is critical to release funds for other support measures and to ensure that the fiscal deficit is kept to manageable levels.

The additional expenditure pressures of €1.5 billion noted above would bring overall expenditure to almost €84 billion, an increase of almost €13.5 billion on REV 2020 and €5.5 billion above the SPU projections. In the absence of better Exchequer receipts, the deficit for the year would move from 7.4% as per the SPU to c. 9% of GDP. However, the revenue performance is much better than projected in April, with tax receipts €2 billion ahead of profile.

In this context, the July stimulus plan would need to be temporary and targeted at measures that can support a more rapid return to work in significantly impacted sectors and to move people more rapidly off PUP to employment (WSS supported employment or not).

2. Economic Response to Covid-19

In considering the economic response measures to Covid-19, it is useful to consider three stages – the initial lockdown of the economy, the phased transition or recovery of the economy and a point where the overall economy has returned to a stable growth path.

Stage One – Shutdown of the Economy

In the initial stage, emergency measures were introduced swiftly to support and protect households and enterprises. The cost of these measures has been large at around €12 billion so far.

This has included income and wage supports through the Pandemic Unemployment Payment and Temporary Wage Subsidy Scheme, liquidity supports to enterprises, direct grants to enterprises, the deferral of tax liabilities and the waiver of commercial rates.

Stage Two – Recovery / Transition of the Economy

In the next stage of the response, it is important that any measures are targeted to ensure that they support parts of the economy that can sustain activity. Focusing supports on viability and supporting employment will be critical.

The ability to support the economy's transition is in part dependent on the reduction of initial emergency measures, such as income supports, introduced in Stage 1. There is a trade-off between operating current emergency support measures and further targeted supports.

The Stage 2 response to be set out in July could consider a number of areas for intervention including:

- The pathway for phasing out of emergency income supports to ensure fiscal sustainability;
- A focus on Active Labour Market Policies and training to support people back into employment as the economy adjusts and recovers;
- The consideration of further / changed liquidity measures. Measures taken to date will play a greater role as the economy reopens and there is a need to assess the requirement for further support. Enhanced restart grants and an extension of the commercial rates waiver could be considered;
- The use of targeted grants to assist firms with re-employment and transition. These should be linked to supporting activity. There is likely to be a role for some type of targeted WSS to retain jobs in particular sectors for a defined period of time; and
- The introduction of short term demand stimulus measures that can enhance activity and consumer spending. Options include limited tax measures and additional / repurposed public investment. Addressing regional or strategic objectives could be part of these measures.

Stage Three – Return to Sustainable Growth Path

Once the economy has returned to a sustainable growth path over 2021/2022, it will be necessary to reduce the deficit and return to a broadly balanced budget to ensure the sustainability of the public finances.

There are a variety of existing supports in the areas of enterprise, social protection, labour market and skills development that can act as a support to the economy and growth.

Throughout the stages, it is necessary to consider longer term opportunities in areas such as digitisation and climate action to enhance the long term productivity and resilience of the economy.

3. Sustainable Expenditure Framework

Overall, maintaining public expenditure growth on a stable, sustainable course over the medium-term, while steadily closing the budget deficit, will require policy action on a number of fronts, including a stronger medium-term pathway to govern expenditure growth and strict management of growth in staffing numbers.

In addition, there will be a specific challenge in Budget 2021 in assessing the extent to which funding will be required to support ongoing Covid-19 measures. The fiscal projections in the SPU included an additional amount of €1.5 billion in relation to additional income supports. In addition, there will be pressures persisting in 2021, in particular in Health, that will need to be addressed in the 2021 Budget Estimates.

Work on the Estimates will need to commence during July, with the process intensifying from September. This work will need to address the range of public expenditure pressures set out in Sections 5 and 6 below.

4. Capital Investment

Project Ireland 2040 requires close alignment between the National Development Plan (NDP) and the National Planning Framework (NPF) to avoid dispersed growth and urban sprawl of the past and to promote compact, sustainable growth centred on the five regional cities (Dublin, Cork, Limerick, Galway and Waterford). Compact growth should be supported within existing urban limits, facilitating the efficient delivery of infrastructure e.g. public transport and housing. Preliminary analysis undertaken by this Department suggests that plans have yet to fully realign with the NPF strategy in sectors including social housing, schools, primary care centres and more generally with major infrastructure projects.

The Covid-19 related shutdown of all non-essential construction projects, and the phased and gradual re-start under the National Protocol, will have significant consequences for public capital investment. Following the crisis, there will be a need to re-examine project costs and project prioritisation.

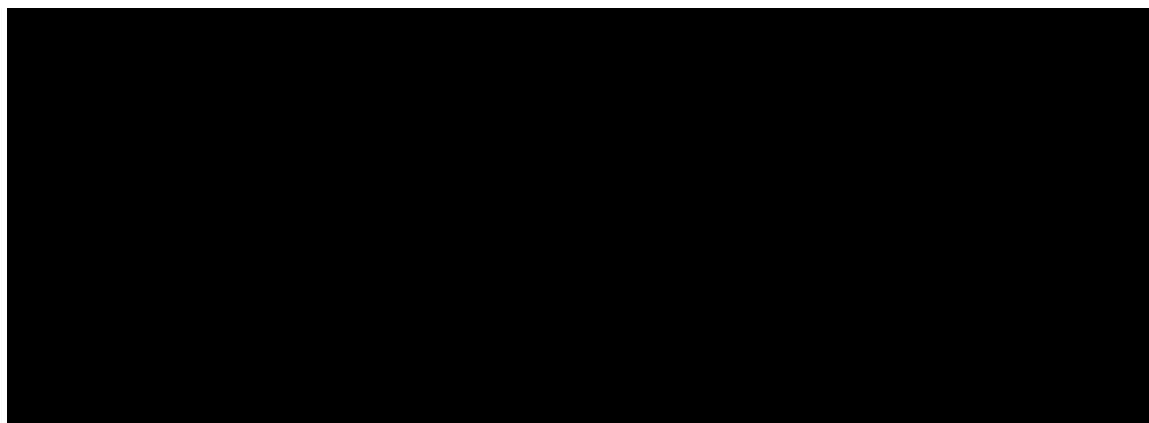
As regards ongoing work under the NDP, there are currently over 50 large projects (>€20 million) in construction. The majority of recent projects have been delivered on time and on budget. The roads sector and water services projects are particular examples. Recent changes to the Public Spending Code and planned introduction of external expert reviews of projects should improve the delivery of bespoke, one-off projects. These changes will support better value for money and can be tailored to ensure that delivery in sectors such as housing is as efficient as possible.

Project Ireland 2040 Review

It is proposed to conduct a substantive mid-term Review of the National Development Plan (NDP), as envisaged in the Programme for Government. In the near term, the review will identify capital projects that can form part of the coordinated July Stimulus measures. From September, a substantive strategic re-assessment of the NDP could be undertaken, to include:

- Re-alignment of capital plans and priorities in response to climate action;
- Analysis of housing supply and land-use issues;
- Continued alignment of the NDP with the National Spatial Strategy;
- Assessment of medium-term capital ceilings; and
- Developing capacity within the public sector to deliver the NDP.

The NDP Review process will also include consultation with Government Departments and key stakeholders, and could be concluded by Summer 2021.



5. Public Service Pay

In 2020, the Gross Public Service pay bill is estimated at €19.7 billion, which is approximately one third of all current expenditure. The pay bill has been increasing by circa €1 billion per year for the last number of years. Around one third of the increase relates to pay increases under Public Service Stability Agreement (PSSA) and two thirds relates to increases in public service staff numbers (now 337,000 in total and increasing by around 9,500 per year).

Up until the public health emergency, wage growth in the wider labour market, which was approaching full employment, had been accelerating with private sector wage growth outstripping the public sector. Clearly, the public health emergency has changed the labour market context utterly and there is considerable uncertainty about the short to medium term outlook for the labour market and wage growth. It is clear is that maintaining the pay bill at sustainable levels will be an ongoing challenge for 2020 and beyond. It will be important to moderate the rapid growth in public service staff numbers seen since 2014, if overall growth in the pay bill is to be kept at manageable levels.

The Covid-19 response in the Public Service has thrown up pay, IR and pensions issues such as Pension Abatement Waivers, issues related to Student Nurses, Private Hospital Arrangements and pay issues related to the Temporary Assignment Scheme. A number of known pay and pensions pressures are set out later in this brief.

It is also important to note that the current pay agreement, the PSSA, runs to end 2020. In the normal course, negotiations on a successor would take place shortly. This was the pre Covid-19 emergency position and in light of the impact of the current emergency on the public finances, the timeline and options for any talks / measures in relation to public service pay will have to be carefully considered.

6. Public Expenditure Pressures – More Details

Across the broad range of public expenditure, there is always ambition for more public services. This was already the case prior to the Covid-19 public health emergency but is particularly the case now, and is reflected also in the Programme for Government. Some pressures are immediate and some are more medium to long term. Highlights of some particularly critical expenditure pressures are set out below and throughout this brief.

Health

The immediate challenge for the Health Sector in 2020 continues to be the response to Covid-19. This has necessitated the displacement of the previously-agreed Service Plan for 2020 in favour of an emergency mobilisation. In practical terms, the Covid-19 National Action Plan involves additional expenditure (to date) of €2 billion, although some net savings (e.g. from staff re-deployments, and from scaling-back of other planned initiatives) could reduce this initial cost in 2020. Current priorities in the Covid-19 response include additional costs associated with renegotiation of the private hospitals deal, extra testing capacity, further PPE expenditures, nursing home supports and GP contract revisions of up to an additional €1 billion in 2020.

The Covid-19 response is also likely to affect the future outlook for Sláintecare, which frames the overall context for Health Sector reform. D/PER's core challenge is to ensure that this reform agenda, and its various inter-related measures, are managed in a budget-sustainable manner, while taking into account the overall annual cost of delivering current health services.

The original (pre-Covid-19) 2020 health budget is €18.3 billion; the health budget has increased, on average, by over €1 billion a year (37% overall) since 2015, reflecting service demands, pay-bill increases and demographic pressures. In 2021, there are already pre-commitments (demographics, full-year effect of previous budgets and Sláintecare initiatives that include new GP/Consultant contracts) of over €0.5 billion and a successor to the Public Service Stability Agreement will add to this.

Full implementation of Sláintecare was estimated (in 2017) at €5.8 billion; the costs would be greater today. Specific elements of Sláintecare implementation such as additional nurses and consultants, hospital beds and home help hours will need to be implemented in a manner consistent with sustainable budgeting. Accordingly, it will be important to seek to maximise health outcomes and service efficiencies through, for example, streamlining health channels, utilising technology efficiently and generating revenues which can help underpin a sustainable model of service delivery.

Specific key strands of health sector reform include growth in social care expenditure; containing growth in pharmaceutical expenditure; the De Buitléir report and its implications for the pay of consultants in public hospitals; and regional structures to deliver integrated health care.

Housing

Ireland's housing demand is estimated at 35,000 new dwellings per annum. The overall number of new dwelling completions (i.e. the combined public and private supply) for 2019 is approximately 21,200 (single houses c. 5,000, scheme c.12,500, apartments 3,600). The marked difference between current supply and estimated demand highlights a significant imbalance in the housing market.

Despite an average annual increase in Exchequer investment of 30% since 2016, demand continues to outstrip supply. Housing output needs to be increased whilst not repeating the mistakes of the past. The focus needs to shift to increasing housing affordability and reducing the cost of rent. Supply side initiatives will need to be employed to address the housing supply constraint. An opportunity exists to implement a comprehensive overarching housing policy looking at expenditure and supply side measures in tandem, in order to optimise housing delivery.

While the full impact of the Covid-19 crisis will not be known until later, it is possible that the reduction in construction activity will have an impact on the number of housing units being delivered in 2020. Original estimated output for 2020 of 25,000 units could be reduced to 15,000 due to Covid-19. The income shock experienced by many will also have knock-on consequences for housing demand and affordability.

These issues will need to be considered in detail and new policy needs to reflect an assessment of the emerging post-Covid housing market.

Education

There are a range of key issues with significant expenditure and reform implications to be addressed in the Education Sector. This includes the future funding model for higher education, and a more joined up approach to higher and further education and training; managing increasing but shifting pressures on schools expenditure, where classroom demographics will continue to require extra teachers and extra classrooms into the early 2020s (on top of the 70,000 teachers currently employed) but with increased demand moving from primary to post-primary level; and reforms in respect of meeting special education needs (including in relation to school transport).

The Covid-19 crisis has had a significant impact on the Education Sector with the closure of all schools and tertiary education institutions until the new academic year. The sector is currently focused on ensuring continuity of education, with teachers, lecturers etc. working remotely to provide distance learning for pupils and students. The expenditure and other implications for schools, higher education and further education and training are being assessed and are addressed later in the brief.

Climate Change

Ireland's primary climate target in an EU context is to achieve a greenhouse gas emissions reduction in the non-ETS sector of 20% by 2020. However, with emissions from agriculture and transport continuing to rise, it was projected that an emissions reduction of between 0 to -1% is likely to be achieved. Since the 20% target is legally binding, Ireland will be required to purchase carbon credits to achieve compliance. Ireland also faces a binding 2020 renewable energy target of 16%. Current estimates suggest that, at best, Ireland is likely to achieve a renewable energy level of 13%. Ireland will again have to purchase compliance in the form of 'statistical transfers' from other Member States.

Total compliance costs regarding missed 2020 targets are estimated to be in the region of €70 million to €125 million but will need to be reviewed to reflect the impact of Covid-19.

The new Programme for Government significantly increases the level of ambition in terms of carbon emissions, committing to an average 7% per annum reduction in overall greenhouse gas emissions from 2021 to 2030 (a 51% reduction over the decade). A number of key whole-of-government issues, with significant expenditure implications, will need to be addressed in order to deliver this expanded and deepened climate ambition. If these new targets are included in Ireland's National Energy and Climate Plan (due to be submitted to the EU in the near future), Ireland will face significantly increased future compliance costs on an annual basis if the targets are not met.

Achieving these targets, with the initiatives set out in Ireland's Climate Action Plan, will be heavily dependent on influencing individual consumers' purchasing decisions on energy efficiency, renewable heating and electric vehicles. In practical terms, lower fossil fuel prices will make it more difficult to persuade people to invest in these alternatives.

State Pensions

In 2020, the overall allocation to State Pensions expenditure is €8.425 billion, which is an increase of €1.45 billion since 2016. Of this increase, around €950 million can be attributed to demographic changes and approximately €500 million due to rate increases. Over the period, the allocation for pensions has increased by an average of over €360 million per annum. The pension allocation alone represents 13.5% of the total 2020 current expenditure allocation.

Significant demographic increases are due to continue in the long term and a number of reforms to the pension system were due in the coming years, such as the increase of the pension age to 67 in 2021 and to 68 in 2028. The commitment in the Programme for Government to defer the increase in the State Pension age to 67 will impact on the 2021 expenditure position, with the impact in later years depending on Government decisions taken.

Covid-19 Social Protection Payments

Ireland reacted speedily to the Covid-19 crisis putting in place a number of Department of Employment Affairs and Social Protection (D/EASP) supports in response to the health and economic impact of the crisis. As of 16 June, there were 51,300 people on Enhanced Illness Benefit; as at 23 June, there were 465,900 on the Pandemic Unemployment Payment; and as

of 18 June, the number of employees supported under the Temporary Wage Subsidy Scheme was 410,000 (associated with 61,500 employers).

In light of these and other income support measures taken in response to the Covid-19 crisis, additional funding amounting to €6.8 billion has been provided in a new Estimate for D/EASP.

Further expenditures may be required depending on the pace of the economic recovery and policy decisions in relation to the PUP and the WSS.

Brexit and EU

Following the UK's departure from the EU, with attention now on the expiry of the transition period at the end of the year, our Brexit priorities are (i) preparedness for the conclusion of the transition period; (ii) implementation of the Withdrawal Agreement and Protocol; (iii) certain policy areas that will be impacted by the future relationship negotiations (e.g. public procurement, EU funding and a new post-Brexit PEACE PLUS programme); and (iv) the ongoing public expenditure implications of Brexit response measures. Covid-19 will have major implications for the Brexit timetable and will inevitably give rise to very significant preparedness challenges and complicate the future relationship negotiations.

Since 2018, the Government has been investing in the infrastructure required for additional customs, SPS and health checks and controls at ports and airports as a consequence of Brexit. This work is coordinated by this Department and is one of the most visible aspects of the Government's preparations for Brexit.

Further developments may be required at both locations in the longer term, in particular at Rosslare to take account of the future development in the port.

On 27 May, the European Commission presented its proposals for a new recovery fund to respond to Covid-19 and for the Multiannual Financial Framework (MFF) for the period 2021-2027. Ireland had already been seeking a special allocation under the MFF for the new PEACE PLUS programme, but it will now need to consider additional supports to respond to the economic impacts of Brexit as well as Covid-19.

7. Public Service Reform Programme

Alongside the overall management of public expenditure, driving the reform of the Public Service is a core function of the Department. The Department plays a central role in leading and supporting the reform programme, with key priorities including the development and implementation of a long-term reform framework for the Civil and Public Service, human resource management, digital government and the Public Service ICT Strategy, and public procurement reform.

It should be noted that all of these areas have also been affected by the Covid-19 public health emergency and the response has seen some major reforms introduced in a very short period of time (further detail later in the brief) and a key task now to ensure that the significant reforms that are taking place are embedded and long lasting, and reflected in the vision and strategy for the Civil and Public Service going forward.

Public Service Reform

The first Public Service Reform Plan was published in 2011 and has been a central focus of the Department since then. A series of reforms have been introduced across all sectors of the Public Service, most recently through the *Our Public Service 2020* framework, designed to accelerate the digital delivery of public services, deliver better services to customers, drive innovation and develop our people and organisations.

In parallel with developments in Civil Service reform, attention is now turning to the development of an ambitious new reform programme for the Public Service which will include: leading the digitisation agenda and driving the Public Service's uptake of emerging technologies such as Robotic Process Automation; reconfiguring and integrating traditional services to provide one-stop shop Government services to the public in local and regional offices; embedding a culture of innovation across the Public Service; and developing our people and organisations for the future.

Civil Service Renewal

The first Civil Service Renewal Plan was published in 2014 and its implementation has seen considerable change delivered in the Civil Service since then. An ambitious multi-year strategy and framework for Civil Service Renewal is now being developed which will allow the Civil Service to maintain a clear longer term vision and to achieve significant sustainable transformation in a number of key areas.

The strategy is designed to build the capacity of the Civil Service to deliver 99% of its services digitally by 2030; rebuild and strengthen the policy-making capability of the Civil service; develop One-Stop Shop Government Hubs in regions and towns, provide integrated public services to the public in local and regional offices; encourage much greater innovation and problem solving; ensure data and new technologies are used to achieve the best possible outcomes; and build the Civil Service workplace and workforce of the future.

The overall Civil Service Renewal programme also has a strong emphasis on effective human resource management, through the implementation of the People Strategy for the Civil Service, which is also led and supported by this Department through the work of Civil Service HR Division. The future direction of the next iteration of the People Strategy will be strongly informed by the learnings from the Civil Service response to the Covid-19 emergency, including the requirement to develop new and flexible ways of working, the need to support leadership capacity at all levels, and build capability for delivering effective change across the Civil Service in a new working environment.

Digital Government and the Public Service ICT Strategy

As referenced already, digital transformation is central to the reform of the Civil and Public Service and the Office of the Government Chief Information Officer (which is a Division of the Department) is leading this agenda. While substantial progress has been made, especially over the last two to three years, further acceleration should be a primary focus. Digitisation presents the opportunity to not only improve Government services but also provide them in a much more cost-efficient, environmentally-friendly manner.

Digital is also a key theme for the new EU Commission and on the European Council agenda. Even before Covid-19, the OECD had noted that digitisation is changing the way people live, interact and work, which affects the relationship between governments and citizens and requires a transformation of how public services are designed and delivered. Individuals and businesses expect to be able to interact digitally with government in similar fashion as they can in their own lives. As highlighted above, the dividends from meeting such expectations

will include efficiency, transparency, trust, and inclusion which in turn free up funds to be focused on introducing new and improving front line services.

While there are some areas of excellence in digitisation of government, in seeking to re-establish Ireland's reputation as a digital leader, a key priority will be to address the leadership challenge in driving the digital transformation agenda across the Public Service and supporting those responsible in stepping up to meet this challenge. This will be a key focus of the next ICT / digital strategy for the Public Service due in late 2020.

Public Procurement

Public procurement represents a significant proportion of Government spending. Within the Public Service, it totals an estimated €16.5 billion per annum, of which approximately €8 billion is on capital works and €8.5 billion is on goods and services. The Office of Government Procurement (OGP) operates currently as a division of the Department and is leading on the reform of public procurement across the Public Service (a) as the national authority on public procurement managing the legislative and policy framework, providing the national tendering platform and providing support services to public bodies, and (b) providing procurement arrangements to public bodies from which they can buy goods and services.

While there has been considerable progress since the OGP was established as a new organisation in 2013, there are many further opportunities and challenges that need to be addressed in the next phase of the procurement reform programme. Improvements in governance, engagement, programme management, professionalisation, digital transformation, strategic procurement (social, environmental, SME, innovation) and construction procurement reform are some of the key focus areas.

The OGP has played an important role in supporting the national response to Covid-19, working closely with the HSE and a range of other public bodies in the context of a number of critical procurement issues.

Department of Public Expenditure and Reform Senior Management Team

Secretary General

Robert Watt



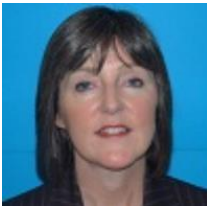
Heads of Divisions



Ronnie Downes - Expenditure Policy and Reporting



David Moloney - Labour Market and Enterprise Policy



Patricia Coleman - Expenditure Management, Structural Funds and Audit



Colin Menton - Public Pay and Pensions Division



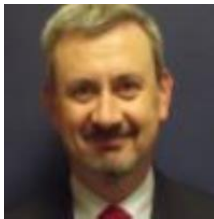
Lucy Fallon-Byrne - Reform Division



Barry Lowry - Office of the Government Chief Information Officer



David Cagney - Civil Service HR Division



Paul Quinn - Office of Government Procurement



David Feeney - Corporate Office



Claire O'Reilly - HR Strategy Unit

Expenditure Policy and Reporting



Assistant Secretary: Ronnie Downes

Overview of Division

This Division is responsible for promoting sustainable, well-managed public expenditure and budgetary reporting. The Division prepares the annual Budget Estimates, sets medium-term expenditure strategy, and controls aggregate public service numbers; sets standards for public-sector accounting and corporate governance; and promotes initiatives such as the Spending Review, Performance Budgeting and Equality Budgeting. The Division also manages overall capital spending under the National Development Plan 2018-2027 and provides impetus and support for Project Ireland 2040. This Division also oversees spending in the Health and Justice sectors, as well as DPER-related aspects of Brexit preparedness and EU policy relations.

Key Responsibilities

- Preparing, reporting on and managing the annual Estimates of Expenditure, within a medium-term framework based on sustainable growth and disciplined delivery.
- Leading and reporting on government-wide infrastructure investment under the National Development Plan 2018-2027 and Project Ireland 2040, and developing supportive policy initiatives e.g. in the areas of construction sector productivity, and professionalising the design, governance and delivery of major capital projects.
- Promoting expenditure reforms that support value-for-money, transparency, equality, evidence-based analysis and the allocation of funds in line with national and Government priorities.
- Managing the relationship with the Health sector and Justice sector, and with bodies under the aegis of this Department, to promote disciplined delivery within budget, and supporting reform initiatives in those sectors.
- Maintaining the rulebooks on Public Financial Procedures, Capital Appraisal and Corporate Governance in the public sector, while updating and innovating in line with best international practice.
- Coordination of coherent DPER positions on Brexit and EU issues across the Department and liaison with D/Taoiseach, D/Foreign Affairs and Perm Rep in Brussels.

Key Strategic Issues

A. Managing Public Expenditure

Given its nature, this is the longest section of the brief and is set out as follows:

- (1) Context: Overall fiscal strategy
 - (1.1) Overview of recent trends in public expenditure management
 - (1.2) Data on increases for improved public services and infrastructure
 - (1.3) Increases in public service staff numbers
 - (1.4) Outlook and objectives for expenditure policy
- (2) Challenges and Risks to Expenditure Management
- (3) Key issues and Policy Approaches to meet Public Expenditure Objectives

(1) Context: Overall Fiscal Strategy

- In recent years, fiscal strategy has been guided by the reformed Stability and Growth Pact (SGP). Ireland moved out of the “corrective” arm of the SGP after reducing the General Government Deficit below the 3% limit in 2015, and moved into the “preventive” arm. Key principles of the preventive arm include:
 - Reducing the debt-to-GDP ratio to 60% – with a minimum 1/20th per year debt reduction requirement, until the 60% level is met;
 - Achieve the Medium Term Budgetary Objective (MTBO) – i.e. a balanced budget in structural terms. For Ireland, this means a structural balance of -0.5% of GDP at minimum; and
 - Expenditure growth capped at or below the trend economic growth rate (based on potential GDP) – the so-called Expenditure Benchmark.
- The fiscal position entering the Covid-19 crisis was reasonably positive. A General Government surplus of 0.4% of GDP was recorded in 2019, a balanced budget in structural terms was delivered, and debt/GDP was 59%. This was the starting point for the update to the fiscal strategy published on 9th January this year. At that time, the strategy set out:
 - A structural balance in the range of +0.1% to +0.4% of GDP over the five years 2021 to 2025 – thereby meeting the MTO requirement;
 - Annual growth of 3.3% in current expenditure (€2.2 billion) on average;
 - Capital expenditure growing in line with the NDP after allowing for the additional costs arising for the National Broadband Plan;
 - Overall (current and capital) annual average expenditure growth of 3.6%;
 - Assumed tax reduction measures of €0.6 billion per annum; and
 - An assumed annual budgetary package (both tax and spend) equating to 4.5% of gross voted expenditure.
- The Stability Programme Update (SPU), published in April, outlined projected overall gross voted expenditure of €78.4 billion for 2020, including an additional €8 billion

(across Health, Social Protection, and Business, Enterprise and Innovation) directly due to the Covid-19 crisis.

- As outlined below, taking into account Government Decisions and the evolution of the employment situation since the SPU, the total additional expenditure is now approximately €12 billion. This reflects:
 - The Social Protection Estimate agreed by the Dáil in May that included additional expenditure of €6,836 million. This reflects almost €4.4 billion in expenditure on the Covid-19 measures until mid-June (PUP, TWSS and Illness Benefit) and an additional €2.2 billion on Jobseeker's payments to the end of the year;
 - The Government Decision of 2 June to extend the PUP and TWSS to August at an estimated additional cost of at least €1.8 billion (€2 billion included below);
 - Business Liquidity Supports and the Business Restart Grants included in the Estimate presented to the Dáil for the Department of Business, Enterprise and Innovation (D/BEI). After taking account of reallocations and an amount to be reflected on the Agriculture Vote, these measures increase the D/BEI allocation by €483 million;
 - On 2 May, the Government agreed to waive rates for a three month period for those businesses who cannot operate because of Covid-19. While it was originally estimated that this would cost €260 million, the cost estimate was subsequently reduced to €87 million;
 - Including an amount of €167 million agreed in relation to Covid-19 testing on 19 June, the total additional amount agreed for Health and included in the Vote 38 Revised Estimate is €1,997 million;
 - On 5 June, the Department of Transport, Tourism and Sport (D/TTAS) outlined to Government a potential additional cost in the range of €300 million to €460 million arising from the PSO. [REDACTED]
 - [REDACTED] Given the increase in capital spending allocated to D/TTAS, there may be some capital underspends arising from the period in which construction sites were closed that could offset part of this additional funding requirement;
 - Also in the D/TTAS, on 19 June the Government announced €70 million for Sport;
 - On 16 June, the Government agreed €25 million in additional funding for Culture;
 - Funding of €20 million to be included in Estimate for Department of the Taoiseach in respect of Covid-19 coordination and communications costs; and
 - On 12 June, €50 million was agreed by Government for Beef Sector.
- These additional expenditures would bring gross voted expenditure for 2020 to almost €82.5 billion, an increase of over 20% relative to last year.
- As outlined above, some of these additional expenditure amounts are subject to considerable uncertainty. The additional expenditure on the PUP and TWSS through to August will be impacted by the accelerated reopening of the economy.
- The extent of additional funding required for the transport PSO will depend on the social distancing requirements in place as we move through the reopening of the economy and society.

Additional Expenditure – Covid-19

€ billion	SPU	End-June Position
Social Protection	5.75	8.84
<i>Social Protection Estimate</i>		6.84
<i>2nd June Decision – Extension of PUP and TWSS</i>		1.80-2.00
Health	2.00	2.00
Transport and Sport (Before offsetting underspends)	-	0.53
Business, Enterprise and Innovation	0.25	0.48
Commercial Rates Waiver		0.09
Others (Culture, Agriculture, and Taoiseach)		0.10
Total Increase v REV 2020	8.00	11.8-12.0
Increase (% of GDP)	2.6%	3.8%

- In addition to the costs outlined above, there are other areas where major cost pressures are liable to arise or where policy decisions could have a significant impact on expenditure:
 - In Health, there will be additional expenditure, in particular in relation to PPE. The details in relation to the requirement through to the end of the year are being worked through, but there could be a cost pressure of up to ██████████;
 - Any decision to extend the TWSS and PUP beyond August could have a significant cost, depending on the situation in the labour market;
 - In Education, there will be additional costs in relation to school reopening including for sanitiser, cleaning and PPE. There will also be pressures in the higher education sector arising from reduced revenue and increased SUSI expenditure. These pressures in higher education may have a greater impact in 2021;
 - A detailed analysis is ongoing in relation to additional costs arising in relation to homelessness expenditure. In addition, there are pressures on a number of Local Authority revenue streams, in particular Commercial Rates; and
 - At the end of May, the Justice Vote Group was 5% above profile. There are cost pressures arising on Asylum Seekers Accommodation and on the Garda Vote arising from increased expenditure related to Covid-19.
- Work is ongoing in relation to assessing the potential impact of these cost pressures. However, as outlined below, excluding the impact of a decision to extend the PUP and TWSS past August, the initial assessment is that these additional pressures could be in the region of 0.5% of GDP or c. €1.5 billion. Consequently, taking into account that this would bring overall expenditure to almost €84 billion – an increase of almost 25%, or any additional funding for these areas will require expenditure discipline across all sectors.

