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

Department of Public Expenditure and Reform

Incoming Minister's Brief 2022

Contents

Overview of the Department

Background

The Department of Public Expenditure and Reform was established in July 2011 by the Ministers and Secretaries (Amendment) Act, 2011. The Department is responsible for managing public expenditure and for overseeing the reform of the Public Service.

The Department's Mission, as set out in its Statement of Strategy 2021-23, is to serve the public interest through sound governance of public expenditure and by leading and enabling reform across the Civil and Public Service.

The strategic goals in the Statement of Strategy are:

- To manage public expenditure at sustainable levels in a planned, balanced and evidence informed manner, in order to support Ireland's economic, social and climate goals; and

- To drive reform and innovation across the Civil and Public Service to improve service delivery to the public, and to enhance strategic policy making and public governance structures.

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 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.

The Department's Operating Model

A review of the Department's Operating Model took place in the first half of 2022. The key objectives of the review and the changes that have taken place since were:

- Working in a More Integrated Way;
- Strengthening Communications;
- A Focus on Strategic Long-term Policy;
- Prioritising the Climate Agenda;
- Driving Digital Delivery;
- Optimising Policy Implementation;
- Optimal Use and Allocation of Resources; and
- Clear and Effective Internal Governance.

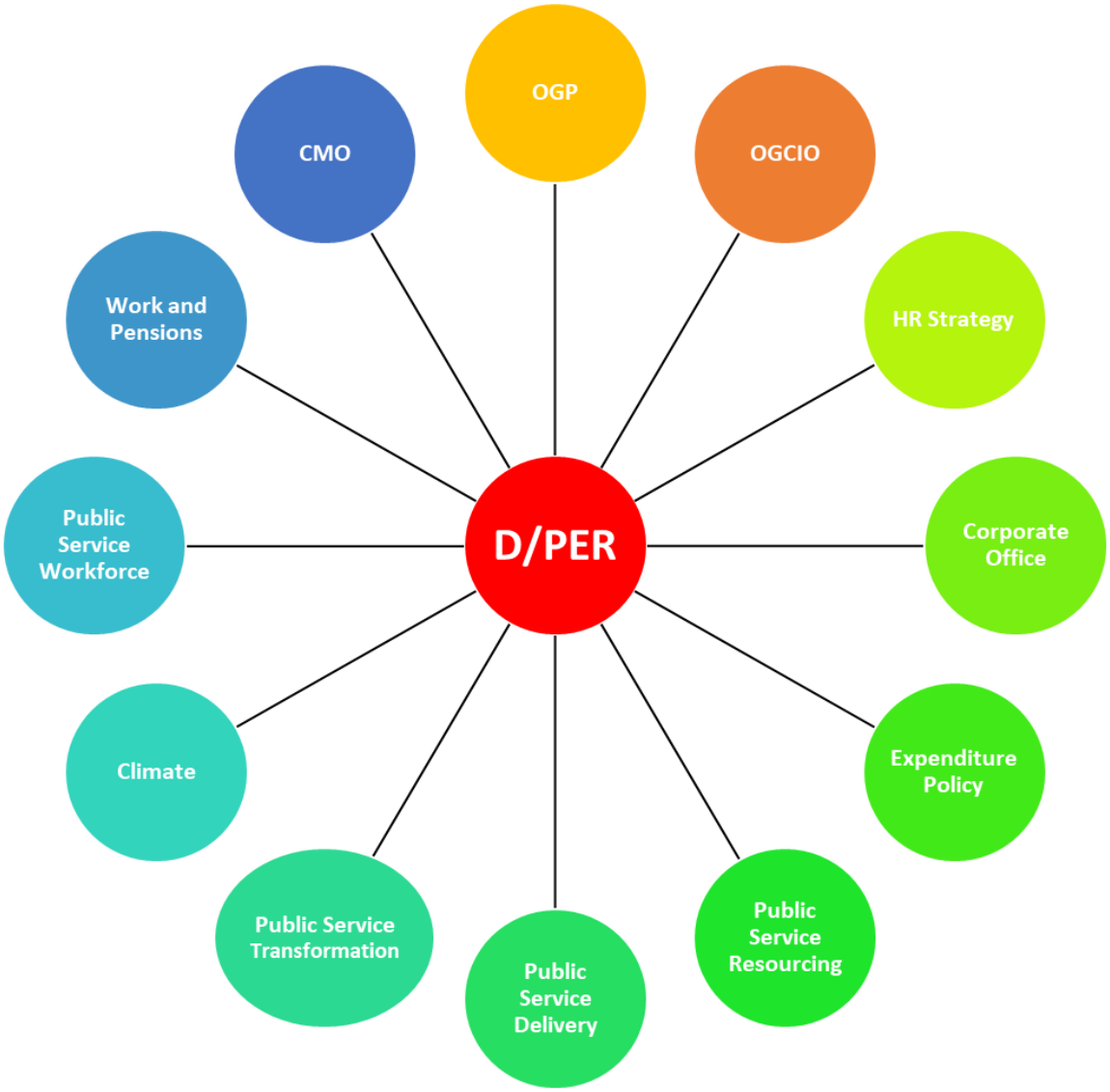
The review focused on changes to the divisional operating model to address priority issues such as climate and consistent themes that had emerged from previous organisational assessments. The recommendations fell into two categories:

- A new divisional operating model (including a new Climate Division, a changed role for six Divisions and the creation of a Deputy Secretary General post); and
- New ways of working to support and complement the divisional changes.

The divisional restructuring took place in May 2022 and is reflected in the chart on the next page. As a final step in this, a process is underway to recruit a Deputy Secretary General, who will support the Secretary General to manage the span of control of the organisation and will involve responsibility for key strategic policy and critical risk areas.

The new ways of working listed below were committed to in the review. Implementation of these ways of working is underway and will continue into 2023:

- Commitment to Ongoing Cultural Change;
- Formalising the Policy Cycle in D/PER;
- A new way of working for the Management Board;
- Informal cross-divisional groups on priority issues;
- A Renewed Focus on Knowledge Management;
- Best Possible Use of Technology; and
- Commitment to Learning and Development.



Corporate Governance

As listed above, the Department has twelve divisions and the Heads of these Divisions are:

Name of Division	Head of Division
Expenditure Policy	John Kinnane
Climate	John Conlon
Public Service Workforce	Shirley Comerford
Work and Pensions	Jasmina Behan
Public Service Resourcing	Colin Menton
Public Service Transformation	Marianne Cassidy
Public Service Delivery	*Jasmina Behan/John Kinnane
Office of Government Procurement	Paul Quinn
Office of Government Chief Information Officer	Barry Lowry
Corporate Office	David Feeney
HR Strategy Unit	Claire O'Reilly
Office of the Chief Medical Officer	Tom O'Connell

** interim (TLAC competition underway)*

The Management Board, which typically meets once a week, is chaired by the Secretary General and includes the Heads of each Division. Its role is to advise the Secretary General on policy development and the overall management of the Department and, in doing so, to act as a unifying force, providing visible leadership and overall strategic direction to the Department. The Management Board functions in an executive role, a policy development role and a communications role. The Special Advisers, the Head of Communications and the Press Officer also attend Management Board meetings.

There are five Sub-Committees of the Management Board:

- Sub-Committee on Public Service Transformation;
- Sub-Committee on Climate Action;
- Expenditure Oversight Group;
- Governance Sub-Committee; and
- People and Culture Sub-Committee.

The Corporate Office operates under the direction of the Chief Operations Officer and is comprised of five Units – the Corporate Support Unit, the Corporate Governance Unit, the Data Protection Officer, the Legal Adviser 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 (2023-2025) will be developed and 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) and in Miesian Plaza. 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 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 Department has approximately 675 staff (Full Time Equivalents). This includes approximately 235 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.

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 C.

Business Plan 2023 and High Level Priorities

The Department's Business Plan for 2023 will be based on 19 key Departmental priorities, which were agreed at the start of the business planning process in September 2022. These are set out below under four headings:

- Public Expenditure Sustainability;
- Public Service Transformation;
- Service Delivery to Public Bodies; and
- DPER Internal Operations.

While the priorities are set out under the most relevant thematic heading, several of them span a number of the themes and their implementation will involve a number (or even all) of the Divisions in the Department – this is particularly the case in respect of priorities such as the expenditure sustainability, climate action agenda, digital government and Public Service Reform / Civil Service Renewal.

Public Expenditure Sustainability

- To develop and monitor expenditure policy in line with the Government's objectives and agreed fiscal strategy, including through producing multi-annual Estimates, to support economic, social and climate and environmental progress on a fiscally sustainable basis;

- To progress good practice in relation to expenditure management and delivery of value for money through the application of public financial procedures and the continued development of evidence-based approach to expenditure policy formulation, including through the key role of the Irish Government Economic and Evaluation Service, and the use of performance information;

- To continue to enhance the governance, oversight and delivery of projects and programmes within the National Development Plan, and work on improving public and private sector capability and innovation to deliver Project Ireland 2040;

- To ensure that our tools, policies and procedures take appropriate account of the Government's statutory commitments on climate change and the achievement of sectoral emission ceilings through ongoing reforms in area such as the Public Spending Code; to continue the progressive implementation of green budgeting reforms to ensure that the budgetary process promotes and achieves improved environmental outcomes; and to work with Departments to ensure that Exchequer funds promote the achievement of climate and environmental targets in a balanced, cost effective and fair method;

- To coordinate and oversee the implementation of programmes and contribute to EU policy in a range of areas, notably the European Structural and Investment Funds and wider cohesion policy, the Recovery and Resilience Facility, and the Brexit Adjustment Reserve, the European Semester, the EU response to the conflict in the Ukraine, and promoting North-South co-operation, including through PEACE PLUS;

- To manage public service pay and pension costs on a fiscally sustainable basis using agreed industrial relations frameworks and advance solutions to support the effective administration of the Single Pension Scheme;

Public Service Transformation

- To lead policy development that supports transformation across the Civil and Public Service, to implement the Public Service Innovation Strategy and to programme manage the implementation of the Civil Service Renewal Plan and forthcoming Public Service Transformation Framework;

- To develop policies in respect of HR practices, skills development and knowledge management to meet the future workforce needs of the Public Service, and support their implementation;

- To promote evidence-based policy-making across the Public Service and to have a greater focus on key long-term strategic priorities within the Department, including through the DPER policy cycle set out in the review of our operating model;

- To promote and support open, accountable and transparent government and public administration and good governance in the Public Service;

- To drive the implementation of Connecting Government 2030 which addresses the government dimension of Harnessing Digital – the Digital Ireland Framework, with a particular on prioritising those initiatives highlighted in the public consultation and the first iteration of the Life Events portal;

- To lead the Procurement Reform Programme to enable effective, sustainable and compliant procurement across the Public Service;

Service Delivery to Public Bodies

- To deliver effective and efficient digital and ICT services to relevant public bodies as part of the Build to Share programme and use the OGCIO Vote to support the sustainable development and delivery of these services;

- To deliver effective and efficient learning and development solutions across the Civil Service through OneLearning and to support a unified Senior Public Service through the central management of key SPS activities and processes, and to provide a range of supports through the Employee Assistance Service;

- 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.

DPER Internal Operations

- To implement our Statement of Strategy to reflect the expenditure and reform priorities of the Minister and the Government, to provide a high quality service to the Minister, the Government and the Oireachtas, and to effectively communicate our core message;

- 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 design and develop a new HR Strategy to meet the evolving needs of the organisation and to effectively manage the Department's approach to blended working; and

- To deliver on our ambitions in respect of new ways of working and organisational culture committed to in the reviews of our operating model in 2022 and our culture in 2021.

Budget allocation

For 2023, the Department's overall budget is allocated across three separate organisational 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 2023 Revised Estimates set out considerable detail on all three Votes based on the following overall allocations:

Vote	REV 2023 allocation
Department of Public Expenditure and Reform	€51.3 million (net)
Office of Government Procurement	€21.7 million (net)
Office of the Chief Government Information Officer	€40.3 million (net)

The Secretary General is also the Accounting Officer for the Superannuation Vote (REV 2023 allocation of €306.8 million (net)) and the Secret Service Vote (REV 2023 allocation of €2 million).

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.

These issues include:

- Current Budgetary Context;
- Medium Term Expenditure Challenges;
- NDP and capital allocations;
- Climate Change;
- Public Service Pay;
- Public Service Transformation including Digital Government; and
- Public Procurement reform.

Current Budgetary Context
Sustainable expenditure, over the medium-term, is delivered through a Medium Term Expenditure Framework (MTEF) which provides for setting the core expenditure growth rate at sustainable levels. The Summer Economic Statement 2021 set this growth rate at c. 5% per annum. This rate is based on 2% inflation expectation.

It is vital that our expenditure strategy remains responsive to an evolving economic environment, while remaining fiscally sustainable. The past few years have seen a number of external shocks including Covid-19 pandemic, Brexit, war in Ukraine and elevated inflationary environment. In order to respond to these challenges, two fiscal policy changes have been implemented.

Firstly, for 2022 and 2023, Government set aside the 5% MTEF growth rate on a temporary basis. Planned expenditure growth is now 6.5% and 6.2% for 2022 and 2023 respectively. This approach has sought to strike a balance between helping to protect public services whilst avoiding adding to inflationary pressures.

Secondly, funding outside of the core expenditure base has been utilised to respond to the external shocks. This non-core expenditure has provided flexibility and protected day-to-day spending on key Government priorities.

Total resources available for 2023, as set out in the Revised Estimates, is €91.1 billion. This is comprised of €85.9 billion in core expenditure and €5.2 billion in non-core expenditure. This expenditure will support the sustainable delivery of public services and infrastructure. Additional funding for 2022 was also announced on Budget Day to provide supports for households, businesses and public and community services with inflationary burden. This included €2.2 billion Winter Cost of Living Package for households, launch of TBESS and Ukraine Enterprise Crisis Scheme for businesses and €340 million for public and community services.

Medium Term Expenditure Challenges
In addition to domestic rules, since 2020 and the advent of the Covid pandemic, the European Commission activated an ‘escape clause’ from its fiscal rules (Ireland is in the ‘preventive’ arm of the Stability and Growth Pact). The escape clause will remain in situ during 2023 but there will likely be an introduction of new, or adapted, fiscal rules at EU level in the medium term. Thus any expenditure proposals and strategy will have to be considered in the context of these potential new rules and the level of public debt.

There are a number of challenges to the ongoing sustainable management of public expenditure. These include an expanding population coupled with changing demographic profile, ensuring expenditure is achieving the intended outcomes and value for money, delivering on key Government policies including in social protection, healthcare, childcare, housing, the range of critical infrastructure projects set out in the National Development Plan, achievement of ambitious climate targets etc. This requires ongoing prioritisation of resources in the context of both Medium Term Expenditure Framework, the overall macroeconomic environment including the performance of tax receipts, and the EU fiscal rules.

NDP and capital allocations

The National Development Plan (NDP) published in October 2021 provides a detailed and positive vision for Ireland over the next 10 years, and sees total public investment of €165 billion over the period 2021-2030. In 2022, almost €12 billion is available to spend on vital infrastructure in areas such as housing, transport, education, enterprise, sport and climate action. As of end-November 2022, cumulative net capital expenditure of €6.7 billion was €1.6 billion or 19.4% behind the profile of €8.3 billion. In Budget 2023, an additional €800 million was announced which will be made available under the NDP for core capital spending, bringing the total core capital spending to €12.4 billion in 2023.

NDP delivery has been challenged as a result of pandemic related pauses in the sector, and the inflationary impacts from both Covid and the war in Ukraine. The main issues impacting delivery in 2022 are construction inflation, ongoing supply chain challenges, delays in progress of some contracts due to Covid issues and access to labour supply to meet ambitious retrofitting and housing targets. Reforms are ongoing in governance and broader capability to help ensure successful delivery. The NDP sets out the range of actions that are being taken to strengthen delivery, maximise value for money and ensure to the extent possible that projects are delivered on time, on budget and with the benefits targeted at the outset.

A key challenge for the Department in 2023 will be extending the NDP ceilings beyond 2025 in the context of maintaining rolling 5-year NDP allocations. The Department will need to establish a process to add sectoral capital allocations for 2026, 2027 and 2028. [redacted]

Climate Change

The updated Climate Action Plan is the first statutory plan which sets out a roadmap of sector specific actions that comply with the carbon budgets and sectoral emissions ceilings that have been agreed by Government. The challenge for the Department of the Environment, Climate and Communications and Government is to produce and execute a plan that meets this legislative requirement, and which is also credible and realistic in terms of the scale and timing of actions. Striking this balance will be particularly challenging over the period of the first carbon budget 2021-2025. Greenhouse gas emissions rose in 2021 and per just published SEAI data are rising again in 2022 (driven by the Transport and Electricity sectors), which will increase the scale of the reductions required in the next three years to meet these legally binding targets.

This Department's priority next year is to support the development of consistent and coherent climate policy that is fair, financially sustainable and represents good value for money. This will include:

- Continued implementation of green budgeting to increase transparency and accountability of public expenditure on climate action;
- Strengthening our understanding of the macroeconomic impacts of climate change and climate action, and how this is distributed across the public and private sector;
- Updating the Public Spending Code to more fully incorporate climate impacts and indirect effects of policy decisions;
- Enhanced coordination across all Divisions within the Department to anticipate policy challenges and formulate coordinated responses; and
- We will also continue to provide our input to Senior Official Groups and relevant cabinet committees on our view of the measures, actions and commitment in the CAP and the risks arising from non-compliance.

Public Service Pay

In 2022, the Gross Exchequer Pay Bill is estimated at €22.7 billion, which is approximately one third of all current expenditure. The two key drivers of the Public Service Pay Bill are the numbers of public servants employed and the rate at which they are paid. On average, the Exchequer pay bill has grown by approximately €1 billion per year over the last number of years. It is estimated that approximately one third of this increase relates to pay increases under Public Service Agreements, with the remainder a result of increases on public service numbers over the same period. At Q3 2022, public service numbers were approximately 372,000 FTE.

It is clear that managing the pay bill at sustainable levels will be an ongoing challenge going forward. The Public Service Resourcing Division with responsibility for both pay and numbers policy will have a key role to play in overseeing the prudent management of this important element of public expenditure.