Further Covid-19 Related Pressures (% of GDP)

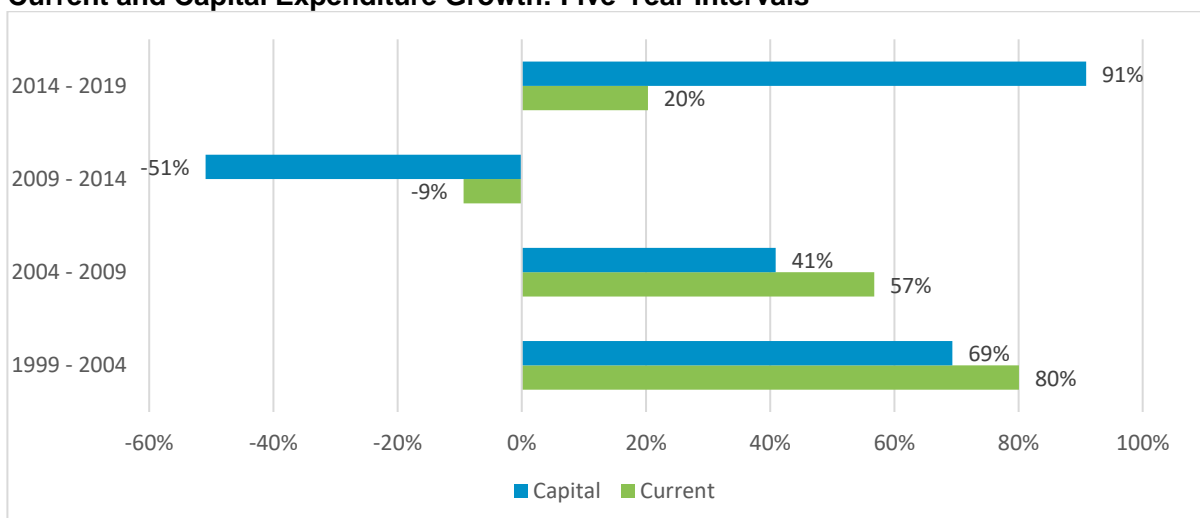
	% GDP
Health	██████████
Social Protection - depends on any scheme extension	TBC

Other areas	
Total	

(1.1) Overview of Recent Trends in Public Expenditure Management

- The trends in public expenditure growth over recent years, outlined below, set the background to the key strategic issues in relation to the Medium Term Expenditure Framework and the management of expenditure in the new economic and fiscal context. As shown below, recent expenditure increases have been more moderate than in the period leading up to the banking and fiscal crisis in 2008. There has been a particular focus on increases in capital investment.

Current and Capital Expenditure Growth: Five-Year Intervals



- With spending growth below revenue growth, the General Government Balance steadily improved up to 2019. Apart from Corporation Tax, other tax revenues and PRSI broadly grew in line with GNI* (which is a measure of the underlying growth in our economy). Ireland's debt level came down sharply as a proportion of GDP (the standard EU measure); but even before the Covid-19 crisis it was high when compared to GNI*. Taking into account the impact of the Covid-19 crisis, the debt/GNI* ratio is projected to increase to 125% this year, with debt/GDP at 69%.

€ billion	2014	2019	Increase / (Decrease)	Average Annual Increase
Exchequer Tax and PRSI	49.5	71.7	22.2	7.7%
Tax and PRSI Excluding CT	44.9	60.8	15.9	6.3%
Gross Voted Current Expenditure	49.5	60.0	10.5	3.9%
Gross Voted Capital Expenditure	3.6	7.4	3.8	15.4%
Total Gross Voted Expenditure	53.1	67.4	14.3	4.9%
General Government Balance	-7.1	1.4	8.5	
Gross GG Debt/GDP	104%	59%		
Gross GG Debt/GNI*	137%	99%		
<i>GDP</i>	194.8	347.2	152.4	12.3%

GNI*	148.7	205.7	57.0	6.7%
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*2014 Adjusted to reflect disestablishment of HSE Vote

(1.2) Data on increases for improved public services and infrastructure

- Growth in the last five years in current expenditure has averaged just under 4% a year. Health, which accounted for just over 25% of overall expenditure in 2015, has received over 40% of the increase in expenditure in the last five years. As shown below, growth in overall expenditure has risen more steeply in the last two years, reflecting higher capital investment and improved allocations across a broad range of sectors, and notably health.

Total Gross Voted Expenditure Growth 2014-2019* (€ million)

	2014	2015	2016	2017	2018	2019
Total Gross Voted Current	49,501	50,864	51,775	54,019	57,057	60,048
y-o-y increase (€)		1,363	911	2,245	3,038	2,991
y-o-y increase (%)		2.8%	1.8%	4.3%	5.6%	5.2%
Total Gross Voted Capital	3,597	3,730	4,212	4,601	5,996	7,366
y-o-y increase (€)		133	483	389	1,394	1,370
y-o-y increase (%)		3.7%	12.9%	9.2%	30.3%	22.9%
Total Gross Voted Expenditure	53,098	54,594	55,987	58,620	63,052	67,414
y-o-y increase (€)		1,495	1,393	2,633	4,432	4,362
y-o-y increase (%)		2.8%	2.6%	4.7%	7.6%	6.9%

*2014 adjusted to reflect disestablishment of the HSE Vote. Technical adjustment in relation to Irish Water increased current expenditure by €0.3 billion and capital by €0.5 billion in 2018.

Expenditure Growth 2017-2019 by area (€ billion)

	Current		Capital		Total	
	2017-2019		2017-2019		2017-2019	
	€bn	p.a.	€bn	p.a.	€bn	p.a.
Health	3.1	7.0%	0.3	21.1%	3.4	7.4%
Education	1.5	5.5%	0.3	11.1%	1.7	5.9%
Justice	0.4	6.0%	0.0	2.2%	0.4	5.7%
Housing*	0.6	12.7%	1.2	30.0%	1.7	20.8%
Children and Youth Affairs	0.4	12.0%	0.0	-1.0%	0.4	11.7%
Agriculture	0.3	7.7%	0.1	18.1%	0.4	9.3%
PER	0.2	6.1%	0.0	8.8%	0.2	6.5%
Defence	0.1	2.6%	0.0	10.8%	0.1	3.6%
Foreign Affairs	0.1	4.8%	0.0	28.7%	0.1	5.1%
Transport	0.1	4.9%	0.4	10.5%	0.5	8.5%
Others*	0.2	4.6%	0.3	10.3%	0.5	6.7%
Sub Total	6.9	6.6%	2.7	16.2%	9.6	7.9%
Social Protection*	1.0	1.6%	0.0	-12.8%	1.0	1.6%
Total	7.9	4.8%	2.7	16.1%	10.5	5.8%

* Adjusted to reflect inter-vote transfers and Irish Water funding

(1.3) Increases in Public Service Staff Numbers

- Reductions in the public service pay bill, both pay rate reductions and reductions in staff numbers, formed a key element of the expenditure consolidation in the period 2008 to 2014. Since 2014, there has been an increase of 15.5% in public service numbers.

- With pay constituting 50% of gross voted current expenditure, excluding social protection payments, decisions in relation to staffing levels and pay rates have a significant impact on overall expenditure.

Public Service Numbers 2008-2019 (Thousands of Whole Time Equivalents)

	2008	2014	2014 v 2008		2015	2016	2017	2018	2019	2019 v 2014	
Civil Service	37.4	34.8	(2.6)	(7%)	35.0	35.9	37.1	38.5	40.8	6.0	17%
CS Industrial	1.9	1.4	(0.5)	(26%)	1.3	1.3	1.4	1.5	1.5	0.1	7%
Defence	11.3	9.8	(1.5)	-13%	9.7	9.6	9.7	9.4	9.1	(0.7)	-7%
Education	95.0	94.0	(1.0)	-1%	96.4	99.8	104.1	106.9	109.8	15.8	17%
Health	115.8	101.5	(14.3)	-12%	107.3	110.3	114.1	117.9	119.8	18.3	18%
Justice	15.7	12.8	(2.9)	-18%	13.0	13.4	13.9	14.4	14.7	1.9	15%
Local Auth.	35.0	26.8	(8.2)	-23%	26.6	26.9	27.4	28.3	29.2	2.4	9%
NCSA	13.1	12.3	(0.8)	-6%	12.2	12.7	13.0	13.7	14.3	2.0	16%
Total	325.2	293.4	(31.8)	-10%	301.5	309.9	320.7	330.6	339.2	45.8	16%

(1.4) Outlook and objectives for Expenditure Policy

- Underpinning the strategy to be adopted in the recovery phase of Covid-19, the management of voted expenditure needs to continue to be conducted in a manner that delivers fiscal sustainability and continued improvement in public service outcomes; while improving the focus upon disciplined, accountable budget execution and delivery.
- As the Covid-19 crisis moves into the recovery period from an economic perspective, a robust fiscal anchor will be required to ensure sustainable Exchequer spending over the next few years.
- Based on the long-term trend (20 years), growth in tax revenue tracks growth in GNI*, with a growth rate of over 5%. A ten year growth rate (5 years historic and 5 years ahead) based on the Budget 2020 projections was 4.5%. The Table below sets the expenditure increases in the update to the fiscal strategy published on 9 January.

Pre-Covid fiscal strategy to 2025

	2020	2021	2022	2023	2024	2025
Current Expenditure	62.2	64.4	66.3	68.7	70.9	73.2
<i>Increase</i>	2.2	2.2	1.9	2.4	2.2	2.3
<i>% change</i>	3.6%	3.5%	3.0%	3.6%	3.2%	3.2%
Capital Expenditure	8.2	9.1	9.4	9.7	10.3	10.8
<i>Increase</i>	0.8	0.9	0.3	0.3	0.6	0.5
<i>% change</i>	10.9%	11.5%	3.3%	3.2%	6.2%	4.9%
Total Gross (Excl Covid-19) – January 9th Position	70.4	73.5	75.7	78.4	81.2	84.0
<i>Increase</i>	3.0	3.1	2.3	2.7	2.8	2.8
<i>% change</i>	4.4%	4.4%	3.1%	3.6%	3.6%	3.4%

- With expenditure growing by just over 3.6% on average, the budgetary packages set out in the 9 January position came in at 4.5% of gross voted spend on average after taking into account resources of €0.6 billion per annum set out for tax reductions. This represented a prudent budgetary approach at that time as it effectively anchored fiscal strategy to a sustainable long term growth rate.
- Taking into account the need to close the budgetary deficit over time, the risk that there is a permanent loss in output, and also that inflationary pressures should remain subdued, it is necessary to review the level of future budgetary packages from the levels that had been regarded as feasible in January.
- Adopting a fiscal strategy based on a sustainable long-term expenditure growth rate – adjusted to reflect the requirement to close the budgetary deficit – has the benefit of being easily communicated and should also deliver the required improvement in the budget balance over the medium term, without necessitating any drastic or sudden curtailments in expenditure. Expenditure on the automatic stabilisers would be additional to the expenditure amount calculated on this basis. However, given the elevated level of public debt such an approach requires ongoing access to the debt markets supported where necessary by action at EU level. A clearly understood, and clearly communicated, medium-term expenditure pathway would underpin continued confidence among Ireland's international partners and stakeholders that the discipline displayed during the last fiscal crisis a decade ago, and the sovereign credibility that Ireland earned in this context, can continue to be relied upon as we recover from this current crisis.
- Taking into account demographic pressures and other pressures to deliver existing services, this also requires an ongoing focus on the efficiency and effectiveness of expenditure through processes such as the Spending Review, to support resources being directed towards key social and economic priorities. A Wellbeing Budget Framework with clearly identified metrics could support targeting and reporting of expenditure in this way; and preparatory work is already underway in this regard, based upon the examples of New Zealand and other international models.
- However, in looking ahead, the ability to fund increases in core expenditure programmes will be dependent on the extent to which there is an ongoing requirement for Covid-19 related policy responses. As outlined above, there is at this stage additional expenditure of approximately €12 billion arising from Covid-19. With almost €11 billion of this amount being spread across Social Protection and Health, the requirement to fund measures in these areas in 2021 could be significant. The SPU outlined a requirement for €1½ billion in additional jobseekers payments over and above the expenditure amount of €73.5 billion outlined above for 2021. However, this is dependent on a significant improvement in the employment situation over the coming months. The scenario underpinning the fiscal projections in the SPU had the unemployment rate at 10% in Q1 next year. In addition, the ongoing requirements for Covid-19 related expenditure in the Health sector will need to be worked through as part of the Budget Estimates process. Given the scale of expenditure required to respond to the Covid-19 crisis, the agreement of the ongoing requirement in 2021 and beyond will be a key part of the overall fiscal strategy.
- In summary, from an expenditure perspective there are two distinct policy goals that will need to be addressed in the budgetary decisions over the medium term: maintaining provision for the core budgetary programmes; and also funding special Covid-19 related policy responses. These Covid-19 support measures should be seen as timely, targeted

and temporary supports that can be removed as the Covid-19 related economic impacts dissipate and as employment levels increase.

(2) Challenges and Risks to Expenditure Management

Rising pressures for higher expenditure growth

- Over the past three years, we have already seen expenditure growth rising at a faster-than-planned rate, in response to both political and public demands for policy action, and weaknesses in budgetary discipline in certain areas.
- The Summer Economic Statement in 2016 set out projected expenditure growth in the period 2017 to 2019 of €5.9 billion. The actual growth was €4.6 billion higher at €10.5 billion reflecting:
 - Non-utilisation of fiscal space earmarked for tax measures and introduction of tax raising measures (€1.9 billion);
 - Additional Capital Investment, including reallocation of €0.5 billion planned for Rainy Day Fund (€0.9 billion); and
 - Other increases including Supplementary Estimates (€1.7 billion) and one off costs (€0.1 billion).
- The adjustments noted above result in average annual expenditure growth of just under 5.8% rather than the originally planned 3.6% over the last three years.
- Looking ahead, outside of Covid-19 related expenditure, the usual budgetary pressures will still apply. This primarily includes demand-led costs relating to maintaining existing levels of service (ELS) but also cost pressures inherent in delivering 'New' policy initiatives. Outside of policy decisions, cost pressures arise each year relating to demographics, inflation, public service pay and pensions and areas of expenditure that are demand-led. Post-Covid-19, these pressures will need to be managed even more actively within the tighter expenditure limits that will be available.

Potential Annual Cost Pressures to 2025 (€ billion)

	Avg. Annual Cost
Demographics (Health, Social Protection, Education)	0.5
Public Service Pension Pressures	0.2
Subtotal - Demographics and Pensions	0.7
Social Welfare Weekly Rates (Inflation)	0.35
Pay Rates beyond PSSA (c.2% to 2½%)	0.5
Subtotal – Inflationary Expectations	0.85
Total	1.55

- In addition, if staff numbers are not managed adequately, or if the Government were to accede to demands for additional staff numbers in certain areas – e.g. Gardaí, nurses – the expenditure pressures would be intensified.
- Maintaining public expenditure growth on a steady, sustainable course over the coming years, and meeting fiscal targets, will require policy action on a number of fronts, set out under section (3) below.

The need to manage within allocated budgets

- The table below shows the scale of Supplementary Estimates over the last five years. Supplementary Estimates, which reflect an inability to manage spending within the budget allocated for the year, in 2019 were almost half the level of 2018. Bringing this trend towards more acceptable levels will depend on the success and rigour of budgetary management in the various sectors, not least Health.

Supplementary Estimates 2015-2019

	2015	2016*	2017	2018	2019
Net Supplementary Estimates (€bn)	1.4	0.4	0.5	1.3	0.7
% of Overall Net Outturn	3.3%	0.9%	1.1%	2.6%	1.2%

*The amount of Supplementary Estimates required in 2016 was relatively low as there was a second REV published in June of that year following the formation of the Government, which allocated additional resources of €0.5 billion to cover overspends in the Health and Justice sectors.

(3) Key issues and Policy Approaches to meet Public Expenditure Objectives*Sustainable expenditure policy*

- The reforms to the expenditure framework implemented in recent years seek to embed sound expenditure management practices that maintain a focus on the totality of spend rather than the incremental amount added each year. Key elements within this suite of expenditure reform measures include Performance and Equality Budgeting, the Irish Government Economic and Evaluation Service (IGEES) and the Spending Review process. A number of options are outlined below that could support expenditure management and provide additional funds to direct towards economic recovery measures.
- Improved Departmental governance and oversight – Enhanced reporting requirements should form part of any sustainable expenditure policy and could be implemented in cases where Departments fail to manage expenditure within agreed allocations. Such arrangements are already in place for the Department of Health. In addition, changes to the legislative process in relation to annual Estimates should be considered, with the early enactment of the Appropriation Bill after approval of the Revised Estimates for Public Services (REV) by the Dáil in spring, and with a second Appropriation Bill at end-year reserved for over-spending Departments who require Supplementary Estimates.
- Wellbeing Budget Framework – This is a new framework for presenting budgetary material with a view to improving transparency around impacts on key issues, and to prioritising resources at Budget time. Under each wellbeing priority area (Health, Education, Income and Jobs etc.), a number of tangible metrics would be used to drive and focus the work towards agreed and measurable targets. Preparatory work is already underway on developing such a framework, drawing on examples from New Zealand and other OECD countries.
- Given that the State is projected to run Budget deficits over a number of years it will be necessary to consider offsetting measures that could be used to generate additional funds to support economic recovery. These could include setting efficiency targets and imposing employment controls, as outlined below.

Options to Maximise Funding Available for Recovery Measures

- Efficiency Dividend – In order to maximise the funding available to support economic recovery measures, Departmental efficiency targets may need to be considered by Government. Achieving these targets would require a cross public service effort to deliver services more efficiently and for a specific period to re-prioritise Departmental efforts towards sectors most exposed to the Covid-19 crisis. Each 1% in efficiency delivered across non-pay current expenditure, excluding Social Protection, and capital expenditure would deliver €0.25 billion.
- Public Service Pay and Numbers – Reflecting the vital role of public servants in delivering public services, the Exchequer pay bill reflects a significant proportion of Government spending. The total pay allocation for 2020 is €19.6 billion and represents some 50% of the overall current expenditure amount in REV 2020 excluding social welfare payments. Consequently decisions in relation to pay rates and numbers can have a significant impact on expenditure.
- As outlined above, in the five year period 2015 to 2019, the total number of public service employees has increased by almost 46,000 FTEs (16 percent) to an estimated 339,300 increasing the pay bill to €18.9 billion in 2019, with average growth in the pay bill of approximately 5% or approximately €1 billion per year. Almost three quarters of the increases in posts are in the Health and Education sectors, both of which have a high proportion of front line staff providing essential public services. Over a third of total public service employees relate to the Health sector and slightly less to the Education Sector. These increases are in the context of a 10% reduction between 2008 and 2014.
- Should growth continue in 2020 and in each of the two following years in line with that seen in 2019, overall numbers would rise to c. 367,000 employees in 2022 with an annual additional cost of c. €0.5 billion to €0.6 billion. A 2% increase in pay rates would bring the overall incremental cost to approximately €1 billion. Keeping all sectors other than Health and Education at the current serving levels would reduce the impact of the increase in numbers from € 0.5 billion - €0.6 billion to an amount of c. €0.3 billion. Having regard to the uncertain budgetary position, and the urgent need to manage Exchequer expenditure to support the provision of resources for economic recovery there are a number of options that could be considered to reduce demand on the Exchequer in the short-term, including:
 - Moratorium on recruitment other than for key front line areas for a period of 12 months;
 - Introduction of an Employment Control Framework (ECF) with all recruitment supported by workforce plans.
- Under an ECF, Departments would be required to remain within current employee ceilings and be required to reallocate or reorganise staffing in order to maintain business continuity and service delivery. Options could include maintaining numbers at current levels where retiring or departing staff are replaced on a “one-out, one-in” replacement mechanism. This does not generate savings, rather it maintains current costs.

B. Effective Delivery of Infrastructure Investment under *Project Ireland 2040*

- Due to the Covid-19 related shutdown of all non-essential construction projects, and the gradual re-start of works under the National Protocol for Safe Return to Work, there will be significant consequences for capital allocations this year, which will also have an effect on allocations in subsequent years. While some savings on capital expenditure are anticipated in 2020, due to the shutdown, it is possible that some off-setting costs may arise and the net position will depend on a number of factors such as:
 - The costs of making ex-gratia payments to contractors for fixed non-pay costs to ensure site security and health and safety obligations are met; these payments were originally estimated to cost in the region of €30 million per month for the duration of the shutdown;
 - additional Covid-19 capital costs arising in sectors such as Health, which have been ramping up spending on much needed medical equipment;
 - contractors are typically paid in arrears on receipt of invoices, which may take a number of months to filter through;
 - some savings will be offset by reduced appropriation-in-aid receipts, for example receipts from toll charges will be significantly lower for the duration of the restrictions; and
 - the shutdown will delay project completions which will have a knock-on effect on the project pipeline, and the management of capital allocations.

Review of the National Development Plan (NDP)

- Following the crisis, and in light of the Programme for Government, there is a need to review the overall NDP including as regards project scheduling and prioritisation. Groundwork has already commenced in this regard. This review will afford Government the opportunity of reappraising the NDP and re-setting to better align with the changed economic and social environment, and with the key priorities of Government.

Progress Achieved under the NDP and *Project Ireland 2040*

- *Project Ireland 2040* requires close alignment between the National Development Plan (NDP) and the National Planning Framework (NPF) to avoid dispersed growth and urban sprawl of the past and to promote compact, sustainable growth centred on the five regional cities (Dublin, Cork, Limerick, Galway and Waterford).
- Compact growth should be supported within existing urban limits, facilitating the efficient delivery of public infrastructure e.g. public transport. This means better use of the land within urban limits and ensuring a greater density of housing development.
- Preliminary analysis undertaken by this Department suggests that plans have yet to fully realign with the NPF strategy in sectors including social housing, schools, primary care centres and more generally with major infrastructure projects.
- In addition to recent actions to support compact regional growth, new measures may be required, for example, a dedicated cross-sectoral “delivery board” for each city to drive coordinated investment plans; Strategic Development Zones; and further targeting the Urban Regeneration and Development Fund.
- The NDP includes over 30 Exchequer-funded projects with cost estimates in excess of €100 million and – at present – five projects in excess of €1 billion.

- There are currently over 50 large projects (>€20 million) in construction – see table on page after next.
- The majority of recent projects have been delivered on time and on budget. The roads sector and water services projects are particular examples.
- Recent changes to the Public Spending Code and planned introduction of external expert reviews of projects can improve the delivery of bespoke, one-off projects.
- These changes will support better value for money and can be tailored to ensure that delivery in sectors such as housing is as efficient as possible.
- The table on the next page shows the recent and planned ramp-up in public capital investment as part of the National Development Plan; although naturally these allocations will have to be re-visited in the context of the NDP Review and the post-Covid-19 situation, both as regards the role of capital investment in underpinning a stimulus in the short term, and as regards strategic re-prioritisation over the medium and longer term.

Multi-Annual Capital Investment Framework 2020 to 2022

Capital Envelope	2017	2018	2019	2020	2021	2022	€ million	%
Capital Envelope (€ millions)							2017 - 2022	2017 - 2022
Agriculture, Food & the Marine	219	274	260	274	265	275	1,567	25.6%
Business, Enterprise & Innovation	547	527	577	632	640	715	3,638	30.7%
Children & Youth Affairs	27	26	26	31	32	33	175	22.2%
Communications, Climate Action & Environment	162	192	211	382	517	611	2,075	277.2%
Culture, Heritage & the Gaeltacht	63	54	70	81	80	110	458	74.6%
Defence Group	96	95	138	113	120	125	687	30.2%
Education & Skills	692	741	941	922	1,006	1,100	5,402	59.0%
Employment Affairs & Social Protection	8	8	7	15	16	17	71	112.5%
Finance Group	22	23	28	22	18	19	132	-13.6%
Foreign Affairs & Trade Group	13	12	14	13	13	14	79	7.7%
Health	454	513	689	854	880	880	4,270	93.8%
Housing, Planning & Local Government	792	1,773	2,151	2,240	2,269	2,280	11,505	187.9%
Justice & Equality Group	170	147	162	269	208	216	1,172	27.1%
Public Expenditure & Reform Group	140	190	180	225	223	232	1,190	65.7%
Rural & Community Development	58	95	138	150	152	175	768	201.7%
Transport, Tourism & Sport	1,139	1,324	1,536	1,943	2,613	2,424	10,979	112.8%
Unallocated Reserve	N/A	N/A	N/A	N/A	109	109	218	N/A
Total *	4,602	5,994	7,128	8,166	9,161	9,335	44,386	102.8%

* 2017 & 2018 are the gross Appropriation Account outturns, 2019 is the gross provisional outturn and 2020 – 2022 are the expenditure allocations.

- This investment is supporting over 50 large projects (each with an estimated cost in excess of €20 million) which are at various stages of the project lifecycle. The table below shows more than 50 projects currently at construction stage.

Project	Body	Location	Completion	Cost Range
Remediation of Haulbowline Island	DAFM	Cork	2022	€20m-€50m
National Broadband Plan	DCCAIE	National	2027	€1 billion+
Skibbereen Flood Relief Scheme	Cork Co. Co.	Cork	2020	€20m-€50m
Fixed Wing Utility Aircraft	D/Defence	National	2020	€20m-€50m
Carrigaline School Campus	DES	Cork	2020	€20m-€50m
Technological University Dublin Grangegorman	DES	Dublin	2020	Com. sensitive
Maynooth Post-Primary schools	DES	Kildare	2020	€20m-€50m
Smart Metering (Phase 1)	ESB	National	TBD	Com. sensitive
National Forensic Mental Hospital	Health	Dublin	2020	€100m-€250m
National Rehabilitation Hospital	Health	Dublin	2020	€100m-€250m
New Children's Hospital	Health	Dublin	2023	██████████
Our Lady of Lourdes Hospital, Drogheda	Health	Louth	2020	€20m-€50m
Tallaght Renal Dialysis Unit	Health	Dublin	2020	€20m-€50m
New Visual Control Tower at Dublin Airport	IAA	Dublin	2021	€50m-€100m
Blanchardstown Sewerage Scheme	Irish Water	Dublin	2022	€50m-€100m
Cork City Water Supply Scheme -Treatment Plant	Irish Water	Cork	2023	€20m-€50m
Cork Lower Harbour Main Drainage Project	Irish Water	Cork	2021	€100m-€250m
Leixlip Transfer Pipeline	Irish Water	Kildare	2022	€20m-€50m
Old Connaught/Woodbrook Water Scheme	Irish Water	Dublin	2023	€20m-€50m
Peamount to Saggart Pump Station	Irish Water	Dublin	2020	€20m-€50m
Ringsend Wastewater Treatment Plant Project	Irish Water	Dublin	2025	€500m-€1bn
Saggart Reservoir	Irish Water	Dublin	2022	€50m-€100m
Skibbereen Regional Water Supply Scheme	Irish Water	Cork	2021	€20m-€50m
Upper Liffey Valley Sewerage Scheme 2B	Irish Water	Kildare	2022	€20m-€50m
Upper Liffey Valley Sewerage Scheme Phase 3	Irish Water	Kildare	2021	€20m-€50m
Vartry Water Supply Scheme	Irish Water	Wicklow	2021	€100m-€250m
Letterkenny Regional water supply	Irish Water	Donegal	2020	€20m-€50m
Financial Management Shared Services Project	NSSO	Dublin	TBD	€20m-€50m
Bandon Flood Relief scheme	OPW	Cork	2020	€20m-€50m
Clonakilty Flood Relief Scheme	OPW	Cork	2020	€20m-€50m
Ringaskiddy Redevelopment	Cork Port	Cork	2020	€50m-€100m
Capacity Extension Works	Foynes	Limerick	2023	€20m-€50m
Commercial Property Development	Shannon Group	Clare	TBD	Com. sensitive
Luas Green Line Capacity Enhancement	DTTS	Dublin	2021	€50m-€100m
M50 Traffic Flow Optimisation	DTTS	Dublin	2021	€50m-€100m
M7 Naas to Newbridge Bypass Widening	DTTS	Kildare	2020	€50m-€100m
N22 Ballyvourney to Macroom	DTTS	Cork	2023	€100m-€250m
N4 Collooney to Castlebaldwin	DTTS	Sligo	2021	€100m-€250m
N5 Westport to Turlough	DTTS	Mayo	2022	€100m-€250m
N56 Dungloe to Glenties	DTTS	Donegal	2022	€100m-€250m
N56 Mountcharles to Inver Road	DTTS	Donegal	2022	€50m-€100m
National Train Control Centre	DTTS	Dublin	2021	€100m-€250m
R407 Sallins Bypass	DTTS	Kildare	2020	€50m-€100m
Bunratty Road Housing Development	DHPLG	Dublin	2020	€20m-€50m
Springvale, Chapelizod Housing Development	DHPLG	Dublin	2020	€20m-€50m
Nangor Road, Clondalkin Housing Development	DHPLG	Dublin	2021	€20m-€50m
Cornamona, Ballyfermot Housing Development	DHPLG	Dublin	2021	€20m-€50m
Bonham Street, Dublin 8 Housing Development	DHPLG	Dublin	2020	€20m-€50m
Cork St / Chamber St, Dublin 8 Housing	DHPLG	Dublin	2020	€20m-€50m
St. Teresa's Gardens Housing Development	DHPLG	Dublin	2020	€20m-€50m
Dominick Street (East Side) Housing Development	DHPLG	Dublin	2021	€20m-€50m

Risks and Challenges to Effective Infrastructure Delivery

Project Ireland 2040

- Realising the vision of PI2040 – based on aligning national planning with infrastructure investment – depends upon “doing things differently” and there will need to be a more creative and proactive approach across all Departments. The Delivery Board has an important role to play in this regard, but it cannot substitute for action on the part of Departments.