The current inflationary environment poses particular pressures for pay stability and for industrial peace. The review and extension of Building Momentum in August 2022 was a key development in terms of ensuring much needed stability across the public service during this period. The review was initiated following the triggering of the review clause in the Agreement by ICTU and other representative associations in light of rising inflation and cost of living increases. The amended agreement was extended by 12 months and runs to end 2023.

[redacted]

Public Service Transformation including Digital Government

Alongside the overall management of public expenditure, driving the reform of the Public Service is a core function of the Department under its establishing legislation. The Department plays a central role in leading and supporting the transformation programme in the Civil and Public Service, with the key pillars being Digital First and Scaling Innovation; Workforce, Workplace and Organisation of the Future; and Evidence-Informed Policy and Services.

The successor to the current overarching framework for Public Service Transformation (Our Public Service 2020) will be presented for approval to the Minister in Q1 2023 and will be aligned to Civil Service Renewal, presenting one coherent framework for transformation. The main focus of the next phase of public service transformation will be on enhancing policy and service delivery to provide a positive impact for citizens. A core focus of this work will be on better designed and integrated public services for better lives for the people of Ireland including greater delivery of services through digital channels. In some areas this will represent a significant change in service delivery and it will be necessary to support the public service workforce through this transition.

A historic focus on the specific operations of individual organisations has always posed a challenge to ambitions to deliver integrated services to the citizen. The Digital Transformation Agenda (e.g. Connected Government 2030 and MyGovID) and Design in Government Principles provide an opportunity to tackle this. For example, planned work on the life events portal will bring together a number of organisations to deliver a seamless service to the citizen.

This transition to a user-centric public service that is designed for a seamless user experience across all Departments / agencies will involve a significant step-change from Public Service Organisations. It will require a concerted whole-of-government commitment to the principle of putting the citizen at the centre of the design of services and policy and to identifying and delivering high volume and high impact services for reconfiguration. This work will also need to be supported by an action plan to upskill and reskill public servants.

Public Procurement

Public procurement represents a significant proportion of Government spending. Within the Public Service, it totals an estimated €20 billion per annum, of which approximately €11 billion is on capital works and €9 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. 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.

In the 2022 Operating Model Review of the Department, the report noted that Government in its procurement reform decisions of 2012 and 2013 decided that the OGP should be established on a statutory footing. However, the required legislation to achieve is yet to be progressed. The review noted that this policy objective should be advanced as soon as practicable and, in the meantime, the OGP continues to be a Division of the Department. 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.

Senior Management Team

Secretary General
David Moloney

Heads of Divisions


John Conlon – Climate


John Kinnane – Expenditure Policy (and Public Service Delivery)


Barry Lowry – Office of the Government Chief Information Officer


Paul Quinn – Office of Government Procurement


Jasmina Behan – Work and Pensions (and Public Service Delivery)


Colin Menton – Public Service Resourcing


Marianne Cassidy – Public Service Transformation


Shirley Comerford – Public Service Workforce


Claire O'Reilly – HR Strategy Unit


David Feeney – Corporate Office


Tom O'Connell – Chief Medical Officer

Climate Division

Assistant Secretary: John Conlon

Overview of Division

The Division is responsible for the oversight of the funding of climate action, capital investment policies and the Department's climate research. The Division also advises the Minister and Government on the public expenditure implications of climate action commitments. It drives the implementation of the NDP in the context of Project Ireland 2040 and has responsibility for the management of the following Votes: Transport; Agriculture, Fisheries and the Marine; OPW; Environment, Climate and Communications; Foreign Affairs and Overseas Development.

Key Responsibilities

- Managing the relationship with the above five Vote Groups to promote disciplined delivery within budget, and supporting reform initiatives in those sectors.

- Leading and reporting on government-wide infrastructure investment under the National Development Plan 2021-30 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.

- Ensuring Ireland's transition to a climate neutral economy is achieved in the most economically efficient and equitable means.

- Providing oversight on behalf of DPER in relation to climate research.

- Developing and implementing a national performance budgeting framework and coordinating the development and appraisal of cross-Divisional and cross-Departmental climate policy.

Key Strategic Issues

Managing Public Expenditure

- Maintain a credible and sustainable multiannual capital framework by agreeing rolling five year multi-annual capital allocations which can be matched by delivery.

Effective Delivery of Infrastructure Investment under Project Ireland 2040

- Support Project Ireland 2040 Delivery Board through supporting external members on PI 2040 Delivery Board, revamped investment project tracker, and timely data on capital expenditure profiles.

- Support the “visible delivery” of PI2040 including Annual Report, regional reports, MyProjectIreland map and capital tracker and rolling-out EPPM to investigate new ways of collecting and presenting data on PI2040 implementation.

- Lead engagement with the Construction sector on innovation and productivity including through the Construction Sector Group, BUILD report and developing an impactful role for the Build Digital Project to promote BIM adoption.

- Support VFM through ongoing EAP and MPAG process, in addition to streamlining of PSC. PSC enhancements to focus on greater consideration of climate impacts.

- Research in relation to economic impacts of investment, macro-economic review of construction sector and PSC components.

- In line with Public Spending Code guidelines, monitor, review and analyse progress of mega capital projects including MetroLink, BusConnects and DART Plus (Vote and NIO).

Climate Coordination and driving the implementation of Performance Budgeting

- Ongoing work to develop and integrate the Well-being Framework into the budgetary and policy-making processes in line with the Programme for Government commitment to utilise it in a systematic way across government policy making in evaluating programmes, reporting progress and setting budgetary priorities (as an important complement to existing economic measurement tools).

- Continued implementation and development of performance and equality budgeting across Government, in order to achieve greater transparency, accountability and value for money from public expenditure.

- Developing an SDG budgeting framework and coordinating the reporting of DPER SDG activity.

- Implementation of green budgeting to promote transparency, accountability and value for money in relation to Ireland’s response to climate change.

- Oversight and monitoring of progress on the climate action plan, coordination of policy development and policy appraisal in respect of climate action and climate expenditure.

Managing Climate Research, Evaluation and Oversight

- To monitor and oversee climate policy developments and progress towards achievement of climate goals in a way that is financially sustainable and represents good value for money. This includes meeting legally binding targets at EU level on greenhouse gas emissions in the non-ETS sector and on renewable energy levels, which will give rise to compliance cost if not met.

- DPER is undertaking a review of several aspects of the Public Spending Code. The Government’s climate ambitions have been considerably strengthened over the last year. DPER is working with UCC’s MAREI to carry out the modelling required to update the shadow prices included in the Public Spending Code.

- The National Investment Office (NIO) and Climate Research, Evaluation and Oversight are also working with the Organisation for Economic Co-operation and Development (OECD), funded by the EU Commission through DG REFORM’s Technical Support

Instrument, on evolving two aspects of the Public Spending Code. The project is working on progressing a new model for assessing the emissions impact of infrastructure investment. Secondly, the work is examining how Government should consider and appraise investments that may be vulnerable to the impacts of climate change. The OECD are due to report their findings to DPER in Q1 2023.

- To continue to drive research and policy analysis on a number of topics on an ad hoc basis. To date, such topics have included: Climate Harmful Subsidies Paper; Offshore Electricity; Onshore Renewable Energy; Renewable Heat and Energy Prices.

Risks/Challenges

Key Risks and Challenges for NDP delivery

- Capacity constraints and timing issues continue to generate risk in efficient delivery of capital projects.

- Risks of continued under spend in some sectors (Housing, Transport, DECC) and optics for the delivery of the NDP.

- Public Sector capacity for capital works; including meeting minimum planning standards, minimum PSC requirements and incorporating CSG/HfA reforms (such as BIM standards, use of Modern Methods of Construction, Green Procurement etc.)

- Retaining and upskilling labour in the construction sector.

- Agreeing rolling 5 year multi-annual capital allocations will likely be a challenge.

Key Risks and Challenges for Climate Action & Performance Budgeting

- Ensuring the performance budgetary framework and other reforms are prioritised and integrated in a progressive and proportionate way across the whole-of-government.

- Ensuring that information about, and insights from, performance budgeting are embedded into policy making and oversight processes.

- Failure to reduce our greenhouse gas emissions in line with domestic and European targets will lead to reputational damage and significant compliance costs. According to the EPA's provisional greenhouse gas emissions for 2021, Ireland has already used 23.5% of the first carbon budget for 2021. To stay within budget for the first carbon budget now requires an average annual reduction in emissions of 8.4% from 2022 to 2025. Ireland's emissions increased in 2021 and may increase again in 2022. Ireland is at risk of exceeding the first carbon budget.

- Overcoming methodological challenges to ensure that climate action is costed correctly and supporting the expansion of green budgeting as a means of aligning public expenditure with our national response to climate change.

Key Risks and Challenges for DECC/DFA Vote

- The conflict in Ukraine has exacerbated risks around the security of Ireland's energy supplies and energy costs. The Exchequer has already had to intervene significantly (€1.95bn) in 2022 to support the provision of emergency generation and household energy credits. Further significant Government decisions are likely to be required imminently in areas such as gas supply.

- The Department of Environment, Climate and Communications is responsible for a number of sectoral emission ceilings that will be extremely challenging to meet. Exchequer resources for these have been allocated to 2030 in the NDP but further work is required to maximise the impact of this spending and support it with complementary regulatory initiatives.

- Appropriately balancing the investment growth required in commercial semi-states in the energy sector to meet climate and energy goals with financial sustainability will continue to be a key challenge. Outside the energy sector, the decline in mail volumes and increasing parcel competition poses challenges for the sustainability of the postal network.

- The conflict in Ukraine is placing upward pressure on Ireland's Overseas Development Assistance, with significant additional funding provided in 2022 and 2023. In addition, the Government has committed to significantly increasing the level of climate finance within ODA by 2025.

Key Risks and Challenges for Agriculture Vote

- There is ongoing uncertainty as to the timing of further impacts from Brexit which continues to pose a significant threat to the agri-food sector. The AFM Vote has been the recipient of significant Brexit Adjustment Reserve allocations. 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.

- DAFM introduced temporary measures to help with the adjustment process to the change in prices for agricultural inputs due to the war in Ukraine. These included a payment to farmers producing animal fodder and payments for additional land brought into crop cultivation.

- The emissions ceiling for agriculture has been set at a level requiring a 25% reduction by 2030 (compared to 2018). DAFM also have a significant contribution to make to the Land Use Land Change and Forestry (LULUCF) sector emissions reductions to be achieved. 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 by incentivising behavioural change 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.

Key Risks and Challenges for Transport Vote

- Public Significant upward pressure on the Public Service Obligations payments to public transport providers due to reduced fare revenue. Additional temporary funding has been provided to support PSO payments due to fare revenue being lower than 2019 and new measures introduced under cost of living response to end 2023 which have reduced average fare per journey and temporarily eroded revenue base. We need to revert to pre-COVID position where the PSO was largely funded by fare revenue.

- The management of the National Development Plan in both the short and medium term including dealing with inflation, reprioritization of projects within overall NDP ceilings.

- The emissions ceiling has been set for the transport sector at a level requiring a 50% reduction by 2030 (compared to 2018).

Key Risks and Challenges for OPW

- Delivery of major flood relief schemes is dependent on securing relevant planning permission. In recent years a number of schemes have been delayed due to legal challenges being taken. As such, timing issues and delays can greatly impact the timeframe for delivery of these works and lead to underspends in the associated line of expenditure allocated.

- As OPW are responsible for the delivery and maintenance of flood relief schemes, they are price sensitive to inflationary pressures in the construction sector and associated raw materials. The OPW are also price sensitive in terms of the commercial property market in its role in maintaining a large portion of the State's property portfolio.

- OPW are performing a sponsoring role in meeting a number of cross-government challenges. This includes acting on behalf of DCEDIY to procure and deliver 500 modular units to support the accommodation of up to 2,000 refugees from Ukraine. In addition, OPW are also playing a key strategic role in provision of appropriate infrastructure at Rosslare in response to Brexit.

Senior Management in Division

Marie Mulvihill

Responsibility at Principal level for (i) monitoring of expenditure in relation to three Vote Groups – Agriculture Food and the Marine (DAFM), Transport and the Office of Public Works and (ii) the provision of policy advice in relation to the three Vote Groups (including in relation to bodies operating under the aegis of DAFM & Transport).

Kevin Meaney

Responsibility at Principal level for the National Investment Office. This includes monitoring Project Ireland 2040 and National Development Plan delivery; analysis and secretariat supports for the Project Ireland 2040 Delivery Board; ongoing policy and reform of the Public Spending Code, including technical reviews of business cases for major infrastructure projects; coordination of portfolio reporting on progress with major infrastructure development; analysis and secretariat supports for the Construction Sector Group; and economic analysis on issues related to construction sector capacity and productivity.

Ken Cleary

Responsibility at Principal level for (i) monitoring of expenditure in relation to three Vote Groups – Environment, Climate and Communications (DECC) and Foreign Affairs (DFA) and Official Development Assistance (ODA) (ii) policy advice in relation to the two Vote Groups (including in relation to bodies operating under the aegis of DECC). Additionally Ken is responsible at Principal level for the Climate Research, Evaluation and Oversight unit. This

newly created unit will undertake economic analysis of climate related matters, develop new tools and measures to provide insight to Government on climate related matters, including the distributional impact of climate policies and ensure that DPER tools and procedures sufficiently incorporate climate and environmental considerations.


Patrick Moran

Responsibility at Principal level for the Climate Coordination Unit, which focusses on coordinating and contributing to the development of climate policy and the allocation of carbon tax income, and improving transparency, efficiency and strategic alignment of public expenditure with Government priorities through the development and implementation of a performance budgeting framework.

Expenditure Policy Division

Acting Assistant Secretary: John Kinnane

Overview of Division

The Expenditure Policy Division supports the Department's mission in relation to sustainable, well-managed public expenditure and effective, responsive, transparent governance through the Division's responsibility for overall public expenditure policy, strategy and related reporting. This includes preparation of the annual Estimates and Mid-Year Expenditure Report as well as the development of the Medium Term Expenditure Framework, Spending Review; and for promoting highest standards in public financial management, reporting and corporate governance.

It is responsible for Government reform commitments to promote and support open, accountable and transparent government and Government Accounting, including preparation of appropriation accounts, the code of governance for state bodies, public financial procedures and related issues.

The Division is responsible for EU Coordination, Cohesion Policy, the EU Structural and Investment Funds, the Brexit Adjustment Reserve and the Recovery and Resilience Facility including the management of related ICT systems. The Division is responsible for North / South issues, North / South Bodies and the Department's role in relation to EU Cross border programmes. In addition, the Division is responsible for the EU and Internal Audit Unit.

Key Responsibilities

- The delivery of the whole of year budgeting process, including the spending review. The key outputs of the budgetary process include; monthly expenditure profiles, revised and supplementary estimates, the mid-year expenditure report, the Appropriation Bill, and budget expenditure documentation.

- Leading and developing on expenditure strategy and policy to ensure fiscal sustainability, which will help inform the Summer Economic Statement and the expenditure strategy pursued for Budget 2024.

- Promoting expenditure reforms (such as the Spending Review process), to support evidence-based analysis, value-for-money expenditure, transparency and the allocation of funds in line with national and Government priorities.

- Co-ordination and communication of the Department's overall position and rationale on public expenditure and dissemination of consistent spending data and information.

- Maintaining the rulebooks on Public Financial Procedures, Appraisal and Corporate Governance in the public sector, while updating and innovating in line with best international practice.

- Promoting and supporting open, accountable and transparent government and public administration and good governance through a set of government reform policies

including freedom of information, protected disclosures, ethics in public office and regulation of lobbying.

- To coordinate and oversee the implementation of EU programmes and contribute to EU and wider International policy in a range of areas, notably the European Structural and Investment Funds and wider cohesion policy, the Recovery and Resilience Facility, and the Brexit Adjustment Reserve; the European Semester, the EU response to the conflict in the Ukraine, and promoting North-South co-operation, including through PEACE PLUS.

- The Internal & EU Audit Unit is responsible for verifying the effective functioning of 2014/20 ERDF management and control systems (systems audits). The Authority also audits declared expenditure (operational audits) and the annual accounts of each Programme. Since 2021, the Unit is the designated Independent Audit Body for the Recovery and Resilience Fund (RRF) and the Brexit Adjustment Reserve (BAR), and, since 2022, the Audit Authority for the Just Transition Fund (JTF).

- Internal Audit provide an internal audit service to both D/PER and to the Department of Finance, reporting direct to the respective Accounting Officers (Secretaries General) and Audit Committees.

Key Strategic Issues for Incoming Minister including Risks/Challenges

Managing Public Expenditure

Economic activity rebounded strongly as society reopened from the Covid 19 pandemic. The supports provided throughout the Covid crisis were possible due to the strong position of the economy prior to the pandemic and the temporary response measures through 2020 to 2021 ensured that our economy was primed to recover strongly. The war in Ukraine, significantly higher inflation, increased borrowing costs and supply chain issues presented new challenges to the economy during 2022 that required State intervention that will roll into 2023.

(1) Medium Term Expenditure Framework (MTEF) and EU Fiscal Rules

It is vital that our expenditure strategy remains responsive to a challenging economic environment while remaining fiscally sustainable. Sustainable expenditure, over the medium-term, is delivered through a Medium Term Expenditure Framework (MTEF) which provides for:

- Setting the core expenditure growth rate at sustainable levels (5%); and

- Providing ongoing improvements in public services.

For 2022 and 2023, Government set aside the 5% MTEF rule on a temporary basis to deal with the external shocks to society.

In addition to domestic rules, since 2020 and the advent of the Covid pandemic, the European Commission activated an ‘escape clause’ from its fiscal rules (Ireland is in the ‘preventive’ arm of the Stability and Growth Pact). The escape clause will remain in situ during 2023 but there will likely be an introduction of new, or adapted, fiscal rules at EU level in the medium term. Thus any expenditure proposals and strategy will have to be considered in the context these potential new rules and the level of public debt.

(2) 2022 Developments

Budget 2022 delivered a package of almost €1.7Bn in support measures for an initial cost of living package which reflected mounting price pressures at the time (including an initial €100 Energy Credit per household). However, a further post budget package of measures was announced in February 2022 to mitigate the impact of a now growing cost of living crisis (doubling the Energy Credit for example), with a value of over half a billion euro. An additional €700 million of tax supports were also announced as part of the package. Altogether this brought the 2022 cost of living package to just under €3Bn.

While the cost of energy and ongoing supply issues were a core ingredient of inflationary pressure, the war in Ukraine exacerbated the situation, resulting in a spike not only of energy prices but a refugee crisis that became a Government priority.

(3) Budget & Revised Estimates 2023

Taking account of the altered economic landscape, a temporary upward adjustment was made to the MTEF to deal with the cost of living crisis, resulting in an additional €1.8 billion in funding being made available for core expenditure in 2023 above that originally expected in the Stability Programme Update in April (moving overall core expenditure to €85.9 billion for 2023, an increase of €5.8 billion or 6.3% on 2022).

This is made up of:

- Core Gross Voted Current Expenditure of €74.2 billion (6.2% above 2022); and
- Core Gross Voted Capital Expenditure of €11.6 billion (7% above 2022).

While gross voted expenditure grew by 6.3% overall to cater for the changed economic landscape, a return to the MTEF is expected in 2024.

Expenditure for non-core, temporary measures are dealt with separately from expenditure on core programmes and infrastructure, thus avoiding embedding the measures introduced to mitigate temporary external challenges in the permanent expenditure base. Funding for temporary measures of €5.2 billion was also provided as below, meaning the total gross voted expenditure in 2023 was set at €91.1 billion (€85.9 billion + €5.2 billion).

Of the revised €5.15 billion of non-core expenditure, €4 billion has now been allocated to Departments with circa **€1.1 billion remaining in reserve**. The post-Rev revised position is set out in the table below.

	Budget 2023	**REV 2023**	**Of Which is Allocated**
Covid (including NRRP)	€1.7bn	€1.7bn	€1.5bn
Ukraine	€2.0bn	€2.0bn	€1.5bn
Other (including BAR)	€0.8bn	€0.8bn	€0.4bn
Temporary Business Energy Support Scheme (TBESS)	n/a	€0.65bn	€0.65bn
Total	**€4.5bn**	**€5.15bn**	**€4bn**

While inflation is high at present, it is forecast to ease gradually over the course of 2023. Therefore, in finalising the fiscal and budgetary parameters for Budget 2023, Government sought to strike a balance between helping to mitigate cost of living pressures and ensuring sustainability of the public finances in the medium term.

(4) Cost of Living
Ireland is not alone in facing high levels of inflation. While the cost of living crisis is driven by price rises, the State cannot fully absorb the costs of inflation. The Government has already expended significant resources offsetting the impact of inflation for households so any additional interventions, if required, should be viewed in this context and abide by the principles of being targeted, timely and temporary.

Significant measures have been provided to protect those that may be struggling due to price pressures, particularly for those on lower incomes. Prior to Budget 2023, Government had already delivered €3 billion in supports for household, businesses and other sectors of the economy. Budget 2023 provided a further c. €4.5bn in expenditure measures to respond to support households, public and community services and businesses including:

- €2.2 billion in temporary, targeted cost of living measures for households;
- €1.3 billion in permanent 2023 measures to help with cost of living including social protection scheme increases and childcare;
- €0.3 billion for payment of Christmas Bonus to eligible Social Protection recipients;
- €0.3 billion one-off financial support for public and community services struggling with increased energy prices;
- €0.2 billion Ukraine Emergency Response Scheme to support businesses; and
- €0.15 billion for the continuation in 2023 of the 20% average fare reduction on Public Transport and the Young Adult Card on Public Service Obligation bus and rail services.

Funding similar levels of costs of living supports over a longer period of time would have consequences on the availability of additional expenditure for any medium term government priorities. Prudent fiscal management in the short to medium term, as adapted in the temporary measures taken Budget 2023, strengthens the State's position to act in the future.

Any policy interventions in this area should be congruent with longer term policy objectives e.g. such as promotion of public transport usage/reduced fossil fuel usage.

(5) Covid
Ireland's successful vaccination programme resulted in an improved situation throughout 2022 allowing society to reopen successfully and remain open. The Summer Economic Statement 2022 set out an indicative provision of €1Bn for continuing Covid related supports but this was increased to €1.7Bn in Budget 2023 (including EU funding under the National Resilience and Recovery Plan) following an assessment of the requirements across all sectors (principally to provide for further public health measures but also for enhanced programmes and measures in schools, tourism and transport).

€1.2Bn of this funding has been allocated for 2023 so far, with funding provision for 2024 falling back to €0.7Bn. This expenditure will be monitored as part of the estimates process.

(6) Ukrainian Crisis
Though Budget 2023 has provided for significant funding for this crisis, the department continues to assess the potential impact on expenditure policy into 2023 and beyond.

(7) Spending Review Process
The Spending Review is a cross departmental collaborative process under the reform agenda which produces a large number of analytical / research papers across a range of policy areas every year. The Department takes the lead on managing and delivering the process and is presently reviewing its governance structures and operation. There is an ongoing challenge to get external buy-in to the process and to ensure the impacts / outcomes of policies are measured and disseminated.

Short Term Risks and Challenges

- **Management of the MTEF in an inflationary landscape**: The 2021 Summer Economic Statement (SES) set out a Medium Term Expenditure Framework which linked the core expenditure growth rate to the trend growth rate of the economy. This planned for total core expenditure growth at an average annual rate of 5 per cent out to 2025.

- Recent high levels of inflation and a retraction in growth added to the complexity in the formulation of the fiscal strategy for 2023 and may continue to do so due to external factors. In the current inflationary context, a 5% growth in core spending would imply a real decline in investment in public services. Therefore, the principal challenge on the expenditure policy side is to deliver sustainable public expenditure while balancing the need to protect the real value of public services and support citizens without adding further to inflationary pressures.

- Budget 2023 reflected a two pronged approach to combat these inflationary pressures;
  - It increased the core expenditure growth rate on a temporary basis for 2022 and 2023, supporting our public services; and
  - Used funding outside of the core expenditure base for one-off or short-term measures to help households, businesses and wider society with aspects of inflation.

- There is an ongoing challenge to manage public expenditure under the sustainable MTEF in an inflationary environment.

- **Continued Unwinding of Non-Core Temporary Expenditure**: While the two pronged budgetary policy was adapted to meet external shocks and is temporary in nature, there may be a challenge to ensure that this temporary funding is unwound.

- **Management of Existing Level of Service Pressures**: The 2021 Summer Economic Statement set out a different approach to previous years in providing for Existing Levels of Service (ELS) costs within the budgetary parameters each year.

- Whereas previously an amount was set aside for demographics in certain departments, the cost of pay deals and carryover of prior year Budget measures, under the 2021 approach a provision of 3% of the core current expenditure base is now made for ELS costs.

- The 3% is an *overall* provision and the breakdown of this is not predetermined in advance of the estimates process. The funding requirements by each of the categories covered by the ELS provision and by each Ministerial Vote group is decided annually as part of the budget process. Therefore, the extent that the additional cost for ELS is less than the 3% provision earmarked, this would increase the amount available for new measures and vice versa.

- A range of factors were considered in determining the breakdown and amount of ELS allocated as part of Budget 2023 such as; actual demand in the current year compared to that underpinning the allocation, potential impacts of new and existing initiatives, impact of demographics, price pressures and capacity constraints. The actual amount determined as required for ELS costs in Budget 2023 was €1.9 billion, or 2.7% of the core current base.

Medium to Long –Term Risks and Challenges

- **Demographics**: If current demographic trends continue to be observed, by 2050 Ireland will only have 2 workers for every person at pension age, as opposed to 4 workers for every pensioner at present. Such an aging population places huge demands on expenditure on the State pension and related benefits, health and hospital capacity and on exchequer receipts. This is a long term serious risk to the sustainability of Government expenditure. The Department will continue to assess the risks to Government expenditure in the longer term.

- **Climate Related Expenditure**: Ireland has missed its emissions targets to date and with an energy crisis now in place due to the war in Ukraine, further pressure will be placed on Government and expenditure policy in terms of meeting these targets. In the short to medium term the State will continue to pay fines to the EU in relation to missed targets.

- Under the new structure of the Department, there is a Division tasked with informing and monitoring expenditure across this challenging priority.

- **Ukraine:** The cost impact of Covid 19 and Brexit should retreat into the medium term but the impact of the war in Ukraine and the resultant refugee crisis remains uncertain.

- The provision of humanitarian supports to Ukrainian refugees has been a key Government priority during 2022. Support services have included the provision of accommodation, social protection support, education and support for community responses. Fiscal costs are expected to be in the region of €1 billion for 2022 and a within a range of €1.6 to €2.2 billion in 2023. It is expected the most significant allocations will relate to the provision of accommodation and social welfare supports.

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 is following 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”, with external and professional membership, is helping 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 full 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 rollout of the FMSS project was subject to delay. However, the first wave of clients (10 Votes out of 45 Votes) which includes the Department of Finance as well as this Department went live on 19 April 2022. The next wave of clients is expected to be Department of Justice accounting clients including the Departments of Transport and Taoiseach. It is expected the second wave will go live in early 2024.

Government Reform

- The **Protected Disclosures** (Amendment) Act 2022, which transposes the EU Whistleblowing Directive, will commence on 1 January 2023. This gives time for both private and public sector employers to establish reporting channels for whistleblowers as required by the legislation and for the establishment of the Office of the Protected Disclosures Commissioner. An awareness campaign has been initiated targeted in the first instance at employers and public bodies. This will be expanded to workers following commencement. A number of further statutory instruments will be prepared to implement the legislation, in particular updating the list of prescribed persons designated to receive external disclosures.

- The **Regulation of Lobbying** (Amendment) Bill 2022 is scheduled to be considered at Committee stage in the Dáil on 30 November 2022. The Bill, if enacted, will strengthen the existing legislation and its enforcement including introducing civil and administrative sanctions for contraventions of the cooling off period for relevant designated public officials.

- The 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”. This will be achieved by statutory instrument following consultation with Departments and public bodies to determine which public servants should be added as designated public officials for the purpose of the Lobbying Register. It is intended that work on this project will be progressed in January 2023.

- The Programme for Government commits to “reform and consolidate the **Ethics in Public Office** legislation”. As a first step in meeting that commitment, a review of the Ethics legislation is almost complete. The Department is currently engaging with major public sector stakeholders to finalise the review report. It is intended that Ministerial and Government approval will then be sought to prepare a General Scheme in line with the recommendations arising from the review. The recommendations are informed by analysis of the existing framework, input from the public consultation and engagement with stakeholders, recommendations made by GRECO[1] and the EU’s Rule of Law process, and consideration of international good practice.

- The review of the **Freedom of Information** Act is at an advanced stage. Almost 1,300 submissions were received from individuals and organisations in the course of the consultations held as part of the review. The initial findings and recommendations of the review are under consideration. There are two planks being considered – short to medium term measures to improve the FOI process requiring statutory guidance and

[1] Council of Europe Group of States against Corruption

amending legislation and longer term transparency projects requiring greater collaboration with public sector stakeholders.

Challenges and Risks for Government Reform

- Ireland missed the EU Whistleblowing Directive's transposition deadline of 17 December 2021. Only 5 of the 27 EU Member States had enacted laws to give effect to the Directive by the deadline. Ireland will face infringement proceedings and a notification from the EU has been received to that effect. The precise form of any sanctions for failing to meet the deadline is not yet known.

- There is a significant amount of legislative reform being delivered in tandem at present including amendments to the Department's body of government reform legislation and amendments in other Departments in areas such as electoral reform. The Standards in Public Office Commission is responsible for implementing these legislative frameworks. It is important that there is capacity in the Commission to implement the revised legislative framework and the amendments to the legislation complement each other as appropriate.

- The Banking Inquiry made a number of recommendations for changes to the **House of the Oireachtas (Inquiries, Privileges and Procedures)** Act 2013. The Department has been considering the recommendations and has consulted with the Office of the Attorney General. The Houses of the Oireachtas are considering what actions may be required to fully respond to the Supreme Court Kerins ruling. The required legislative amendments are not currently in the Departments work programme. Any potential Oireachtas inquiry into Ireland's response to Covid may necessitate urgent changes to the legislation.

EU & International Co-ordination and EU Funds – Cohesion Policy, National Recovery and Resilience Plan and Brexit Adjustment Reserve Fund/Brexit

- The Division's three PO Units are responsible for a) EU and International Co-ordination b) Cohesion Policy including EU Structural and Investment Funds, EU Cross border programmes and North / South, c) the National Recovery and Resilience Plan funded by RRF), d) the Brexit Adjustment Reserve and including the management of related ICT systems. In addition, the Division is responsible for the EU and Internal Audit Unit.

- Each unit progresses the work and co-ordinates elements of the PER input on a range of **EU and International** policy areas, reflecting the growing EU and international footprint, including the European Semester process and EU funding.

- The strategic priorities for each Unit 2023 include:
  - Deepening our EU and International Engagement.
  - Strategic engagement in cross Government work (in particular with D/Taoiseach, D/Finance, D/Foreign Affairs).
  - Ensuring a coordinated, consistent PER position on EU and International matters.
  - Regular communication with PER Attaché to promote Ireland's interests.

EU Funds – Cohesion Policy is responsible for:

- Ireland's input into EU Cohesion Policy - which absorbs one third of the EU Budget. Negotiate on all legislative amendments on Cohesion Policy Legislative package. Member state representation at Cohesion policy meetings.

- ERDF and 3 European Territorial Cooperation programmes, including the 2021-2027 ERDF programmes, the 2021-27 PEACE PLUS Programme, 2014-20 PEACE IV and

INTERREG VA Programmes; (iii) the Special EU Programmes Body (SEUPB) and cross-cutting financial and governance issues relating to North South Implementation Bodies under the Good Friday Agreement.

- Joint management of the Ireland-Northern Ireland cross-border PEACEPLUS (€1.1bn for 2021-2027) and European Territorial Cooperation (ETC) Programmes, (€294 million for the 2021 – 2027 period), joint oversight of the Special EU Programmes Body (SEUPB) and general governance matters relating to North-South Implementation Bodies (NSIBs).

- Regulatory communications role and responsibility for Cohesion funds across Government departments including European Regional Development Fund, European Social Fund, Just Transition Fund and Asylum Migration and Integration Fund and European Maritime and Fisheries Fund and are seeking a full time Cohesion Communication Coordinator.

- Strategic priorities in 2023 include:
  - Closure of 2014-2020 ERDF funding round with full drawdown of allocation.
  - Develop management and control procedures and guidance for bodies implementing under ERDF in the 2021-2027 funding round with complete rollout of IT system.
  - Financing agreement in place with PEACEPLUS cross-border programme launched.
  - Joint governance of and operational support to SEUPB, including implementation of organisational review.
  - Coordinator appointed and communications strategy for all Cohesion Policy Funds rolled out.
  - Manage the coordination of, and support the political engagement of Cohesion Policy matters, including attendance at GAC, Ministerial and DG level meetings.
  - Oversee the Irish implementation of three 2021-2027 ETC Programmes.
  - Support for the Minister at the North South Ministerial Council.

Challenges and Risks

- The €1.145bn PEACEPLUS programme (2021-27) was approved by the Government, the NI Executive, and the North South Ministerial Council in October 2021, and was agreed and adopted by the European Commission in July 2022. However implementation cannot commence until the Financing Agreement between the EU, the UK and Ireland is finalised and ratified. Drafting of the Financing Agreement has been at an advanced stage since spring 2022, but progress since then has been slow. At this point, the best case scenario is that the Financing Agreement can be completed and ratified in February 2022. This would allow the programme to open at the end of Q1 2023. All parties are aware that PEACPLUS needs to be operational by the 25th Anniversary of the Good Friday Agreement in 2023 at the latest.

- ICT System to manage ERDF and provide platform for BAR and JTF funds - significant work has been undertaken with OGCIO, external providers and all ERDF Programme bodies to fully configure an ICT solution to meet all of the EU Regulatory requirements under the Common Provisions Regulations. This will require continued investment and focus in 2023 to ensure the system is completed prior to June 2023.

- **EU & International and National Recovery and Resilience Plan –** The Unit has responsibility for progressing work on a range of EU and International policy areas; and managing the implementation of Ireland's National Recovery and Resilience Plan and the associated funding allocated to Ireland under the Recovery and Resilience Fund.

The National Recovery and Resilience Plan (NRRP) is funded under the EU's Recovery and Resilience Facility (RRF) with Ireland in line to receive €915 million in grants over the lifetime of the Facility. The plan sets out the sixteen investment projects and nine reform measures and their associated 109 milestones and targets covering the Green, Digital and Social priorities. The overall objective of the NRRP is to contribute to a sustainable, equitable, green and digital recovery effort, complementing and supporting the Government's broader recovery effort. The RRF is a performance-based instrument based on each project/reform meeting demanding milestones and targets. DPER is the Implementing Body for the NRRP, while a senior level NRRP Delivery Committee, co-chaired by DPER/DFIN and D/Taoiseach is responsible for driving implementation. However, responsibility for implementing the individual projects/reforms lies with the relevant Departments and bodies. The Unit also has responsibility for managing the DPER input to the European Semester Process and Global Ireland, and a range of other EU and wider International coordination issues.

- The strategic priorities in 2023 include:
  - Strategic engagement across Government, particularly D/FIN and D/Taoiseach - given the NRRP direct link with the European Semester process, D/FIN EU Meetings (EPC, EFC , FICO and ECOFIN) and D/Taoiseach on CSRs and reporting for the National Reform programme (NRP);
  - Deepening our EU and International Engagement and ensuring a coordinated, consistent PER position on EU and International matters;
  - Maximising the drawdown of allocated EU funding under the Recovery and Resilience Facility;
  - Continued implementation of NRRP including through proactive engagement with the 25 Project Leads on the attainment of their associated 109 milestones and targets;
  - Managing Governance structures (Bi-annual reporting to Government, Cabinet Committee, Delivery Committee (co-chaired with D/Taoiseach and D/Finance))
  - Ensuring monitoring, verification, checks and controls are in place and being implemented to protect the financial interests of the Union;
  - Meeting EU Regulatory requirements (Reporting - bi-annual progress reports, common indicators, other sources of EU funding, green expenditure reporting, and hosting annual event);
  - Formal submission of first payment claim following informal co-operation process with Commission;
  - Development, submission and negotiation with Commission on a RePowerEU Chapter to enable IE drawdown approx. €90m of additional grant funding;
  - Amendment of RRF under Article 21 of the regulation, taking account of milestones/targets that may no longer be achievable and the reduced level of funding; and
  - Continued development of PPM RRF system.