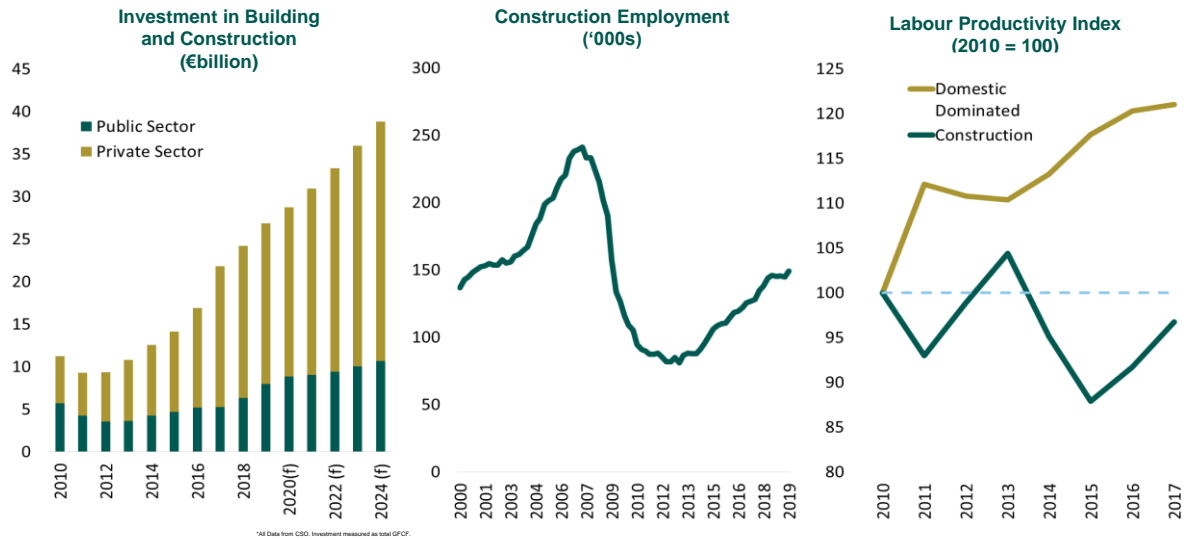
Project costings

- The NDP includes very early stage cost estimates for numerous projects (for example MetroLink, Bus Connects, the Eastern-Midlands Water Supply Project, the M20 Limerick-Cork).
- In many cases, these published estimates are outdated, do not include inflation, nor do they account appropriately for risk or full project scope; and as they are liable to be overtaken by actual costs in many cases, there is a risk of undermining credibility in our infrastructure investment programme.
- The review of the NDP provides an early opportunity to replace these early costings with more realistic assessments and using cost ranges rather than point estimates, using updated methodology drawn from international good practice.

Construction capacity

- Pre-Covid, we were up against clear capacity constraints in the construction industry; therefore, further increases in overall investment risk would have entailed a risk of overheating the market. Post-Covid, capacity constraints may have eased somewhat, as the pipeline and timelines of existing public and private capital projects are revised.
- While total investment in building and construction increased by approximately 11% in 2019, construction employment growth slowed to 2% in Q3 2019.
- Prioritisation of where construction capacity should be focused may be necessary in order to achieve particular policies, for example, meeting housing demand instead of continuing increases in the commercial sector.
- Capacity challenges are also exacerbated by stagnant productivity growth in this sector, with slow adoption of modern approaches (for example, off-site construction, digitisation) especially in the housing sector.

Construction sector: increasing investment, low employment and stagnant productivity



C. Health sector – budget sustainability and reform issues

- The immediate challenge for the Health Sector in 2020 continues to be the response to Covid-19. This has necessitated the displacement of the previously-agreed Service Plan for 2020 in favour of an emergency mobilisation. In practical terms, the Covid-19 National Action Plan involves additional expenditure (to date) of €2 billion, although some net savings (e.g. from staff re-deployments, and from scaling-back of other planned initiatives) could reduce this initial cost in 2020. Current priorities in the Covid-19 response will include additional costs associated with renegotiation of the private hospitals deal, extra testing capacity, further PPE expenditures, nursing home supports and GP contract revisions of up to €1 billion in 2020.
- The Covid-19 response is also likely to affect the future outlook for Sláintecare, which frames the overall context for Health sector reform. D/PER's core challenge is to ensure that this reform agenda, and its various inter-related measures, are managed in a budget-sustainable manner, while taking into account the overall annual cost of delivering current health services. The original (pre-Covid-19) 2020 health budget is €18.3 billion; the health budget has increased, on average, by over €1 billion a year (37% overall) since 2015, reflecting service demands, pay-bill increases and demographic pressures. In 2021, there are already pre-commitments (demographics, full-year effect of previous budgets and Sláintecare initiatives that include new GP/Consultant contracts) of over €0.5 billion and a successor to the Public Service Stability Agreement (expiring in 2020) will add to this.
- The table below shows where the health resources have been allocated over recent years.

Health Expenditure 2015-2020 (€ billion)

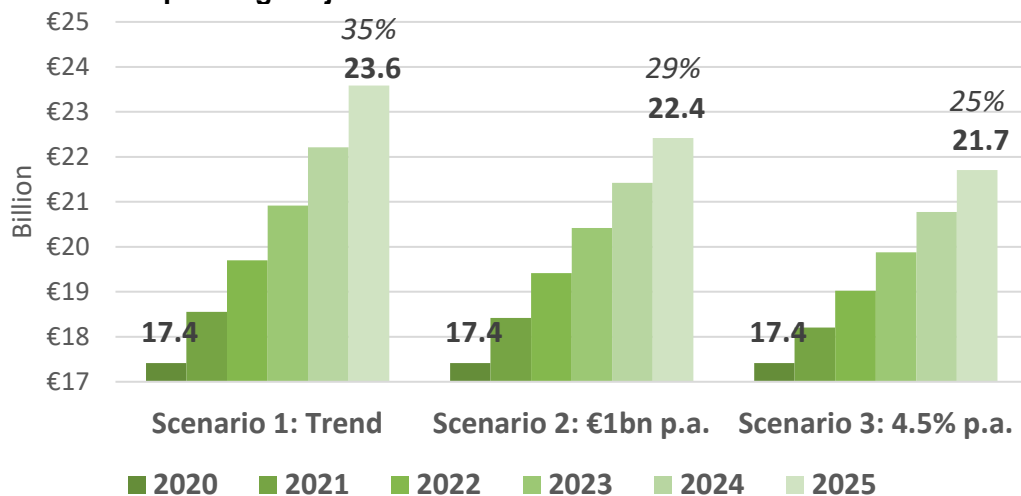
	2015	2016	2017	2018	2019	2020	2015-2020	
Acutes	€4.2	€4.4	€4.9	€5.2	€5.6	€5.9	€1.7	40%
Social Care	€3.1	€3.3	€3.9	€4.1	€4.3	€4.5	€1.4	45%
PCRS	€2.4	€2.5	€2.6	€2.7	€2.8	€3.0	€0.6	24%
Primary Care	€0.7	€1.0	€1.0	€1.1	€1.1	€1.1	€0.3	44%
Mental Health	€0.8	€0.8	€0.9	€0.9	€1.0	€1.0	€0.2	31%
Other	€1.7	€1.7	€1.1	€1.4	€1.5	€1.9	€0.2	14%
Total Current	€13.0	€13.7	€14.3	€15.5	€16.4	€17.4	€4.5	34%
Capital	€0.4	€0.4	€0.5	€0.5	€0.7	€0.9	€0.5	121%
Total	€13.3	€14.1	€14.8	€16.0	€17.1	€18.3	€4.9	37%

- Full implementation of Sláintecare was costed (in 2017) at €5.8 billion; the costs would be greater today. Specific elements of Sláintecare implementation such as additional nurses and consultants, hospital beds and home help hours will need to be implemented in a manner consistent with sustainable budgeting.

	2015	2016	2017	2018	2019	2020
Acutes	€4.2	€4.4	€4.9	€5.2	€5.6	€5.9
Social Care	€3.1	€3.3	€3.9	€4.1	€4.3	€4.5
PCRS	€2.4	€2.5	€2.6	€2.7	€2.8	€3.0
Primary Care	€0.7	€1.0	€1.0	€1.1	€1.1	€1.1
Mental Health	€0.8	€0.8	€0.9	€0.9	€1.0	€1.0
Other	€1.7	€1.7	€1.1	€1.4	€1.5	€1.9
Total Current	€13.0	€13.7	€14.3	€15.5	€16.4	€17.4
Capital	€0.4	€0.4	€0.5	€0.5	€0.7	€0.9
Total	€13.3	€14.1	€14.8	€16.0	€17.1	€18.3

- Accordingly, it will be important to seek to maximise health outcomes and service efficiencies through, for example, streamlining health channels, and generating revenues which can help underpin a sustainable model of service delivery. This will help avoid unsustainable trend increases shown in scenario 1 below.

Health Current Spending Trajectories 2020-2025



- Specific key strands of health sector reform include:
 - growth in Social Care expenditure, including oversight of Disability expenditure and the Nursing Home Support Scheme (NHSS) as well as monitoring homecare support challenges including a pilot homecare scheme;
 - pharmaceutical expenditure, with the contract for managing the costs of new drugs with the industry up for re-negotiation this year, and with a need to make progress on the use of biosimilars / generics and on prescribing practices;
 - progressing the De Buitléir report recommendations regarding the shift towards public-only consultants' contracts in public hospitals; and
 - the regionalisation agenda (so-called Regional Health Authorities) with the implications for accountability, financial management and (hoped-for) better coordination / streamlining of local health services in a more integrated manner.

Risks and challenges to Health sector reform agenda

Aside from the Covid-19 outbreak, there are severe risks to medium-term financial sustainability within the health sector, and in the collective commitment to budgetary discipline. On the latter point, new leadership and governance arrangements within the HSE appear to be having a positive impact.

In addition:

- the response to the Covid-19 crisis has entailed major additional costs (testing, PPE, private hospital arrangements, revised GP contract, impact on services etc.) and the implications for the trajectory of Sláintecare are uncertain. While some elements of Sláintecare (e.g. extra ICU bed capacity) have been accelerated, other elements (e.g. the regionalisation agenda, the role of private hospitals / private insurance, and the promising steps during 2019 towards in-year budgetary discipline) are likely to be affected in more complex ways;
- with respect to the service impact, one example is that the pandemic will lead to an increased demand for ICU and acute hospital capacity due to an 80% target occupancy rate having been set – this compares to normal hospital occupancy rates in excess of 90%;



- Health capital expenditure may come under pressure from the new Electronic Health Record IT project (which is inherently high-risk), as well as from legal and contractual disputes in connection with the National Children's Hospital and other capital projects; and



D. Justice sector reform agenda

- The gross budget for the Justice Group of Votes is almost €3 billion in 2020, the bulk of which (64%) relates to pay in the Garda, Prisons and other areas.
- The comprehensive Garda Reform plan “*A Policing Service for our Future*”, based on the report of the Commission on the Future of Policing in Ireland, is entering Year Two. Implementation is being overseen by the Department of the Taoiseach and D/PER is a key stakeholder and an active participant in driving this change.
- There are challenges associated with implementing a reform plan of this scale and ambition, which impacts on almost every aspect of the organisation and the services it provides. New leadership was effective in curtailing overspend on Garda overtime in 2019. However, overtime expenditure has increased recently and requires ongoing proactive management. There was some slippage on other reform-related targets before the Covid-19 crisis. The challenge now presented by Covid-19 involves reprioritisation of resources within An Garda Síochána (AGS) and a review of the reform plan to ensure the delivery of key reform actions. In recent weeks, D/PER liaised with D/Taoiseach, D/Justice and Equality and the AGS to agree appropriate adjustments to the pace of delivery on a limited number of reform commitments within the implementation plan.
- The Programme for Government is committed to ending the system of Direct Provision and replacing it with a new international protection policy centred on a not for profit approach. It is also proposed to publish a White Paper by the end of 2020, informed by the recommendations of an expert group, which will set out how this new system will be structured and the steps necessary to achieving this.
- Other priorities in the Justice sector include:
 - Direct Provision for asylum-seekers was a source of budgetary pressure in 2020 even before necessary Covid-19 actions (detailed in the next section) – this area of expenditure will require careful monitoring and action on foot of the work of an Inter-departmental Group; and
 - The Courts Service are embarking on a wide-scale (and much-needed) modernisation agenda; this could have implications for investment particularly around IT infrastructure.

Risks and Challenges to Justice sector reform

- Expenditure challenges as a result of Covid-19 are anticipated in a number of areas, although full costings have not yet been provided by the Department of Justice and Equality:
 - Garda Vote – increase in expenditure on pay (Covid-19 change to Garda roster from 10 to 12 hours, additional hours worked, fast tracking of the attestation of 319 recruits, and increased overtime), expenditure on PPE and the requirement for additional fleet capacity will place the Garda budget under pressure for 2020.
 - Justice Vote (Direct Provision) – the focus during Covid-19 has been to protect more vulnerable residents, The Dept. of Justice & Equality has in this regard secured a further 650 beds to support vulnerable residents, facilitate off site self-isolation, reduce room density levels and improve physical distancing. This

unforeseen challenge increase existing pressures on Direct Provision services and associated expenditure.

- While progress has been made in some areas, for example, streamlining the number of Garda Divisions, the D/PER position is that overall the pace of progress needs to be stepped up. The 2020/21 AGS reform plan now includes a number of extensions on completion dates in recognition of the requirements of the Covid-19 response. The risk remains that ambitious next steps may be undermined by general lack of capacity and / or insufficient engagement within AGS.
- One D/PER-relevant element of the reform agenda – namely a move towards multi-year funding of the costed policing plan – is dependent on progress on a number of fronts (notably the upgrading of the finance function within AGS).
- Other reform elements, such as reform of rostering and allowances, risk becoming mired within HR / IR discussions.
- Accelerated progress will depend on continued focus from the Department of the Taoiseach, who are leading on this, and a broadening and deepening of engagement throughout AGS. The recent involvement of Acting Deputy Commissioner McMahon in coordinating the APSFF programme within AGS should prove helpful in this regard. D/PER remains committed to, and closely engaged with, this agenda.

E. Budgetary Reforms to Focus on the Quality, not just Quantity, of Spend

- Expenditure reforms over recent years have sought to promote a focus on the totality of spend rather than the incremental amount added each year.
- Key reform measures include the Spending Review, which aims to subject various areas of spending to critical analysis and promote an evidence-based approach to prioritising public expenditure. For 2020, the Spending Review is being rolled forward with an improved governance structure aimed at promoting cross-government “ownership” and policy impact of the analysis.

F. Brexit and EU matters

Following the UK's departure from the EU, and with attention turning to the 'future relationship' negotiations, this Department's priorities for Brexit are:

- preparedness for the conclusion of the transition period at the end of December, in particular overseeing preparations at the ports and airports (now impacted by the consequences of COVID-19);
- implementation of aspects of the Withdrawal Agreement and Protocol;
- addressing certain policy areas that will be impacted by the negotiations, e.g. public procurement, EU funding and a new post-Brexit PEACE PLUS programme; and
- the ongoing public expenditure implications of Brexit response measures.

Other EU policy issues include:

- the EU response to Covid-19: on 27 May 2020, the European Commission presented its proposals for a new recovery fund to respond to Covid-19 and for the Multiannual Financial Framework (MFF) for the period 2021-2027. European leaders discussed the proposals by video conference on 19 June 2020 and are expected to convene for an in-person summit in mid-July. Ireland has already been seeking a special allocation for the new PEACE PLUS programme but will need to consider additional supports to respond the impact of COVID-19 as well as Brexit; and
- although postponed as a consequence of the pandemic, the Conference on the Future of Europe will provide an opportunity for Members States and the Parliament to discuss the EU priorities for the longer term, notably the European Green Deal and digital transformation. The response to Covid-19 and the lessons learned will inevitably form part of the debate.

Risks for the EU and for Brexit preparations

- Covid-19 is already presenting major challenges for the EU, its decision making processes and its responsiveness to crises, as well as for the EU's agenda.
- To the already difficult negotiations on the next MFF has been added negotiation of the EU's recovery fund, with particular implications for Ireland as a net contributor.
- In relation to Brexit, the UK's decision neither to seek nor agree an extension of the transition period means the most likely scenarios at the end of the year are either a limited free trade agreement or a hard Brexit. This points to the need for continued focus on Brexit preparedness, in particular at ports and airports. Covid-19 also poses challenges for the Brexit timetable.

G. Modernisation of Financial Reporting and Accounting

- Government Accounting Unit is leading a major reform project to modernise public financial reporting and accounting, in line with international standards.
- The project follows a "roadmap" based on IMF and OECD assessments of Ireland's traditional approach, and involves a progressive move towards accrual accounting and balance-sheet management.
- In principle, such an approach offers a number of benefits over traditional cash accounting from the point of view of transparency, accountability and proactive financial management; although much will depend upon clarity of communication, maintaining a practical rather than theoretical approach, and building professional capacity within the civil service.
- A "standing advisory group" is being established, with external and professional membership, to help steer the reforms.

Challenges and Risks for Government Accounting Reform

- Modernising financial reporting and accounting is a multi-year change management process that will require step-by-step, sequenced progress and the buy-in of stakeholders across the civil service.

- The agenda of civil service professionalisation, which has had positive results in the areas of economics, HR and IT, needs to be extended to accounting and financial management.
- This reform agenda is also dependent on the rollout of the Financial Management Shared Service (FMSS), a service-wide IT upgrade and standardisation project led by the National Shared Service Office (NSSO). The FMSS project has been affected by delays, technical problems and financial overruns over recent years: while it now appears to be 'turning the corner' in overcoming these problems, any further setbacks could undermine confidence in the overall financial modernisation agenda.

H. Oversight of bodies under the aegis of the Department

- The Corporate Bodies Unit of the Department has oversight and responsibility in respect of the Public Appointments Service, the State Lab, the National Shared Services Office, the Office of the Ombudsman, the Office of the Regulator of the National lottery, and the IPA and ESRI.
- As part of the responses to the current COVID crisis, the unit has been engaging with the bodies in respect of management of essential services, and communications. The unit will also be engaged in reviewing spending activity, and preparing for any revised Estimates or budget process.

Senior Management in the Division

John Kinnane



Responsibility at Principal level for general public expenditure policy advice; management of the annual Estimates and in-year expenditure management processes; implementation of the Medium Term Budgetary Framework; assessing compliance with the EU fiscal rules and complying with the EU Semester framework; modelling the main expenditure cost drivers; Estimates reform including the multi-annual expenditure framework; and aggregate public service numbers and pay bill policy.

Ed Hearne



Responsibility at Principal level for the Investment Projects and Programmes Office. This includes developing new approaches for investment evaluation, planning and management as part of the Public Spending Code; technical review of business cases for major infrastructure projects; coordination of portfolio reporting on progress with major infrastructure development; analysis and secretariat supports for the Project Ireland 2040 Delivery Board; analysis and secretariat supports for the Construction Sector Group; Project Ireland 2040 communications; economic analysis on issues related to construction sector capacity and productivity.

Gearoid O'Keeffe



Responsibility at Principal level for coordination of EU and Brexit issues across the Department and its agencies and participation in the cross-Government response to Brexit; and capital expenditure policy, including PPP policy, and management of the multi-annual capital investment processes.

David Owens



Responsibility at Principal level for advice on sectoral policy issues and for the management of public expenditure and employment in the health sector.

Fergal Costello



Responsibility at Principal level for developing and advising on policy for accounting, financial management, risk management and internal audit for the central government area, including responsibility for C&AG Acts, Public Financial Procedures, the Code of Practice for the Governance of State Bodies 2016 and the Public Spending Code and responsibility for oversight of expenditure in respect of the votes for National Shared Services Office, State Lab, Public Appointment Service, Office of the Ombudsman and Secret Service.

PO on Justice Vote – Vacancy

Responsibility at Principal level for overseeing control and monitoring of expenditure in relation to the Justice and Equality Vote Group, with a particular emphasis on DPER's role as a stakeholder in Implementing the Report of the Commission on the Future of Policing in Ireland. Also responsible for the ongoing development of Performance Budgeting which includes expanding the area of Equality Budgeting.

Labour Market and Enterprise Policy Division



Assistant Secretary: David Moloney

Overview of Division

Labour Market and Enterprise Policy Division is responsible for development of the Irish Government Economic and Evaluation Service (IGEES) and management of the D/PER IGEES Unit; and manages the Prevention and Early Intervention Unit and various Votes (Agriculture, Food and the Marine; Children and Youth Affairs; Housing; Business, Enterprise and Innovation; Employment Affairs and Social Protection; Transport, Tourism and Sport; Culture, Heritage and the Gaeltacht; Finance; Foreign Affairs and Trade, OPW; Rural and Community Development; Taoiseach; State Property; and the Houses of the Oireachtas Commission).

Key Responsibilities of Division

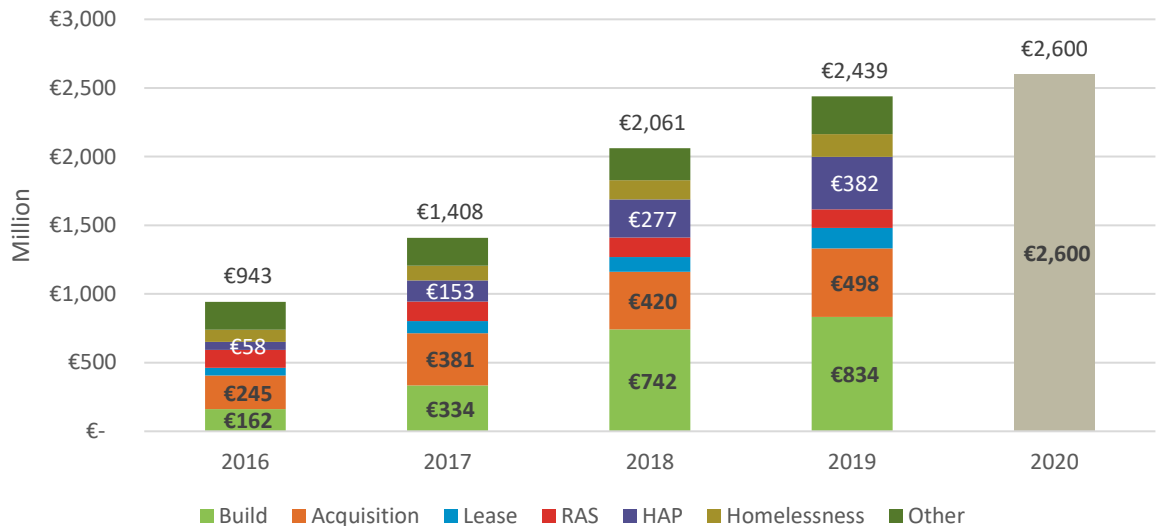
- To manage public expenditure in a planned, rational and balanced manner in support of Ireland's economic development and social progress, in particular through:
 - Provision of appropriate, timely and effective briefing to Minister and Government;
 - Analysis and oversight of expenditure trends;
 - Management of annual and multi-annual Estimates process; and
 - Integration of IGEES output into spending reviews and estimates process.

- Support expenditure management and reform by promoting skills development and the use of data through; internal and external collaboration on data research and analytics, the promotion of training and knowledge transfer (for example, Public Expenditure Management Certificate, IGEES learning and development programme) and implementing the IGEES Medium Term Strategy.

Key Strategic Issues for Incoming Minister including Risks / Challenges

Housing Vote

Investment in Housing 2016 to 2020



Address Housing Supply

Ireland's housing demand is estimated at 35,000 new dwellings per annum. The overall number of new dwelling completions (i.e. the combined public and private supply) for 2019 is c. 21,200 (single houses c. 5,000, scheme c. 12,500, apartments 3,600). The marked difference between current supply and estimated demand highlights a significant imbalance in the housing market.

From a regional perspective, completions in Dublin were up only 1.8%, split between a 17% decline in houses and a 55% rise in apartments. Completions rose by 40% in the commuter belt counties and by 24% in the rest of Ireland.

On first inspection, the results from 2019 look positive, especially in terms of the number of apartments delivered; in Q4 alone, the output was 72.2% higher than the same period in 2018 with overall apartment delivery was up 60% to 3,644 units. However, it must be noted that 80% of total apartment delivery were purchased by investors and used as buy to rent solutions. A combination of housing solutions is required for a well-functioning housing market, but care needs to be taken to ensure a balanced delivery.

In the rental market, rent levels across the country continue to rise. Although there has been a number of legislative changes recently, for example to strengthen tenants' rights and to introduce Rent Pressure Zones (RPZs), the rental market remains extremely constrained. The number of RPZs continues to increase in line with rising rents.

Despite an average annual increase in Exchequer investment of 30% since 2016, demand continues to outstrip supply. Housing output needs to be increased whilst not repeating the mistakes of the past.

The focus needs to shift to increasing housing affordability and reducing the cost of rent.

Supply Side Measures

Supply side initiatives will need to be employed to address the housing supply constraint. Levers such as tax and planning need to be reviewed. However, there needs to be certainty in the regulatory environment to ensure continued participation of landlords and developers in the market.

Despite the introduction of the vacant site levy, land costs, particularly in urban centres, remain stubbornly high. Action needs to be taken to ensure the most efficient use of land (in particular public land) in order to reduce land costs and drive affordability in the housing and rental markets. There is scope to improve the effectiveness of the vacant site levy.

Realisation of the Land Development Agency's (LDA) remit in terms of advising the Government on matters related to the management and use of land needs to be prioritised. Further work will be required to clarify and define the LDAs ultimate role in future housing delivery and with respect to the efficient utilisation of State land.

An opportunity exists to implement a comprehensive overarching housing policy looking at supply side measures across all areas (e.g. tax, expenditure, supply of labour etc.) in order to optimise housing delivery. This work could be undertaken by a new housing commission.

Social Housing

Despite approximately 100,000 social housing solutions being delivered between 2016 and 2019, the number of households waiting for social housing is 68,693. There are approximately a further 10,000 people in homeless accommodation.

The target based approach to delivering housing units is not optimising delivery. A system which prioritises need and delivers the right type of unit in the right place is more appropriate. The mainstay of social housing delivery should add to the housing supply.

Local Authorities are experiencing higher unit prices due to construction inflation which impacts on the volume of supports they can provide and unit affordability. Increasing unit cost means decreasing affordability which may result in additional Exchequer support being sought to meet social housing demand. It is of critical importance that construction costs are kept to a minimum and the value of public land optimised.

A number of social housing reforms are underway. They include a review of the differential rent system, a review of the social housing needs assessment and improvements in access to social housing services between local authorities. Reforms also include revising the Tenant Purchase Scheme and implementing new rules and sanctions on succession tenancies and multiple refusals. It is essential that these reforms are progressed to safeguard the long term sustainability of the social housing system.

Efficient use of the current social housing stock is critical to ensure there is appropriate redistribution of social housing solutions from those who no longer require support to those in need.

Irish Water

Irish Water is a regulated commercial utility within the Ervia Group (also comprised of Gas Networks Ireland and Aurora Telecoms). Under the new funding model for Irish Water, circa 80% of Irish Water's funding comes from the Exchequer (€1.2bn in 2020). As agreed by Government in July 2018, the current timeline for the separation of Irish Water from Ervia is

2023. An Inter-Departmental Steering Group on the Separation of Irish Water from Ervia has been established to oversee and monitor the Separation Plan, and consider all the legislative and administrative actions required to give effect to the Government decision. Irish Water are currently rolling out a significant capital programme, with €8.5 billion of funding committed to under the NDP.

Local Property Tax (LPT) / Local Government Funding

On foot of the publication of a 'Review of Local Property Tax' in March 2019, revaluation of properties for LPT was postponed from 1 November 2019 to 1 November 2020. One of the recommendations of the LPT review was to move to 100% retention by local authorities of their LPT yield. LAs currently retain 80% of the LPT yield in their area with the remaining 20% contributing to equalisation funding to bring those LAs with lower LPT yields up to a baseline funding position. A move to 100% retention would result in a significant impact on the Exchequer.

Responses and Impacts of Covid-19

A number of measures were put in place to mitigate the impact of Covid-19. Local authority commercial rates, initially deferred for two months for certain sectors, have now been waived for a three month period beginning on 27 March for all businesses that have been forced to close due to public health requirements. Local authorities are being compensated by the Exchequer for the loss of commercial rates for the three month period.

Legislative amendments have been made to freeze rents and ban evictions until 20 July 2020.

A three month payment break of Local Authority mortgages, primarily the Rebuilding Ireland Home Loan, may be availed of by mortgage holders that have been impacted by Covid19.

While we will not know the full impact of the Covid19 crisis until later, it is likely that the reduction in construction activity will have an impact on the number of housing units being delivered in 2020. Output for 2020 had been predicted to reach 25,000 units, however, a recent ESRI report suggests due to Covid19 this could now be as low as 15,000. This will have a consequent effect for social housing delivery and there is also a risk that, in the absence of build units, the DHPLG look for alternative delivery mechanisms, which do not add to supply, in order to meet their Rebuilding Ireland targets.

The homelessness budget will also come under significant pressure as the Department of Housing, Planning and Local Government respond to the Covid-19 emergency measures.

Irish Water, who currently receive approximately 20% of their overall revenue (i.e. approximately €250m), from non-domestic customers will see this revenue stream fall. It is possible, however, that IW will also see a decline in capital expenditure as certain projects are temporarily paused.

Social Protection Vote

By end 2019, Department of Employment Affairs and Social Protection (D/EASP) expenditure will have increased by around €1 billion over three years. This consists of:

- Upward Pressures of €2 billion – this includes €1.3 billion in Budget packages and €700 million from demographics and increased recipients on Disability and Carer schemes, as well as higher Christmas Bonus payments; and
- Downward Pressures of €1 billion – primarily due to significant reductions in Live Register (LR) numbers.

When LR expenditure is taken out, the underlying increase in D/EASP spend since 2016 is €1.9 billion or 11%.

D/EASP Expenditure Trends 2016-2019 (€ billion)

	2016	2017	2018	2019*	Change	
	€bn	€bn	€bn	€bn	€bn	%
Total DEASP spend	19.8	19.9	20.3	20.8	1.0	5%
LR spend	2.9	2.5	2.2	2.0	-0.9	-31%
Underlying spend (excluding LR)	16.9	17.5	18.1	18.8	1.9	11%
<i>Annual change in underlying (%)</i>		2.9%	3.3%	2.6%		

*This figure is 2019 includes €270m for 100% Christmas Bonus

Revised Estimates 2020

Additional funding amounting to €6.8 billion has been provided in a new Estimate for the Department of Employment Affairs and Social Protection. The revised Ministerial Expenditure Ceilings for 2020 in respect of the Department of Employment Affairs and Social Protection is €28,040.77 million representing gross expenditure of Vote 37: Employment Affairs and Social Protection and of the Social Insurance Fund. Net voted expenditure for Vote 37 is €16,298.646 million.

Illness, Disability and Carers (IDC) Schemes

There are considerable upward pressures on IDC expenditure due to increased numbers on schemes. In 2020, spend on all IDC schemes increased by €270 million or 6%. This was mainly driven by Disability Allowance which increased by €120 million or 7%. A number of policy issues are associated with these underlying trends:

- long-term welfare dependency and unsustainable expenditure increases;
- poor employment outcomes for people with a disability; and
- high poverty rates for people with a disability.

To address these issues, a number of reforms are ongoing in DEASP and must be progressed further:

- Enhancing the current Medical Control Review policy which involves a medical and eligibility assessment to ensure that people whose conditions improve and no longer meet the conditions for the allowance exit the scheme; and
- Implement recommendations set out in the Make Work Pay Strategy, these include:

- Introducing an Early Engagement Model for Disability Allowance recipients to provide claimants with opportunities for employment progression through education, training and employer engagement; and
- Develop proposals to re-structure the entitlement for payments towards an assessment of capacity rather than a focus on disability.