Challenges and Risks for the NRRP

- Failure to meet NRRP milestones and targets on time as set out in the Council Implementing Decision impacting on drawdown of allocated funding.

- Ensuring NRRP Implementing Body in DPER is adequately resourced to act as the lead authority for Ireland and meet regulatory RRF requirements in respect of management, reporting, verification and payment requests to the Commission.

EU Funds - Brexit and BAR

- This Unit has responsibility for the management of Ireland's claim to the Brexit Adjustment Reserve. The reserve was established by EU regulation in October 21, to provide c. €5.5 billion in support for EU member states who faced adverse impacts from the withdrawal of the UK from the EU. Allocations from the fund have been made to all EU members; Ireland is due to receive over 20% of the fund, or €1.165 billion.

- The EU regulation notes that at the time of finalisation of the regulation, the adverse effects arising from UK withdrawal are difficult to anticipate, and that member states should have flexibility in their use of the Fund. However, the regulation notes that it is likely that certain areas will be impacted and identifies issues in the areas of agriculture, fisheries, border and customs, certification of products, as potentially requiring support. Specific provision is made for fisheries, and a minimum of xx is to be allocated for that area in Ireland.

- In budgets 2022 and 2023, allocations of €54 and €272 million respectively were agreed. A further €200 million has been earmarked for Rosslare port improvements. The section has also identified a further balance of up to €1 billion in Brexit related spending which may be inclusion for the BAR claim. Finally, it is important to note that spend by Government in respect of Brexit adverse impacts has not and will not be limited to the funding provided in BAR. In many areas, Brexit impacts will further increase already existing spending pressures. The section will be reviewing such areas in 2023.

- Priorities in 2023 include:
  - Carry out an analysis of Brexit related expenditure undertaken across Government, and report on additional areas for inclusion in final claim;
  - Provision of economic analysis, where required, setting out the impact of Brexit being addressed by particular expenditure programmes;
  - Put in place appropriate oversight and monitoring mechanisms with other Departments to ensure spend is on time and on budget;
  - Continue development of necessary programme documentation, and management and monitoring arrangements to support submission of payment claim;
  - Working with OGCIO to meet EU IT requirements;
  - Coordinate work on Brexit expenditure across Departments, including in relation to development of ports infrastructure; and
  - Provision of an effective Independent Audit Body function (provided by the Internal & EU Audit Unit) to provide assurance to the European Commission that both RRF and BAR objectives and expenditure meet the regulatory requirements of the EU.

Challenges and Risks

- Failure to meet Commission requirements in respect of management of the programme.

- Inadequate expenditure programmes presented for inclusion in BAR claim (i.e. either inadequate in volume of spend, or compliance with Commission requirements).

Senior Management in Division


Dermot Byrne

Responsibility at Head of Unit (Principal) 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. In 2021, The NRRP and the BAR were added to the remit of EU Funds for audit by the Unit and, in 2022, the Unit assumed responsibility for the audit of the Just Transition Fund. 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.


Niamh Callaghan

Responsibility at Principal Officer for 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 EU fiscal rules and the EU Semester framework. Modelling the main expenditure cost drivers and overseeing Estimates reform including the multi-annual expenditure framework and Spending Review process.


Andrew Condon

Responsibility at Principal level for (i) Ireland's input into EU Cohesion Policy; (ii) lead responsibility for the ERDF and 3 European Territorial Cooperation programmes, including the 2014-2020 and 2021-2027 ERDF programmes, the 2021-27 PEACE PLUS Programme, 2014-20 PEACE IV and INTERREG VA Programmes; (iii) the Special EU Programmes Body (SEUPB) and cross-cutting financial and governance issues relating to North South Implementation Bodies under the Good Friday Agreement.

Fergal Costello

Responsibility at Principal level for the management of Ireland's claim to the Brexit Adjustment Reserve.

Jim Deane

Responsibility at Principal level for progressing work on a range of EU and International policy areas, including the DPER input into the European Semester process; and managing the implementation of Ireland's National Recovery and Resilience Plan and the associated funding allocated to Ireland under the Recovery and Resilience Fund.

Ciara Morgan

Responsibility at Principal level for Government Reform. Development of legislative and other Government reform commitments on ethics, lobbying policy and legislation, freedom of information policy and legislation, the Protected Disclosures Act and transposition of Directive (EU) 2019/1937, the Whistleblowing Directive

Kevin O'Brien

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.

Office of Government Chief Information Officer

Chief Information Officer: Barry Lowry

Overview of Division

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.

2023 will see the tenth anniversary of the establishment of the Office of the Government Chief Information Officer (OGCIO). OGCIO acts as the strategic advisor to Government on all matters digital. The division drives the digital transformation agenda across the Civil and Public Service through leading on ICT/ digital /data-related strategy development and implementation, the Digital Leaders subgroup of the Civil Service management Board, and engaging with multilateral organisations, in particular the EU, on policy matters and certain EU regulations. OGCIO also engages with industry, representative bodies and academia to further the national digital agenda.

Digital is an area that is drawing ever-greater interest and attention at Government and institutional level across Europe and the world, with numerous initiatives being launched by the EU, OECD, the UN and the World Bank. The EU Digital Decade programme involves dealing with a raft of legislation and commitments, including the 2030 targets set out in the EU Digital Compass, which covers Skills, Infrastructure, Business and Digital Government. The latter, which is being led by OGCIO, is particularly important as it is being increasingly recognised that a strong Digital Government model can help stimulate and drive a Nation's Digital Economy and overall GDP.

While Digital progress is clearly beneficial for, and welcomed by society, it brings risk that sections of society will be left behind by the pace of change. OGCIO, on behalf of DPER, has therefore agreed to lead a cross-departmental group looking at how Ireland can be an exemplar in addressing Digital Inclusion.

The Public Service in Ireland must therefore harness digitalisation to drive a step-change in how people, businesses, and policy makers interact, ensuring interoperability across all levels of government and across public services but in a way that also protects those who cannot (yet) engage digitally. In response to the new national digital strategy, which aligned to the EU Digital Compass, in early 2022 OGCIO published **Connecting Government 2030: A Digital and ICT Strategy for Ireland's Public Service**, which sets out an approach to deliver digital government for all, benefitting both society and the broader economy.

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. Furthermore, OGCIO 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 Cloud Computing Advice Note.

The division also provides ICT services for the Department, primarily through the Build to Share suite of services. 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.

In addition, to its significant engagement with the EU, OGCIO is very active within the OECD Digital Leaders group, and has been asked through this engagement to support other member countries, especially in the area of data governance and trust, where Ireland is seen to be a global exemplar.

Key Responsibilities

- Leading the digital transformation agenda across the Civil and Public Service including through the Digital Leaders group, promoting and driving the adoption of key digital service building blocks such as MyGovID, Digital Postbox and eircode, and digital transformation of back office services, in particular via the Build to Share programme.

- Strategy development and implementation including **Connecting Government 2030: A Digital and ICT Strategy for Ireland's Public Service**, which was published in March 2022 and addresses the Digitalisation of Public Services dimension of **Harnessing Digital – The Digital Ireland Framework,** the **Data Sharing and Governance Act 2019,** the **Public Service Data Strategy 2019-2023**, and the Digital Inclusion Roadmap which is currently being finalised.

- OGCIO is the provider of digital and ICT services for the Department, which include standard office productivity and a range of bespoke applications including to support the Budget, databanks for Public Service Numbers and Single Pension Scheme and systems for the CMO and CSEAS. This also includes enabling staff across the Department to work effectively and securely in both remote and blended settings.

- National lead on the implementation EU's Single Digital Gateway Regulation (SDGR) to provide access to information, to procedures and to assistance and problem-solving services. OGCIO also provides technical support to a number of departments in EU digital developments and in particular supports DECC with the eID element of the eIDAS Regulation – electronic identification and trust services for electronic transactions in the internal market.

- Implementation of two projects under the **NRRP**:
  - **Government Data Centre** project will enable public service bodies locate their ICT infrastructure in a purpose-built government owned and run facility. Design and build is being led by OPW; and
  - **National Low Latency Platform** project aims to ensure that the Public Service maximises the benefits and outcomes from 5G and developing its capacity to innovate through increased connectivity that supports the use of new technologies.

- Expanding the reach and scope of Build to Share - a common suite of digital and ICT services available to and used by a wide range of bodies across the Civil and Public Service. Services currently include:

- **Government Networks** – carrier-grade, resilient, high capacity private voice, video and data network services across the Public Service nationwide. There are currently over 1,150 nodes nationwide;
- **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. There are currently 22 organisations and approximately 5,500 users of the service, which has achieved ISO 27001 certification. Plans are in place to expand by a further 12 organisations, including the Department of Agriculture, Food and the Marine, to double the user count to at least 11,000. A key driver of demand to migrate to this common service is cyber security;
- **Applications** – a range of those corporate support applications that are common across government bodies such as eSubmissions, ePQ, eDocs, eFOI, eRisk, eCorrespondence, eCabinet, eCase, etc. There are close to 60 public service bodies with access to the platform;
- **Government Cloud** – a shared robust, resilient, private Government Cloud infrastructure platform. There are over 80 applications currently hosted in the Government Cloud;
- **ICT Profession** - addressing the challenge of ICT talent recruitment and retention across the civil service. A key focus of this work is on recruitment into ICT roles across the Civil Service and on which OGCIO partners with the Public Appointments Services. Key initiatives for 2023 include recruitment at Executive Officer level of 120 ICT Apprentices for 23 civil service bodies and a pilot reskilling programme for people already in the civil service who are interested in a career in digital /ICT.
- **gov.ie** – the government information portal which, building on the single government identity, gives a consolidated view of government information and websites as well as digital government services, for citizens and customers. All but two ministerial departments have migrated to this platform. 2023 will see the next phase in the development of this service, including considering the introduction of additional language versions as well as expansion to include the Ombudsman's Office suite of websites; and
- **Digital Postbox** – a secure place to receive government communication digitally, and can be adopted by public bodies as their default communication channel to customers as individuals. DSP & HSE are currently using and a project underway for teachers' payslips by the Department of Education. Testing is underway to use for the HSE Single Pension Scheme, DFA passport reminders and Limerick Co. Council HAP forms.
- **EPPM** – an Enterprise Project Portfolio Management solution available to draw down by all Public Service. This solution also supports the management of a number of EU funds including RRF and ERDF and it is likely it also will be implemented for the Brexit Adjustment Reserve fund.

Key Strategic Issues for Incoming Minister

Digitalisation

- **Digital transformation** of government means redesigning and rebuilding government processes and services, if necessary across organisations, and using digitalisation and data to provide an integrated experience for our people, businesses and policy makers. This requires digital to be part of policy-making and public service design processes from the outset, in order to achieve more user-focused outcomes.

- There is much progress to note in Ireland as regards digitalisation across Government Departments and the wider Public Service agencies and offices. Examples include the **Digital Covid Certificate**; the **gov.ie portal** for digital public services; the **MyGovID** eID service enabling access to high value digital public services such as Revenue and PAYE Online records, National Childcare Scheme, and Driving Licence Renewal; An Garda Síochána Digital Mobility Service; and online Passport applications.

- While there are areas of excellence, the rate of progress varies across different public services. The Public Service in Ireland must harness digitalisation to drive a step-change in how people, businesses, and policy makers interact, ensuring interoperability across all levels of government and across public services.

Digital Strategies

- The national digital strategy, **Harnessing Digital – The Digital Ireland Framework**, sets out a pathway to support Ireland's ambition to be a digital leader at the heart of European and global digital developments; and places a strong emphasis on inclusiveness, security and safety, underpinned by strong governance and a well-resourced regulatory framework. It is Ireland's response to the targets set in the EU Digital Decade.

- **Harnessing Digital** is set out across four core dimensions, which are in line with the four cardinal points of the **EU's Digital Compass**: Digital Transformation of Business; Digital Infrastructure; Skills; and Digitalisation of Public Services, and this is supported by a modern, cohesive, well-resourced regulatory framework. In terms of digital public services, the targets include that 90% of applicable services consumed online by 2030; and 80% of citizens using digital ID.

- **Connecting Government 2030: A Digital and ICT Strategy for Ireland's Public Service** sets out an approach to deliver digital government for all, benefitting both society and the broader economy. It addresses the Digitalisation of Public Services dimension of **Harnessing Digital**. It also aligns with the targets set out in **Civil Service Renewal 2030** and the **2024 Action Plan**.

- A key focus of **Connecting Government 2030** is on delivering public services taking a digital by default, cloud-first approach through collaboration with stakeholders and the public, building towards 90% online uptake of key public services in line with the targets set by the EU's Digital Decade.

- A **public consultation** on digital public services concluded in November. Taking this approach to understanding the needs, expectations and experiences of public service users shows Ireland leading the way in fully complying with the OECD's new **Good Practice Principles for Public Service Design and Delivery in the Digital Age**. This also aligns with the work underway on the **Design Principles for Our Public Services** initiative. The results of the consultation will be published in early 2023.

Life Events

- Some public services can be complex and involve a number of different organisations and are difficult for people to navigate. Accordingly, a key priority under **Connecting Government 2030** is to make it easier for people to access certain "life events", such as registering a birth or death, together in one place. This approach is a shift from delivering separate services to delivering related "life events" services together. Work

on the first iteration of the Life Events portal is underway with a target of delivery in the next 12 months.

Digital Identity – MyGovID

- Over the past three years, we have seen very strong signs that the public wish to do more digitally, including with the Government. This is very positive, not just in terms of capability, but also trust.

- 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 through 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 has driven a significant increase in the numbers of verified MyGovID accounts over the past three years resulting in Ireland being one of the fastest growing countries in the world in terms of eIDs actively using Government services. Ireland also recently ranked first for public trust in the use of data by government in the OECD Trust Survey.

- As of November 2022, there are **over 1.8 million verified MyGovID accounts**, representing approximately 48% of the adult population (versus the EU target of 80% by 2030). Work is also underway at EU level on new EU eID standards and a digital wallet.

Government Data Centre

- The State Data Centre presents an opportunity for sharing of infrastructure enabling public service bodies to locate their ICT and digital infrastructures in a purpose-built Government owned and run facility. This will consolidate outdated and inefficient computer rooms into a modern, secure, green facility. The multi-year project to deliver the Government Data Centre is underway. A preferred bidder has been chosen to build the data centre with work to begin presently.

- Public cloud continues to be a key and growing platform supporting the delivery of innovative, modern digital public services. **Connecting Government 2030** reaffirms the commitment to a cloud-first approach, as set out in the 2019 Cloud Advice Note. However, a cloud-first approach does not mean a cloud-only. Consequently, organisations should and will take a range of considerations into account such as the risk profile of the data, where it resides, and other such issues which may determine that use of the private government cloud, in the State Data Centre, is most appropriate for particular circumstances.

Digital Inclusion

- Digital technologies can make the lives of all of our people better, for example through the creation of new job opportunities and new, more efficient, ways of working; greater and more equitable access to personal, social and civic opportunities; and improved accessible government services for everyone.

- Successful digital inclusion involves a focus on key enablers, including widespread connectivity and infrastructure, digital skills and digital literacy, and robust regulation, to enable everyone to benefit from safe digital usage, in particular digital Public Services. **Harnessing Digital** seeks to ensure that all groups are supported and empowered to benefit from digital opportunities, including businesses small and large, communities urban and rural, and people young and old. **Connecting Government**

2030 identifies “digital by default” as a core design principle but this does not mean digital only.

- In implementing **Connecting Government 2030**, we will use digital to improve the off-line experience for those who are unable to consume services digitally. Provision of inclusive digital government services should mean that digital is not the only channel of communication and assistance but is complemented by approaches such as chat bots, telephone and in-person support. By enabling those who can use digital services to so do, we can redirect resources in a range of ways to provide a much better service to those who may need assistance, for example through our public offices and libraries.

- Accordingly, and in collaboration with a number of departments, OGCIO is progressing a paper to address the digital inclusion aims set out in **Harnessing Digital** and **Connecting Government 2030**.

Data Governance in the Public Service

- The **Data Sharing and Governance Act 2019** (DSGA) was commenced in 2021 which enabled the establishment of the **Data Governance Board**. Its role is to direct, oversee, and drive data governance across the Public Service.

- A **Public Service Data Catalogue** was launched earlier this year to promote openness and transparency around the Public Service-held data by providing information on over 1,100 key datasets across almost 100 public bodies. A **Data Sharing Playbook** was also published and provides a step-by-step process for data sharing.

- The **Data Governance Framework for the Public Service** is that common set of key processes, which Public Bodies follow when they wish to use the DSGA as a basis to share personal information. A public consultation is one of the key stages in this new process and delivers transparency to both GDPR compliance and safe handling of personal information. The Data Governance Board adds a further layer of transparent governance to the process through its review and publication of its recommendations on proposed data sharing agreements. The OECD calls out Ireland’s approach as an exemplar and Ireland recently ranked first for public trust in the use of data by government in the OECD Trust Survey.

Ireland’s digital ranking in the EU

- 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 measurements include Member State progress in “digital public services.” Ireland again rated well overall among EU countries in the 2022 review, **ranking 6th for digital public services**, the same as for 2021**.**

- While well above the EU average, other countries are improving at a faster pace. We continue to score very high in Open Data and retain an almost perfect score for digital public services for businesses. The 2022 report notes good positivity in relation to the share of e-government users, which increased significantly from 67% to 92%, and to the work we are doing on digital and data.

Risks/Challenges

Digital Transformation and inclusion

- While recent years have seen an increase in the extent of digital government activity, the relatively slow pace of widespread digital transformation across the Civil and Public Service continues to be a cause of concern. **Leadership** at the most senior levels of Government and the Public Service is critical to driving transformation and will be key to the introduction of the Life Events portal. The establishment of Senior Officials Group on Digital Issues, chaired by the Department of the Taoiseach, to support the Cabinet Committee on Economic Recovery and Investment in overseeing the national digital strategy is a very positive development.

- In planning digital transformation programmes across the public service, it will be important to reflect the views of the public gathered via the recent **public consultation.**

- The **digital inclusion roadmap**, which is expected to be published in Q1 2023, will commit government to a range of actions to address the digital inclusion challenge.

- In the context of digital transformation and inclusion, consideration needs to be given to **reform of delivery channels** including 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.

Build to Share Rollout

- The success of the Build to Share suite of initiatives brings a supply vs demand challenge for OGCIO. While the OGCIO Vote has facilitated the expansion to date, significant additional investment is needed to meet demand for these services while eliminating unnecessary administrative overheads around the movement of funds between Votes. A review of the current funding framework in 2023 will set out to address this challenge.

- Achieving and maintaining recognised industry certifications for relevant elements of the Build to Share suite will be an important assurance for client organisations, in particular around cyber security.

ICT/ Digital Skills across Public Service

- To effectively operate in an increasingly digital service, it is essential that **all staff** across the civil and public have an appropriate **minimum level core digital skills**.

- In addition to programmes offered by the Civil Service OneLearning Centre and Public Service Transformation Division, e.g. Artificial Intelligence, it is essential that all civil and public servants, at all levels, have appropriate digital skills to be effective, both professionally and personally, in this hybrid digital world we now live.

- **Professionalisation of the digital and ICT functions** across both the Civil and Public Service is an essential building block in the drive for digital government services. The general shortage of ICT skills across all sectors of the economy including the civil and public service is a challenge. Action is needed to address recruitment, mobility and retention challenges in particular, 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.

- In that regard, the civil service is in the process of recruiting over **100 ICT apprentices** to start in Q1 2023 and plans for a **reskilling programme** for staff internally are at an advanced stage.

- OGCIO is also looking to put in place an innovative arrangement to acquire specific niche skills for fixed periods. The idea of the "Come work for your Government" is that OGCIO will pay equivalent to the rate of pay of a civil servant, HEO/ AP-level, for companies who want to place one of their team to work on key digital government projects, such as the development of a digital wallet.

The EU Legislative Agenda

- Significant input is required to contribute to the national response to the Europe legislative agenda. OGCIO provides technical advisory support to those departments who have the lead on particular EU files such as the eIDAS Regulation and standards for eID and digital wallet, the Network and Information Security (NIS2) Directive, the AI, Data Act and Data Governance Acts and the Health Data Space. OGCIO is also the National Coordinator for the implementation of Single Digital Gateway.

- The latest file relates to the Interoperable Europe Act, which introduces a cooperation framework for public administrations across the EU that helps build a secure cross-border exchange of data and agree on shared digital solutions. While DECC own the file, they are seeking to transfer this to PER which raises significant resourcing concerns.

Cyber Security

- The risk from cyber security remains constant. Significant resources continue to be deployed in an effort to mitigate risks from attack.

Procurement and Supply Chain

- Uncertainties around the supply chain risk delivery of equipment in a predictable timeline.

- Availability of skilled resources from private sector providers is a challenge given the scarcity of ICT and digital skills generally.

- A new more agile procurement approach to enable of innovative project delivery is needed to facilitate delivery of digital government services.

Senior Management in 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 Connecting Government 2030: the Digital and ICT and Strategy for Ireland's Public Service, and in particular Strengthening Digital Skills and Focusing on Governance and Leadership; working with PAS on Civil Service ICT-related recruitment and the ICT Apprenticeship programme; leading the development of a digital inclusion roadmap; directing and managing services delivered from the Office in particular leading client organisation engagement on behalf of OGCIO; 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 including peer review; for representing the Government CIO 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 managed desktop services to 22 departments and bodies currently, with plans progressing to on-board a further four bodies in 2023 and others continuing to be on-boarded in the following years; the private government cloud and managed hosting services; the Government Data Centre project (construction due to begin in Q1 2023); 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.

Tony Shannon

Responsibility at Principal level for supporting the Government CIO with the implementation of the Public Service ICT Strategy in particular design and development of digital government services, including the gov.ie portal; adoption of MyGovID by Public Service bodies; implementation of Digital Postbox, the Build to Share Applications suite; supports the Digital Leaders group in addressing the delivery of the key priority digital government services, for citizens and business, as approved by Government; and EU-related initiatives.

Ken Barclay

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 supporting key strategic national programmes being undertaken by other departments and agencies; 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; and EU-related initiatives.

Bernadette Dempsey

Responsibility at Principal level for supporting the Government CIO with the implementation of the Public Service ICT Strategy and in particular the Data as an Enabler pillar and the Public Service Data Strategy 2019-2023, which seeks to optimise the use of data throughout its lifecycle, and ensure it is appropriately protected; data policy in relation to MyData portal and Digital Postbox; key elements of the Data Sharing and Governance Act including the Data Governance Board; and EU-related initiatives.


Janet Flynn

Responsibility at Principal level for supporting the Government CIO with the effective running of the division including the supporting suite of corporate services, organisation development, coordination and financial management policies and practices; and Programme Management Office and implementation of Enterprise Project Portfolio Management for the management of certain EU Funds, such as RRF and ERDF, and for use by public services bodies.


Jim Leahy

Responsibility at Principal level for supporting the Government CIO with the implementation of the Public Service ICT Strategy and in particular providing Network Innovation and Consultancy advice to Public Service Bodies; for supporting key strategic national programmes being undertaken by other departments and agencies; for the development of policies and strategies in relation to technologies and telecommunications for the public service; and EU-related initiatives

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 €20 billion per annum, of which approximately €11 billion is on capital works and €9 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.

In the April 2022 Operating Model Review of the Department, the report noted that Government in its procurement reform decisions of 2012 and 2013 decided that the OGP should be established on a statutory footing, however the required legislation to achieve is yet to be progressed. The review noted that this policy objective should be advanced as soon as practicable and, in the meantime, the OGP continues to be a Division of the Department.

In 2020, the OGP commissioned an external review of its structure and operation in order to better align to its strategic objectives and to take account of experience gained since establishment in 2014. The resulting recommendations are being implemented. The organisation has implemented a new structure which comprehends two new Assistant Secretary positions.

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.

In recent years, strategic procurement has become more central. This supports broader horizontal policies of Government in addition to delivering value for money. These policies include environmental and social sustainability, SME engagement, innovation, human rights, digital transformation, etc. Increasingly the public sector is expected to lead in the transition to more sustainable government operations and infrastructure and procurement is a leading *ex ante* activity in the delivery of these goals. The OGP has established structures in conjunction with the lead policy Departments to enable these objectives.

OGP is positioned, through Public Procurement, to address a range of challenges brought about from recent events including the pandemic, Russia's invasion of Ukraine and Brexit. These events have resulted in upward pressure on prices along with significant disruption to supply chains. In the context of financial challenges arising from these events OGP through the increased use of central arrangements and provision of guidance endeavour to achieve value for money across the Public Service.

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

- Advise the Minister, Minister of State with responsibility for Public Procurement and the Secretary General 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 that incorporate green & social considerations where permissible.

- Development of comprehensive procurement policy and provision of 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.

- Promote professionalisation of procurement across the public sector.

- Provide quality customer service to stakeholders.

Key Strategic Priorities 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 92 framework agreements of which 42 have green criteria included), covering a wide range of commonly procured goods and services with excess of €1 billion transacted through these central solutions annually;
    - 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 Commercial Skills Academy to support public bodies in managing commercial agreements – this is focused initially on the NDP;
    - established client support structures including a comprehensive website, Key Account Managers and a dedicated helpdesk to provide support and guidance to clients;
    - enabled 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 Procurement Reform Board appointed by the Minister and bringing together representatives from across the Public Service, as well as independent appointees. It is chaired by Mr. Maurice Quinn, former 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.

- The OGP intend to bring a memo to Government in early 2023 to further the reform of Public Procurement. While significant progress has been made, particularly in the area of increasing the professionalisation of the procurement function across the public service, there is a requirement to reaffirm the mandate of the organisation. A continuous and intense focus on promoting awareness and take up of centralised procurement arrangements from all sectors is vital. Increasing this focus will be necessary to ensure the benefits of the reform can be realised. The support of all Departments in reinforcing the need for and benefits of the reform is of particular importance.

- OGP are currently working with the Organisation for Economic Co-operation and Development (OECD) on a project to examine the efficiency and effectiveness of Public Procurement in Ireland. The project will aim to:

    - Collect evidence on methodologies used to assess the efficiency and effectiveness of the Central Purchasing Body (CPB);
    - Develop country specific indicators aiming at measuring CPB efficiency and effectiveness;
    - Extrapolate trends and leanings from current strategic procurement initiatives;
    - Identify potential linkages between public procurement strategies and examine the scope for greater inclusion of social considerations within the procurement process. Given the breadth of social considerations which could be integrated in procurement processes, the parties will agree at the start of the project on which specific social consideration to focus.

- It is expected that the final report will be published at the end of Q1, 2023.

Small Medium Enterprises (SMEs)

- The Minister of State, with responsibility for public procurement, chairs the Small and Medium Enterprises (SME) Advisory Group (AG) which ensures the voice of business is heard by Government. The OGP recently published the *2019 Public Service Spend and Tendering Analysis Report* which found that of an analysed spend of €4.912 billion, 92% is spent in with suppliers in the State and 52% is spent with SMEs.

- Through Circular 10/2014, a number of specific measures were introduced to support SME participation including: 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 is currently working with public sector stakeholders and SME representative bodies to develop a revised Circular to succeed Circular 10/2014. A recommendation on proposals is planned for December following the completion of the consultation process.

Strategic Procurement (including innovative, green and social considerations)

- Strategic public procurement can play a vital role in responding to environmental and societal challenges. To support the inclusion of wider policy considerations in public contracts:

- The interdepartmental Strategic Procurement Advisory Group (SPAG), chaired by OGP Policy, aims to promote and facilitate the incorporation of strategic considerations into public procurement projects.

- In 2021, the establishment of an Environmental subgroup of the SPAG, co-chaired by OGP Policy and the Circular Economy Unit of the Department of the Environment, Climate and Communications (DECC), has facilitated the development of Green Public Procurement (GPP) in Ireland. In particular, it assisted raising awareness of the publication by the Environmental Protection Agency (EPA) of *Green Public Procurement – Guidance for the Public Sector*, accompanied by 10 sets of green criteria. These criteria address the requirement for defined, quantifiable, verifiable, measurable criteria

that Departments are instructed to consider including in their procurements under Circular 20/2019: Promoting the use of Environmental and Social Considerations in Public Procurement. In 2022, in collaboration with the EPA and DECC, and with input from OGP Sourcing, the LGOPC, and various public bodies, OGP Policy led the development of GPP Criteria Search at GPPCriteria.gov.ie ,an online search tool to facilitate ease of use of these criteria. In just a few clicks of the mouse, the user can find, select from, and download the criteria relevant for specific procurements, along with an appropriate method of verification, for a wide range of products and services.

- The Environmental subgroup also facilitates coordination across bodies in the rollout of training in GPP, and increases awareness of the green frameworks developed by the OGP and its partner Central Purchasing Bodies.

- The OGP is tasked with reporting to the United Nations on one of the Sustainable Development Goal indicators, 12.7.1. on Sustainable Public Procurement Implementation. To improve our score for this indicator, OGP Policy has taken a number of initiatives including establishing Sustainable Public Procurement (SPP) webpages addressing the needs of procurement practitioners, including a frequently updated SPP News page.

- The OGP incorporates Green & Social considerations into its solutions where permissible. Among OGP's solutions are Electric Vehicles, Catering Consumables (avoiding the single use of plastics), options for green energy, recycled paper, managed print services, and energy efficient laptops, desktops and white goods.
- In support of a Programme for Government commitment and the Government's Digital ambition OGP is launching a market consultation process in December in order to establish an Infrastructure as a Service (IaaS) solution.

Supporting the National Development Plan

- The OGP Construction Policy Unit, in conjunction with the Government Contracts Committee for Construction (GCCC) is responsible for the development and implementation of procurement policy with respect to public works. Its primary output is the Capital Works Management Framework (CWMF) which 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.

- 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 Unit represents the OGP as a member of the Construction Sector Group and the Project Ireland 2040 Co-ordination Group and attends the Project Ireland 2040 Delivery Board.

- A review of procurement policy for public works projects was launched in 2019 and encompasses a range of topics including:

    - Consultancy Engagement
    - Price Variation – cost adjustment for inflation
    - Liability, indemnity and insurance on public works projects
    - Digitalising the public works procurement stages

- Adopting Building Information Modelling (BIM)
- Cost Planning & Control Templates
- Life Cycle Costing & Assessment
- Performance Management
- Dispute Management

- It will deliver significant changes to the 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. A significant aspect 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.

- A number of the topics under consideration have much broader implications than public works and fit into wider Programme for Government commitments. Our work on life cycle costing and assessment fits under the broader measures aimed at improving the environmental footprint and performance of construction projects. If focuses on the development of guidance and reporting metrics for carbon in collaboration with government departments and industry stakeholders. The other area is the ongoing drive for digital adoption across the construction sector supported by a range of initiatives under the umbrella of the Construction Sector Group through various government departments. The OGP's role is in the establishment of an adoption strategy for BIM across the CWMF.

- Ultimately the reforms will result in a modal shift away from decisions which are currently based purely on the capital cost of an asset to the total cost of ownership. This will be achieved through the development of standardised metrics for Life Cycle Costing and Assessment utilising the data handling capacity of Building Information Modelling (BIM).

- The pandemic, followed by the reopening of economies globally and the Russian invasion of Ukraine in February 2022 have given rise to distinct challenges in the construction sector. They required the unit to pivot its focus and resources away from the review to develop supports to contracting authorities throughout 2020, 2021 and 2022 to manage the impact of the shutdowns, the imposition of public health measures in the workplace and then exceptional inflation and supply chain disruption. Extensive guidance, supplementary agreements and support tools were published over this period to bring greater certainty, avoid costly disputes and ultimately to safeguard the assets being procured under the NDP.

- A tightening of the professional insurance market since 2019 is impacting all constriction professionals and contractors. Concerns were reported through the CSG in 2021 that the reduction in the level of cover available generally would reduce the number of otherwise competent and capable businesses would no longer meet the insurance requirements required in public works tenders.

- In response the OGP commenced an engagement with industry stakeholders in 2021, reviewed the professional indemnity insurance requirements and the open-ended liability imposed generally under the public works contract and the conditions used to engage consultants. Guidance and revised templates were issued in February 2022 following stakeholder consultation and a position paper on the imposition of liability caps

into the standard conditions of engagement and the public works contracts was issued to industry stakeholders and insurers in October 2022.

eTenders Platform Replacement Project

- The project to specify, procure and implement a new contract for a National eProcurement platform has concluded the procurement stage and is now in the implementation stage.

- A seven-year contract with options for an additional three years was signed in July. The contract with the successful tenderer, European Dynamics, has been delivered following a robust, inclusive and compliant process. It offers increased functionality and value for money. [redacted]

- The existing contract expires in May 2023 and the new platform must be in place of in advance of this to ensure continued support for the State's buying needs and obligations.

- To support this, the tender documents included a requirement for an implementation plan, not exceeding nine months to be submitted. The plan includes timelines for specified implementation stages and associated deliverables. These deliverables are tied to staged payments in the contract.

- The inclusive approach used in the procurement phase continues in the implementation phase with nominated sectoral implementation leads (SILS). The SILS are working with the Project team with an emphasis on the communications and training work-streams to facilitate a smooth implementation across the contracting authority user base.

- From a supplier or Economic Operator perspective the SME Advisory group, chaired by the Minister of State is provided with regular updates. A communications subcommittee to the SME advisory group has been reconstituted recently and eTenders roll out will be one of the key topics for that group.

- There is a strong focus on training to ensure that all users are aware of all the functionality in the platform and how it can be leveraged thereby increasing digitalisation.

Professionalisation of Procurement and Building Commercial Capability

- 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's newly established Sourcing and Professional Practice Division is responsible for the development and delivery of a programme of support to improve professional procurements and commercial standards and capability across the public service. This expanded division is also responsible for the Commercial Skills Academy (CSA) providing necessary commercial skills supports 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. A programme of training has been developed and rolled out to support all public servants, (from novice to advanced), involved in delivering capital works projects. The programme is in high demand across the public sector, and the work of the CSA unit continues in supporting the programme and in broadening and deepening the supports offered.

- 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.

Great Place to Work, Leadership Model & Values

- The OGP was delighted to have been certified as a 'Great Place to Work' this year, leading the way, as the first Civil Service organisation to leverage Great Place to Work to benchmark the success of our People Strategy – EMPOWER.

- Recognising that leadership at all levels is critical for the OGP to grow and develop as an organisation, a Leadership Model was developed which outlines the characteristics, behaviours and expectations of a leader in the OGP. Our Leadership Model further builds on the Civil Service Competency Framework and provides a unique insight into the OGP's leadership context, requiring that we all Have Purpose, Be Authentic, Be Inclusive and Be Agile. The Model is supported by our Values which were reviewed and refreshed in 2021. The five new OGP values - We Care, We are Inclusive, We Empower, We Lead the Way and We Make a Difference has employee learning, empowerment and leadership as leading themes.

- The OGP's Blended Working Policy provides a procedure for all OGP employees, regardless of grade or length of service, to apply for blended work arrangements. The commitment within allows for employees to work onsite in an OGP office for a minimum of 3 days per week with the option to work up to 2 days a week remotely. The blended working policy will be implemented on a trial basis until August 2023 and will be fully reviewed with feedback sought throughout the first year.

Operational Excellence, Digital Transformation and eProcurement

- The OGP strives for a culture of continuous improvement by empowering our people through process, data and technology driven services to deliver excellence and value to all stakeholders.

- From an internal operations perspective, the OGP manages and administers the provision of a number of business critical systems that empower our people to manage the work required to deliver our services, to leverage data for business intelligence and to work in new ways that support a collaborative and blended working environment.

- The OGP has also recently begun to develop an internal 'Lean' capability aimed at establishing the skills needed to continuously improve our processes and aim to achieve excellence by design.

- From an external client and stakeholder-facing perspective, the OGP manages the contract for the provision of 'eTenders'. This platform the national electronic tendering service for public procurement in Ireland and it is a key enabler for public bodies to meet their legal obligations regarding the electronic publication, access and submission of public procurement tenders for goods, services and works. With almost 180,000 registered buyers, suppliers and other stakeholders, eTenders supported approximately €20 billion[2], enabling the delivery of critical services and infrastructure to society. A new contract for the provision of the eTenders service was awarded in July 2022 and a dedicated programme is underway to implement the next contract and manage the change to the provision of the eTenders service by a new service provider in 2023.