Pensions

In 2020, the overall allocation to State Pensions expenditure is €8.425 billion, which is an increase of €1.45 billion since 2016. Of this increase, around €950 million can be attributed to demographic changes and approximately €500 million due to rate increases. Over the period, the allocation for pensions has increased by an average of over €360 million per annum. The pension allocation alone represents 13.5% of the total 2020 current expenditure allocation. Significant demographic increases are due to continue in the long term.

A number of reforms to the Pension system were due in the coming years. The Social Welfare Act 2014 included a measure to increase the pension age to 67 in 2021 and to 68 in 2028. In September this year, the Total Contribution Approach (TCA) to calculating an individual's State Pension entitlement is due to be introduced. This will mean that a person's entitlement will be based on the number of contributions actually made, replacing the current averaging system. These two reforms were intended to make a contribution to managing the cost of the State Pension system.

Along with the TCA, as part of the Roadmap for Pension Reform, D/EASP had planned to introduce the indexation of State Pension rates. The purpose of this policy is to bring certainty to pensioners by maintaining the State Pension rate at a minimum of 34% of average earnings by indexing the rate against a combination of average earnings and the Harmonised Index of Consumer Prices (HICP).

Social Insurance Fund (SIF)

Over the period 2016 to 2020, the allocation to Vote expenditure has remained flat, as a succession of rate increases and pressures on certain schemes, particularly in the IDC area, have been offset by significant reductions in Live Register and Employment Support expenditure. However, over the same period the SIF allocation has increased by €1.63 billion. This is predominantly as a result of SIF expenditure on pensions increasing by €1.37 billion over this period. In 2020 the allocation to SIF expenditure will make up 48.5% of the total DEASP allocation, compared to 43% in 2016.

There are further pressures on the SIF arising from decisions such as the extensions of treatment benefits to the self-employed and the introduction of paternity benefit and the new parental benefit scheme. Any further extension of benefits or introduction of new schemes would need to be considered in the context of any examination of PRSI rates.

Covid-19 Payments

Ireland has reacted speedily to the Covid-19 crisis putting in place a number of supports in response to the health and economic impact of the crisis:

Enhanced Illness Benefit

An enhanced Illness Benefit payment has been introduced to provide income support for employees and the self-employed who are affected through illness or self-isolation. The payment is made for a maximum of two weeks of medically certified self-isolation or for a maximum of 10 weeks if the person has been diagnosed with Covid-19. The Government agreed to extend, until 10 August, the arrangements with respect to the payment of an

enhanced rate of Illness Benefit to people affected by Covid-19. The numbers on Enhanced Illness Benefit as of 16 June were 51,300.

Pandemic Unemployment Payment

A Pandemic Unemployment Payment (PUP) was initially introduced at a rate of €203 per week and subsequently increased on 24 March to €350 per week. It was put in place for employees whose businesses were forced to close in response to the public health crisis. As at Tuesday 23 June, 465,900 individuals were claiming Covid-19 PUP payment.

On 5 June, the Government agreed to extend these measures until August with some changes made to the PUP scheme. A reduced weekly rate of €203 will apply from 29 June to claimants with pre-Covid earnings below €200 per week. Those with pre-Covid earnings above €200 per week will continue on the €350 rate.

Temporary Wage Subsidy Scheme

The Temporary Wage Subsidy Scheme (TWSS) was introduced on 26 March to support firm viability and preserve the relationship between the employer and employee by subsidising a portion of the employer wage bill where the employer's business has been negatively impacted by the Covid-19 restrictions.

The sum the employer receives is based on employees on their payroll on 29 February 2020, the net salary such employees received in January and February 2020, as well as the extent to which the employer remains able to continue to discharge their legal obligation to pay their employees' salaries. This seeks to maintain the net pay of as many employees as possible and to preserve the link between the employee and employer as well as firm viability.

It was expected that this economy wide measure would be in place for 12 weeks until mid-June.

Having regard to the circumstances surrounding the re-opening of the economy as well as the need to avoid the risk of forcing otherwise viable firms to close, it was agreed that the TWSS will remain until the end of August.

The cost of the scheme remains significant with over €500 million paid out per month so far. The TWSS therefore continues to be monitored closely and it is expected that there will be a continued decline in reliance on the scheme throughout the summer as the economy continues to re-open and people are able to return to work.

Any decision on a further extension or tapering will be made later in the summer, taking account of the progress of economic recovery as the public health restrictions are eased. As of 18 June, the number of employees supported under the scheme was 410,000, associated with 61,500 employers.

Temporary Increases in Qualified Adult Payments on certain schemes¹

In order to improve the processing of claims, the Government decided to temporarily increase the Qualified Adult rate on certain schemes to €147 per week to bring the standard payment for these schemes to €350 for a two adult household. On 5 June, the Government agreed to

¹ Jobseeker's Allowance, Jobseeker's Benefit, Jobseeker's Benefit (Self-Employed), Illness Benefit

retain this temporary increase in the 'qualified adult' rate for illness benefit and jobseeker payments at €147 per week.

Waiver of 'waiting days'

The *Health (Preservation and Protection and other Emergency Measures in the Public Interest) Act 2020* provided for regulation making powers to vary the three 'waiting days' for jobseeker payments. The waiving of waiting days – ensuring that people who lose their employment and claim a jobseeker payment are provided with income support immediately. On 5 June, the Government agreed to extend, until 10 August, the current arrangements with respect to the waiver of waiting days.

Extension to 2019/2020 Fuel Allowance Season

The Government agreed to extend the Fuel Allowance Season by four weeks from 10 April to 8 May to support current recipients in relation to additional heating costs when many households, particularly vulnerable groups such as older people, were recommended to self-isolate.

Transport, Tourism and Sport Vote

- Management of Public Service Obligation (PSO) allocation to provide funding for socially necessary public transport services in Ireland.
- In line with the revised Public Spending Code guidelines, monitor, review and analyse progress of mega capital projects including MetroLink, BusConnects and DART expansion in conjunction with colleagues in the Investment Projects and Programmes Office.
- Attend and participate in AGM's of Commercial Semi-State bodies and ensure payment of appropriate dividends in line with Shareholder expectations.

Risks and Challenges

- There are a number of planning issues to be resolved with regard to the potential capacity of the North runway at Dublin Airport.
- Management of reform of aviation regulation with functions of the Commission for Aviation Regulation (CAR) merging with the safety and security regulations functions of the Irish Aviation Authority (IAA). The IAA Air Navigation Service Provider function will be separated into a standalone commercial State-regulated company.
- The response to Covid-19 raises a number of issues for the transport, tourism and sport sectors:
 - The financial impact on commercial semi-state bodies including short term liquidity, potential implications for medium term expansion plans and dividend policy. This is particularly acute in the aviation sector with cost containment and restructuring plans required;
 - Significant upward pressure on the Public Service Obligations payments to public transport providers due to reduced fare revenue and limitations on capacity. Additional funding (up to a max of €460m) has been allocated to support PSO payments for CIE Group and Luas operators;
 - The commercial bus market has also been severely impacted by the Covid-19 restrictions with many previously competitive routes becoming temporarily

- unviable coupled with capacity constraints on buses due to social distancing. Any emergency support to ensure the continued provision of transport services to support reopening of the economy should be time bound and ensure competition can be restored as quickly as possible;
- The management of the National Development Plan in both the short and medium term including delays and reprioritization of projects;
 - The economic impact on the tourism sector with liquidity issues in the short term due to travel/movement restrictions and in the medium term due to reduced demand. A Tourism Taskforce has been set up to develop plans for the future of the sector; and
 - Sporting organisations have been affected by the restrictions imposed by Covid-19 resulting in temporary closures and cancellation of many events. Grant funding, through Sport Ireland, could be a useful mechanism to provide an appropriate level of once-off support to local and grassroots organisations.

Children and Youth Affairs Vote

The National Childcare Scheme launched in November 2019. This scheme requires close monitoring over the short and medium term in relation both operational and policy elements. On the operational side governance, compliance and effective monitoring systems need to be put in place. From a policy perspective, the rollout of the scheme requires monitoring and evaluating to ensure it delivers on its objectives: to improve outcomes for children; reduce poverty; facilitate labour activation; and tangibly reduce the cost of childcare for thousands of families.

Continued oversight of deployment of resources allocated to Tusla, the Child and Family Agency, particularly staffing levels and the associated payroll. This will involve ensuring a comprehensive and sustainable workforce plan is put in place over the next three years.

Risks and Challenges

- Establishment of a new national Guardian ad litem service in line with the Child Care (Amendment) Bill 2019 to regulate the existing ad hoc system of GAL appointments in child care proceedings.
- Publication and response to Reports of the Mother and Baby Homes Commission (next report due in Q2 2020).
- A number of different work streams are ongoing in D/CYA to redesign funding and functionality of childcare provision in Ireland. There are a number of challenges with this policy agenda including the design and delivery of quality improvements in the childcare sector. This is complicated by emerging workforce issues including sustainability of provision, qualifications and training requirements and potential introduction of a Sectoral Employment Order.
- The response to Covid-19 raises a number of issues for the D/CYA that will require ongoing monitoring and assessment, including:
 - The unwinding of the Temporary Wage Subsidy Childcare Scheme put in place to support the sector during the lockdown period and reopening of regular childcare schemes such as ECCE and the National Childcare Scheme on 29 June;
 - The effective governance of reopening supports for crèches and other childcare

- o facilities including reopening and capital grants ;
- o Uncertainty regarding how the crisis may impact on the sustainability of Early Education and Childcare providers / services with likely changes in demand from parents and some capacity constraints on supply due to implementation of public health guidelines;
- o Demand for foster care services may increase as vulnerable families try to adapt to restrictions on movement; and
- o Any deterioration in economic conditions may increase child poverty rates and thereby create additional demand on Tusla services.

Agriculture Vote

The Department of Agriculture, Food and the Marine (D/AFM) has a broad social, economic and environmental remit.

Through the Common Agricultural Policy (CAP), a significant proportion of Agricultural Policy and Expenditure is directed via the European Union. Direct Payments from the CAP Budget of circa €1.2 billion compare to 2020 Gross Vote Allocation of some €1.65 billion (including a further €300m of co-funding from CAP).

The Vote's additional resources since 2017 have been broadly spread across the subhead spending areas. The most substantial components of the increased expenditure have been in respect of less productive agricultural land (Areas of Natural Constraint), beef schemes, co-funded grant-aid for agricultural capital investment and Brexit related staffing and capital infrastructure.

Covid-19

As with other sectors, Covid-19 has impacted agricultural enterprises negatively particularly those with low initial productivity. A range of supports, measures and flexibilities have been implemented by Ireland and the EU in respect of the agri-food sector. The Government approved €50m for a scheme in respect of reduced incomes for Irish Beef Cattle finishers due to lower volumes and prices of cattle sold. D/AFM has also been party (with DBEI) to a number of business support measures which are being made available to farmers and fishers.

Further risks associated with the impact of Covid-19 related measures include:

- Lower volumes or prices in this or other sectors this may give rise to further cost pressures in relation to income supports and facilitating farm structural adjustment;
- The scale of EU funding in relation to Covid-19 will impact cost pressures on the Vote;
- Animal welfare issues may arise if food-processing logistics chains get out of sync; and
- The financial impact on commercial semi-state bodies (Coillte, Horse Racing Ireland and Greyhound Racing Ireland) may give rise to pressure for further funding and/or have implications for medium term plans and/or dividends.

Common Agricultural Policy 2021-2027, Rural Development Programme

The current Common Agricultural Policy (CAP 2014-2020) is due to expire. Negotiations are ongoing to develop a new CAP (2021-2027) and associated transitional arrangements. These

negotiations are dependent on prior agreement on the 2021-2027 EU Budget (Multiannual Financial Framework). Given the strong integration of national and European agricultural expenditure, the shape of a new CAP will have a significant impact on future DAFM Vote expenditure.

Brexit

Brexit continues to pose a significant threat to the agri-food sector. Further changes will be necessary across the sector to reflect the nature of the new trading relationship. In the longer term, potentially significant tariff and non-tariff barriers to trade, as well as interruptions to just-in-time supply chains, could have a considerable negative impact.

Expenditure on Brexit Infrastructure at Ports and Dublin Airport is ongoing.

Climate and Energy Targets

As part of the 30% reduction on 2005 levels required to meet Ireland's 2030 greenhouse gas emissions commitments, the agri-food sector is required to reduce its emissions by between 10% and 15% under the National Climate Action Plan (2019). The Government will be faced with choices about overhauling the systems of production in a number of sectors (including Agriculture). There are significant potential demands for exchequer funding on measures to achieve the reductions or buying units to use for compliance. If Ireland does not reach its annual emissions target the gap will roll on into the next period making it more difficult to achieve future targets. The State's Afforestation Grant Programme has not achieved planting targets in recent years. D/AFM is currently developing a Climate and Air Roadmap for the Agriculture Sector to 2030 and beyond.

Food Wise 2025

Food Wise 2025 is D/AFM's main strategy. It identifies significant growth opportunities across all agri-food industry sub-sectors. It estimates that (cumulatively) exports have the potential to grow in value to €19 billion per annum by 2025, an 85% increase (above the 2012-14 average). A successor strategy, AgriFood 2030 is under development.

Haulbowline

Remediation of the East Tip is completed. Responsibility for the island is likely to transfer to the Department of Defence.

Business, Enterprise and Innovation Vote

The Department of Business, Enterprise and Innovation (D/BEI) is a key economic development Department which has three main areas of activity – Jobs and Enterprise Development, Innovation, and Regulation.

Covid-19

Covid-19 has triggered a severe economic shock that is fundamentally different in nature and scope from types of shocks previously witnessed. The depth of the resulting recession and its duration are difficult to predict. However, the ESRI's baseline scenario forecasts a 12% reduction in GDP in 2020 while it forecasts that unemployment will reach 17% in 2020.

The Government measures which were introduced to slow the spread of the Covid-19 virus resulted in the widespread shutdown of businesses. The policy challenge now is to ensure that the majority of businesses can resume activity as the restrictions are lifted. The Government has announced €6.5 billion in support measures for businesses to assist the

economic recovery – this includes loans, equity support, credit guarantees, and some waivers of local authority rates, coupled with some grants such as the Restart Grant Scheme.

While the supports which have been available to date cover a very wide range of enterprises, consideration may have to be given to targeting any future measures in order to address difficulties being experienced by particular sectors and in order to ensure that measures have maximum impact.

Brexit

Analysis undertaken by D/BEI in conjunction with Copenhagen Economics suggests that a Brexit outcome based on the Withdrawal Agreement and the Revised Political Declaration (RPD) on the Future Relationship between the EU and the UK is likely to reduce Irish GDP by between 3.2% and 3.9% by 2030 compared with a baseline where the UK remains a member of the EU. The challenge will be to find how best to channel available resources to mitigate the negative impact of Brexit on business.

Dependence on large multi-national corporations

The National Competitiveness Council has identified a number of threats to the sustainability of the Irish economy. The concentrated nature of the economy leaves the country highly exposed to the performance of a small number of firms, a small number of sectors, and a small number of external markets.

For example, in 2017, pharmaceuticals and chemicals accounted for almost 60% of goods exports, while computer services accounted for 43% of Ireland's services exports. This concentration is compounded by the fact that Ireland's goods exports are typically destined for a small number of key markets, with over a quarter going to the US and 11% going to the UK. This leaves Ireland open to sector (or even firm) specific threats.

In 2018, the top 10 corporation tax payers contributed 45% of net corporation tax receipts (and 8.5% of total tax revenue).

Technology and Automation

While there is ongoing debate about the scale and timing of automation's impact in the workplace, it is generally acknowledged that technology will significantly change many occupations and create new ones which will demand different skills in the near future.

The implications of climate change policy commitments for enterprise policy

Meeting our 2030 greenhouse gas emissions targets will require a major programme of change over the next ten years. The changes which must take place will require economic transition strategies along with investment to support alternative and sustainable enterprises for affected areas and workers. Furthermore, there is a need to ensure that our industrial policy is consistent with our approach to climate change.

Risks and Challenges

- The position of the international economy when the Covid-19 crisis ends and the ability of the domestic economy to recover.
- Uncertainty regarding future international trade disputes.
- Uncertainty regarding the impact of Brexit on indigenous enterprises.
- Further erosion of Ireland's competitiveness and reduced productivity due to cost pressures such as a tightening labour market and high houses prices and rents.

Central Vote Group

Key issues arising across the Votes dealt with by the Central Vote Group are set out below.

Department of Foreign Affairs and Trade

- Implementation of Global Ireland 2020-25 and expenditure pressures to open new missions/embassies overseas to increase Ireland's international footprint.
- Overseas Development Aid (ODA) – Pressures in relation to achieving UN target of 0.7% GNI by 2030.
- Implications of Ireland's appointment to UN Security Council.
- Brexit related pressures including increased Passport Demands.

Department of Culture, Heritage and Gaeltacht

- Significant Capital Programme under the NDP (€1.2 billion) – Management and Delivery of NDP commitments.
- Covid-19 Impacts – Loss of private income streams to National Cultural Institutions, Parks and Wildlife Services, Heritage sites, Colleges in Gaeltacht area, reduced economic activity on the Islands.

Department of Rural and Community Development

- Rural Regeneration Fund (€1 billion) – Management and Delivery of Fund.
- Community response measures to Covid-19 – elderly and vulnerable citizens.
- Covid-19 impacts on the Charities/Community/Voluntary sector – impacts on fundraising activities.

Office of Public Works

- Flood Risk Management Programme (€940 million) – Management and Delivery of NDP commitments - Review Minister's role in consenting to flood relief schemes.
- Brexit Infrastructure – Key strategic role in provision of appropriate infrastructure requirements at Dublin Port, Rosslare Harbour and Dublin Airport.
- Estate Management – significant pressures on office accommodation. Development of an Estate Management strategy.

Office of the Revenue Commissioners

- Brexit – appropriate resourcing (customs officers) and infrastructure and systems developments to address Brexit requirements resulting from UK exiting the EU.
- Implications arising from Covid-19 – Administering Temporary Wage Subsidy Scheme
- Potential Local Property Tax review in 2020.

Central Statistics Office

- Planning and preparations for roll-out of Census 2021 in line with Government guidelines relating to Covid-19.

Department of Taoiseach

- Co-ordination of Covid-19 cross-governmental communications campaign.

Oireachtas

- Legislation needs to be brought through in 2021 to provide for multi-annual funding for the running of the Oireachtas for the period 2022-2024 including technical and legislative amendments as required.

State Property vested in the Minister

- Managing the Department's responsibilities under the State Property and Succession Acts.

Legal Costs

- Management of legal fees across the State's legal offices (AGO, DPP, CSSO).

Senior Management in the Division

Niamh Callaghan



Responsibility at Principal level for the management of the Votes for the Department of Children and Youth Affairs; Transport, Tourism and Sport and the Prevention and Early Intervention Unit, including advice on sectoral policy issues.

Gráinne McGuckin



Responsibility at Principal level for the management of the Department of Employment Affairs and Social Protection Vote including administrative budgets and public expenditure within that Department.

Clare Costello



Responsibility at Principal level for (i) advising on policy in the local government sector (including in relation to bodies operating under the aegis of the Department of Housing, Planning and Local Government), covering areas such as housing, water and local government financing and (ii) the monitoring of public expenditure in relation to the Housing, Planning and Local Government Vote. Also responsibility at Principal level for recommending approval of payments from the Central Fund in respect of certain election expenses and the preparation of the Scale of Maximum Charges for elections.

Georgina Hughes-Elders



Responsibility at Principal level for the management of two Vote sections - Agriculture, Food and the Marine; Business, Enterprise and Innovation - including advice on sectoral policy issues.

Jasmina Behan



Responsibility at Principal level for the development of the Irish Government Economic and Evaluation Service (IGEES) including management of the DPER IGEES Unit.

Brian O'Malley



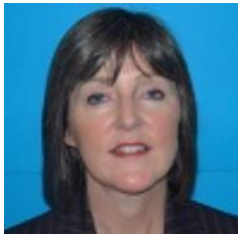
Responsibility at Principal level for the management of the following Departmental Votes: Finance Vote Group; Taoiseach Vote Group; Culture, Heritage and Gaeltacht; Rural and Community Development; Office of Public Works; and the Foreign Affairs and Trade Vote Group, including advice on sectoral policy issues. In addition to this, (i) State Property and (ii) Houses of the Oireachtas Commission.

Eanna Hickey



Legal Advisor to the Department of Public Expenditure and Reform.

Expenditure Management, Structural Funds and Audit Division



Director: Patricia Coleman

Overview of Division

The Expenditure Management, Structural Funds and Audit Division manages the following:

- Communications, Climate Action and Environment Vote;
- Defence; Education and Skills Vote;
- DPER Climate Change Unit;
- EU Structural and Investment Funds (including ERDF and PEACE funding)
- Cohesion Policy; and
- ERDF Audit Authority and Internal Audit.

Key Responsibilities

- To seek to ensure that the expenditure of the (i) Department of Education and Skills; (ii) the Department of Communications, Climate Action and Environment; and the (iii) Department of Defence is targeted, sustainable, managed within budgetary parameters and represents value-for-money.
- To assess the overall Exchequer, and wider economic, implications of the developing climate action agenda at national, EU & international level.
- To assess the overall Exchequer, and wider economic, implications of reforms being both planned and undertaken in the primary and post primary (including Special Education Needs), and Higher Education and Further Education areas.
- Discharge the shareholder oversight function, on behalf of the Minister for PER, in relation to the commercial State companies in the energy and communications sectors (ESB, EirGrid, Bord na Mona, An Post, RTÉ).
- Joint management of the Ireland-Northern Ireland cross-border PEACE and INTERREG Cooperation Programmes, (€270 million and €283 million respectively in the current round), joint oversight of the Special EU Programmes Body (SEUPB) and general governance matters relating to North-South Implementation Bodies (NSIBs).

- Overall responsibility for the European Structural Investment Funds (ESIF), including administrative responsibility for European Regional Development Funding (ERDF) (€411 million in the current round). Representing Ireland's position at negotiations for the 2021-2027 round of Cohesion Funds.
- The ERDF Audit Authority is responsible for verifying the effective functioning of ERDF management and control systems (systems audits). The Authority also audits declared expenditure (operational audits) and the annual accounts of each Programme.
- Internal Audit provide an internal audit service to both D/PER and to the Department of Finance, reporting direct to the Accounting Officers (Secretaries General).

Key Strategic Issues for Incoming Minister

Climate Change

The current Covid-19 crisis is likely to lead to a fall in global and Irish greenhouse gas emissions in 2020. In particular, significant savings should be expected in the Transport sector, which represents around 27% of Ireland's total national (non-ETS emissions). The savings are highly unlikely to be of sufficient degree to allow Ireland to reach our 2020 greenhouse gas emissions target. It will however, reduce the expected cost of compliance.

The pattern of past recessions suggests that any decline in greenhouse gas emissions is likely to be short-lived, as heretofore emissions have tended to rebound alongside GDP growth.

It is also worth noting that the combination of a price war and the current Covid-19 crisis, has driven oil prices to their lowest level in eighteen years. Wholesale gas prices have also seen similar, if not as dramatic, falls. Modelling suggests that consistent low fossil fuel prices will make the achievement of climate and energy targets more difficult – lower fossil fuel prices encourage greater demand and mean that the cost of switching to renewable/less carbon intensive alternatives is higher.

Ireland's Climate Action Plan is heavily dependent on individual consumers' purchasing decisions on energy efficiency, renewable heating and electric vehicles. In practical terms, lower fossil fuel prices will make it more difficult to persuade people to invest in these alternatives.

Progress towards 2020 climate and energy targets and associated cost of compliance

Ireland has two key climate and energy targets. By 2020, Ireland's national (non-ETS) greenhouse gas emissions need to decrease by 20% (compared to 2005 levels) and 16% of our energy requirement must be met from renewable sources. Ireland will miss both of these targets – both by a considerable margin. These targets are legally binding. The cost of this compliance is still unknown but can be estimated with a reasonable degree of certainty.

On *greenhouse gas emissions* Ireland will likely miss the 2020 target by a considerable margin and Ireland will be required to purchase carbon credits to achieve compliance. Since the EU as a whole will comfortably meet its target, there will be an excess supply of credits and compliance is likely to cost in the region of €2 million to €14 million.

On *renewable energy*, Ireland is likely to achieve 80% of the required progress towards the target (13% achieved, 16% target) but progress on renewable energy has been slower in general across Europe, hence purchasing compliance will come at a higher cost. This is likely to be in the range €20 million to €40 million per percentage point shortfall, suggesting that a

3% under-achievement will give rise to a likely total compliance cost of €60 million – €120m. Any statistical transfer transactions must be completed by April 2021. No funding has yet been provided for this purpose but will have to be addressed in Budget 2021.

2030 Targets and Submission of National Energy & Climate Plan to the EU

The new Programme for Government significantly increases the level of ambition in terms of carbon emissions for the period 2021-2030, committing to an average 7% per annum reduction or 51% in total over the decade.

At EU level, the Effort Sharing Regulation requires Ireland to reduce national non-ETS greenhouse gas emissions by 30% (compared to 2005 levels) by 2030, with annual limits for every year over the period 2021-2030. (ETS emissions are regulated at EU level, rather than national level). This necessitates average annual greenhouse gas emissions reductions of 1.2 million tonnes over 2021 – 2030 inclusive – an annual reduction of 2.7% compared with Ireland's 2018 non-ETS emissions. The scale of the challenge posed by meeting these targets can be illustrated by noting that Ireland's non-ETS emissions increased by 2.8% in 2018.

On *renewable energy*, it is up to each Member State to determine what is a cost effective level of renewable energy to achieve by 2030, as long as it contributes to the achievement of the Union's 2030 target of 32%. The renewable energy target is not currently subject to annual apportionment but there are periodic milestones which Member States are required to meet (in 2022, 2025 and 2027).

Each Member State is required to set out how it will achieve both of these targets in a comprehensive National Energy and Climate Plan (NECP). [REDACTED]

In addition, in practical terms, the Climate Action Plan's targets are reliant on being able to influence the purchasing decisions of thousands of individual consumers and SMEs, particularly with regard to electric vehicle, renewable heating and energy efficiency take-up. Significant accelerations of activity in these sectors would be welcome, but there is abundant evidence that shifting individual behaviour on the scale required will be tremendously challenging, while there are also serious concerns in relation to the capacity of the supply side to meet the large increases in supply that would be necessary if the targets are to be met. Continued low fossil fuel prices will also act as a disincentive to make these purchasing decisions.



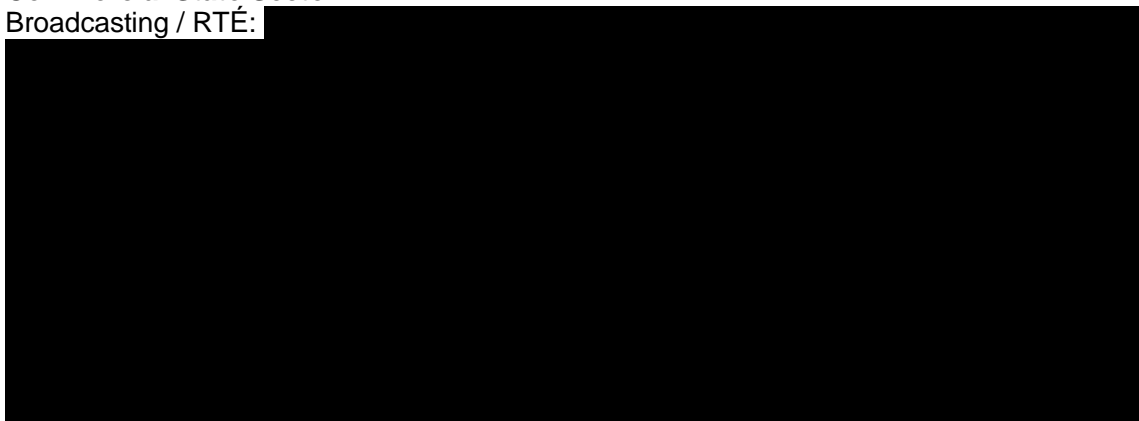
In March 2020, the EU Commission published a draft new European Climate Law. The stated purpose of this law is to require the Union as a whole to reach climate neutrality by 2050. The draft law grants more powers to the EU Commission in the climate sphere. By September 2020, the EU Commission will publish an impact assessment on the achievement of a 50-55% reduction in greenhouse gas emissions by 2030. On the basis of this assessment, *new legally binding 2030 emissions* targets for every Member State will be proposed. A pro-rata application of the increased ambition would increase Ireland's 2030 greenhouse gas emissions target from 30% to between 37.5% - 41.25%. The impact assessment will be based on 2018 data, in other words no account will be taken of any changes attributable to the current Covid-19 crisis. This may be appropriate if the disruption proves short-lived but seems unrealistic if the economic disruption is prolonged.

The 2030 and 2050 climate targets will be set on the basis of total greenhouse gas emissions. What this means is that there is no special treatment afforded to biogenic methane emissions. This is a critical issue for Ireland as agricultural emissions, which are driven to a large degree by biogenic methane, represent 46% of those emissions (non-ETS) that will be counted towards this target.

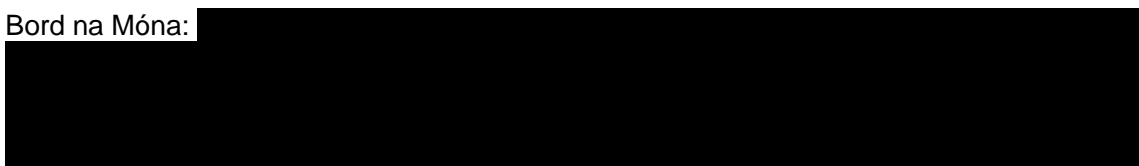
Under the new law, the Commission will undertake periodic assessments of the Union's and individual Member States' progress towards climate targets. The Commission will issue recommendations and Member States must comply with these recommendations or explain why they cannot. The first review will take place in 2023.

Commercial State Sector

Broadcasting / RTÉ:



Bord na Móna:





Education in the Programme for Government

The Programme for Government sets some key priorities in relation to the schools sector. Some of the key commitments focused on:

- *Further progress on Reducing PTRs in Primary Schools.* The transmission of the PTR to teacher number and class sizes is considerably nuanced by the operations of the Staffing Schedule. This calls into question its appropriateness as a policy lever or target. There is work ongoing regarding teacher allocations between the Departments which outlines the operations of teacher allocations - this should inform policy decisions in this area;
- *Inclusive education,* including the school inclusion model, DEIS identification and free school books schemes. The Department of Education and Skills (D/ES) need to outline a clear plan for the implementation of the school inclusion model, following delays in the implementation of aspects of the model this year. Existing policy in these areas needs to be considered and any review should ensure programmes remain appropriately targeted;
- *Capital stock audit of schools.* Vote would fully support this audit and has frequently argued for it over the last decade. This should also be leveraged to inform both teacher allocations and workforce planning for the sector. It should also be leveraged to inform progress on other capital commitments;
- *Develop a long-term sustainable funding model.* Work is currently ongoing with the EU Structural Reform Support Service to assess a new funding model for higher education. The project is due to be completed and published by end year;
- *No increase in annual student contribution.* No increase in student contribution will mean future investment, pending the SRSS report, is met by either the universities own income (which is under pressure due to COVID-19), through increased Exchequer funding or further increases in employers' contributions; and
- *Review SUSI / Student Supports.* Any review of a demand led scheme such as this must have regard to the overall impact on the Exchequer. Student supports will already have an allocation of over €400m once impact of COVID-19 is factored in.