- The OGP also leads the way in terms of harnessing public procurement data through our business intelligence platform which is used to generate data improve the transparency of public procurement and to help inform the governance and implementation of the Procurement Reform programme. The OGP's Annual Spend and Tendering Analysis Report and the generation of Reform Metrics and Indicators Reports are key outputs in that regard.

- The OGP will act as national lead on a European Commission 'Technical Support Instrument' (TSI) project aimed at providing Ireland with support to develop a strategy for the digital transformation of public procurement. The project commenced in November 2022 and over an 18-month period is expected to produce the following outputs:

    - A report on the current state of play of the digital transformation of public procurement in Ireland;
    - A guidance paper on the scope, objectives, stakeholders, structures, roles and enablers needed to develop a strategic direction and roadmap for digital public procurement; and
    - Workshops to build consensus on the strategic direction and roadmap with stakeholder groups

- The OGP is the competent authority with responsibility for eInvoicing in public procurement, and eProcurement policy in general. Implementation of policy is facilitated and enabled across the public service through a number of initiatives, such as the eInvoicing Ireland Programme and eProcurement guidance and training and our various service delivery initiatives. The OGP is a member of a number of European and national eProcurement and eInvoicing related forums including the European Commission's Multi-stakeholder Expert Group on eProcurement (EXEP), the National Standards Authority of Ireland's (NSAI) eProcurement Technical Committee, the International Public Procurement Online association (Peppol) and the National Data Infrastructure Champions Group. These comprise representatives from public and private sector stakeholder groups and help inform the OGP of developments in eProcurement regulations, policy and other digital and data related initiatives. These forums also help to build relationships and facilitate collaboration with counterparts across the public sector, the EU and internationally.

eForms

- The Commission have revised the digital notices (eForms) used to announce public contracts on its platform, Tenders Electronic Daily (TED). eForms were established under Commission Implementing Regulation (EU) 2019/1780 which was published on

[2] Figures referenced from OGP Annual Procurement Report 2021;

25 October 2019. Implementation is central to the digital transformation of public procurement across the EU/EEA. All Member States are obliged to adopt the new eforms for public contracts valued in excess of specific EU thresholds. The deadline for implementation is 25 October 2023. The OGP is responsible for the implementation of the new eforms on the eTenders platform and work is ongoing to ensure their timely introduction.

Risks/Challenges

Cooperation and Collaboration across public bodies

- 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 coordinated 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.

Construction Inflation

- Prior to the onset of the pandemic consultants were engaged to conduct a review of the price variation mechanisms in the public works contracts and the conditions used to engage construction consultants. That work concluded by the end of 2020 with a series of recommendations which were to form the basis of consultations with industry. However from early on in 2021 it was clear that the re-opening of economies globally was having a detrimental impact on already challenged supply chains. Exceptional levels of inflation were noted in certain key materials such as timber and steel as supply failed to meet increased demand.

- This prompted the Construction Procurement Policy Unit to seek a review of the recommendations (and the baseline report on inflation that underpinned them) in light of a change in market conditions. As a result, interim amendments were introduced in January 2022 to reduce the burden of risk associated with inflation imposed on contractors in future tenders. The Russian invasion of Ukraine drove further inflation and supply chain disruption which necessitated the introduction of an *ex gratia* relief mechanism for live contracts in order to safeguard assets under construction from the risk of insolvency or contract repudiation.

- Further amendments to the public works contracts to formalise some of the *ex gratia* measures within the contractual framework whilst more comprehensive reforms are developed for both the public works contracts and the conditions of engagement for consultants.

Inflation & Supply Chain Issues (Goods & Services)

- OGP's central buying solutions are subject to inflationary pressures and/or the supply chain disruptions and constraints. As OGP has established a significant number of

solutions the impact of these pressures and constraints has not been fully felt. As these constraints and pressures continue it is likely that they will manifest themselves through a lack of competition (economic operators being reluctant to tender for long terms Government contracts), pressure on existing contractual pricing and pressure on existing contractual lead-times.

- In particular the markets for energy (electricity, oil, petrol, diesel, kerosene and liquid petroleum gas) are extremely volatile with unstable commodity prices, and significant price increases and suppliers unwilling to tender for long term Government contacts.

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 developed a statement of strategy, strategic objectives and metrics to monitor progress, conducted 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

- Following the departure of the UK from the EU on 1 January 2021 the Irish market has continued to adjust to changed market dynamics. The OGP has issued several information notes to assist the public contracts market to adapt to the changed circumstances. The OGP continues to monitor the post-Brexit situation in conjunction with the PER Brexit unit, the DFA, and the EU Commission. The OGP is in direct consultation with the Commission with regard to the draft UK Procurement Bill.

EU Legislation

- At present, there are over a dozen pieces of legislation containing a public procurement element with the Commission. Some have been published, while others are in the process of being negotiated. A number contain provisions which will require alignment with national public procurement legislation. There are implications therefore in relation to a sequence of national legislative initiatives in order to transpose these initiatives into national law. It is anticipated that this will be achieved by a series of strategic instruments.

Covid-19

- The OGP supported 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. OGP worked 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.

- Throughout the crisis OGP remained cognisant of the importance of assisting businesses to operate where possible and recognised that contracting authorities required support and assistance. As a result, OGP published Covid-19 information

notes to support contracting authorities in managing procurements where urgency was required. Further guidance has been published on the impact of Covid-19 on construction procurement including contractual matters associated with the Covid-19 response measures, guidance on pre-start preparation, and on re-starting public works contracts.

Senior Management in Division


Anne Stewart

Responsibility as Assistant Secretary for Procurement Policy, Service Delivery and Digital Transformation. Anne will take up this new role in January 2023.


David O'Sullivan

Responsibility as Assistant Secretary for Sourcing and Professional Practice. OGP's Sourcing function is a 140 strong team of procurement professionals, tasked with procuring goods and services on behalf of Public Sector Bodies. In 2021 OGP conducted 700 public procurement competitions with an estimated contract value of €2.5b. David is a member of the Chartered Institute of Purchasing & Supply and the Institute of Directors.


Andrew Bogie

Responsibility for sourcing for the MOVE Portfolio which includes Marketing & Communications, Office Supplies & Printing, Vehicles (cars, vans, HGVs) and Energy & Fuels.


Anne Lannon

Responsibility for Sourcing in the Professional Services portfolio, including procurement solutions for Legal Services, Accounting, Auditing & Financial Services, Banking Services, ICT Professional Services, Business, Management and ICT Consultancy Services, Architect Led Design Team Services for Social & Affordable Housing, Insurance Brokerage Services, Procurement Consultancy Services, Market Research & Survey Services.

 Brendan Whelan

Responsibility at Principal level for National Policy for Goods and Services including: National Procurement Policy Framework, Procurement Legislation, EU & International Affairs, Procurement Reform and Sustainable Social & Environmental Procurement.

 David O' Brien

Senior Construction Adviser in the Construction Procurement Policy Unit. The role requires a thorough understanding of public procurement, the delivery of construction projects and broader Government policy objectives as they impact on construction activity. It involves regular interaction with all stakeholders including policy makers, contracting authorities, construction professionals and contractors which is facilitated through a number of different cross departmental and industry bodies. Key areas of responsibility include leading a dedicated team to deliver the unit's work programme, Chairing the Government Contracts Committee for Construction and maintaining the Capital Works Management Framework as well as advising on all aspects of public works procurement.

 Declan McCormack

Responsibility for Operational Excellence comprising a range of functional teams which collectively provide process, data and technology driven services to empower our people to deliver excellence and value to all our stakeholders.

 Dermot Callaghan

Responsibility for sourcing in the Facilities Management portfolio including Cleaning Services & Products, Catering Services & Products, Security Services, Waste Management Services, Records Management Services, Personal Protective Equipment and Building Maintenance Services.


John Cummings

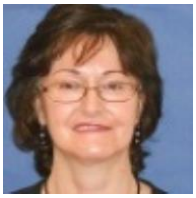
Responsibility for Sourcing in the Spot Buy portfolio, including project based bespoke procurements of national importance as well as procurements closely linked to Government Strategy.


Keith Hussey

Acting Head of People & Culture with responsibility for Human Resources and Learning and Development. The Head of People and Culture will ensure that the strategic objectives of the organisation are enabled through the implementation of the appropriate people goals and actions under the OGP's People Strategy EMPOWER.


Mags O'Callaghan

eTenders Platform Project Manager with responsibility for the project to specify, procure and implement a National eTendering Platform by the expiration of the current eTenders contract.


Mary Fennelly

Responsibility for sourcing in the Office of Government Procurement's ICT portfolio including ICT Hardware, ICT Infrastructure (Compute & Storage Solutions and Firewalls), Software (Security, Microsoft Licensing Backup, Recovery & Replication and Virtualisation), Telecoms (Mobile Voice & Data Services, WAN, Networks Solutions) and Cloud Services.

Michael Farrington

Responsibility for the Practice and Commercial Skills Academy leading on development of commercial skills training and other supports for public servants involved in the planning, procurement and delivery of capital funded projects. Particular emphasis to date on works and works related projects and the issues affecting their successful delivery. Training and other supports target practical interventions and solutions with an overall aim to raise standards across the industry and support the National Development Plan. Interim Head of Corporate Office with responsibility for Governance, including the OGP's internal management structures as well as the Irish Government's Interim Procurement Reform Board and Procurement Executive. Communications, Facilities Management and the Finance function also sit within the Corporate Office unit.

Randal MacDonnell

Responsibility for the Service Delivery Function that is a central connection between Sourcing, Operational Excellence, Communication and Client Supports. The function provides proactive and reactive support to key clients; supports the end to end planning and delivery of Sourcing's programme of work; is responsible for Quality Management and Process Adherence; develops a Procurement Competency Framework for all Sourcing grades and supports cross functional projects and initiatives.

Roisin Killeen

Responsibility for sourcing procurement solutions across travel and transport services, HR services, training services and outsourced managed services

Public Service Delivery

Assistant Secretary: Jasmina Behan
(Housing)

Acting Assistant Secretary: John Kinnane
(Health)

Overview of Division

The Public Service Delivery Division has responsibility for the Department's input into progressing policy development for critical public service delivery in healthcare and housing. The division includes two Vote sections, the Health Vote and the Housing, Local Government and Heritage Vote Group, accounting collectively for over one-third (34%) of total Voted Government Expenditure in 2022.

Key Responsibilities

- 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 regarding sectoral policy issues in relation to the Department of Housing, Local Government and Heritage and the Department of Health;
    - Effective oversight and monitoring of expenditure;
    - Application of value for money principles and driving efficient use of public resources;
    - Management of annual and multi-annual Estimates process.
- Development and integration of data and analysis for evidence-based policymaking.
- Supporting the reform agenda by ensuring expenditure is aligned with reform objectives, including evidence informed policy making, digitalisation, and climate change mitigation.

Key Strategic Issues for Incoming Minister (including risks and challenges)

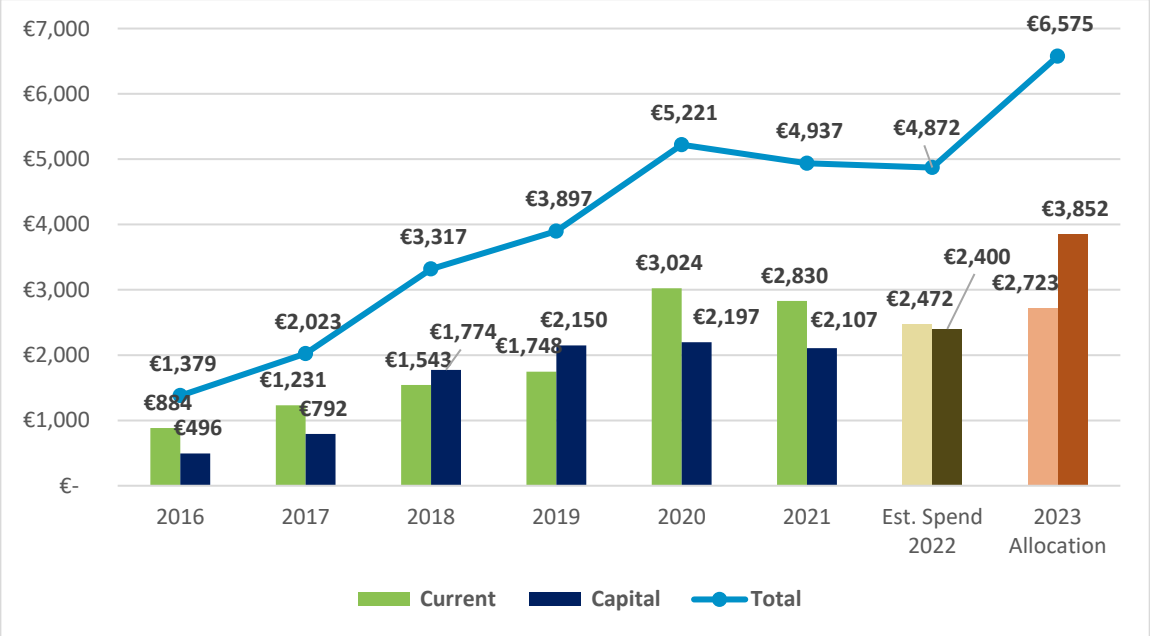
Housing

There has been a significant increase in expenditure in the Department of Housing, Local Government and Heritage (DHLGH), rising from €1.3bn in 2016 to an estimated €4.8bn in 2022, almost a four fold increase.

Capital investment particularly in housing and Irish Water have been significant with the DHLGH receiving large additional capital allocations under the National Development Plan (NDP) to underpin Housing for All (HfA) delivery targets. However, since 2020 challenges with delivery of social and affordable housing has resulted in significant capital underspends. It is expected that the underspend in 2022 will be close to €1 billion (before virements) with €340m being allocated in 2023 as capital carryover.

The total DHLGH 2023 allocation is €6.57bn (€2.72bn current and €3.85bn capital). This includes €340m of capital carryover. Given continuing challenges in the external environment relating to construction inflation and interest rate increases, it is anticipated that DHLGH may continue to have difficulty in spending its capital allocation in 2023.

DHLGH Expenditure 2016 to 2023 Allocation



Note: The 2023 Expenditure allocation excludes €165m in funding from Local Property Tax

Address Housing Supply

- Ireland's housing demand is estimated at 33,000 new dwellings per annum up to 2030. The Housing for All Strategy, launched in September 2021, commits to delivering 33,000 units on average per annum to address the supply/demand imbalance and is supported by significant increases in capital allocations to the DHLGH under the NDP. The 2023 new dwellings target is 29,000 units.

- The HfA action plan has recently been revised to focus actions on supporting and accelerating supply of housing. Delivery of the strategy is monitored by three sub-groups[3] and an overarching Secretary General Delivery Group. The 2023 work programmes for the 3 working groups are currently being drafted to support the implementation of actions that address delivery challenges and break down barriers to new supply.

- Overall supply of housing is increasing, and the completions in 2022 (i.e. the combined public and private supply) is expected to exceed the target of 24,600 new units – which is the highest number in over a decade. As of Q3 2022, there were 20,807 new dwellings completed. Comparatively, there were 20,560 new completions in 2021 (single houses c. 5,000, scheme c. 10,700, apartments 5,100).

[3] Public Service Delivery Group (Chair SG D Moloney DPER), Investment (Chair SG J Hogan DFIN), Industry Capacity (Chair SG J Breslin DFHERIS)

- The growth in completions has been driven by private sector delivery, as social and affordable housing delivery targets have struggled to be achieved. The reliance on private sector delivery is a vulnerability particularly as the outlook for 2023 delivery has started to shift downward. Achieving the overall delivery target of 29,000 new units will be challenging as there are emerging signs of headwinds relating to high construction costs, capacity constraints, rising interest rates and supply chain disruptions.

- Addressing vacancy is another core pillar to increasing housing supply. A number of measures are being implemented to address vacancy with a new Vacancy Strategy expected to be published by end 2022. This includes the Croi Conaithe Towns initiative, introduced in June 2022, which will provide grants of €30,000 or €50,000 for vacant or derelict homes, a new vacant property tax introduced in Budget 2023 and expansion of the Repair and Leasing Scheme to commercial and institutional properties. However, it is currently unclear whether these schemes will deliver the scale of supply required given they have only been recently introduced.

Private Sector Delivery

- A number of structural issues continue to challenge housing supply including planning, productivity and innovation of the construction sector, and high costs of construction.

- While private sector delivery has been robust in recent years, the changes in the macroeconomic environment appear to be having an effect on the construction sector. The number of commencements have decreased 14% year on year (24,200 in Q3 2021 vs 20,900 in Q3 2022). If this downward trend continues overall completions will fall.

- Additionally, there is a significant volume of un-commenced apartment planning permissions. As of Q4 2021, there were c.43,000 apartments with planning permission that have not yet been started in Dublin. Some significant factors are at play here including the impact of the judicial review process, the complexity of large scale apartment delivery as well as the viability challenges of apartment delivery.

- Viability issues are affecting a number of different delivery streams including Build to Sell (BTS), Build to Rent (BTR), Student Accommodation and Cost Rental delivery. These issues have worsened due to the rise in construction costs and the increase in interest rates. The introduction of a new viability measure was approved by Government in September 2022 and work is ongoing to implement this new measure by Q1 2023.

- However, chasing viability gaps is not sustainable and does not address the core structural issues around the cost of construction and affordability. It is crucial that long term initiatives are advanced to reduce costs and bring housing supply within reach of middle income earners. The ongoing work in the HfA Industry Capability workstream will be critical in implementing cost reducing measures and efficiency gains from innovations from industry wide use of Modern Methods of Construction and outputs from the Construction Technology Centre. The ongoing Cost of Construction study which is due to be completed by the end of 2022 will provide critical insights into how construction costs can be lowered.

- Policy reforms in planning and land use could also provide scope to reduce viability gaps and promote delivery. The DHLGH's new Land Value Sharing mechanism intends to introduce a new zoning uplift which will be taken into account when the land is transacted. This approach is based on the assumption that a purchaser will have regard to the obligation ultimately arising at the point of development and therefore they will pay less for the land.

- The Croí Cónaithe (CC) cities initiative was introduced in 2022 to address the viability gaps for apartments. A fund of €450 million is available to support the delivery of up to 5,000 apartments up to 2025. However, the size of the initiative is likely too small to address the scale of viability issues and a complex scheme design has meant a lower than anticipated interest from developers.

- A number of initiatives have been introduced to address affordability constraints for household buyers. In July 2022 the First Home Shared Equity scheme was introduced to support first time buyers to purchase a home up to a max of €500k. To date there has been 753 applications. Additionally, the Help to Buy initiative has been extended to 2024 and can be used in conjunction with the First Home Shared Equity Scheme. However, affordability remains a key concern with supply constrained and growing demand for accommodation.

Social and Affordable Housing

- Despite 103,092 social housing solutions being delivered between 2018 and 2021, the number of households waiting for social housing is 59,247 (November 2021).

- The number of new build social housing units is growing, with 5,200 units delivered in 2021, however delivery remains challenging and the target of 9,000 new build social housing units will not be achieved in 2022. The Vote estimates that approximately 6,500 new social housing units will be delivered this year, 2,500 units below target.

- Affordable delivery remains low and is now expected to deliver less than 1,000 units in 2022. More needs to be done to activate delivery on publically owned land. A number of changes have been approved by Government to support greater affordable housing delivery including an increase of the Cost Rental Equity Loan (CREL) subsidy to AHBs from 30% to 45%, an increase in the Affordable Housing Fund (AHF) subsidy to LAs from €100,000 per unit to €150,000 per affordable housing unit and 70 additional staff to LAs dedicated to delivery of affordable housing.

- The LDA's State land portfolio has the capacity to deliver 21,000 units, with up to €2.5 billion of capital. The LDA delivery trajectory on State land is currently 5,186 units across 10 projects. A further 5,000 units are targeted for delivery under Project Tosaigh on private land - the LDA have agreed contracts for 879 units.

- The prevailing economic conditions in the market are creating risks for LDA delivery with issues around the affordability of delivering Cost Rental. As the LDA is a commercial semi-state company, any supports must comply with State Aid rules.

- As of end October, there were 11,397 homeless individuals including children in the State. This is the highest number of individuals recorded in emergency accommodation to date.

- HAP has been used in the main to accommodate homeless people and families. Due to constraints in the private rental market, HAP has now reached its capacity, meaning there is less properties available to home the homeless. This has been exacerbated by large exits of private landlords leaving the rental market.

- The introduction of the temporary ban on evictions will enable homelessness to be managed over the winter months however the longer term consequences of this are likely to negatively impact the rental market and deter investment in the rental sector. It

is critical that the rental sector is reviewed including an examination of options to curb further exits of landlords from the market.

Irish Water

- Irish Water is a regulated commercial utility within the Ervia Group which operates independently of Government. However, under the terms of the Water Services Bill, which is in its final stages, Irish Water will separate from Ervia and become a standalone public utility from January 2023 onwards.

- Approximately 80% of Irish Water's funding comes from the Exchequer (€1.459bn in 2022, of which €830m was capital). In 2023 Irish Water's capital allocation from the Exchequer, including carryover, will be €974.5m. The allocation in 2023 will allow Irish Water to expand its investment in new water and waste water treatment plants as well as upgrading existing ones; to continue to upgrade the waste water sewer system and drinking water pipes; and to fulfil their commitments under Housing For All, particularly in relation to providing the relevant infrastructure for new housing developments.

Local Property Tax (LPT) / Local Government Funding

- In line with the Programme for Government, earlier this year the Government agreed that the allocation mechanism for LPT will change to allow for 100% of the estimated yield to be retained locally within the local authority area where it is collected;

- The Government further decided that any local authority whose estimated LPT yield is greater than their existing funding baseline, shall have that extra income treated as surplus for LPT allocation purposes. Those authorities shall now be entitled to retain an increased amount of that surplus (pre-variation) for their own use, equivalent to a maximum of 22.5% (compared to 20% in 2022) of the projected pre-variation LPT yield for that area.

Impacts of inflation

- In May 2022, an Inflation Co-Operation Framework was introduced for State contracts between contracting authorities and contractors to mitigate against rising inflation and growing construction costs. The Framework provides for burden sharing of the additional costs with up to 70% covered by the Government and 30% by the Contractor. Despite this significant support it may still be challenging for contractors to deliver projects and meet additional costs.

- Institutional investment in the housing market which have funded a large portion of new apartment development particularly in the Build to Rent Sector may be at risk. The increases in interest rates to curtail rising inflation may see this investment move away from housing and into more stable investments such as Government Bonds. Bond yields have increased significantly over the course of 2022 making them relatively more attractive investments.

- Irish Water is the largest energy consumer in the State and are particularly affected by the rising energy costs. Measures have been put in place to ensure sufficient funding for Irish Water in 2023 to continue to support their operations. However, further increases in energy costs beyond what has been forecast will place additional pressure on current expenditure.

Risks/Challenges

- The changing macroeconomic environment, inflation, rising interest rates and investment environment may generate challenges for 2023 housing delivery and Irish Water. Despite growing costs there is still a need to balance urgent delivery and maintain value for money principles.

- It will be challenging to deliver the social and affordable housing target in 2023 due to a range of factors including rising construction costs, capacity constraints and complexity of delivering mixed tenure developments.

- Pressure on the rental market is increasing homelessness. This has placed additional pressures on homelessness services and support which have now reached capacity. Further exits by landlords from the rental market may accelerate this further once the temporary ban on evictions ceases from April 2023.

- Rental accommodation is at capacity, and is further challenged by the increasing number of Ukraine BOTP's and IP's placing additional pressures on the housing system, including capacity for accommodating homeless families and individuals.

Health Vote

Budget Sustainability and Reform Issues

- Budget 2023 provides for a record level of expenditure in the health sector next year. The overall allocation of €23.4 billion includes a very significant increase in the core allocation and this builds on very substantial investment in recent years. In total, the annual health budget has increased by c. €6.5bn or 38% since 2019 and the policy area has been prioritised to deliver additional capacity and services and to respond to the impacts of Covid.

- For 2023, the Health Vote has a significant **core current expenditure** allocation of €21.5bn. This funding is targeted at delivering core services across a range of areas acute and community settings, primary care and pharmaceuticals. The Revised Estimates will include an additional allocation of €0.5 billion in relation to the new pay deal, bringing the total current allocation to €22bn.

- In respect of the continued need to provide a response to **Covid-19** within the Health Sector in 2023, €0.8bn has been allocated for next year. This funding primarily relates to the provision of PPE, testing and tracing and the vaccination programme. Expenditure on Covid has reduced from €2.4bn in 2021 to an estimated c. €1.6bn in 2022 (excl. once off Covid recognition payment). The Health Sector remains more exposed to Covid than others and there remains uncertainty related to the future trajectory of the pandemic highlights an expenditure risk. In the medium term, it will be important to ensure Covid expenditure is carefully managed and appropriately streamlined consistent with public health parameters to ensure that overall expenditure is refocussed on core spending.

- In respect of **capital expenditure**, the allocation for 2023 is €1.2bn – this represents 10% of the total NDP ceiling. Spending in this area has increased significantly from c. €500m in 2018. While work continues on the New Children's Hospital, a Business Case for the proposal to relocate the National Maternity Hospital has yet to be provided. In addition, preliminary Business Cases have been provided for two new Elective Hospitals in Cork and Galway.

- In 2022, a significant supplementary was provided for the Health Vote of €1.4bn to bring the total allocation for 2022 to €23.6bn. The main drivers of this were much higher Covid

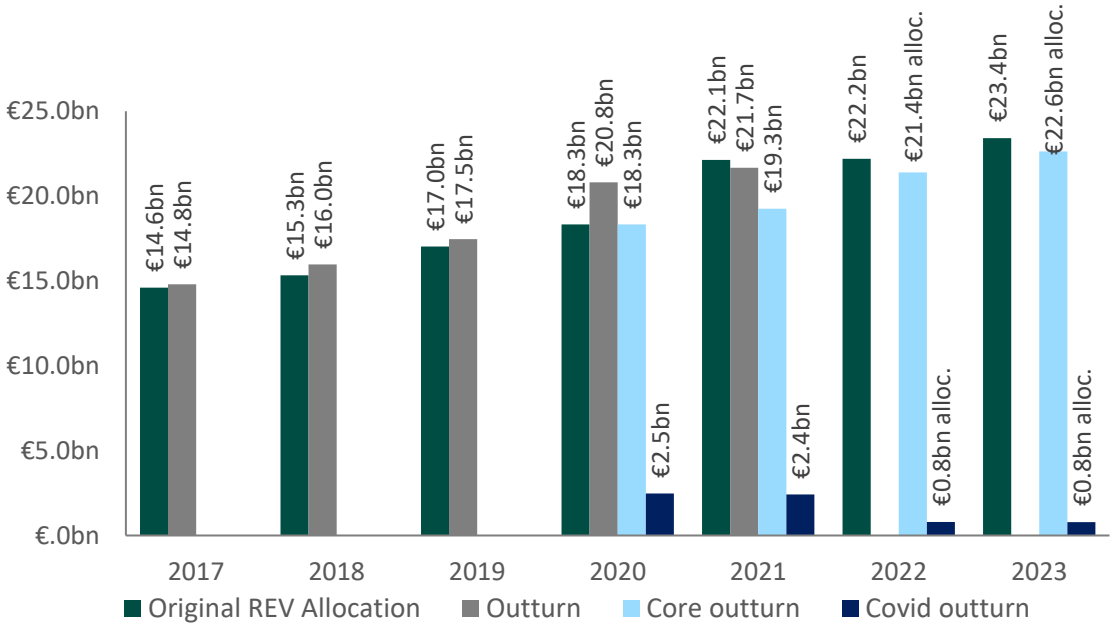
expenditure arising from the public health response to Omicron and subsequent surges as well as new in-year measure such as the Covid Recognition Payment. In addition, there were a number of new core measures such as the new public pay agreement and response to cost-of-living and Ukraine issues. Significant time-related savings have offset the requirement but these may not be available to offset any overrun in 2023.

Health Expenditure Allocations by Service Area: 2015-2022 (billions)

	2015	2016	2017	2018	2019	2020	2021	2022 (incl SE)	*Increase 2015 - 2022*	
Acutes	€4.2	€4.4	€4.9	€5.2	€5.6	€6.4	€7.1	€7.4	*€3.2*	*76%*
Social Care	€3.1	€3.3	€3.9	€4.1	€4.3	€4.1	€4.4	€4.7	*€1.6*	*52%*
PCRS	€2.4	€2.5	€2.6	€2.7	€2.8	€2.9	€3.3	€3.4	*€1.0*	*42%*
Primary Care	€0.7	€1.0	€1.0	€1.1	€1.1	€1.2	€1.4	€1.5	*€0.8*	*114%*
Mental Health	€0.8	€0.8	€0.9	€0.9	€1.0	€1.1	€1.1	€1.2	*€0.4*	*50%*
Other*	€1.7	€1.7	€1.1	€1.4	€1.5	€4.1	€3.5	€4.3	*€2.6*	*153%*
Total Current	**€13.0**	**€13.7**	**€14.3**	**€15.5**	**€16.4**	**€19.8**	**€20.8**	**€22.5**	***€9.5***	***73%***
Capital	€0.4	€0.4	€0.5	€0.5	€0.7	€1.0	€0.9	€1.1	*€0.7*	*175%*
Total	**€13.3**	**€14.1**	**€14.8**	**€16.0**	**€17.1**	**€20.8**	**€21.7**	**€23.6**	***€10.3***	***77%***

*Includes State Claims, Pensions, Support Services, Demand-Led Schemes and DoH.

Health Expenditure Allocations and Outturn (Core and Covid): 2017-2023



- Investment in recent years has allowed for significant progress towards implementation of Sláintecare including in areas such as staffing, bed capacity and eligibility. Further 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. Longer term reforms related to the initiative will need to ensure a focus on sustainability and delivery of outputs.

- 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.

- There has been significant increased investment in order to increase bed capacity within the Health system. A total of 924 acute beds have opened since January 2020 with a remaining 71 beds to be delivered by year end. An additional 184 acute beds are profiled for delivery in 2023, bringing the increase in capacity to 1,179 beds. There are 323 critical care beds open, with an additional 3 ICU beds to be delivered by the end of 2022. An additional 26 ICU beds are profiled for delivery in 2023, bringing capacity to 352 beds by end 2023. A Bed Census is currently underway which will provide a baseline for bed numbers going forward.

- There have been significant increases in funding for the recruitment of additional staff. Between end-2019 and end-October 2022, 16,275 additional WTEs were recruited. Although funded to deliver an additional 11,369 WTE in 2022, the HSE set a minimum target of 5,500. However, due to tightness in the labour market, it is likely that the HSE will actually recruit 4,000-4,500 additional WTEs this year. For 2023, the HSE is aiming to recruit an additional 6,000 WTEs. If achieved, this would represent an increase in the Health Service workforce of c. 23,000 WTEs (19%) between end-2019 and end-2023 (representing a total Health Service workforce of ~143,000 WTEs).

- Substantial measures have been introduced in recent years to reduce the cost of healthcare access. Inpatient charges in hospitals have been removed for u-16s and the measure is to be extended to all in 2023. The threshold for the Drug Payment Scheme has reduced from €114 to €80 per month. Budget 2023 provides for the expansion of free GP access to those on or below the median income. In addition, there has been significant provision in recent years for new drugs and access to pharmaceuticals.

- The Department of Health is also progressing proposals for a number of significant capital projects including the National Maternity Hospital and elective care centres in Cork, Galway and Dublin. DPER engages with the Department of Health through the National Investment Office to ensure application of the Public Spending Code as appropriate and to focus on the key issues of affordability, Value for Money and overall project governance.

- There are ongoing specific key strands of health sector reform which require DPER input. These include:

    - Growth in Social Care expenditure, including oversight of Disability expenditure and the Nursing Home Support Scheme (NHSS) as well as monitoring homecare support including a pilot homecare scheme as part of preparation for a statutory home care scheme;
    - The transfer of disability expenditure from the Department of Health to the Department of Children, Equality, Disability, Integration and Youth.
    - Pharmaceutical expenditure agreements - there will be monitoring of the savings achieved through the framework agreement with industry agreed last year, and there is a need to make progress on the use of biosimilars / generics and on prescribing practices;
    - Engagement in relation to the Sláintecare consultant contract and the shift towards public-only consultants' contracts in public hospitals; and

- The regionalisation agenda (so-called Regional Health Authorities and population based funding) with the implications for accountability, financial management and (hoped-for) better coordination / streamlining of local health services in a more integrated manner.

Risks/Challenges

Aside from the Covid-19 outbreak, there are risks to medium-term financial sustainability within the health sector. In that context, it is imperative that the commitment to budgetary discipline remains a key focus for the Department of Health. In addition, there is a need to ensure that the significant extra capacity delivered since the onset of the pandemic leads to a significant increase in output consistent with Value for Money principles notwithstanding the continued impact of Covid on operations in the short term.

In addition:

- The management of core expenditure by the Department of Health and the HSE is imperative and is a key challenge and risk. The Vote has a history of requiring supplementary Estimates. While the impact of Covid and investment in health capacity has seen significant increases in the level of resources allocated, ensuring that service planning within the sector ensures that plans are focussed on delivering within allocation is of key importance. Given delays in delivering capacity enhancements, it is important that DOH and HSE are managing core expenditure appropriately to ensure plans are within allocation over the medium term.

- The response to the Covid-19 crisis has entailed major additional costs and the health budget is likely to contain a significant Covid element into the medium-term (for example public health response and the potential for continued costs in the Acute and Community space).

- Within this context, the uncertainty related to the future trajectory of the pandemic is a more significant risk in the health sector than in others.

- 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,) are likely to be affected in more complex ways by the impacts of the pandemic.

- As has been the case across numerous countries, the pandemic has exacerbated the situation in relation to waiting lists and significant resources directed towards initiatives will need to be monitored to ensure effectiveness.

- The Vote includes the State Claims Agency who manage a growing number of claims against the State whereas there are a number of other potential exposures such as the CervicalCheck Tribunal and CAMHS redress scheme;

- Health capital expenditure over the medium term may come under pressure from the proposed Electronic Health Record IT project (which entails some material risks given the scale of this ICT project), as well as from contractual disputes in connection with the National Children's Hospital. [The HSE is also managing the ongoing and future response to the cyber and ransomware attack in 2021 (e.g. measures to promote cyber security and resilience).]

- There is a significant policy agenda relating to eHealth which is being developed – it will be important to ensure that these inherently riskier projects are managed within budget and have strong governance arrangements.

- The transfer of functions in respect of community disability services from D/Health to D/CEDIY is due to take place in the coming months. While the initiative is a matter for the two responsible Departments, DPER are actively engaging as required in relation to the transfer including in areas such as governance and financial accountability; and

- Pay expenditure, including agency and overtime, is a sizeable component of the overall Health spend. The composition of recruitment in 2023 must be fully-aligned with healthcare reform principles (e.g. more staff in community settings, carefully managing the recruitment of management/administration staff). It is a priority to ensure that agency and overtime costs are sustainable into the medium term, with these having increased considerably since the onset of the pandemic.

- As the trajectory of the pandemic develops, it is critically important that the full value of investments in additional capacity are realised. There have been record expansions in capacity such as beds and staffing while activity in acute hospitals remains below levels seen in 2019. Notwithstanding the continued impact of Covid-19 on operations, it is imperative that the system delivers high level of output in line with the significant capacity expansion.

Senior Management in Division


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.


Daniel O'Callaghan

Responsibility at Principal level for advice on sectoral policy issues and for the management of public expenditure in the health sector, with a particular focus on COVID-19 expenditure and the Sláintecare strategy.


Eoin Dormer

Responsibility at Principal level for advice on sectoral policy issues and for the management of public expenditure in the health sector, with a particular focus on COVID-19 expenditure and the Sláintecare strategy.

Public Service Resourcing

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 also has a key role to play in managing civil and public service numbers, workforce planning and industrial relations for the public service. The Enterprise, Trade and Employment (ETE) Vote as well as the Children, Equality, Disability, Integration and Youth (CEDIY) Vote are also encompassed by the Division, with responsibility for managing expenditure matters relating to these two key Government Departments as well as providing DPER input on relevant policies.