Higher Education Funding

While aggregate funding in 2020 will reach previous peak levels (2009) for higher education, the full time student population has increased considerably during this time. Furthermore, the Exchequer is coming under pressure to significantly increase funding in order to improve the competitiveness of the higher education sector and support long-term economic growth.

In addition to setting out a case for significant additional investment, the Cassells report (2016) proposed three policy options to address this funding gap – (i) a predominantly State funded system; (ii) increase State funding with continuing upfront student fee; and (iii) increase State funding with deferred payment of fees through income contingent loans. The Expert Group report proposed that whichever option is pursued should be supplemented by employers and recommended this be via increases in the National Training Fund levy.

The funding response to date has included a cumulative increase of 0.3% in the National Training Fund (NTF) levy resulting in an additional €200 million recurrent investment in the Higher Education and FET Sectors annually. Separately, a €300 million Human Capital Initiative (HCI) 2020-2024, announced in Budget 2020, represents an additional investment of €60 million annually from 2020 in the HE sector. The HCI is funded from a drawdown on the accumulated surplus in the NTF (approx. €740 million at end 2019.) The NTF surplus for 2020 is currently being assessed in light of the impact of the Covid-19 crisis on Employer PRSI receipts. The increased costs from demographics in this sector has also been provided for in recent years.

A key priority in the coming year will be to establish clarity on a sustainable future funding model for the higher education sector including any implication for the treatment of higher education institutions in relation to the general government balance sheet. This will be supported by work being funded by the EU Commission for D/ES that will report later this year.

Closely aligned with the funding model is the need for an integrated and strategic vision to align the higher education and further education sectors (Tertiary Sector) in meeting the demands of the labour market. The government balance sheet treatment of the University Sector and the future development of the Technological Universities are also significant issues in this area.

Schools expenditure

Classroom demographics will continue to require extra teachers and extra classrooms into the early 2020s. There are currently 70,954 teachers employed across primary and post-primary schools.

The demographic 'bubble' that is currently at primary level is moving to post-primary. While the aggregate trend in demographics has been reflected in multi-annual expenditure plans, the anticipated cost reducing impact of demographics at primary level is yet to materialise.

Nuances in the operation of how teachers are allocated – which cause a disconnect between the average pupil teacher ratio and teacher numbers – complicate the impact of demographics. However, given the cost pressures that will begin to manifest at post primary level as this cohort of pupils moves through the system, it is important that expenditure is actively managed at primary level to reflect the move of the demographic bulge from primary to post-primary level.

As such, the teacher allocation processes are currently being reviewed jointly by D/PER and D/ES to assess the drivers of teacher numbers and the impact of each on costs. Any decisions regarding teacher numbers and associated ratios must reflect the current and future trends in enrolment numbers and costs.

The Covid-19 crisis adds an additional complication to these forecasts, the impact of which is unknown. Learning losses could lead to an increase in pupils repeating a year of school, while the impact on net migration could pose an upward or downward risk on demographic related expenditure in schools.

Special Education Needs

Expenditure on Special Education provision in 2020 will be approximately €1.9 billion, over 19 per cent of the Education budget and has shown a significant increase in recent years. Following Budget 2020, there will be over 13,600 Special Education Teachers and over 17,000 SNAs this year.

There are a number of reforms in this area, including the national roll out of a frontloaded allocation model of SNAs which had been planned for September 2020. The new SNA model will provide more timely and equitable access to supports. The national rollout of the new allocation model has now been delayed to September 2021. This deferral is a result of delays in the provision of information and training sessions for the sector that cannot take place as a result of ongoing public health concerns related to Covid-19. The frontloaded SNA allocation model is an element of the new School Inclusion model which is currently being piloted in 75 schools in CHO7 (parts of Wicklow, Kildare and Dublin).

The School Inclusion Model was developed following NCSE recommendations to address specific shortcomings in the existing SNA scheme. A core recommendation was the frontloaded allocation model which will provide greater autonomy to schools to meet the needs of their pupils and ensure SNA support is available at the beginning of the school year without the need for a diagnosis. In addition, it recommended a more broadly based model of support incorporating both education and health therapeutic supports be developed and this is reflected in the design of the pilot. It is therefore important that all preparations are put in place to ensure full rollout of the new frontloaded SNA allocation model in September 2021. D/ES are due to return to Government outlining these arrangements and a plan for the phased rollout of the overall School Inclusion Model in Q3 2020.

There is also the ongoing NCSE review of Special Classes and Special Schools, the recent progress report of which suggests the need for a move towards greater inclusive education. Given the scale of the increases in this area (including the impact on school transport) this policy area must be kept under close review to ensure best use of resources in supporting children to reach their full potential.

Superannuation

Published analysis by this Department projects superannuation funding requirements of an additional €60 million per annum over the next 10 years across the schools and third level sectors. The impact in a particular year is subject to uncertainty due to process and in-year timing factors. This has in the past led to supplementary estimates for the Department of Education and Skills but work is ongoing to better project annual costs.

EU Cohesion Policy

North/South: Development of the proposed 2021-27 PEACE PLUS EU funded cross-border programme will be a key priority for the remainder of 2020 (initial draft programme due to be submitted to the Commission in the Summer). Agreeing the terms of the PEACE PLUS programme, and the ongoing implementation of the current PEACE and INTERREG cross border programmes, will have to be managed in the post Brexit environment. [REDACTED]

[REDACTED]. Now that there is an NI Assembly, meetings of the North-South Ministerial Council (NSMC) will recommence. Minister PER will represent Ireland at these meetings and they will provide an opportunity to progress North/South issues.

The Department is responsible for representing Ireland at EU Cohesion Policy negotiations (covering Structural and Investment Funds including ERDF and the new Green Deal) for the 2021-2027 programming round, mindful of our position as a significant beneficiary in the past, but now a net contributor to the MFF (EU Budget). The Commission has also developed a suite of proposals in response to the Covid-19 crisis, the second series of which (REACT – EU) will be negotiated over the Summer / early Autumn. Final negotiations on 2021-2027 regulations, including C-19 amendments, will take place in Q3 and Q4.

The section has Member State responsibility for the European Structural Investment Funds, or ESIF (€3.2 billion in the 2014 – 2020 round) as well as administrative responsibility for the ERDF: (€411 million net in the current round). D/PER currently plays a key policy and oversight role in administering and auditing EU funding in Ireland, in particular the ERDF, implementation of which is via two Regional Operational Programmes (delegated to the Southern Regional Assembly and the Northern and Western Regional Assembly). Ireland's relative economic prosperity and EU Budgetary constraints have meant reducing levels of financial assistance through the ERDF, which will further reduce in 2021-2027.

As part of the EU initial emergency response to Covid-19, two Coronavirus Response Investment Initiative (CRII) regulations were processed which allow for the reallocation of *existing ESIF funding* to Covid-19 emergency response measures and also for recapitalisation of SMEs (no new funding is involved). Ireland will re-programme €226 million of our existing 2014 – 2020 ERDF allocation over the Summer months for these sectors, under CRII. We will also develop proposals for the €215m of additional funding available to Ireland from REACT – EU, in Quarter 4. [REDACTED]

A decision on the appropriate ERDF structures for the 2021-2027 round will have to be made in the short term in order to facilitate post 2020 planning. [REDACTED]



[REDACTED] The Programme for Government acknowledges the ongoing importance and role of Regional Assemblies in management of EU funding programmes.

As an interim measure to facilitate work on post 2020 ERDF planning, the Regional Assemblies have been asked to work on the development of the post 2020 ERDF Operational Programme(s), via the Partnership Process, with a view to submission to the EU Commission in early 2021. DPER is overseeing this process and is also leading the post 2020 Partnership Process.

Risks and Challenges

[REDACTED]

- **Commercial State Bodies:** A number of the commercial State bodies are facing challenges to their cost base. While RTÉ, Bord na Móna, and An Post all have new strategies in place, strict oversight must be maintained to ensure the companies can reach their often ambitious targets. [REDACTED]

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- **Defence commitments:** The Defence Forces have participated in overseas missions since 1958. This has primarily been on UN-mandated missions, though in recent years Ireland has also engaged with NATO ('Partnership for Peace') and the EU (PESCO). Increased EU expenditure, for example through the proposed European Defence Fund as part of the Multiannual Financial Framework or the European Peace Facility, or the setting of implicit or explicit defence spending targets for EU Member States could expose Ireland to potential costs which have not arisen hitherto (and potentially give rise to concerns vis-à-vis the country's neutral, non-aligned status).
 - **Education Response to Covid-19 crisis:** The major decision point thus far in relation to the Education Sector during the Covid-19 crisis has been to close all schools and tertiary education institutions. The sector is currently focused on ensuring continuity of education, with teachers, lecturers etc. working remotely to provide distance learning for pupils and students. D/ES are now increasing focus on plans to reopen schools in September and provide summer programmes for children particularly at risk of learning loss. D/ES have outlined an ambition to open schools as fully as possible at the end of August.
 - The net financial impact of the cancellation of the Junior Certificate and introducing the Calculated Grade model for the Leaving Certificate will see a fall in income for the State Exams Commission but may also see some savings. While a small net savings may arise, the position is currently being assessed by both Departments. There is also a contingent liability arising from the risk of legal action being taken against the State due to the introduction of the Calculated Grade model.
 - There may be further uncertainty in projecting retirements in 2020. Some SNAs and other Education staff may be temporarily redeployed throughout the public service in efforts to support delivery of other essential public services.
 - In the Tertiary Sector, there will be a potential loss in revenue streams to Higher Education Institutions (HEIs), in particular the University sector, from international student fees, research funding and student rental income (some student accommodation is being used for Covid-19 related provision). The Higher Education Authority (HEA) have assessed the impact for both 2020 and 2021 as being approx. €500 million. It is important that the impact of Covid-19 is not conflated with the issue of appropriate investment in higher education. It is also important to consider that, while HEIs have multiple sources of revenue and they all hold reserves, some will be better financially equipped to deal with the crisis than others. In this regard, D/ES are currently assessing a detailed HEA cash flow analysis of the HE sector. It must be borne in mind that any pressures on own resource income in HEIs will further escalate the funding pressures highlighted above and potentially impact on their accounting treatment on the general government balance sheet. There will also be a potentially significant impact on SUSI grant provision as a result of income falls and job losses arising from the economic impact of the Covid-19 crisis.

- On the Further Education and Training side, during the previous fiscal crisis a large focus of FET was on activation, in particular getting those who were made redundant but who were close to the labour market back into paid employment as soon as possible through retraining and reskilling. Ensuring the continued responsiveness of the activation and training system to skills needs will be key to minimising long term unemployment impacts from this crisis. Existing education and training offerings such as the apprenticeship programme, Springboard+ and Human Capital Initiative (HCI) graduate conversation courses can be used in the short term to increase provision to those sectors most affected, particularly those with existing identified skills needs. This Department is engaging with D/ES on re-prioritisation of funding towards additional places in such courses.
- It is worth noting that the surplus in the NTF at end 2019 was c. €740 million. While there is unlikely to be any significant increase this year in the surplus, the increase in the Training Levy for 2020 announced at Budget time may offset the impact of Covid-19 on receipts. This still represents a considerable surplus that could be used for additional FET participants. The surplus currently covers around one full year's total NTF expenditure. It should be borne in mind that any additional expenditure, even from the surplus, impacts on the general government balance position.
- The Capital allocation in the Education Vote is c. €922 million in 2020 and just over €1 billion in each of 2021 and 2022. Schools represent c. 60% of this expenditure with the remainder made up of HE, FET, Research and PPPs. The level of pre-committed expenditure is not available at this time. The reprioritisation of capital expenditure will need to be considered both within the sector itself and in the wider fiscal context. It is likely that demographic demand in the schools sector will need to be prioritised as the post primary bubble emerges over the next five years, which may leave the Tertiary sector (which has lagged behind the schools sector since the previous fiscal crisis), with challenges as the demographic bulge will peak in the HE sector in late 2020s. Within the HE and FET area, projects will have to be future proofed to address any long-term impact of Covid-19 on the structure of learning and the longer term trend toward remote learning.
- Redress:** The Department of Education have two redress schemes within their remit: the Residential Institutions Redress Scheme and the Ex-Gratia Scheme. This second scheme was recently reviewed by an Independent Assessor. He concluded that 13 previously refused cases were entitled to a payment from the ex gratia scheme. On the foot of his determinations, payments are being made to a number of victims of child sexual abuse in day schools and the Scheme is being reviewed by the Department. Any proposed changes to the terms of the scheme arising from this review will need to be carefully considered in line with the Guidelines for Redress being developed [REDACTED]
- School Transport:** has an allocation of almost €225 million for 2020 (increase of 28% since 2011). Half of this spend related to provision for students with Special Education Needs. Following a Spending Review paper examining the Scheme undertaken by the Vote, which identified a divergence from policy, the D/ES is conducting a review of the existing Scheme to develop a sustainable Strategy for the School Transport and ensure its efficient and effective operation. While the short-term focus in this area will be on the

impact of the public health advice on provision, the existing, significant sustainability risks to this scheme and potential additional cost pressures must be considered and addressed in parallel.

Peace Plus Programme: Agreeing the terms of a new PEACE PLUS programme in time for submission to European Commission in accordance with regulatory deadlines will be challenging in the post Brexit environment.

Cohesion Policy: Failure at EU level to agree the revised Cohesion policy by end 2020 will generate uncertainty and impact on how we can progress the development of the new Operational programme(s) for the 2021- 2027 round.

- **Internal Audit:** Due to the current Covid-19 crisis, some internal audits have been postponed due to the need for Departmental Units to prioritise urgent tasks and the reduction of staff as a result of redeployment in Departmental Units. This situation will be reviewed regularly under the oversight of the Audit Committee.
- **EU Audit:** The ERDF Audit Authority has also been forced to postpone audits, other than those that can be carried out remotely. The Authority is providing advice and guidance to the Policy Unit and Managing Authorities in relation to formulating a response to the report of European Commission Auditors on Ireland's system of management verifications to ensure projects are compliant with State Aid rules. The Authority, at the request of the European Commission, carried out a review of the adequacy of the preventive and corrective measures which the Member State propose to take in order to provide a conclusion to the Commission on the effective functioning of the systems. It is likely that the ERDF Audit Authority will have a role in the audit of the 2021-27 PEACE PLUS Programme. This work was previously carried out by Northern Ireland authorities.

Senior Management in the Division

Brendan Ellison



Responsibility at Principal level for (i) the management of the Climate Change Unit (ii) monitoring of expenditure in relation to two Vote Groups - Communications, Climate Action and Environment (DCCA) and Defence and (iii) policy advice in relation to the two Vote Groups (including in relation to bodies operating under the aegis of DCCA).

Dermot Byrne



Responsibility at Head of Unit level for the Internal and EU Audit Unit. The Unit is staffed by civil servants, most of whom are professional accountants. The ERDF Audit Authority was established jointly by the EU and the Department and performs annual programmes of audits of ERDF expenditure. The Unit provides a shared internal audit service to the Department of Finance and the Department of Public Expenditure and Reform. The Head of Unit reports directly to the Secretaries General and the Audit Committees of both Departments.

John Howlin



Responsibility at Principal level for overseeing control and monitoring of expenditure in relation to the Department of Education and Skills.

Anne Marie Caulfield



Responsibility at Principal level for (i) Cohesion Policy, including representing Ireland's position in the negotiation of the 2021 – 2027 EU Regulations (ii) lead responsibility for the ERDF and European Territorial Cooperation programmes, including the PEACE and INTERREG Programmes and (iii) the Special EU Programmes Body (SEUPB) and crosscutting financial and governance issues relating to North South Implementation Bodies under the Good Friday Agreement.

Public Service Pay and Pensions Division



Assistant Secretary: Colin Menton

Overview of Division

The Division is responsible for developing and overseeing implementation of pay policy for all of the public service. It is also has lead policy responsibility for public service pensions.

The Division represents Government as public service employer in industrial relations matters leading on the management of IR issues across all sectors of the Public Service, It is responsible for negotiating public service pay agreements with ICTU and the Garda and the Defence Forces associations.

The Division has particular expertise in industrial relations and staff are regularly involved in efforts to resolve industrial disputes of key importance, representing the Department as appropriate before the WRC, Labour Court and other dispute resolution bodies. The Division provides a key support to the public service in dealing with sectoral industrial relations disputes on pay and related issues.

Over half the Division's 58 FTE staff are pensions experts involved in dealing with an array of complex and technical pensions policy issues.

Key Responsibilities

- Overall responsibility for public pay policy and industrial relations, including the negotiation and implementation of public service wide collective agreements on pay and terms and conditions.
- Oversight of sectoral industrial relations across the public service and management of the industrial relations machinery in the Civil Service (the Conciliation and Arbitration scheme).
- Lead responsibility for pensions issues in the Department and, specifically, public service pensions policy. The Division leads on public service pension reform and on policy implementation including pension increases, transfer and purchase of service, professional added years, family law, abatement, the Public Service Pension Reduction and the determination of appeals under Civil and Public Service pension schemes.

- Responsibility for policy relating to the Single Public Service Pension Scheme and the project to address deficits in the implementation of the Single Scheme one of the largest pension schemes in the country with in excess of 140,000 members.
- The Division houses the State's actuarial service which undertakes three yearly actuarial valuations of public service pension liabilities in accordance with CSO and EU requirements. This was calculated as €114.5 billion as of December 2015. The State's ADL at year-end 2015 will fall to be paid over approximately 70 years following the valuation date. An updated valuation is currently being prepared and will be completed by 31 December 2020.
- Management of Vote 12 (Civil Service Superannuation) which has a 2020 allocation of €640 million.
- Pay and pensions policy for senior public servants, including Members of the Oireachtas, Ministers, certain officeholders, the Judiciary; CEOs of commercial and non-commercial state bodies (and board members' fees).

Key Strategic Issues for Incoming Minister

1. Ensuring stable growth in the Pay Bill and supporting post-Covid recovery

In 2020, the Gross Pay Bill is estimated at €19.7 billion, which is approximately one third of all current expenditure. The two key drivers of the public service Pay Bill are (i) the numbers of public servants employed and (ii) the rate at which they are paid.

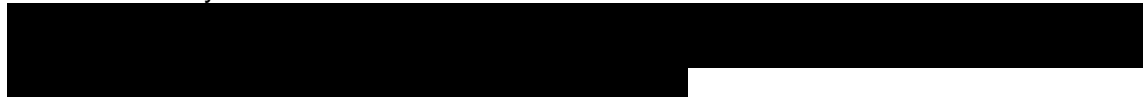
The Pay Bill has been increasing by in the region of €1 billion per year for the last number of years.

Around one third of the increase relates to pay increases under Public Service Stability Agreements (PSSA). Two thirds relates to increases in public service staff numbers (now 337,000 in total and increasing by around 9,500 per year).

Public Service pay agreements have played a key role in containing growth in the Pay Bill since the last crisis in 2010.

Up until the Covid-19 public health emergency, wage growth in the wider labour market which was approaching full employment had been accelerating (figures in yellow in the table below) with private sector wage growth outstripping the public sector. Clearly the public health emergency has changed the labour market context utterly and there is considerable uncertainty about the short to medium term outlook for the labour market and wage growth.

What is clear is that maintaining the Pay Bill at sustainable levels will be an ongoing challenge for 2020 and beyond



Finally, as the table below highlights, even though the current pay agreement expires at end 2020, there are considerable overhanging carryover costs into 2021 in particular (€0.33 billion).

Public Service Pay Bill (€ billion)

€ billion	2017	2018	2019 ¹	2020 ²	2021 ³	2022	2023	2024
Gross Voted Pay	€16.5	€17.7	€18.9	€19.7	-	-	-	-
% Change	6%	7.3%	6.4%	4.6%				
Increase (€)	€0.9	€1.2	€1.2	€0.8				
Of which								
<i>LRA / PSSA / FEMPI unwinding</i>	€0.3	€0.5	€0.4	€0.3	€0.3	€0.05	€0.03	
<i>New Entrants / PSPC / LCR Recommendations</i>			€0.1	€0.1	€0.03	€0.02	€0.02	€0.02
<i>Recruitment/ Other</i>	€0.6	€0.7	€0.7	€0.4				
Economy Wide Wage Increase (CSO and DoF projections)	2.5%	4.1%	3.8%	-7.6%	3.8%			
<i>Private Sector (CSO)</i>	2.3%	4.4%	3.5%					
<i>Public Sector (CSO)</i>	2.9%	2.3%	2.7%					

1. REV 2020 Provisional Outturn
2. REV 2020 Estimate
3. D/Finance Medium Term Fiscal Strategy

2. Contributing to the broader Covid-19 response

The Covid-19 response has been a public service led response, demanding flexibility from public servants. This has thrown up pay, IR and pensions issues and the Division has been prioritising these over recent weeks. This has included:

- **Pension Abatement Waivers**

Section 52 (1) of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 provides for abatement (i.e. reduction) of public service pensions where a retired public servant takes up employment again in the public service. Under this legislation, a waiver or exemption from pension abatement may be approved by the Minister for Public Expenditure and Reform in very limited circumstances.

The exceptional nature of the Covid-19 crisis has led some sectors, including the health sector, to seek waivers of pension abatement to incentivise recruitment of retired frontline staff. Such staff are needed to fill critical staffing gaps and to increase service provision as the virus spreads. Accordingly, waivers have been issued on a temporary and conditions bound basis to the HSE, Tusla, the Prison Service and the Department of Employment Affairs and Social Protection. The waivers only apply to retired staff recruited specifically to help with the current emergency and the duration of the waivers is until the end of June this year.

It is important to monitor the operation, take up and cost of these waivers given that such waivers are typically only granted on a very restricted basis – provision of both pension and salary is normally deemed to be a significant package of remuneration. The waivers are subject to review at the end of June 2020.

- **Student Nurses**

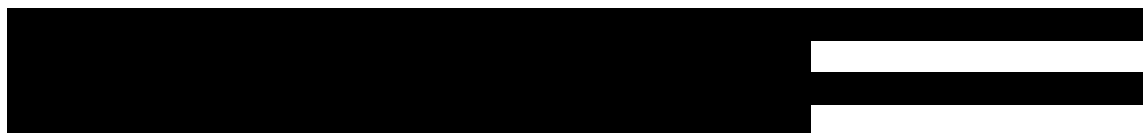
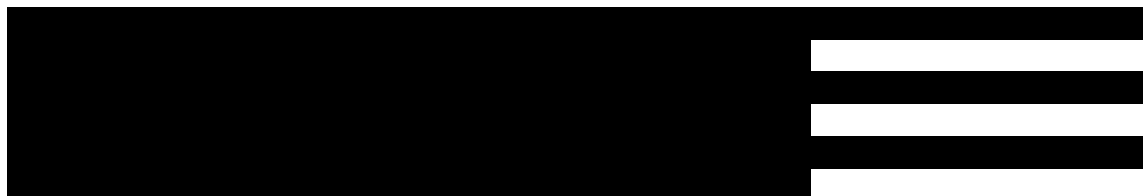
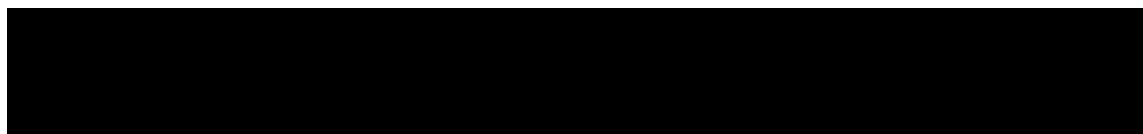
Under Action 5 of *Ireland's National Action Plan in Response to Covid-19*, approved by the Cabinet Committee on Covid-19 and published on 16 March 2020, sanction was given to the Department of Health for the HSE to hire student nurses as Health Care

Assistants on a temporary basis. Under this measure, 1st to 4th year student nurses would continue with their studies, but for hours worked would be paid as HCAs. On the basis of this offer being accepted by 75% of all student nurses, up to €41 million was allocated, with this expenditure being limited to a three month period.



- **Pay Guidance for Temporary Assignment Scheme**
The redeployment of public servants to meet new demands in the context of the crisis has given rise to pay and IR questions. Specifically queries have arisen in relation to the pay arrangements that apply to employees under the Temporary Assignment Scheme and these, following engagement with the Sectors and Unions, are being addressed through the publication of FAQs on the Government's information website at www.gov.ie. Employees who are temporarily assigned under the Scheme will continue to receive their basic salary, any fixed, periodic, pensionable allowances in the nature of pay and other pensionable remuneration that they are in receipt of at the date of assignment.

3. Maintaining the current pay agreement and industrial relations stability
The current pay agreement, the PSSA, runs to end 2020. In the normal course negotiations on a successor agreement would take place in June of this year. However, in light of the impact of Covid-19 emergency on the public finances the timeline and options for any talks / measures in relation to public service pay will have to be carefully considered.



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Ministerial approval was obtained earlier this year to progress early development of a Bill to resolve these and other outstanding pension issues.



8. Review Oireachtas Financial Supports to Members

The Division has responsibility for sanctioning arrangements for financial support for Oireachtas members. The Programme for Government includes a commitment to “introduce a new system to register Oireachtas attendance and to protect the integrity of the expenses system”. The Department will work with the Houses of the Oireachtas with a view to ensuring the system is appropriate, easy to administer, transparent and has the confidence of the public.

9. Ensuring risks to the State arising from deficits in the administration of the Single Pension Scheme are fully addressed

The Single Pension Scheme was introduced in 2013 and was a ground-breaking public service reform. The Scheme will help reduce the State's pension liabilities by 35% over time. All recruits to the public service since 2013 have joined the Scheme which now has around 140,000 members.

However, it is a very complex scheme to administer being based on career average earnings. To date, compliance with the legislative requirements of the Scheme by employers has been poor. Until this year, most members have not received an annual benefit statement. The Division is leading cross-sectoral efforts to address these problems.

It is clear that if the Scheme is to be robustly administered over the long-term proper supports are needed. Otherwise, errors will be made and compliance will remain an issue. This presents potential legal risks to the State and if challenged could undermine the Scheme itself.

An early priority will be to secure Government approval to design and build a Central ICT System to underpin the Single Scheme and safeguard member data.

Risks and Challenges

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]



Single Scheme Administration

As long as the public service is not fully compliant with the requirements for the administration of the Single Scheme there are risks that the Pensions Authority could progress enforcement action against a public service body.

The volume of data and complexity of the Scheme means that the longer the necessary Central ICT system is not in place, the risks of mistakes being made in the calculation of members' entitlements are growing.

Legal Cases

There are a number of public service pension areas in which there is a risk of legal action:



- Low levels of compliance with the Single Scheme by some relevant authorities leaves them at risk of prosecution by the Pensions Authority.

A number of these areas are addressed in the draft pay and pensions legislation referenced above.

Senior Management in the Division

Barry O'Brien



Responsibility at Principal level for general policy regarding public service pay and industrial relations, policy in relation to the implementation of the Single Public Service Pension Scheme, policy on retirement age in the Public Service and CEO pay rates in the Commercial State Bodies.

Tom Clarke



Responsibility at Principal level for policy development on pay, and industrial relations for the Health, Defence, Garda, Local Authorities sectors and Non-commercial State Bodies, sectoral pensions matters and remuneration arrangements for Local Councillors.

Eoin Dormer



Responsibility at Principal level for development and implementation of civil service pension policies; policy on specific schemes for public servants (including transfer of service, cost neutral early retirement, purchase of notional service, professional added years, pension abatement etc.) Administration of certain pension schemes, civil service family law cases and Pension Appeals.

Anne O'Mahony



Responsibility at Principal level for civil service pay policy (up to PO Higher) and allowances, fees paid to state board members and travel and subsistence policy; the Civil Service C&A Scheme and State Industrial Employees; remuneration and pensions policy for Oireachtas members, officeholders and judiciary.

Deirdre O'Neill



Responsibility at Principal level for the implementation of the Single Public Service Pension Scheme administration project.

John Pender



Responsibility at Principal level for the provision of certain actuarial services to the Department. In particular: Actuarial support in the development of public service pension policy; Costings of public service pension benefits and liabilities; Actuarial input and advice for all general management and operational issues; Actuarial valuation of the public service accrued pension liability. Oversight of Vote 12 Superannuation and Retired Allowances.

Reform Division



Assistant Secretary: Lucy Fallon-Byrne

Overview of Division

The acute Covid-19 crisis is opening up the potential for reform of our public services, which could not have been imagined previously. Some of the major reforms that are underway across the system include:

- Whole of civil and public service co-ordination and response to the crisis breaking down the silos and structures of the past;
- Increased digitalisation of services and exploitation of new technologies;
- Roll-out of Robotic Process Automation (RPA) replacing slow, time consuming manual processes;
- Increased use of data, open data and modelling, providing evidence and insight for policy and decision-makers; and
- Increased flexible working and new work practices including an exponential increase in remote working and mobility across the civil and public service.

The Reform Division is taking a lead role in tracking and recording the reforms and innovations that are happening at speed within the system, in order that we may have relevant data and evidence to embed these reforms and innovative solutions in the longer term.

Importantly, key reforms put in place by this Department since 2011 as part of the Government's reform agenda have greatly facilitated the Civil and Public Service in responding rapidly to meet the unfolding public health emergency and the unprecedented economic consequences flowing from it. Developments such as the establishment of the OGCIO including the build-to-share infrastructure, the government portal, progressive digitalisation of services; the streamlined and centralised Government procurement system; shared services; the framework procurement processes for speedy rolling out of robotic automation processes; centralised strategic HR capability and structured networks for engagement have all greatly facilitated the system to respond rapidly to the current crisis.

In addition to responding to the crisis, the Government also has a major strategic interest in ensuring that Ireland's Civil and Public Service are positioned to meet other multi-faceted and deep-rooted challenges that have emerged in our country. The Reform Division has an important role in meeting these challenges. The opportunities for reform arise in a context

where technology is advancing exponentially, the public's appetite for digital services is immense and their expectations for technology-enabled public services are ever-increasing.

To avail of these opportunities and meet the challenges facing our country, the Civil and Public Service need to be more agile and in particular, capable of delivering services digitally and availing of the vast opportunities that new technologies offer. The Reform Division is responsible for:

- Supporting aspects of the whole-of-Government response to the Covid-19 crisis;
- Leading and driving the development and implementation of an ambitious ten-year strategy and vision for the Civil Service;
- Leading and supporting Public Service Reform; coordinating and driving the Government's agenda for Public Service Reform (as set out in *Our Public Service 2020*) and preparing the successor plan covering the period to 2030;
- Facilitating and promoting political reform, including the delivery of a programme to facilitate more open, transparent, responsible and responsive public governance; and
- Overseeing a programme of Organisational Capability Reviews to assess and strengthen performance and capacity across Departments.

Cross-divisional response to the public health emergency

As part of the national response to the Covid-19 public health emergency, the key responsibilities of Reform Division include a role as a central resource for the response to Covid-19 and, following resumption of normal business arrangements, facilitating the development of a ten-year strategy and vision for the Civil and Public Service informed by the response to the crisis.

When the acute stages of the emergency have passed, Reform Division will engage in a comprehensive review of the whole of Government response and seek to reflect relevant learnings in the proposed ten-year strategy for the Civil Service as well as the next strategy for reform of the Public Service. The execution of this ten-year vision and strategy, delivered through three years targeted plans will allow for a clear longer term vision and focus while at the same time building in flexibility to respond to the unpredictability of the challenges which we face.

The Division executes its work programme through the teams set out in the next section.

Key Responsibilities and Strategic Issues for Incoming Minister

Civil Service Renewal

An ambitious ten-year strategy and vision for the Civil Service is currently being developed which will enable significant transformation over the next 10 years. The strategy is designed to build the capacity of the Civil Service to deliver digital services to the citizen; rebuild and strengthen our policy-making capability; encourage greater innovation and problem solving; ensure data and new technologies are used to achieve the best possible outcomes; and build the Civil Service workplace and workforce of the future.

Key Responsibilities of Civil Service Renewal

To achieve this, reform will focus on large-scale ambitious transformation:

- **Digital Services:** Delivering digital transformation with the aim of ensuring that 99% of our services to customers will be delivered digitally by 2030;
- **One-Stop Shop Government Hubs in regions and towns:** Reconfiguring and integrating traditional services to provide one-stop shop Government services to the public in local and regional offices. One-stop shop Government hubs will enable citizens to access all Government services in one location and avail of assistance where necessary in accessing digital services. These centres will also be the location for Civil and Public Service staff to work locally, thus avoiding long commutes to work and rebalancing Civil and Public service staff in the regions and away from the cities;
- **Policy:** Enhancing our capability in policy analysis and investing in analytics and data analytic capability for the future;
- **Innovation:** Creating a culture of innovation across the Civil Service, developing our strategy for innovation and training our staff in the skills of innovation;
- **Data and Insight:** Developing the National Data Infrastructure and overcoming the data sharing and governance issues that can inhibit achievement of best policy outcomes and exploiting data as an enabler;
- **Building the Civil Service workforce of the future;** ensuring that our staff have the right skills and are equipped to deliver a 21st century service to our citizens; and
- **Workplace of the future:** Conducting a major review of our Civil Service structures and processes in order to build a more agile and robust Civil Service for the future.

The previous Civil Service Renewal Plan has delivered a range of significant transformations that have increased our capacity to respond to complex challenges faced by the Civil Service:

- **A Unified Civil Service** – through the establishment of the Civil Service Management Board, a common governance code, delivery of whole of Government projects and the establishment of the shared services programme;
- **A Professional Civil Service** – through the launch of the People Strategy, a range of initiatives to improve gender balance, a shared learning and development platform, a new performance review system for staff and Secretaries General and the establishment of the Civil Service Excellence and Innovation Awards;
- **A Responsive Civil Service** – through strengthening of professional expertise in areas such as HR and ICT, the establishment of a staff mobility programme across the Civil Service, a standardised project management approach and the role out of build to shared IT solutions; and
- **An Open and Accountable Civil Service** – through open policy debates, a system of organisational capability reviews, the launch of the 'who does what' website, conducting the Civil Service employee engagement survey and 41 town hall events nationwide and the establishment of the National Data Infrastructure and the Open Data portal both managing how data is collected, managed and stored.

Key Strategic Issues for Incoming Minister

While the Civil Service continues to progress actions to ensure that it remains a robust and responsive institution, a number of strategic issues arise:

- There is need to ensure support for the central role of the Civil Service Renewal Programme Management Office in co-ordinating crucial aspects of the response to Covid-19 across the Civil and Public Service. Following the resumption of normal business arrangements, there will be a need to ensure that the Civil Service learns from the response and builds on these learnings in future programmes of reform.
- There is a need to ensure support, resourcing and investment for the ten-year strategy and vision for Civil Service Renewal to allow the Civil Service to maintain a clear longer term vision and to achieve significant sustainable transformation in a number of key areas;
- Ensure there is political support for the One-Stop Shop Government Hubs in regions and towns across Ireland. The reconfiguration and integration of traditional services to provide one-stop shop Government services to the public in local and regional offices will require strong political buy-in and Government support. The advantages of these local Government hubs will need to be strongly communicated and understood. These include integrating services for citizens, driving efficiencies, improving access, avoiding long commutes for staff, and rebalancing civil and public service staff in the regions and away from the cities;
- Digital and mobile technologies are ubiquitous, and members of the public expect digital interactions with the Civil Service and Government. Given the speed of adoption and development, the Civil Service will need to keep pace with public expectations;
- Development of a culture of innovation within the Civil Service, which supports the exploration and adoption of new approaches to pressing policy and service delivery challenges whilst also managing risk. The Civil and Public Service lies at the centre of our National Innovation System and therefore investment needs to be secured similar to the supports currently afforded to enterprise and research and development in our national innovation effort; and
- Ongoing reform and continuous improvement needs to be embedded as the norm across the Civil Service with civil servants developing new competencies and skills to take advantage of the opportunities provided by new technologies.

Political Reform

A substantial body of legislation has been enacted by recent Governments in areas such as Protected Disclosures, Freedom of Information, Regulation of Lobbying and Oireachtas Inquiries in order to strengthen public confidence in our public administration and the structures of Government. Tasks to be progressed in the short term include providing additional support to stakeholders during the Covid-19 crisis where appropriate, transposition into Irish law of the EU Whistleblowing Directive and implementation of the Data Sharing and Governance Act.

Key Responsibilities of the Political Reform Unit

- Ongoing support for the implementation of the Protected Disclosures Act, including development and promulgation of guidance for public bodies; oversight of the Exchequer grant to Transparency International Ireland; and the coordination of the Public Service Protected Disclosures Network, established to support public bodies in addressing implementation challenges arising for the Protected Disclosures Act and to share knowledge and good practice in this area.
- Transposition of the EU Whistleblowing Directive into Irish law (deadline of December 2021), which will require primary legislation to amend the 2014 Protected Disclosures Act.
- Ongoing support for the operation of the Freedom of Information Act 2014, including a revised training framework, convening stakeholder networks, operating a helpdesk facility for public bodies as well as members of the public, and various housekeeping and implementation matters associated with FOI Act. The FOI Central Policy Unit provided continuous support and guidance to all stakeholder groups during the Covid-19 crisis, and monitored the issues faced by these bodies on a regular basis, recommending appropriate actions so as to maintain the integrity of the legislation.
- Responsibility for policy matters and, if required, developing any further legislation relating to the Office of the Ombudsman. The Ombudsman has sought a further extension of his remit to encompass a number of issues, including notably clinical judgment in healthcare, as well as calling for a review of the relevant legislation having regard to international standards.

Key Strategic Issues for Incoming Minister

- While the EU Whistleblowing Directive takes a very similar approach to Ireland's 2014 Protected Disclosures Act, a number of important changes are required to transpose it into Irish law, some of which will be challenging to implement.
- The Statutory Review of the Protected Disclosures Act 2014 undertaken in 2018 found that, overall, the legislation was operating as intended. However, a number of implementation issues with the Act have been identified.
- Maintaining the integrity of the Freedom of Information Act 2014 during periods of reassignment of resources across the Civil and Public Service. During the Covid-19 crisis, many organisations faced severe difficulties in maintaining FOI services, given the need to prioritise critical functions and limited access to records. The impacts of these issues will foreseeably persist well into the future, further actions may be required to ensure that the legislation remains operable across the system as a whole.
- The Supreme Court heard two potentially significant appeals in relation to the Freedom of Information Act in January of this year. The judgments will be carefully considered when delivered to ascertaining what steps, if any, are necessary in response. The Information Commissioner has also called for a 'complete review' of the legislation.
- Government may wish to consider the recommendations of the Banking Inquiry and, pending that, an amendment to the Oireachtas Inquiries Act may be required. Consideration of any actions required in this area was paused pending the outcome of

the Supreme Court case taken by Angela Kerins against the PAC to judge the impact the case might have on this legislation.

Public Service Reform and Open Data Unit

Public Service Reform's activities centre principally on driving full implementation of the current development and innovation framework for the Public Service, *Our Public Service 2020* (OPS2020 - www.ops2020.gov.ie), launched at end-2017. This programme provides an overall framework for driving and delivering reform across the public service under three pillars as follows:

- Delivering for our public;
- Innovating for our future; and
- Developing our people and organisations.

Notable initiatives delivered so far under OPS 2020 include:

- Transforming and driving Digital Delivery of Services including, for example: An Garda Síochána's Active Mobility Service; Passport on-line; Library Service's My Open Library initiative; Revenue Commissioners PAYE Modernisation programme. Driving the use of Science Foundation Ireland and Enterprise Ireland's Covid-19 Innovation Fund amongst the GovTech community in Ireland;
- Driving the take-up of Robotic Process Automation (RPA), including the establishment of Procurement Framework to enable draw down of support and expertise (this technology has been leveraged to great effect in response to the Covid-19 crisis);
- Innovation: A pilot Innovation Fund to support Public Service innovation, launched in May 2019; establishment of a central Innovation Support Team and Innovation Studio; launch of a first Public Service wide Innovation Network and first Public Service wide Innovation Week held on 9-13 December 2019; and
- Creation of a Public Service Leadership Board (PSLB) – at Secretary General equivalent level – supported by the Public Service Management Group (PSMG).

A wider overview of the range of achievements to-date under OPS 2020 is contained in the *First Progress Report on Our Public Service 2020* (August 2019), and the forthcoming *Second Progress Report* (August 2020).

Key Responsibilities of Public Service Reform

- Responses to Covid-19 Public Health Emergency: The development and rollout of an innovation and collaboration platform for public servants from all sectors to connect and collaborate on Covid-19 and other challenges and solutions.
- Leading the digitalisation agenda and driving the Public Service's uptake of emerging technologies such as Robotic Process Automation (RPA) within critical Departments and agencies such as the HSPC, HSE and D/EASP.

- One-Stop Shop Government Hubs in regions and towns: In partnership with the Civil Service Renewal Team, reconfiguring and integrating traditional services to provide one-stop shop Government services to the public in local and regional offices. One-stop shop Government hubs will enable citizens to access all Government services in one location and avail of assistance where necessary in accessing digital services and will also be the location for civil and public service staff to work locally.
- Leadership, implementation, and programme management support on initiatives to embed a culture of innovation across the public service, such as:
 - Driving rollout of an Innovation Strategy and toolkit;
 - Awarding a €1 million euro Public Service Innovation Fund to support projects that create value for the citizen;
 - Providing innovation learning and development interventions and supports for public servants;
 - Developing a central Innovation Studio to support teams in developing and implementing innovative projects that add significant value to services and staff, thereby supporting cross-Public Service collaboration and the work of the Policy Innovation Office that is prioritised in the Programme for Government;
 - Developing an Innovation Network;
 - Driving the use of GovTech to solve public service challenges; and
 - A Public Service Innovation Week – hundreds of nationwide activities and events across all sectors to engage teams in innovation.
- Supporting Public Service employees and the organisations in which they work, via:
 - Interventions to support continuous and responsive professional development and promote equality, diversity and inclusion;
 - Driving Strategic Human Resources Management and advancing the mainstreaming of Strategic Workforce Planning; and
 - Embedding programme and project management approaches through the Public Service's Project Management Network.
- Consulting on and developing a ten-year successor framework to OPS2020: This 10 year vision and strategy will be executed through three successive plans of approximately three years' duration, focussing on large-scale ambitious transformation to support the delivery of better public services through enhanced: service delivery; collaboration; innovation; data and insight; and people and organisations, embedding the key gains made in digitalisation, the use of data, a growing culture of innovation, and programme management.

The Open Data Unit drives the Government's Open Data Initiative, through:

- Implementation of Ireland's Open Data Strategy 2017-2022 and transposition of the 2019 EU Open Data and Reuse of Public Sector Information Directive;
- Managing the publication of Government data through Ireland's national Open Data Portal (www.data.gov.ie) (including daily publication of up-to-date Covid-19 open data).
- Leading coordinated policy and strategic initiatives through the Open Data Governance Board and the Open Data Advisory Group;

- Outreach and engagement events to promote Open Data publications and reuse, both within and outside the public sector, including programme management for the Open Data engagement fund, impact series and training and data audits (using video conferencing and webinars to replace 'in-person' events and training during the Covid-19 crisis).

Key Strategic Issues for Incoming Minister

- The public health emergency has presented unforeseen opportunities to further the agenda of 'new ways of working', for example: Remote Working; Strategic Workforce Planning (as evidenced during the crisis); and Public/Civil Service mobility (there is an opportunity to leverage the strong cross-sector collaboration that has been evident during the crisis).
- Ensure support, resourcing and investment for the next ten-year strategy and vision for Public Service Reform to enable the achievement of significant sustainable transformation in key areas.
- Ireland has ranked first in the EU for Open Data for three consecutive years (EU Commission): to retain this position we will have to expand outreach and engagement to reach a broader group of businesses and citizens.
- Fully leverage membership of the OECD's Public Governance Committee to engage with and learn from international best practice so as to better inform Ireland's approach to public governance.

Reform Evaluation Unit

Our Public Service 2020 (OPS 2020) puts added emphasis on evaluation and the importance of building a reform evaluation culture in order to promote a greater focus on outcomes through *inter alia* the development of indicators and strengthening the links between expenditure and reform. The unit is also responsible for significant elements of the political reform agenda, notably the Public Sector Standards Bill, the Regulation of Lobbying Act 2015, and managing Ireland's participation in the international Open Government Partnership initiative.

Key Responsibilities of the Reform Evaluation Unit

- Developing and supporting a reform evaluation culture across the Public Service.
- Publication of a selection of Performance Indicators mapped against six high-level outcomes and the three Pillars under *Our Public Service 2020*, to assist organisations in how performance might be measured in delivering improvements across the 18 OPS2020 Headline Actions and the provision of better services.
- Survey to gather reform activities across all sectors in a database.
- Undertaking surveys of (i) General Customer Satisfaction and (ii) Business Customer Satisfaction with the Civil Service.
- Managing Ireland's participation in the Open Government Partnership (OGP) international initiative, including developing biennial National Action Plans to promote

(with civil society) open government, citizen engagement and address corruption. Ireland has missed two action plan cycles (2018-2020 and 2019-2021) and been placed under review by the OGP's Criteria and Standards sub-committee. The deadline for submitting an Action Plan within the current cycle (2020-2022) is 31 December 2020. To accommodate the impacts of Covid-19, the OGP can allow Ireland to submit its Next Action Plan by the later date of 31 August 2021, without being seen by the OGP as acting contrary to its processes. A process for co-creating a National Action Plan has been agreed with the Open Government Association Ireland, which will need to be re-considered in light of social distancing requirements.

- Completion to enactment of the Public Sector Standards Bill 2015 (PSSB) which *inter alia* consolidates the current ethics legislation, and the substantial follow-up work required post enactment (e.g. establishing statutory Outside Appointments Board; Drafting of Statutory Instruments; overseeing drafting of Codes of Conduct for Civil Servants and Special Advisors).
- In this regard, there is a commitment in the new Programme for Government to reform and consolidate the Ethics in Public Office legislation. As the PSSB is not specifically referenced, it is unclear as yet whether this commitment reflects support for the completion to enactment of the PSSB or alternatively whether the intention is that the PSSB should not be restored to the Order Paper (i.e. it would lapse), and a new process of review undertaken with a view to drafting a new Bill.
- In the absence of enactment of the PSSB, review of two Ethics Statutory Instruments (S.I. Nos 483 and 484 2018).
- Oversight of the Regulation of Lobbying Act 2015 – including production of two annual statutory reviews, provision of secretariat to the non-statutory Outside Appointments Board etc.
- The new Programme for Government commits to *"extend the lobbying register so that the lobbying of senior officials in bodies like the Central Bank of Ireland, ComReg, the NTA and the HSE which have significant policymaking or development functions will need to be reported on the same basis as central and local government"*.

Key Strategic Issues for Incoming Minister

- The Programme for Government contains a commitment to "Continue and re-invigorate participation by the public sector in the Open Government Partnership". This will require an early decision by Government to initiate a process to create a two-year National Action Plan with citizens interested in promoting transparency, empowering citizens, fighting corruption, and harnessing new technologies to strengthen governance.
- Decision required regarding the progression/enactment of ethics legislation (Public Sector Standards Bill) and clarity needed as to the intent of the commitment in the new Programme for Government to reform and consolidate the Ethics in Public Office legislation.

Organisational Capability Review Team

The Organisational Capability Review (OCR) team (Action 20 of the Civil Service Renewal Plan) is located within the Reform Division. This process is overseen by the Civil Service Management Board (CSMB) and involves a reporting structure on individual reviews to an external review panel. To-date, reviews have been completed in five organisations as follows:

- Department of Transport, Tourism and Sport;
- Courts Service;
- Department of Business, Enterprise and Innovation;
- Department of Culture, Heritage and the Gaeltacht; and
- Department of Housing, Planning and Local Government.

A review is currently underway of the Department of Rural and Community Development and a pipeline of subsequent reviews into 2021 has been agreed by the CSMB.

Risks and Challenges

- Getting sufficient political support for ambitious change will be challenging, as will ensuring the support of trade unions and staff.
- There is an ongoing challenge to ensure the legislation in the areas the Department is responsible for, including the legislative acts outlined above, is supported, implemented and embedded across all sectors to which it applies.

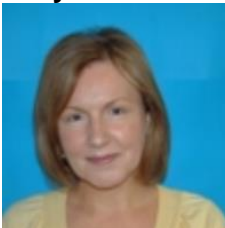
Senior Management in the Division

Laura Mahoney



Responsibility at Principal level for co-ordinating and supporting the delivery of public service reform and innovation, and managing the Programme Management Office to implement the new public service reform and innovation plan Our Public Service 2020. The PMO also supports the Public Service Management Group and Public Service Leadership Board that has collective responsibility for delivering the programme. The PMO includes a new seconded innovation team from across the Public Service. In addition the unit supports the Open Data Unit to deliver the National Open Data Strategy and upcoming PSI Directive. The unit also has responsibility for the Public Governance Committee of the OECD, the National Contact Point for OPSI and alternative models of service delivery.

Mary Austin



Responsibility at Principal level for the Public Service Reform Evaluation Unit (set up in 2018). The role of the unit is to support the implementation of public service reform through overseeing the reporting on implementation of reform initiatives, collation of relevant data, and the development of indicators. The unit seeks to encourage a culture of evaluation and focus on outcomes. The unit also has responsibility for the Open Government Partnership and the provision of data on the non-profit sector. The unit is also responsible for the development of legislative and other Government reform commitments involving ethics and lobbying.

Beverley Sherwood



Responsibility for the development of legislative and other Government reform commitments including the FOI Act, the Protected Disclosures Act and the transposition of the EU Whistleblowing Directive. Also responsible for managing the Renewal Programme Management Office (PMO) and co-ordinating the development and implementation of the Civil Service Renewal reform programme. The PMO supports the Civil Service Management Board, which has collective responsibility for delivering the programme. It also has responsibility for managing the Civil Service Employee Engagement Surveys, the Civil Service Excellence and Innovation Awards and for a communications programme to engage with staff throughout the Civil Service.

David Hanley



Responsibility at Principal level for implementing the Civil Service Renewal Plan's programme of organisational capability reviews.

Civil Service Human Resources Division



Assistant Secretary: David Cagney

Overview of Division

The role of the Civil Service Human Resources Division (CSHRD) has changed significantly in response to the Covid-19 crisis. Covid-19 has become the single unifying issue to affect all public service employers and employees. Section A below details the current role of the division which has been completely reconfigured since mid-March 2020. Section B sets out the division's ongoing responsibilities and highlights the need for these to be reassessed due to fundamental changes in how we work and how we manage the workforce as a result of Covid-19.

The role of CSHRD is to provide leadership to civil service employers and employees in providing a world class service to the State and the public. Our role has now expanded to provide leadership, direction and a public service wide collaborative approach to managing the complex issues that have arisen for public service employers as a result of Covid-19. These include the production of guidance and FAQs for public service employers during Covid-19 in relation to working arrangements and the development of a Temporary Assignment policy to support essential services across the Public Service.

CSHRD sets the non-pay terms and conditions for the civil service workforce. Traditionally the work carried out by the division supports employers in managing civil service organisations and their employees through the development of Civil Service-wide HR policies and procedures; support and advice; and data and analysis. The Division also plays a specific role in the delivery of learning and development to all civil service employees including those in the senior leadership cohort, which acts as an enabler of capacity, capability, effective performance and productivity and of employee engagement and wellbeing for the Civil Service system as a whole

Section A – Covid-19 Response

The role of CSHRD has now extended from providing leadership to the Civil Service to working collaboratively with leaders and unions across the Public Service to deal with emerging issues in response to Covid-19 challenges. In working closely with the many employers across the Public Service to seek to ensure equity across our workforce, the importance of a 'one public service' approach is being emphasised.

We are currently providing leadership and direction on:

- **Managing the public service workforce during Covid-19 and beyond:** The Division is collaborating closely with key stakeholders across the Civil and Public Service to develop advice and guidance for public sector employers that reflects the challenges of the immediate Covid-19 crisis and beyond. We are dealing responsively with a broad range of issues affecting employers and staff including working arrangements e.g.

working from home and caring responsibilities; leave; nature of pay; and protocols for dealing with Covid-19 in the workplace. As the situation evolves, we are developing guidance and working with colleagues on managing the issues arising including the Return to Work Protocol and research informed Homeworking Guidance as a precursor to a comprehensive Remote Working Policy.

- **Temporary Assignments across the Public Service during Covid-19** – CSHRD worked collaboratively with the Public Appointments Service (PAS) and other Civil Service and sectoral stakeholders to develop a policy and process to facilitate temporary assignments across the Civil and Public Service as a necessary measure to support essential services in the initial response to the COVID-19 crisis. In the initial period, the division worked very closely with the Department of Health and the HSE to increase capacity in contact tracing, and supported D/EASP in increasing its capacity to meet its significantly increased business demands. We are continuing to work with PAS, the HSE and other organisations to collectively review the Temporary Assignment scheme to determine its use for current and future demands.

Some of our former services to employees have also changed in response to Covid-19:

- **Learning and Development now and in the future** – Research points to the criticality of leadership, continuous learning and reskilling, agility, innovation, and collaboration as fundamental to an effective recovery from the COVID crisis. Centralised learning for the Civil Service is provided through OneLearning and the Senior Public Service (SPS) support team. The dramatic move to remote working has changed learning needs and delivery mechanisms, and OneLearning and the SPS support team have been working over the past 3 months to respond to these emerging challenges. There are a number of significant opportunities that can be capitalised on based on the experience of the Covid-19 emergency, such as:
 - Embedding the agile and collaborative approach to problem solving and delivery of services that the public need and expect, as demonstrated in recent months;
 - Building a more engaged and adaptive workforce;
 - Embracing emerging technologies and re-imagining the workplace of the future; and
 - Rebranding the Civil Service as an “Employer of Choice”.

The SPS and OneLearning teams will continue to work in collaboration with L&D business partners and senior leaders across the Civil Service, as well as the PS Reform Division to exploit these opportunities, ensure that maximum impact is achieved within available resources, and seek to continue to be responsive to emerging skills needs in our changing environment aligned with business requirements.

- **Civil Service Employee Assistance Service** - The CSEAS provide vital supports to organisations, employers and employees. The service has extended its hours of operation into the evenings and weekends to ensure that all staff have access to support when they need it. They have been working on developing a suite of online resources to support individuals’ wellbeing through this period. The CSEAS are working in collaboration with shared services, to ensure content is shared across the Public Service.

Section B – Role of CSHRD pre Covid-19

Before Covid-19, the role of the division involved:

- The development and subsequent implementation of the [People Strategy for the Civil Service; and the Senior Public Service Leadership Development Strategy](#). These strategies provide strategic leadership and direction for all departments and offices across the Civil Service. The programme of actions under the strategies have been temporarily paused, as the division works to address the challenges of the Covid-19 crisis. The relevance of these strategies will be reviewed in light of the Covid-19 experience.
- The division has an important function in setting non-pay terms and conditions for civil servants (e.g. leave entitlements; code of standards; performance management and disciplinary and other workplace policies; flexible working policies etc.). In setting these, we are carrying out the responsibilities of the Minister to set the terms and conditions of civil servants in the Civil Service Regulation Acts.
- Key stakeholders and customers of this Division are: Civil Service senior leadership; all Departments and Offices – in particular HR units; public service points of contact, National Shared Services Office; all civil service employees; and trade unions.

Key Responsibilities

Traditionally we have developed and provided the following services to our stakeholders and customers:

- Setting the non-pay terms and conditions for the civil service workforce on behalf of the Minister, under section 17 of the Civil Service Regulation Acts, 1956-2005. This includes issuing Circulars and Guidance as set out below, policy development and strategic leadership;
- Work to ensure that the Civil Service is an employer of choice, has the right people with the right skills in the right place at the right time and has great people managers enabling civil servants to perform to the highest levels and fulfil their potential;
- Ensuring the composition of the Civil Service is reflective of Irish society and that the value of a diverse workforce is recognised internally and externally;
- Advisory services on employee relations matters to all Departments and Offices including liaison for the sectors;
- Analysis of data and workforce trends; and
- Progressive reform of how we manage the Civil Service workforce.

We provide these services in the following areas:

- Leadership supports and tailored development opportunities for the senior Civil Service to strengthen capability, including the Senior Public Service executive coaching, talent management and graduate development programmes;

- OneLearning, which is the learning and development centre for the Civil Service responsible for training needs and initiatives that are common across the Civil Service;
- Workforce planning encompassing the workforce planning framework, policies and outcomes;
- Strategic resourcing including recruitment policy, apprenticeships, promotion, talent management, and mobility for all grades across the Civil Service;
- Employee relations/employment law including discipline, grievance, and bullying and harassment; leave policy including the Public Service Sick Leave scheme; performance management including probation;
- Equality and diversity and inclusion policies, and associated remote and flexible working arrangements;
- Civil Service Employee Assistance Service (CSEAS), which offers a quality resource and support service for all staff which positively affects individual health and wellbeing and organisation effectiveness; and
- Modernisation of how HR is delivered across the Civil Service to become a professional and specialised service, that supports business needs.

Key Strategic Issues for Incoming Minister

The issues set out below reflect strategic priorities prior to the emergence of the Covid-19 crisis. The unprecedented changes to ways of working and collaborating across the system necessitated by the Covid-19 crisis requires a reassessment of our priorities e.g. a distributed working model is likely to become the norm (i.e. employees working from home / hub and the work premises).

Areas that will require direct Ministerial involvement:

- The current framework for managing discipline and performance in the Civil Service is outdated and complex, resulting in sub-optimal mechanisms for managing our people and performance. To address this crucial issue and ensure that our Civil Service provides high-quality services, legislative amendments are required to modernise our processes. In particular, we aim to take Ministers out of the role of disciplining and dismissing senior staff, along with a suite of other modernising reforms. This legislation (Amendment of the Civil Service Regulation Acts) was on the priority list before the new government was formed and will need to be relisted. This is also a requirement for any move to the Workplace Relations Commission (WRC);
- Approval of new Statutory Instrument on changes to the Public Service Sick Leave Scheme; and
- Approval of the Annual Report to the National Disability Authority on the numbers of staff with a disability employed in the Civil Service.

Key areas of strategic relevance to the Minister:

- An external review, already underway, identified that significant changes are needed in how HR works in the Civil Service in order to ensure value for money and maximise talent and performance of the workforce. The fact that HR has been leading the Civil

and Public Service response to the Covid-19 crisis has demonstrated the strategic importance of this function in meeting business challenges and supporting business continuity.

- The need to ensure that the Civil Service has the right people with the right skills in the right place at the right time at the right cost. This requires robust workforce planning. The Covid-19 crisis has brought into sharp focus the capability requirements for a modern and responsive Civil Service.
- A strong focus is needed now, more than ever before, on the development of high performing leaders who can lead in this dramatically changed environment, modelling agile and responsive skills and behaviours, collaborating across traditional organisational and sectoral boundaries while getting the best from their teams.
- The need to enable better data and better use of data on the workforce through building capability and driving an effective Human Capital Management system (HR technology).

Risks and opportunities

Risks

- Significant global economic impact of Covid-19 is likely to impact on Public Service workers.
- Ability to keep services functioning in a distributed work model.
- The capacity of the Civil and Public Service to work remotely and be productive.
- The ability to keep the Public Service moving as a unified Public Service in addressing Covid-19 where all areas of the Public Service are enabled to be responsive to the crisis.
- Better data and better use of data to inform future decision making. There are a number of projects underway to address this challenge.
- All of the ER/IR issues that are arising during and post Covid-19 crisis.

Opportunities

- We must deliver the services that the public need and expect in a rapidly changing delivery environment. Public Service leaders at all levels must challenge themselves and their organisations to innovate in the delivery of sectoral policy goals to enable the effective delivery of services in this context.
- Governance and accountability structures need to be reviewed to ensure they are agile and responsive across the Public Service to support delivery throughout the recovery period.
- Strategic Workforce Planning – from Business Continuity Plans, understanding the emerging critical roles and skills, and essential services across the Civil and Public Service:
 - Flexibility and agility in our workforce e.g. through temporary assignments;
 - Cross sectoral /departmental teams working on joint solutions to common issues; and
 - New and innovative ways of delivering services.

Senior Management in the Division

Louise McGirr



Responsibility for a range of HR Policies, including the Public Service Sick leave Scheme. Within the Civil Service, responsibility for development of policies on absence management; management of underperformance, disciplinary policy; dismissal; grievance; bullying and harassment; statutory and non- statutory leaves; flexible working arrangements; probation policy; and all other non-pay terms and conditions; Civil Service Employee Assistance; and Diversity and Equality policies. In addition, responsibility for the Programme Office which oversees the implementation and monitoring of the delivery of the People Strategy.

Cathy Barron



Responsibility at Principal level for policy in relation to the Senior Public Service, including performance management, mobility and continuous professional development initiatives. In addition, responsibility for policy on Civil Service talent management and graduate development. Co-responsibility (with Rob O'Toole) for the Covid19 Temporary Assignment Scheme.

Siobhán Gaffey



Responsibility at Principal level for OneLearning, the Civil Service Learning and Development Centre.

Rob O'Toole



Lead responsibility at Principal level for the Covid19 Temporary Assignment Scheme. Responsibility for strategic workforce planning (including recruitment and promotion policies), mobility policies and HR Operating Model Design for the Civil Service.

Office of Government Chief Information Officer



Chief Information Officer: Barry Lowry

Overview

Barry Lowry is the Government Chief Information Officer (CIO) and is head of the Division. He is also Head of Profession for ICT within the Civil Service.

The Office of the Government Chief Information Officer (OGCIO), established in 2013, has a broad remit which includes leading the implementation of the [Data Sharing and Governance Act 2019](#), the [Public Service Data Strategy 2019-2023](#), the [eGovernment Strategy 2017-2020](#), Action 1 of [Our Public Service 2020](#) (accelerate digital delivery of services), the [GovTech 2019](#) actions, and the [Public Service ICT Strategy](#). The latter seeks to deliver better outcomes and efficiency through innovation and excellence in ICT across the Public Service, and encompasses five pillars namely Build to Share, Digital First, Data as an Enabler, Improve Governance and Increase Capability.

The Build to Share initiative is a significant driver of OGCIO's agenda in terms of the provision of common ICT services to Public Service Bodies (PSBs). The Build to Share approach comes with significant benefits including economies of scale, standardisation, interoperability, productivity savings, reduction of risk, ensuring the right people with the right skills are in place to develop and manage government ICT and digital services and to advance digital transformation.

The OGCIO is also responsible for approval and oversight of digital and ICT-related expenditure across the public services and for technology policy for government, works with the Civil Service ICT Advisory Board, and participates on steering and programme boards for strategic initiatives, and; plays a leadership role in accelerating digital government service delivery and innovation including through the development and application of a range of ICT policies such as the recent [Cloud Computing Advice Note](#).

In addition, OGCIO has significant engagement with the EU and participates in a range of internal, national and international working groups, such as the EU CIO Network and the OECD Digital Leaders group.

Key Responsibilities

- OGCIO is the provider of ICT services for the Department.
- Leading the Digital Transformation Agenda across the Civil and Public Service including the Digital Leaders group, adoption of the MyGovID, Digital Postbox and eircode building blocks, and digital transformation of back office services.
- Strategy development and implementation including:
 - Development of a replacement for the 2015 Public Service ICT Strategy which will take account of key elements from other relevant national strategies as well as new digital initiatives at EU level;
 - Implementation of the Public Service Data Strategy 2019-2023 and Data Sharing and Governance Act 2019;
 - Lead the implementation of the priority actions from Cruinniú GovTech 2019;
 - Approval of and oversight of ICT and digital related expenditure across the Civil and Public Service including Peer Review of large scale projects; and
 - Provide strategic advice on digital/ ICT to bodies across the Civil and Public Service such as supporting DCCAE with implementation of National Broadband Plan & National Cyber Security Strategy.
- Implementation of the Build to Share Suite of Services, which are common ICT services available to and used by a wide range of bodies across the Civil and Public Service:
 - Government Networks – carrier-grade, resilient, high capacity private voice, video and data network services across the Public Service nationwide;
 - Applications – a range of those corporate support applications which are common across government bodies such as eSubmissions, ePQ, eDocs, eFOI, eRisk, etc.;
 - Managed Desktop – the range of standard ICT services including PCs, hybrids, mobiles, office productivity suite, email, telephone and video conferencing and underpinning infrastructures such as internet access and cyber security services;
 - Government Cloud – a shared robust, resilient, private Government Cloud infrastructure platform;
 - Government Data Centre Project – will enable public service bodies locate their ICT infrastructure in a purpose-built government owned and run facility;
 - Implementing the [Civil Service ICT HR Professionalisation Strategy](#) – puts in place a career spine for ICT, supported by appropriate recruitment, retention and mobility measures, as well as a skills development framework, e.g. ICT Apprenticeships.
 - Gov.ie Government Portal – a consolidated view of digital government services, information and websites for citizens and customers, building on the single government identity; and
 - Digital Postbox – gives people a single, secure place to receive all Government communication digitally, and will be adopted by public bodies as their default communication channel to customers as individuals.
- National lead on the implementation of two EU Regulations:
 - the eID element of the eIDAS Regulation – electronic identification and trust services for electronic transactions in the internal market; and
 - the Single Digital Gateway Regulation (SDGR) to provide access to information, to procedures and to assistance and problem-solving services.

Key Strategic Issues for Incoming Minister

Establishment of the Vote for OGCIO

2020 is a particularly significant year for the OGCIO, with the establishment of its new OGCIO Vote, which has an Estimate of €21.7 million (net) in 2020. The creation of this Vote, for which the Secretary General will also be Accounting Officer, will serve to drive the strategic ICT and digital transformation agenda across the Civil and Public Service while providing and developing pan-public service ICT infrastructure, service delivery models and cross government applications.

It is the success of the Build to Share initiative, and the growing demand for access to these services, which has led to the establishment of a vote for OCGIO. The Vote is funded by *vote transfers* from those departments and bodies availing of Build to Share services and is therefore cost neutral. The impact of the OGCIO vote will be seen on two fronts (i) enabling additional bodies to avail of the OGCIO's common ICT services, and (ii) providing scope for OGCIO to invest in a range of key strategic programmes such as those set out hereunder.

Data and Digital Government Services

Given it was published in 2015, with a five year time span, it is now timely to update/ replace the [Public Service ICT Strategy](#). The current consensus is that five key pillars identified in 2015 will remain valid for the coming years, i.e. Build to Share, Digital First, Data as an Enabler, Governance and Increase Capability. In that regard any new strategy will also draw on new digital initiatives from the EU and both the [Data Sharing and Governance Act 2019](#) and the [Public Service Data Strategy 2019-2023](#), the successful implementation of which will deliver tangible benefits to the public, businesses and Public Service Bodies.

Improved data quality, and more and better reuse of data will put the right to privacy and data protection at the heart of how we design and deliver all our digital services by ensuring all personal data handled by the public service is collected, stored, processed and shared in the appropriate way. In addition this will cut down on duplication and waste by adopting the *Once Only Principle* so that individuals and businesses need supply the same information only once to Public Service Bodies; streamline and automate back office functions including between PSBs; enable pan-government solutions to provide individuals better access to their data and transparency over its use, in an efficient manner, and; support better policy development and more efficient and effective policy measurement and implementation.

Digital Government

The benefits of the digital transformation of public services to both individuals and businesses are well established. These range from efficiency, transparency, trust, and accessibility through to funds being released for expenditure on improving existing and future services. There is much progress to note as regards digitisation across Government Departments and the wider Public Service agencies and offices, however, while there are areas of excellence, the rate of progress varies.

The Digital Economy and Society Index (DESI), compiled annually by the European Commission, measures Europe's digital performance and tracks the evolution of EU member states. The DESI tracks, amongst other aspects, Member State progress in "digital public services". While Ireland rated well overall among EU countries in the recently published 2020 review, it ranked 9th in digital public services, dropping one place since last year, which is disappointing even if still well above the EU average. Ireland continues to score very high in open data and kept its almost perfect score for digital public services for businesses. In short, Ireland is improving year on year, but at a slower rate than other countries.

Furthermore, the “International Civil Service Effectiveness Index” (InCiSE), which assesses the performance of central civil services around the world, placed Ireland 26th out of 38 countries in the area of digital services. It is clear that if we do not take collective action across the Public Service, Ireland’s reputation as a digital leader will be undermined.

There has been significant investment in enabling technologies and infrastructures to provide a path for accelerated uptake of digital government services. These range from the Revenue Online Service, Digital Postbox, Public Services Card, MyGovID, Eircode, National Broadband Plan, and so on. These infrastructures create a capability to facilitate a major change in the provision of public services using digital technologies across the board. Given the rapidly growing use of digital across society, digital transformation should be a high priority across all sectors of government, and digital transformation should be actively promoted and publicised.

To that end, under the chair of this Department’s Secretary General and the Secretary General of the Department of Employment Affairs and Social Protection, the Digital Leaders group was established in early 2019 and has representation from all Ministerial Departments, with individual Departments also leading similar groups in their particular sectors. The group has agreed a common set of objectives to enable the digital agenda and the advancement of digital transformation which are based on a number of core building blocks including MyGovID, the Digital Postbox, ROS Digital Certificate, Eircode, Government Cloud and Data Centres. It should be noted that recent discussions agreed the ambitious target of 90% of government services to be delivered digitally within three years; a figure already being achieved by digital leaders in the EU.

Enabling Citizen Access to Digital Government Services

The widespread adoption of the MyGovID digital identity service for citizens is a key enabler of access to digital services for citizens and a key requirement of the EU’s eGovernment agenda. Working with the Department of Employment Affairs and Social Protection, OGCIO is championing the adoption of the MyGovID service in two key areas – promotion campaigns to drive up the numbers of verified MyGovID accounts, and also working with departments and agencies to increase the range of government digital services using MyGovID for access to the service by individuals. The impact of this approach can already be seen in the increase, over the past three years, to more than 640,000 verified MyGovID accounts in April 2020.

Furthermore, consideration is being given to the deployment of public consultation and communication during 2020 in order to increase the profile and understanding of the benefits of a “digital government”, and to nurture a two way conversation with the public to help shape digital policies and priorities, e.g. a Citizens’ Forum.

GovTech – Implementing the Priority Actions emerging from Cruinniú GovTech 2019

With the objective of supporting the creation of new jobs in the economy, an event was held to consider the potential of a GovTech sector for Ireland. [Cruinniú GovTech 2019](#) brought together a wide range of stakeholders from across industry, academia, representative bodies and Government Departments. The objective of this event was to provide recommendations on the actions that would need to be prioritised to enable Ireland to be the best place in Europe to transact digitally with Government; and the best place in Europe to be part of a Tech Start-Up.

Eight priority recommendations emerged which include the re-use of Government assets such as data and eIDs, a review of talent development and funding models, the establishment of a GovTech Procurement Framework and a focus on inclusiveness.

Public Protection and Disaster Relief Radio Network

The OGCIO's Government Networks service offers cost-effective, resilient, carrier-grade high speed network services for voice, video and data to all public service bodies. One of the services in its portfolio is the State's Public Protection and Disaster Relief Radio Network. This network supports operational services for An Garda Síochána, the National Ambulance Service, the Prison Service and Local Authority fire services and has more the 19,000 users across the entire country using the service for mission critical communications.

OGCIO is currently working with the Office of Government Procurement to establish a replacement framework, for a seven year period, for the delivery of a nation-wide, narrowband, secure, managed digital radio service for voice and data purposes. It is a complex procurement and the development of the tender documentation has proven to be a lengthy process to date. However, this will ensure that sufficient time is allowed to refine both the technical and contractual requirements so that the outcomes of the procurement provide a fit for purpose service which is critical to the State. The tender documentation is expected to issue in Q1 2020.

Risks and Challenges

Digital Transformation across the Public Service

- While one of the impacts of Covid-19 has been an increase in digital government activity, the otherwise slow pace of widespread digital transformation across the Civil and Public Service is a cause of concern. The establishment of the Digital Leaders group and the recent decision to set a target of 90% of government services to be delivered digitally should help to address the pace of change. However, continued leadership at the most senior levels will be required to embed digital transformation in the culture of the Civil and Public Service.
- In addition, in the context of the impact of digital government services on current face-to-face channels and the report of the cross-departmental group, consideration will need to be given to actively developing options for the rationalisation of offline touch points to ensure that "person to person" service delivery can actually be improved, while introducing more convenient points of service and more flexible opening hours. This will protect the State from having to resolve the challenges relating to the sustainability of service provision via traditional means in a piecemeal manner.

Enabling Access to Digital Services by Citizens

- While the strong legal advice of the Attorney General's Office is that the Public Services Card project is appropriately underpinned by legislation, the Data Protection Commission findings in relation to the use of the Public Services Card risks delaying progress with the increased adoption of the MyGovID service by Departments and Public Service Bodies as the way by which citizens and individuals access government digital services (citizen take-up is still undergoing exponential growth and support for the direction of travel is strong). OGCIO continues its engagement with PSBs to maintain momentum in terms of the adoption of MyGovID to access digital government services, and with the development of plans for public consultation and communication.

The Build to Share Programme: Government Data Centre

- The implications of the decision to apply for standard rather than Part 9 planning permission for the proposed Government Data Centre has caused delays to the timeline for completion of the new complex. The risks associated with delays to this project and the importance of PSBs having access to a purpose-built data centre outside of the city,

at the earliest opportunity, were highlighted last year with the significant impact on systems resulting from a power outage in one of the government's city centre data centres.

The Build to Share Programme: Rollout of Common ICT Services

- The success of the Build to Share suite of initiatives brings a supply vs demand challenge for OGCIO. While the Vote provides the financial framework to enable OGCIO expand its supply capacity in line with demand, there is a challenge in relation to availability of accommodation and the recruitment of additional internal staff. The request for additional accommodation was made in early-2019 but, as yet, there is no indication as to when additional accommodation will come on stream.

ICT/ Digital Skills across Public Service

- To effectively operate in an increasingly digital service, it is essential that all civil and public servants have an appropriate minimum level core digital skills. The Civil Service OneLearning Centre offers a range of programmes aimed at addressing this challenge. In addition, with the digitalisation of back office services, consideration will need to be given to reskilling staff to equip them work in new areas of expertise e.g. Artificial Intelligence.
- Implementation of the ICT HR Professionalisation for the Civil Service is a core building block in the drive for digital government services. This strategy sets out the first steps of a programme of strategic change for the management of our ICT resource, and covers all aspects of the challenge, from recruitment and retention to development, mobility and management. Given the general shortage of ICT skills across all sectors of the economy, addressing the recruitment and retention challenges in particular, are key as we can no longer rely on the private sector to be in a position to supplement our internal resources as they too are struggling with a shortage of skills.

Public Protection and Disaster Relief Radio Network Procurement

- The complex nature of the procurement, the high value of the seven year contract proposed and the extension of the existing contract could increase the potential for a challenge to the eventual outcome of the procurement process. The procurement documentation has been developed to address potential areas of challenge, insofar as this is possible at this stage.

Covid-19

OGCIO played a key role in the maintenance of business during and actions resulting from Covid-19. This included:

- Supporting D/PER and its other customer departments/ public service bodies through the transition to majority home working;
- Supporting the underlying telecommunications infrastructure and the major increase in capacity requirements through Government Networks;
- Supporting the Government's main online communications channel ([gov.ie](https://www.gov.ie)), including key content creation, geo-spatial dashboards through OSI and the "Offers of Help" capability; and
- Significant contribution into the development of the HSE Contact Tracing App.

As Ireland moves into managing the future phases of the virus, and beyond, there will be a number of technology/ digital related issues:

- The success of Home Working will raise the issue of whether a more permanent approach can have longer-term benefits in terms of transport, environment, work-life balance, productivity and savings (through reduced accommodation requirements);
- Greater value will be placed on the benefits of Digital Government, including the gov.ie portal and the MyGovID identifier (MyGovID verified accounts increased nearly 20% in the first 2 weeks of self-isolation and significantly increased take-up has continued);
- Building on the experience of large-scale remote working in a digital manner, there is a real opportunity to significantly up the pace of digital transformation efforts around back-office and internal processes across the Civil and Public Service. In parallel a programme to retrain those staff impacted by digitalisation/ automation in newer areas of work should also be accelerated in combination with a programme to raise core digital and data literacy skills across the Civil and Public Service;
- The positive experience of organisations availing of the OGCIO's shared model for ICT services, when compared to some of those operating independently, reaffirms the importance of moving organisations to the OGCIO model. Indeed the pace of discussions with some potential new client bodies is already increasing. This further emphasises the urgency in addressing the OGCIO's accommodation needs, in the short term, albeit learnings from current remote working experience may refine the initial ask;
- The introduction of an enhanced Digital Government model, including interfaces with the private sector (credential sharing by consent), increased cross-border EU dimension, introduction of e-Signatures, e.g. for conveyancing purposes;
- The potential for the Digital/ Technology sector to help drive recovery through GovTech and increased employment. To that end, we are exploring the potential of how people affected by "lost" jobs might be re-trained into tech sector roles if they have suitable aptitude;
- The levels of demand for, and the need to rapidly scale capacity of a number government services over recent weeks, has seen an increase in the use of public cloud services by government agencies. As such, recent events allied with the [OGCIO Cloud Computing Advice Note, October 2019](#), serve to highlight both the strengths and weaknesses of the various cloud models and increasing confidence in the value of public cloud. These should also have a positive impact on public cloud adoption rates generally by the Public Service; and
- Covid-19 related digital/ ICT initiatives, including those to enable digital home working, highlighted the critical need for government to have its own professional cadre of skilled ICT/digital resources, at all levels of proficiency, and across the range of digital/ ICT disciplines. App and web development, cloud technologies and cyber security skills in particular, were essential to the Contract Tracing App, standing up of high volume call centres for HSE and DEASP, and to effectively manage risk to corporate systems while enabling appropriate use of more consumer-focused cloud-based services as seen recently in the demand for access to cloud-based video-chat and conference services. Recent weeks have shown the importance of the Public Service acquiring its own skills and expertise in newer areas such as Artificial Intelligence and Machine Learning.

Senior Management in the Division

Mary O'Donohue



Responsibility at Director level for supporting the Government CIO with the digital transformation agenda and implementation of the various strategies which shape the OGCIO's work programme including the Public Service ICT Strategy, and in particular the Improve Governance and Increase Capability streams; for directing and managing services delivered from the Office; supporting digital service delivery and innovation initiatives across the Public Service through the development and application of a range of ICT policies and oversight arrangements; for representing the CIO Office on relevant programme boards for strategic initiatives and shared service deliveries, and in engagements with EU and other international organisations.

Gary Masterson



Responsibility at Principal level for supporting the Government CIO with the digital transformation agenda and the implementation of the Public Service ICT Strategy, and in particular the Build to Share (Infrastructure) stream; for delivery of common ICT services across government which currently includes the Department of Public Expenditure and Reform, the Department of Finance, National Shared Service Office, Department of Rural and Community Development and the Office of the Comptroller and Auditor General; development of the private government cloud service and for the design, delivery and day to day management of all ICT infrastructure and services and ensuring these are aligned with current ICT strategy and policy.

Owen Harrison



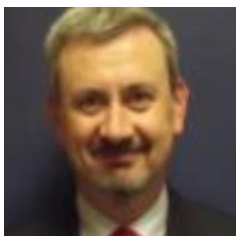
Responsibility at Principal level for supporting the Government CIO with the implementation of the Public Service ICT Strategy, and in particular the implementation of the Build to Share (Applications), Digital First, and Data as an Enabler streams, including adoption of MyGovID as part of the implementation of digital services; for directing and managing the planning, design and development of business and data systems and applications for the Department, and the Department of Finance, and the implementation of the Public Service Data Strategy which seeks to optimise the use of data throughout its lifecycle, and ensure it is appropriately protected.

Jim Leahy



Responsibility at Principal level for supporting the Government CIO with the implementation of the Public Service ICT Strategy and in particular the Build to Share Government Networks service; for directing and managing the planning, design and development of policies, strategies, infrastructures and procurements in relation to technologies and telecommunications for the public service.

Office of Government Procurement



Chief Procurement Officer: Paul Quinn

Overview of Division

Public procurement represents a significant proportion of Government spending. Within the Public Service, it totals an estimated €15 billion per annum, of which approximately €6.5 billion is on capital works and €8.5 billion is on goods and services. Most of the expenditure happens outside of central government, particularly in the large sectors of Health, Local Government and Education. Public procurement is governed by public procurement law (regulations transposed from EU Directives) and Government policy (implemented typically through Circulars). The EU Directives are aligned to broader World Trade Organisation rules. There are an estimated 8,000 public bodies who are encompassed by public procurement regulations. The legal regime codifies the principles of non-discrimination, transparency, proportionality and equal treatment. It also provides legal remedies through the Irish and EU Courts to effected parties who believe these obligations have been breached.

The Office of Government Procurement (OGP) is shaping the future of public procurement by leading on the reform of public procurement across the Public Service. The organisation has two main functions (a) as the national authority on public procurement managing the legislative and policy framework, providing the national tendering platform and providing support services to public bodies, and (b) providing procurement arrangements to public bodies from which they can buy goods and services. The OGP enables better, sustainable, and transparent public procurement through guidance, systems, solutions, advisory services and training. Responsibility for ensuring procurement compliance remains the responsibility of the accounting officers of individual public bodies.

The OGP advises the Minister, on public procurement policy for goods, services and works across the entire public sector. The OGP maintains and develops the National Procurement Policy Framework which supports better procurement practice, including strategic, green and socially responsible procurement. The OGP also has responsibility for developing the Capital Works Management Framework (CWMF) to deliver construction procurement reform. All public works projects that are delivered under the Exchequer-funded element of the Government's capital plan must be procured in accordance with the provisions laid down in the CWMF. The CWMF is mandated by circular and was developed to provide an integrated set of contractual provisions, guidance material, technical templates and procedures which cover all aspects of the delivery process of a public works project from inception to final project delivery and review to assist contracting authorities in meeting their ongoing procurement requirements. The CWMF is currently being reviewed.

The OGP provides a range of flexible, high quality procurement solutions, such as framework agreements and contracts, to support its public service clients in delivering services to the

public. In its work, the OGP strives to promote SME participation in public procurement including through the design of competitions and a programme of outreach activities.

The OGP works with partner sourcing organisations in Health, Education, Local Government and Defence to deliver the reform programme, which is overseen by an Interim Procurement Reform Board appointed by the Minister. The OGP provides customer support through its helpdesk and supports a number of national procurement systems, including eTenders, eInvoicing and procurement data analytics.

Key Responsibilities of the OGP

- Advise the Minister, Minister of State and D/PER on public procurement.
- Lead the procurement reform programme to deliver Government's objectives.
- Develop strategic procurement (including innovative, green, SME and social considerations).
- Establish and maintain a broad suite of national procurement solutions to support the needs of the Public Service.
- Provide comprehensive procurement policy, advice and guidance for the public sector.
- Proactive Stakeholder Engagement ((including Dáil and Seanad, Cabinet and Oireachtas Committees, whole of Government Senior Official Groups, OGP Governance Structures, Government Departments / Sectors / public bodies, GCCC, SME Advisory Group, and EU and International fora).
- Implement digital solutions and accelerating the digital delivery of public procurement services in an accessible, consistent and intuitive manner.
- Continue to develop measures to support SMEs in accessing public procurement.
- Deliver commercial skills training to public bodies.
- Provide quality customer service to stakeholders.

Key Strategic Issues for the OGP

Procurement Reform Programme

The OGP is responsible for delivering the procurement reform programme which is intended to transform the way that public bodies buy the goods and services they need to support their work delivering services to the Irish people. To date, the OGP has:

- put in place central arrangements (currently in the order of 130 framework agreements), covering a wide range of commonly procured goods and services;
- updated and expanded the National Public Procurement Policy Framework to offer straightforward advice and guidance to public bodies;

- commenced a process to deliver further significant changes to procurement policy for public works projects;
- established a dedicated helpdesk in the OGP to offer guidance and support to public bodies, businesses, and grant recipients;
- enabling compliance with relevant EU Procurement and eInvoicing Directives; and
- undertaken a programme of data collection and analysis allowing a far more comprehensive view of the scale and nature of public spending in Ireland.

The reform programme is overseen by an Interim Reform Board appointed by the Minister and bringing together representatives from across the Public Service, as well as external expert appointees. It is chaired by Mr. Maurice Quinn, Secretary General at the Department of Defence. A Procurement Executive brings together representatives from the OGP and sector sourcing organisations (called Central Purchasing Bodies under EU law) in Health, Education, Local Government, and Defence. It is chaired by Mr. Paul Quinn, the Chief Procurement Officer.

There was a commitment in the previous Programme for Government to refine the new procurement structures in place, such as the OGP, as they bed down and make adjustments according to best international practice and in conjunction with Irish businesses. To meet this commitment, a series of consultations have taken place with Government Ministers, opposition spokespersons, Members of the Oireachtas, Central Purchasing Bodies, the SME Advisory Group and the reform programme's governance forums. This stakeholder consultation process was to review the implementation of the reform programme to date, assess what's working well and what can be improved and to seek suggestions for enhancement. A submission is being prepared with recommendations on the path forward taking account of the consultation process as the OGP enters the next phase of delivery.

Small Medium Enterprises (SMEs)

The Minister of State chairs a Small and Medium Enterprises (SME) Advisory Group (AG) which is facilitated by the OGP and which ensures the voice of business is heard by Government. The OGP recently published the *2017 Public Service Spend and Tendering Analysis Report* which found that of an analysed spend of €4.912 billion, 94% is spent in Ireland and 54% is spent with SMEs.

Specific measures to support SME participation include: undertaking market analysis; setting proportionate eligibility requirements, e.g. turnover and insurance; breaking tendering competitions into lots, e.g. by sector, region, value, etc.; proactive engagement in a range of events such as Taking care of Business; encouraging businesses to register on eTenders; provision of a range of communications materials; and specific supports provided by InterTradeIreland (ITI) and Enterprise Ireland.

The OGP continues to seek ways to engage SMEs and explore further ways to ensure that SMEs have access, across all regions, to government contracts.

Strategic Procurement (including innovative, green, SME and social considerations)

The OGP supports the inclusion of wider policy considerations in public contracts but this must be done in a structured and coordinated manner. To progress this objective, the OGP has published:

- An Information Note on Incorporating Social Considerations into Public Procurement. The purpose of this Note is to help policy makers and practitioners understand how procurement can be used to facilitate the advancement of wider social and environmental policy objectives. It should be noted that the OGP cannot decide for other contracting authorities or at a whole-of-Government level what social considerations should be included in the frameworks and contracts that it puts in place on their behalf. However, it can help facilitate the process of incorporating those objectives, once agreed, into planned procurement projects;
- DPER Circular 20/2019 on “Promoting the use of Environmental and Social Considerations in Public Procurement” following extensive engagement at Ministerial level (Public Expenditure and Reform and Community, Climate Action and the Environment). This Circular encourages the consideration of wider Government policy in public procurement processes. However, it recognises that it is not feasible to instruct the use of green criteria in all procurements at this stage as more work needs to be done on developing appropriate criteria. Account has to be taken of the impact on existing Exchequer allocations, cost consequences, affordability, service delivery, market capacity and the potential impact on SMEs; and
- Established a cross Departmental Social Considerations Advisory Group to bring together relevant officials from policy Departments with procurement practitioners to help facilitate this process.

The OGP are also incorporating green considerations into its framework agreements, for example, by excluding single use plastics from its water cooler framework, by increasing the requirement for energy performance in its white goods framework and by planning for an electric vehicles option in the forthcoming framework for vans and minibuses.

Supporting the National Development Plan

The OGP Construction Policy Unit launched a review of procurement policy for public works projects in 2019. The review encompasses a significant body of work in a sector that generates considerable media attention. It will deliver significant changes to the Capital Works Management Framework (CWMF) over the coming years and will involve extensive engagement both with industry stakeholders and with the public bodies charged with the delivery of capital projects.

The CWMF represents the tools that a public body must use to procure and manage the external resources necessary to deliver public works projects that are delivered under the Exchequer-funded element of the NDP. Approximately 80% of the €116 billion expenditure earmarked under Project Ireland 2040 up to 2027 will be delivered through the CWMF.

There are two distinct engagements on public works projects:

- Consultant technical professionals who advise public bodies on all aspects of project delivery including design; and
- Building and civil engineering contractors and their respective supply chains.

A 2014 report into the performance of the public works contracts highlighted poor project definition as a significant cause of cost overruns and delays on public works projects. The focus in the review will be on improving risk management and the standard of information

produced throughout the different project delivery stages to address deficiencies in project definition.

Objectives and principles have been developed with the Government Contracts Committee for Construction (GCCC) to guide the review. Approved reforms will be implemented through the progressive refinement and enhancement of the CWMF.

The OGP chairs and provides the secretariat to the GCCC which is a forum to discuss public sector construction related issues and to provide expert advice and technical input into the development of public sector national construction procurement policy.

The OGP is also a member of the Construction Sector Group Working Group which ensures regular and open dialogue between Government and industry on how best to achieve and maintain a sustainable and innovative construction sector positioned to successfully deliver on the commitments in Project Ireland 2040. It is made up of representatives of key industry bodies, as well as senior representatives of relevant Government Departments and agencies with responsibilities for policy and for the delivery of infrastructure.

The first phase of the review of the CWMF will address the manner in which construction technical professionals (the architects, engineers, quantity surveyors, etc. who typically plan, design and oversee construction projects on behalf of public bodies) are engaged. By clarifying the terms of their engagement and the quality of their outputs significant improvements will be delivered in the construction phase. The engagement of contractors will form the second phase of the review.

In addition to reforming the manner in which we engage professionals and contractors there are a range of issues that are impacting successful outcomes that will also be addressed and implemented.

The work programme for 2020 includes: Risk Management (range of measures to be applied, for example, training, risk premiums, guidance); managing price inflation pressures; the impact of price on the award of contracts; liability, indemnity and insurance; performance evaluation; encouraging collaborative behavior; adoption of BIM on public works projects; and alternative contracting and procurement strategies.

Professionalisation of Procurement

The OGP has developed the National Public Procurement Policy Framework underpinning the Government's goal of increasing the professionalisation of public procurement. The publication of Public Procurement Guidelines and information notes on Covid-19, Brexit, Corporate Procurement Plans, the role of the Procurement Officer, Concessions Contracts, Social Considerations, GDPR and ESPD promotes and facilitates a consistent, standardized approach to public procurement and provides the information and understanding of the process for contracting authorities and industry.

The OGP has established a Commercial Skills Academy to provide necessary commercial skills training for Public Service managers who are responsible for managing capital projects under the NDP, to enhance awareness and understanding of commercial skills and best practice approaches to apply throughout the entire project lifecycle. An initial course has been run and has garnered considerable positive feedback. The curriculum has been further refined and further courses are planned throughout the year.

The OGP also engages consistently in a range of stakeholder engagement events, aimed at fostering awareness and encouraging engagement with the public procurement system.

The OGP participates in seminars and conferences intended to disseminate information on public works procurement. The OGP facilitates training on eTenders, the Irish Government's electronic tendering platform for government buyers.

Internally, the OGP's EMPOWER people strategy supports continuing professional development across all of its own business functions and staff have pursued a range of training in public procurement, procurement law, and public management.

Digital Transformation

Digital Transformation has been identified as a major strand of the OGP's new draft Statement of Strategy as the organisation seeks to accelerate the digital delivery of our services in an accessible, consistent and intuitive way. We are seeking to streamline and improve public processes and the support structures necessary to enable transparent and efficient procurement including through the development of a new eProcurement strategy.

eTenders

The OGP is currently preparing to go to the market for the next iteration of eTenders, the national procurement platform. eTenders is a national facility for all public sector Contracting Authorities to publish procurement opportunities (tenders) and contract award notices for goods, services and works. eTenders is also used by economic operators (suppliers) to view and access tender opportunities. The platform has approximately 160,000 users. An eTenders Platform project to specify, procure and implement a SaaS (Software as a Service) solution is underway. This is a significant endeavour and the OGP has established a Project Steering Committee and Design Authority Group, comprising representatives from across the public sector. In consultation with the Design Authority group, the OGP are currently working to develop the specifications for the next iteration of the eTenders platform.

Risks and Challenges

Cooperation and Collaboration across Government

The establishment of the OGP and the centralised approach has led to more coordinated approach and improvements in the public procurement regime and the development of new operating structures. Whole-of-government collaboration requires public servants to work together across their organisations to develop better co-ordinated public services and policy to enable the delivery of Government objectives. However, while progress has been achieved, more work needs to be done in this area due the fragmented nature of public administration, particularly in the health and education sectors. Considerable focus, therefore, remains on working across the larger government sectors to ensure buy-in and engagement. The Minister has established the interim Procurement Reform Board to oversee this work. The role of the Interim Procurement Reform Board is to oversee the implementation of the public procurement reform programme, in particular, the programme's structures, practices and policies on centralised procurement, and advise, where appropriate, on how to address any gaps.

Refinement of Reform Programme

A key challenge will be to adapt the programme, maintain the momentum and build on the progress to date. The OGP is providing the leadership in this regard by providing evidence-based, efficient, effective and responsive procurement advice, support, guidance, systems and solutions and promoting open, accountable and transparent procurement. Following an extensive consultation process, the OGP is developing a new statement of strategy, strategic objectives and metrics to monitor progress, conducting an organisational review, progressing the appropriate incorporation of wider policy considerations such as green criteria, implementing a medium term strategy to improve how we procure public works, embracing a

whole-of-government approach, digitisation and better use of data and professionalising public buyers including through the Commercial Skills Academy.

Brexit

The OGP continues to liaise closely with the structures established by Government around Brexit, including the Department of Public Expenditure and Reform. It is also monitoring developments at EU level. The OGP has addressed Brexit issues through its governance structures and also at stakeholder forums such as the SME Advisory Group. The CPO has written to Government Departments to remind them of the importance of contingency planning. OGP published a revised Brexit Information Note in October (the fourth edition) and will update it accordingly as matters develop. OGP inputs into the Cross-Government Brexit Contingency planning senior official group. It has assessed the Framework Agreements it has put in place and engaged with key suppliers. The key risks have been identified as potential increased costs, interruption to supply and a changed regulatory environment. Many of the issues that will emerge in procurement will in fact be caused by trade issues such as tariffs, logistics and customs issues, regulatory divergence, etc.

OGP are engaging with CSSO on appropriate Brexit-related considerations that may need to be included in tender documentation, including if existing provisions are sufficient. Consideration is also being given to GDPR and the UK's potential third country status.

Covid-19

The Office of Government Procurement (OGP) is supporting the national response to Covid-19 through the dedicated governance structure established by Government to ensure a public health-led, whole-of-society approach, including the Special Cabinet Committee and the senior officials group. We are working closely with the HSE and the wider Government sector to assist them in identifying the most pressing needs including Personal Protective Equipment (PPE) of the health sector and other essential services and trying to find suppliers to meet this demand in an ever challenging global market.

The OGP is cognisant of the importance of assisting businesses to operate where possible and recognises that contracting authorities need support and assistance. As a result, OGP has published Covid-19 information notes to support contracting authorities in managing procurements where urgency is required. Further guidance has been published on the impact of Covid-19 on construction procurement including contractual matters associated with the Covid19 response measures, guidance on pre-start preparation, and on re-starting public works contracts with further guidance on tendering to follow shortly.

On behalf of Government, and working with the OGCI, the OGP's Systems and Data team has developed a website (gov.ie/covid-supplies) to capture the many offers of support being made by business to assist Ireland's response to COVID-19. The website provides a single, consistent database of offers of support and went live on 27 March. It should be noted that this database is provided solely for this emergency period and does not replace normal procurement procedures and the existing contractual supply arrangements already in place.

The OGP with the assistance of the OGCI has enabled its staff to work remotely. Many OGP staff volunteered for redeployment, with several staff members redeploying to the Department of Employment Affairs and Social Protection (D/EASP) to assist in their efforts to react to the economic fall-out from the Covid crisis.

Construction Inflation

Up to the onset of Covid-19, construction inflation posed a significant risk to the ambition set out in the National Development Plan for project delivery posed by construction inflation.

Whilst it is still too early to tell whether the economic shock imposed in response to the rapid spread of the virus, it is likely that there will be a slowdown in certain sectors of the construction sector which should temper inflation and may see tender price indices decline in the short term. Regardless of this, the provisions in the contracts that govern the impact of price variation in both public works and works-related services contracts are in need of review to determine whether they continue to represent the optimum means of addressing the risk of inflation when it arises once again. In what will hopefully be a short lived recession, inflation will prove extremely challenging in the sector due to capacity constraints and productivity challenges that existed prior to Covid-19. A hard Brexit may also impose additional costs on materials as well as the potential for significant shortages in the short term due to logistical issues associated with customs clearance.

A contract has been awarded to undertake a review of the price variation provisions in the public works contracts and the conditions of engagement for consultants. The review is due to conclude in July.

Strategic Procurement

Strategic public procurement has a role to play in responding to societal, environmental and economic challenges. However, mainstreaming innovative, green, SME and social criteria in public procurement will present a significant challenge for the OGP as significant work needs to be done on developing appropriate criteria. Policy Departments such as Community, Climate Action and Environment will need to develop clear, quantifiable, verifiable and measurable criteria to enable such criteria be used appropriately in public tenders. Account has to be taken of the impact on existing Exchequer allocations, cost consequences, affordability, service delivery, market capacity and the potential impact on SMEs.

Senior Management in the OGP

Brendan Whelan



Responsibility at Principal level for the Commercial Skills Academy.

David O'Brien



Responsibility for Construction Procurement policy.

David O'Sullivan



Responsibility at Director level for the Office of Government Procurement's Sourcing function

Andrew Bogie



Responsibility for sourcing in Utilities; Marketing, Print and Stationery and Fleet and Plant.

Anne Lannon



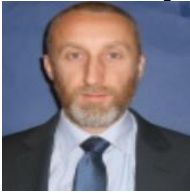
Responsibility for sourcing in the Professional Services portfolio.

Dermot Callaghan



Responsibility for sourcing in the Facilities Management portfolio.

Donal D'Arcy



Responsibility for the Sourcing Operations and Quality Management function.

John Cummings



Responsibility for the Office of Government Procurement's Spot Buying function.

Mary Fennelly



Responsibility for sourcing in the Office of Government Procurement's ICT portfolio.

Roisin Killeen



Responsibility for sourcing in the Travel, Human Resources, and Managed Services portfolio.

Declan McCormack



Responsibility for the eInvoicing Ireland Programme and the eTenders Platform Project.

Jim Deane



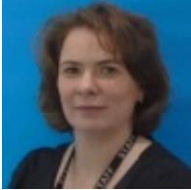
Responsibility for National Public Procurement policy.

Kathryn Whyte



Responsibility for Human Resources and Learning and Development.

Mags O'Callaghan



Responsibility for the Customer Service and Tender Operations function.

Maureen McNally



Responsibility for the Office of Government Procurement's Systems and Data function.

Dermot Sellars



Responsibility for the Office of Government Procurement's Corporate Office function.

Appendix A – Provisions of the Ministers and Secretaries (Amendment) Act 2011

Background

Under the Ministers and Secretaries (Amendment) Act 2011, the principal functions of the Department of Public Expenditure and Reform (D/PER) fall into three categories:

- management and review of voted expenditure,
- management of the civil and public service, and
- public service reform and development.

Functions relating to expenditure management and the finances of the public service were transferred from the Department of Finance (D/FIN). Public service reform and modernisation had been undertaken previously by the Department of the Taoiseach, but 2011 marked the first time it was given a statutory basis.

The scope and extent of responsibilities transferred to D/PER is considerable. Muiris MacCarthaigh, in his published review of the process *Public Sector Reform in Ireland: countering crisis*, states that over 4000 specific legal functions were transferred from the Minister for Finance alone.

Expenditure Management

D/FIN retains responsibility for the collection of State revenue, fiscal policy and the overall size of the annual budget. Functions connected with the yearly estimates process were transferred to D/PER under the 2011 Act, s.8. This involves management and oversight of the process, the use of general sanctioning powers in relation to voted expenditure, as well as carrying out of reviews of public expenditure.

Under s.17, the Minister for Finance proposes the overall annual expenditure amount and any revision of that amount, to the Government for decision. This must be done in consultation with the Minister for PER.

A further aspect of D/PER's expenditure management function is contained in s.9(1)(iii), which confers the responsibility of approving expenses incurred in the administration of any statute.

Under s.8(2), the D/PER must supervise and control all purchases made for or on behalf of Government Departments, all supplies of commodities and goods held by those departments, and the disposal of same. Under s.10(1)(f) and (g), the Department is responsible for developing public procurement policy and procedures. The management and reform of public procurement is led within the Department by the Office of Government Procurement.

The range of responsibilities conferred on D/PER can be seen in sections 25 to 99 of the 2011 Act, in which 75 separate pieces of legislation are amended to reflect the new department's responsibilities.

Further lists of statutory functions assigned to D/PER are set out in Schedule 2 of the Act. Part 1 of the Schedule contains functions that are performable with the consent of the Minister for Finance. It references legislation dating from 1934 to 2010, and includes functions relating to agriculture, transport, energy, health, consumer protection and the environment.

Part 2 of Schedule 2 lists functions contained in the Financial Measures in the Public Interest (FEMPI) Acts that can be performed following consultation with the Minister for Finance.

Part 3 of the Schedule sets out functions that the Minister for Finance may perform if the Minister for PER so requests. These include the payment of allowances to party leaders in Dáil Eireann, and the payment of pensions, gratuities and allowances to former holders of certain ministerial and parliamentary offices, former judges and the Comptroller and Auditor General.

Further functions under a large number of Acts ranging from 1854 to 2010, as well as certain secondary legislation made under the European Communities Act 1972, and ministerial orders relating to certain corporate bodies, were transferred to DPER by the following regulations:

- Finance (Transfer of Departmental Administration and Ministerial Functions) Order 2011 [S.I. 418/2011]; and
- Finance (Transfer of Departmental Administration and Ministerial Functions) (No. 2) Order 2011 [S.I. 480/2011].

Public Service Management

Under s.9 of the 2011 Act, D/PER is responsible for the appointment, terms and conditions, remuneration and superannuation for members and staff of almost all public service bodies. This means that the Department has a key role to play in implementing public service pay and pensions policy, managing civil and public service numbers, workforce planning and industrial relations for the Public Service.

In relation to the recruitment and appointment of public servants, D/PER has oversight of the Public Appointments Service.

Finally, it should be noted that D/PER has responsibilities in respect of remuneration and superannuation for the President, as well as members of the Oireachtas, local authorities, the judiciary, the European Parliament and certain officeholders.

Public Service Reform

Section 10(1) of the 2011 Act places D/PER at the centre of Civil and Public Service reform. In addition to the public procurement responsibilities mentioned earlier, it states:

“It shall be a function of the Minister to-

- *formulate and develop, in consultation with other Ministers of the Government and public service bodies, the policies required to further modernise and develop the public service and enable the efficient provision of services by public bodies,*
- *make proposals to the Government for the implementation of such policies,*
- *coordinate the implementation of such policies determined by the Government...*
- *conduct regular and periodic reviews of the implementation of such policies and to report thereon to the Government,*
- *promote value for money in the provision of public services...*”

It should be noted that whereas value for money should inform the actions of all Departments and public bodies, the promotion of value for money as a key consideration is a particular responsibility of D/PER.

It should also be noted that the obligations set out in s.10(1) do not apply in respect of certain public service bodies. These are listed in Schedule 1 of the Act.

In addition to public service modernisation, D/PER also has responsibility for legislation relating to the maintenance and promotion of ethical standards in public life. The functions transferred in 2011 include responsibilities under the Electoral Acts and the Standards in Public Office Act 2001. Subsequent developments in this area have included the Protected Disclosures Act 2014.

Appendix B – Key Legislation since 2011

As set out in Appendix A, the principal functions of the Department are set out in the [Ministers and Secretaries \(Amendment\) Act 2011](#) which transferred to the Minister for Public Expenditure and Reform the functions of the Minister for Finance relating to public expenditure, public service pay etc., and public service modernisation. The Act has been supplemented by a number of Orders since 2011.

Since 2011, there have also been a number of other Acts in which additional responsibilities or powers have been conferred on the Minister. The table below summarises the main Acts in which additional responsibilities or powers have been conferred the Minister since 2011.

Legislation affecting D/PER: 2011-2019

Legislation Title	Responsibilities
Data Sharing and Governance Act 2019	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - Make regulations - Direct disclosure of information - Publish notification of expired data-sharing agreements - Require information for pension-related / other specified purposes - Establish personal data access portal - Appoint Data Governance Board - Issue Guidelines, Model Agreements
National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019	<ul style="list-style-type: none"> • Must be consulted before any proposed drawdown of Fund
European Investment Fund Agreement Act 2018	<ul style="list-style-type: none"> • Consent to agreements with EIF
National Archives (Amendment) Act 2018	<ul style="list-style-type: none"> • Consent to transfer of 20+ year old documents to National Archives
Public Service Superannuation (Age of Retirement) Act 2018	<ul style="list-style-type: none"> • Power to raise public service retirement age
Houses of the Oireachtas Commission (Amendment) Acts 2012, 2015 & 2018	<ul style="list-style-type: none"> • Approve payment of Commission expenditure from Central Fund
Public Service Pay and Pensions Act 2017	<ul style="list-style-type: none"> • Various functions re: <ul style="list-style-type: none"> - Public service pay restoration - Additional Pension Contribution (APC) - Regulation of fees
National Shared Services Office Act 2017	<ul style="list-style-type: none"> • Power to give directions to NSSO. • Appointment of Board / CEO / staff
Regulation of Lobbying Act 2015	<ul style="list-style-type: none"> • Functions including: <ul style="list-style-type: none"> - Publishing Transparency Code - Prescribing: <ul style="list-style-type: none"> ○ Excepted communications

	<ul style="list-style-type: none"> o Information in lobbying returns o Appeal procedure <ul style="list-style-type: none"> - Directing disposal of fixed payments received - Appointment of Appeal Officers
Garda Siochána (Policing Authority and Miscellaneous Provisions) Act 2015	<ul style="list-style-type: none"> • Consent required for: <ul style="list-style-type: none"> - number of AC/CS/Supt appointments to be made - Policing Authority powers <ul style="list-style-type: none"> o acquiring land o entering contracts o appointing consultants - Policing Authority – appointment / terms & conditions of Chief Exec, staff t&c • Must be consulted re <ul style="list-style-type: none"> - Garda Ethics Code - 5-yr review of Policing Authority legislation;
Health (General Practitioner Service) Act 2015	<ul style="list-style-type: none"> • Consent required for regulations varying gross income limits for GP service
Statute Law Revision Act 2015	<ul style="list-style-type: none"> • Power to designate “specified institutions” for the purposes of s.8 of the Statute Law Revision Act 2007
Civil Debt (Procedures) Act 2015	<ul style="list-style-type: none"> • Power to determine questions as to which body employs a judgment debtor who is in the service of the State.
Protected Disclosures Act 2014	<ul style="list-style-type: none"> • Responsibilities include: <ul style="list-style-type: none"> - Designating ‘prescribed persons’ as appropriate recipients of disclosures - Issuing guidance for public bodies - Specifying content of annual report (for public bodies) - Determining terms and conditions of appointment for the Disclosures Recipient (Sch.3) - Providing administrative support to the Disclosures Recipient
Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act 2014	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - decide period for arrears payment of parliamentary activities allowance - determine whether satisfactory rectification of default in statement / auditor's report (re allowances) - receive reports from Commission of reviews conducted - approve / modify Commission guidelines - make regulations
National Treasury Management Agency (Amendment) Act 2014	<ul style="list-style-type: none"> • Must be consulted re: <ul style="list-style-type: none"> - designated bodies - investment strategy - specifying sectors for investment • Power to: <ul style="list-style-type: none"> - give directions to NTMA re advisory functions / projects (with MFIN consent)

	<ul style="list-style-type: none"> - issue policy directions to State authorities re financing of public investment projects / PPP arrangements - prescribe State authorities
Irish Human Rights and Equality Commission Act 2014	<ul style="list-style-type: none"> • Minister is the designated defendant in actions taken against the State for unlawful deprivation of liberty resulting from a judicial act (European Convention on Human Rights art.5(5))
Freedom of Information Act 2014	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - exclude a public body from FOI - designate prescribed bodies - regulate types of record - grant certain FOI requests - determine disputes between Information Commissioner and an entity - issue Code of Practice - publish Guidelines
Finance Act 2013	<ul style="list-style-type: none"> • Power to designate a company as a trust (re heritage property)
National Lottery Act 2013	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - appoint / remove Regulator - issue directions to Regulator re next NL licence - approve draft licence - issue guidelines to Regulator re suitability of persons to run NL - set limits on prize value • Goodwill in NL vests in Minister
Financial Emergency Measures in the Public Interest Act 2013	<ul style="list-style-type: none"> • Power to direct exemptions from s.7 (suspension of pay scales) • Conduct annual review of the operation of the FEMPI Acts
Construction Contracts Act 2013	<ul style="list-style-type: none"> • Establish panel of adjudicators • Publish Code of Practice for adjudicators
Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - specify public body / controlled company as a relevant body - establish panel of legal costs adjudicators
Dormant Accounts (Amendment) Act 2012	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - approve / amend list of applications for disbursements - direct reimbursement of Depts making disbursements
Public Service Pensions (Single Scheme and Other Provisions) Act 2012	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - prescribe <ul style="list-style-type: none"> ○ relevant authorities ○ referable amounts ○ designated office holders ○ form of application for preserved pension - apply statutory provisions to a scheme - extend application of s.40 to other schemes

	<ul style="list-style-type: none"> - set date for Single Scheme not to apply to a person / class - determine: <ul style="list-style-type: none"> o what constitutes pensionable remuneration, o public service retirement age o disputes - require public service bodies / relevant authorities to contribute x% to scheme - grant / issue directions re survivor's / children's pension - decide on pension increases relative to CPI - conduct a review of Single Scheme (or a part of it) - revise contribution rates - consent to repayment schedule for overpayments - specify period re abatement - waive abatement - determine interest rate for recovery of benefit (misconduct causing financial loss to State) • Must be consulted before any minister uses a power to determine retirement age
<p>Communications Regulation (Postal Services) Act 2011</p>	<ul style="list-style-type: none"> • Power to: <ul style="list-style-type: none"> - designate a relevant postal service provider - agree terms & conditions for free election post - request Minister for Finance to pay expenses • Approval needed for RTE / TG4 funding • Must be consulted by DEASP re amount of tv licence

Appendix C – Bodies under the Aegis of the Department

Background

There are four types of body under the aegis of the Department of Public Expenditure and Reform:

1. Civil Service Offices and Agencies (Scheduled Bodies);
2. The Ombudsman Group and the National Lottery Regulator (independent in the performance of their functions);
3. The Economic and Social Research Institute (ESRI) and Institute of Public Administration (IPA) which are not State Bodies but do receive grant funding; and
4. The Special EU Programmes Body (SEUPB) which is a North South Implementation Body established under the Good Friday Agreement.

The Department does not have any non-commercial state sponsored bodies or commercial state sponsored bodies under its aegis.

A Corporate Bodies Unit (CBU) was established in July 2018 to engage with most of the bodies under the Department's aegis (except the OPW and the SEUPB) in relation to expenditure and governance. The CBU reviewed oversight and engagement arrangements between the Department and the bodies under its aegis in 2019. This review identified that each body was compliant with the relevant governance requirements.

In line with governance best practice, in CBU is engaging with each of the Scheduled Bodies in 2020 to develop annual Performance Delivery Agreements. In doing so, the CBU will ask each organisation to submit a proposed business plan to inform the Minister what (and how) they will deliver each year in line with its Statement of Strategy.

The Scheduled Bodies under the Department's Aegis are listed below.

National Shared Services Office (NSSO)

- Established by Statute in 2018, the NSSO provides HR Shared Services (HRSS) and Payroll Shared Services (PSS) to all Civil Service organisations, and a number of public service bodies.
- The NSSO is a Scheduled Body, headed by a Chief Executive Officer as Accounting Officer. The organisation has approximately 750 staff (January 2020), a budget of spread across locations in Dublin, Kerry, Offaly and Galway.
- The NSSO, under Vote 18, has received a gross funding allocation of €61.4 million in the 2020 Revised Estimates.
- The NSSO is currently working to establish Financial Management Shared Services (FMSS). The NSSO had planned to launch this significant project in 2018, however, this launch has been delayed.
- The NSSO agreed revised design proposals with stakeholders in Q4 2019, and are currently working with the external system implementer to agree the next phase of design, and associated costs.

Public Appointments Service (PAS)

- PAS is the central recruitment, assessment and selection body for the Civil Service and provides similar services where requested, to other organisations in the Public Service such as local authorities, the HSE and An Garda Síochána.
- This Scheduled Body, received a gross funding allocation of €15.6 million under Vote 17 in the 2020 Revised Estimates. It is headed by a Chief Executive Officer who is the Accounting Officer, and has approximately 200 staff based in Dublin.

Office of the Ombudsman

- The Office of the Ombudsman received a gross funding allocation of €12.3 million in the 2020 Revised Estimates under Vote 19, and has a staff of approximately 145 based in Dublin.
- The Office includes the following organisations within its overall corporate structure:
 - Office of the Ombudsman;
 - The Office of the Information Commissioner;
 - The Commissioner for Environmental Information;
 - Standards in Public Office Commission; and
 - Commission for Public Service Appointments
- The Office's Director General acts as Accounting Officer for all of the organisations within the Office of the Ombudsman's corporate structure.
- The Ombudsman, Mr. Peter Tyndall, is independent in the performance of his functions, as set out in the Ombudsman Act 1980. Mr. Tyndall also serves as Information Commissioner, and was reappointed for a second term of office in December 2019.
- There are two vacant posts in the Standards in Public Office Commission which the incoming Minister will need to consider. The role of Ordinary Member shall be appointed by the Government, further to resolutions passed by both Houses of the Oireachtas, and the individual must be a former member of one of the Houses of the Oireachtas, but not a representative in the European Parliament. The role of Chairperson, who must be a former judge of the High Court, Supreme Court, or Court of Appeal, must be made by the President on the advice of the Government, following resolutions passed by each House recommending the appointment.

State Laboratory

- The State Laboratory provides an analytical and advisory service to Government Departments and Offices that require chemical analysis and/or scientific advice to implement their policies, regulatory programmes and strategic objectives.
- This Scheduled Body received a gross funding allocation of €11.3 million under Vote 14 in 2020. It is headed by the State Chemist, who is the Accounting Officer for the organisation, which has approximately 102 staff and is based in Backweston, Celbridge, Co. Kildare.

Office of the National Lottery Regulator (ONRL)

- The National Lottery was established under the National Lottery Act 1986, and continues in accordance with the National Lottery Act 2013.

- A competition for the award of a 20 year licence to operate the National Lottery took place in 2013. Premier Lotteries Ireland (PLI) were awarded the licence. The competition generated an up-front payment of €405 million to the Exchequer.
- The 2013 Act also provided for the Office of the National Lottery Regulator. The Regulator, Ms. Carol Boate, procures and regulates the holding of the National Lottery, and is independent in the performance of her functions with are set out in the Act.
- The ONRL is funded by an annual levy of €1.5 million on the operator of the licence (PLI), and has ten staff based in Dublin.
- Policy matters relevant to the National Lottery are also managed by the CBU.
- The level of funds raised for Good Causes has risen by 34% between 2015 and 2019, and €251 million was transferred from the National Lottery Fund to the Exchequer in 2019, despite a competitive marketplace and the growth of the lottery betting products offered by licensed bookmakers in recent years.
- In December 2019, the Department was informed by Premier Lotteries Ireland of issues relevant to scratch cards. €180,000 worth of prizes were inadvertently not included for players to win in 3 of the 178 games it has offered since taking over the licence in 2014.
- The Regulator has informed the Department that she is currently verifying the extent of the problem, and evaluating what PLI and her Office should be doing to mitigate the risk of such a problem occurring again.
- The Department is working to finalise the liquidation of the An Post National Lottery Company (APNLC). The Minister is a shareholder of this company, which previously operated the National Lottery Licence, and which is currently in voluntary liquidation.
- The Department is also engaging with the National Lottery Regulator regarding the final disbursement of historic unclaimed prizes which are held in the National Lottery Fund, which is managed and controlled by the Regulator. The Department has sought the transfer of these moneys to the Exchequer to be assigned to Good Causes.

Office of Public Works (OPW)

- The OPW (Vote 13) has a 2020 Budget Allocation of €505.4 million, a 9% increase on total allocation year on year.
- The OPW is a scheduled body under the Public Service Management Act 1997.
- The primary function of the OPW is to support the implementation of Government policy and advise the Minister and the Minister of State, principally in the disciplines of property (including heritage properties) and flood risk management. The OPW has a central role in driving the Government's property asset management reform process in respect of its own portfolio and that of the wider Public Service.
- The OPW is funded from central Exchequer funding under Vote 13 of the Revised Estimates Volume 2020 which provides key performance information regarding programme outputs and impacts. This allows information about spending to be seen in conjunction with relevant outputs and performance data.

- In addition, standard vote control measures are in place for OPW including:
 - Ongoing oversight of expenditure including a review of spending on a monthly basis;
 - Overseeing achievement of and compliance with any delegated arrangements in place for staffing and pay; and
 - Providing Ministerial consents where and as appropriate.
- The Chairman of the OPW, as Head of the OPW, is directly accountable to the Minister for Public Expenditure and Reform (DPER). The OPW has a statutory obligation under the Public Service Management Act 1997 to submit its Statement of Strategy to the Minister for Public Expenditure and Reform for approval and also to provide an annual report to the Minister on the performance of the OPW in respect of its Statement of Strategy. The Minister will meet annually with the Chairperson of OPW within a month following the receipt of the Annual Report to discuss progress on key objectives under the Statement of Strategy.
- The OPW has delegated sanction, as required by Section 2(2) of the Ministers and Secretaries Act, 1924 and in accordance with Section 17 (2) of the Civil Service Regulation Act, 1956. The C&AG is responsible for the presentation of the Appropriation Accounts of Government Departments and Offices, including the OPW, before the Oireachtas. The Public Works (Ireland) Act, 1831, provides for the establishment of three Commissioners of Public Works in Ireland. Governance within the OPW is aligned to the requirements of the Corporate Governance Standard for the Civil Service and is documented and published on the OPW Website. The OPW is obliged to comply with all relevant Departmental Circulars.

Special EU Programmes Body (SEUPB)

- The SEUPB is one of six cross-border North South Implementation Bodies established under the Good Friday Agreement. It operates under the policy direction of the North South Ministerial Council (NSMC) and is jointly sponsored by the Minister for Finance in Northern Ireland (DoF NI) and the Minister for Public Expenditure and Reform.
- The SEUPB is responsible for managing the current (2014-2020) EU co-funded North South programmes, PEACE IV (€270 million) and INTERREG VA (€283 million), which support peace and reconciliation and social and economic cohesion on a cross-border basis. The programme area includes Northern Ireland and the six border counties of Ireland (Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo).
- SEUPB is also developing the successor programme, PEACE PLUS (2021-2027), which will build on both the current PEACE and INTERREG programmes, in close cooperation with DPER and DoF NI. The programme value will be decided in the context of the Multi-Annual Financial Framework but is expected to be larger than the €553 million combined total of the current programmes. The EU, Irish and UK Governments have all signaled support for the PEACE PLUS programme.
- SEUPB's head office is in Belfast, with smaller offices in Monaghan and Omagh. The Body has a headcount of 57. The Body is headed by a Chief Executive appointed by the North Ministerial Council. SEUPB does not have a Board.
- Funding for core running costs are provided jointly by the sponsor Departments, DPER and DoF NI. Funding for the PEACE and INTERREG programme activity is provided to

SEUPB jointly by the relevant sectoral Departments, North and South. 85% of this programme expenditure is subsequently recouped from the EU's European Regional Development Fund. The 2020 Revised Estimates contains a provision for €2.38m for DPER's contribution to SEUPB's running costs and to the Technical Assistance costs associated with delivering the PEACE and INTERREG Programmes.

Grant Funded Bodies

- The Institute of Public Administration (IPA) is a body which is dedicated to public sector development. It delivers services through education, training, research and publishing. The Department provides annual grant funding, which is set at €2.725 million in 2020, which assists in the delivery of these objectives.
- The Economic and Social Research Institute (ESRI) also received grant funding from the Department (€2.775 million for 2020). The grant funding assists the ESRI to produce research that contributes to understanding economic and social change and that informs public policymaking and civil society in Ireland.
- The CBU receives reports from these bodies on the use of state funding and will consider more in depth reviews of this funding in the coming year.

Secret Service (Vote 15)

- The Secret Service Vote is also managed by the CBU, and is under the aegis of DPER. An allocation of €2 million was provided to the Vote in the 2020 estimates. The CBU is available to provide further briefing to the Minister as required.

Ministerial Engagement with Bodies

- Each Scheduled Body is statutorily required to submit for the Minister's approval a Statement of Strategy setting out their key objectives, outputs and related strategies (including use of resources) in accordance with the general framework decided by the Government.
- Like the Secretary General of this Department, the Heads of Scheduled Bodies under the Department's aegis are directly accountable to the Minister, with the exception of the Office of the Ombudsman, and the Minister may issue directions to Heads of Scheduled Offices.
- The Heads of these Scheduled Bodies must report annually to the Minister on the performance of the Body in respect of its Statement of Strategy objectives.
- In addition to ongoing Vote management engagement with Scheduled Bodies, the Corporate Bodies Unit (CBU) meets with each body annually to discuss the recent Annual Report, and to discuss the business plan priorities for the coming year that will be delivered in line with the Statement of Strategy. These objectives will be included in an annual Oversight agreement.
- Neither the Office of the Ombudsman or the Office of the National Lottery Regulator, as independent Offices, are required to submit a Statement of Strategy to the Minister for approval, or an Annual Report on its implementation. However, the CBU engages with both organisations on a regular basis regarding matters pertaining to governance and expenditure.