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 agreements with ICTU and other representative 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.

In addition, the Division has an important function in setting certain non-pay terms and conditions on behalf of the Minister, including issuing Circulars and Guidance in relation to statutory and non-statutory leave policies.

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.

- Managing public service numbers through overall pay levels set within the Budget process.

- Management of the Enterprise, Trade and Employment (ETE) Vote and the Children, Equality, Disability, Integration and Youth (CEDIY) Vote. This involves management of expenditure matters relating to these Departments as well as providing input and guidance from a DPER perspective on relevant policy issues.

- 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).

- Pay 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).

- Setting certain 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 in relation to statutory and non-statutory leave policies.

Key Strategic Issues for Incoming Minister

Managing Sustainable Growth in the Public Service Pay Bill

- In 2022, the Gross Exchequer Pay Bill is estimated at €22.7 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.

- On average, the Exchequer pay bill has grown by approximately €1 billion per year over the last number of years. It is estimated that approximately one third of this increase relates to pay increases under Public Service Agreements, with the remainder a result of increases on public service numbers over the same period. At Q3 2022, public service numbers were approximately 372,000 FTE.

- Since the Croke Park Agreement in 2010, public service pay has been managed through a succession of Public Service Agreements, which have played a key role in containing growth in the pay bill over that period as well as enabling significant reform of the public service. The most recent Public Service Agreement is Building Momentum, which was extended this year until the end of 2023.

- It is clear that managing the pay bill at sustainable levels will be an ongoing challenge going forward. The Public Service Resourcing Division with responsibility for both pay and numbers policy will have a key role to play in overseeing the prudent management of this important element of public expenditure.

Negotiating a successor Agreement to Building Momentum

- The current inflationary environment poses particular pressures for pay stability and for industrial peace.

- The review and extension of Building Momentum in August 2022 was a key development in terms of ensuring much needed stability across the public service during this period. The review was initiated following the triggering of the review clause in the Agreement by ICTU and other representative associations in light of rising inflation and cost of living increases. The amended agreement was extended by 12 months and runs to end 2023. [redacted]

- [redacted]

Sectoral Bargaining process under Building Momentum

- Building Momentum provided for the establishment of a Sectoral Bargaining Fund within sectors. This process provided a fair and equitable way to deal with sectoral level pay issues within a fixed envelope (1% of basic pay). Pay adjustments under the Fund are effective from 1 February 2022. Sectoral bargaining units (mainly divided along union or grade lines), each had the option of using some or all of their share of the Fund to either address claims or for a straight 1% pay increase. Agreement has been reached with the unions representing the vast bulk of public servants. These groups have already received the pay adjustments arising from the Sectoral Bargaining process.

- [redacted]
  - [redacted]

Public Service Numbers

- Public Service numbers are managed through overall pay levels set within the budget process. A policy of delegated sanction was introduced by Government to provide Offices and Departments with flexibility to meet identified business needs subject to remaining within overall pay ceilings. Under delegated sanction, Departments have the scope to manage their workforce subject to legislation, circulars and other policies. Having regard to the levels of compliance with the delegated sanction policy between 2015 and 2017, it was extended by Government in 2018 for a further three year period to end-2020 and has remained in place for 2021 and 2022. The section is planning a review of the evolution of public service staffing numbers and the operation of delegated sanction in early 2023. This review will assess its success in managing overall staffing and pay levels with a view to making recommendations to strengthen the process.

- As announced on Budget day, and as provided in the Revised Estimates 2023, in terms of public service staff numbers across the wider public service, forecast numbers in 2023 are approx. 392,807 in full time equivalent (FTE) terms. This is the highest level ever of employment in the Public Service, representing an increase of 12,143 on the estimated 2022 provision.

The Table below sets out the recent trend across sectors.

Table 1 - Recent Trend in Public Service Numbers (FTEs)								
Sector	**Q4 2014**	**Q3 2021**	**Q2 2022**	**Q3 2022**	**Q/Q Change** *(Q3 '22 vs Q2 '22)*	**YY Change**	**7 Year Growth**	**7 Year Growth Avg %**
Civil Service	34,807	43,579	45,039	45,682	643 *1.43%*	2,103 *4.83%*	9,220 *26.49%*	*3.43%*
Industrials	1,365	1,477	1,895	1,869	(26) *1.39%*	392 *26.52%*	245 *17.94%*	*2.55%*
Defence	9,785	8,866	8,512	8,386	(126) *(1.48%)*	(480) *(5.41%)*	(937) *(9.57%)*	*(1.41%)*
Education	94,045	117,451	118,282	119,862	1,579 *1.34%*	2,411 *2.05%*	23,067 *24.53%*	*3.18%*
Health	101,494	130,624	134,833	135,245	412 *0.31%*	4,621 *3.54%*	30,829 *30.37%*	*3.87%*
Justice	12,787	14,652	14,314	14,215	(99) *(0.69%)*	(437) *(2.98%)*	2,289 *17.90%*	*2.39%*
Local Authorities	26,786	30,221	31,239	31,085	(154) *(0.49%)*	865 *2.86%*	4,325 *16.15%*	*2.17%*
NCSAs	12,276	15,732	15,946	16,107	161 *1.01%*	375 *2.38%*	3,510 *28.59%*	*3.67%*
Total[4]	**293,346**	**362,601**	**370,060**	**372,451**	**2,391** ***0.65%***	**9,850** ***2.72%***	**72,547** ***24.73%***	***3.21%***

Public Service Sick Leave Scheme

- As part of the Non-Pay Terms & Conditions work-stream, the Division manages the Public Service Sick Leave Scheme. The Scheme is unique within DPER's suite of HR policies and legislation as it covers the Public Service rather than the Civil Service only. The Scheme is enabled by section 58B of the Public Service Management Acts 2013 and the attendant Public Service Management (Sick Leave) Regulations 2014 and (Amendment) 2015.

- A project is underway to amend the Sick Leave Regulations in order to enact a series of recommendations deriving from a review that was carried out in 2016 involving senior sectoral management representatives and trade union representatives. These amendments seek to standardise certain provisions within the Regulations across the different sectors and enhance consistency of practice, ensuring fairness of treatment for public servants. They also aim to streamline associated processes and reduce the administrative burden for HR and Payroll staff.

[4] Includes Local Authorities and Oireachtas.

Recruitment Policy

- In fulfilment of the Programme for Government and Civil Service Renewal 2024 commitments, the division also plays an important role in supporting civil service employers in the recruitment and retention of a diverse, flexible, collaborative and innovative workforce.

- In 2023 the development of HR initiatives will be prioritised to widen the recruitment pool, including reviewing eligibility requirements and removing potential barriers to employment. In addition, initiatives such as new apprenticeships and internships in the Civil Service will be further developed to promote employment opportunities in the civil service for underrepresented groups.

- To contribute to the achievement of the targets set by the Official Languages Act (Amendment) 2021, this Department will work with the Public Appointments Service and other Government Departments to assist in the roll out of Irish Stream campaigns at the general grades and identify and support initiatives with a positive impact in the number of Irish speakers in the Civil Service.

Enterprise, Trade and Employment Vote Management

- The Vote section oversees management of key expenditure and policies of the Department of Enterprise Trade and Employment and its agencies which include IDA Ireland and Enterprise Ireland. A total allocation of €1.6bn has been allocated to the Department in the 2023 REV (this is split out as €1bn in current expenditure and €0.6bn in capital). A number of priority areas for the Vote are set out below, with particular focus on the twin transition of digital and climate, in addition to the continued analysis of enterprise supports.

- The White Paper on Enterprise 2022-2030 published by the Department of Enterprise, Trade and Employment will set out a medium to long-term vision for enterprise policy covering risks, challenges and opportunities for enterprise and the high-level approach to dealing with them. This will require monitoring of expenditure relating to these key objectives, which include decarbonisation and net zero commitments and further integration of the digitalisation agenda across enterprise.

- Responsibility for digital service regulation falls within the remit of the Department of Enterprise, Trade and Employment. In 2023, it is expected the Digital Services Coordinator will be established within Coimisiún na Meán, so that it is operational when the Digital Services Act begins to apply in Ireland. Many of the large intermediary service providers to be regulated have their headquarters based in Ireland and the DSC will be required to implement and resource the DSA. This will require close monitoring as governance and resourcing matters are ironed out.

- The impact of the war in Ukraine and the energy crisis on business is also expected to dominate in the short term. Businesses are dealing with challenges arising from rising business energy costs, inflation and subdued consumer spending patterns due to declining real incomes as well as risks arising from the unwinding of pandemic supports. The implementation of support schemes and measures and expenditure arising from the Temporary Business Energy Support Scheme (once off current funding of €0.6bn has been made available to DETE in 2023 for the costs of this scheme), Ukraine Enterprise Crisis Scheme and the Ukraine Credit Guarantee Scheme will require ongoing scrutiny.

- Policy developments such as the growth of State supported credit guarantee schemes will also require ongoing appraisal. These schemes provide assurances on loans to business by covering a share of the default risk of the loan. Continued monitoring of the role of the State in credit guarantee schemes will involve monitoring the potential risks arising as well as evaluating the effectiveness of these policy interventions.

Children, Equality, Disability, Integration and Youth Vote Management

- There are a number of key expenditure areas under DCEDIY that require careful management and oversight by the vote section. In the 2023 REV the DCEDIY Vote was allocated €3.3 billion with this split €3.2bn current and €0.1bn capital. A large portion of the additional monies provided to DCEIDY next year are once-off in nature to facilitate the Ukraine response. The key priority areas for the Vote next year are as follows:

- DCEDIY continues to lead the state's humanitarian response to the war in Ukraine through the provision of short term accommodation and supports. This is in addition to the significant pressures facing the International Protection Accommodation Service. The resourcing of this response from contingency funding will be evaluated on a continuing basis as the situation evolves and expenditure needs arise. In 2023 €800m has been provided on a once-off basis from the Contingency for Ukraine and IPAS.

- The Core Funding model for childcare services was launched in September 2022. This scheme requires close monitoring over the short and medium term in relation to 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: delivery of higher quality, more affordable services for children and families, while maintaining services' sustainability and putting in place additional levers for public management of the sector. Similarly, the increasing subsidies available under the National Childcare Scheme have significant implications for the Exchequer and require continued analysis.

- While disability services will continue to be delivered by the HSE the funding and management of this policy area is due to be transferred from the Department of Health to the DCEDIY. This is a particularly complex transfer of functions that will require close monitoring and engagement with the relevant parties.

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

Independent Review Panel

- Following government approval on Tuesday 29th March, 2022, the then Minister for Public Expenditure and Reform, Michael McGrath, T.D., established an Independent Review Panel to conduct a review of the current recruitment and pay determination processes in place for Senior Public Service posts, in particular arrangements in the Civil Service. The objective of the Panel is to review the appointment process of senior level recruitment, including all Secretaries General of Government Departments, and pay determination issues to ensure that guidelines are open and transparent.

- The Panel is chaired by Dr. Donal de Buitléir, with Ms. Jenny Smyth and Mr. Bryan Andrews as members of the Panel. The Panel undertook a public consultation and are

currently preparing a report. The Report is likely to be presented to the Minister before end Q1 2023.

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Risks/Challenges

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Senior Management in Division

Barry O'Brien

Responsibility at Principal level for general policy regarding public service pay and industrial relations as well as CEO pay rates in the Commercial State Bodies.

Renee O'Reilly

Responsibility at Principal level for policy development on pay, and industrial relations for the Health, Defence and Justice sectors. 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.

Linda Walsh

Responsibility at Principal level for remuneration and pensions policy for Oireachtas members, officeholders and judiciary, Local Authorities sectors and Non-commercial State Bodies and remuneration arrangements for Local Councillors

John Howlin

Responsibility at Principal level for public service numbers policy, public service non-pay terms and conditions and the Top Level Appointments Commission.

Jessica Lawless

Responsibility at Principal level for the management of the Enterprise, Trade and Employment and Children, Equality, Disability, Integration and Youth votes, including sectoral policy inputs.

Public Service Transformation

Assistant Secretary: Marianne Cassidy

Overview of Division

As detailed above DPER underwent an organisational review which led to a new operating model and divisional reorganisation in May 2022. Following this divisional reorganisation, the Public Service Transformation Division now comprises four units, each headed by a Principal Officer:

- Central Votes, TCAGSM Vote and Corporate Bodies Unit
- Communications Team
- Public Service Transformation Delivery team
- Public Service Transformation Policy team

Key Responsibilities

The Public Service Transformation Division is responsible for developing, driving, coordinating, delivering and evaluating the Government's programme of Public Service Transformation and Innovation.

This includes setting the policy and strategic framework for public service transformation that will deliver tangible impacts and outcomes for citizens and users through the development and delivery of:

- the Civil Service Renewal Programme and the successor of OPS 2020 which are aligned in a coherent whole of public sector agenda;

- a new Open Data Strategy to support evidence-based policy and decision making;

- two research projects funded by the European Commission's Technical Support Instrument. One will identify key learnings and new ways of working from Covid-19 and Brexit. The other will embed Strategic Foresight as a way to strengthen policy development within the Public Service;

- the 2023 Trust Survey in collaboration with CSO/OECD and the subsequent action plan; and

- developing transformation indicators aligned with the National Well-being Framework and on the key drivers of Trust in public institutions.

The Public Service Transformation Delivery team provides enablers and supports to Departments and Public Service Organisations to deliver the above policies/strategies. This includes:

- the Design Principles in Government, upcoming action plan and Quality Customer Service Initiative to embed and measure service/policy design and system thinking and maximise impact on users;

- the co-created Open Government Partnership 4th National Open Government Action Plan to identify and drive key reforms in partnership with civil society;

- the National Innovation Strategy to foster and scale innovation;

- managing the Innovation Fund and Future Tech Challenges (in partnership with multinationals and, in 2023, SMEs);

- championing the digitalisation agenda and driving uptake, e.g. through the development of Robotic Process Automation and AI framework and L&D;

- the implementation of design principles and agile ways of working through the development of Life Events (e.g. registration of births, etc.) in partnership with the OGCIO and other transformation initiatives; and

- measuring the impact of transformation efforts through the, business, customer and employee sentiment analysis/surveys.

The Transformation Policy and Delivery teams actively participate in national and international fora that drive transformation. For example, the Public Service Transformation division act as the competent authority for the Technical Support Instrument for EU DG Reform, and is an active member of the Public Governance Committee of the OECD and their work on Building Trust and Reinforcing Democracy. In leading transformation, the Division works collaboratively with other Departments and public service organisations through the new Transformation sub-committee of the departmental Management Board, the Public Service Leadership Board chaired by DPER Secretary General and the Civil Service Management Board (chaired by Department of Taoiseach Secretary General to the Government).

The Division is also responsible for leading and supporting the Department's Communications team. The Unit consists of the Press Office and a small Communications Team. The Press Office supports the Minister in communicating the Department's work and priorities. The Communications team provides an internal communications function, co-ordinates the work of communications specialists located in other divisions of the Department, and manages initiatives that advance the Department's policy priorities.

An important part of the work of the Division also involves managing and overseeing expenditures for the bodies under the aegis of the Department of Public Expenditure and Reform (NSSO, State Laboratory, Public Appointment Services, Office of the Ombudsman and Secret Services), Central Votes (D/Taoiseach and D/Finance), Rural and Community Development Vote, and Tourism, Culture, Arts, Gaeltacht, Sport and Media Vote. It also provides advice on sectoral policy issues and issues related to State Property and Houses of the Oireachtas Commission.

Key Strategic Issues for Incoming Minister

- In response to the cost of living challenge, DTCAGSM and DRCD have put in place cost of living schemes to help bodies in the arts, culture, sport and community and voluntary sectors meet increased energy costs. In 2022, DTCAGSM received a supplementary estimate of €35m to assist sports bodies while DRCD received a €10m supplementary

estimate to assist the community and voluntary sector. DTCAGSM also is funding from savings within its Vote a €15.54m cost of living scheme for the arts and culture sector, including the National Cultural Institutions.

- For the Ukraine response, DRCD is currently working (in conjunction with the Department of the Taoiseach and the Department of Housing, Local Government and Heritage) on a €50m package of assistance to support communities in their welcome for Ukrainian refugees.

- A key issue in coming years will be engaging with both DTCAGSM and DRCD on the management of capital investment programmes of both Departments within their NDP allocations decided by Government.

- The pandemic had a significant impact on the social and economic sectors under the remits of these Departments. Very significant funding was provided to mitigate the impact of the pandemic.

- In 2023, the Vote team intend to consolidate work done in recent years under Part III of the State Property Act and on intestate estates, and set out the path for future work.

- Coimisiún na Meán/Media Commission – Body to be established to address obligations under 4 EU directives to govern IT sector. Remit of body spans across DTCAGSM, DETE and DoJ functions and will require a coordinated approach and oversight by DPER.

- The communication team is a newly set-up team and has a key role in terms of embedding the Operating Model through new ways of working, effective internal communication, support for policy making and service delivery through better external communication. As well as the usual functions of the Press Office, the Communication team's responsibilities include responsibility for campaigns of strategic communications, including promoting engagement with public consultations, as well as programmes of activity and initiatives such as the Thekla Talks, Budget in Brief, and the *Where Your Money Goes* website.

In terms of public service transformation, the new operating model in DPER has given the Department an opportunity to focus on the whole of the public service in close collaboration with the other divisions (such as the OGCIO, Public Service Workforce Division, IGEES and the Climate Division). While the Public Service Transformation Division continues to progress actions to ensure that it remains agile, innovative and professional, a number of strategic issues arise:

- The successor of OPS in terms of Public Service Transformation will be presented for approval to the Minister in Q1 2023 and will be aligned to Civil Service Renewal, presenting one coherent framework for transformation.

- The main focus of the next phase of public service transformation will be on enhancing policy and service delivery to provide a positive impact for citizens. A core focus of this work will be on greater delivery of services through digital channels. In some areas this will represent a significant change in service delivery and it will be necessary to support the public service workforce through this transition.

- A historic focus on the specific operations of individual organisations has always posed a challenge to ambitions to deliver integrated services to the citizen. The Digital

Transformation Agenda (e.g. Connected Government 2030 and MyGovID) and Design in Government Principles (as mentioned in the recent agreed memo on Quality Customer Services) provide an opportunity to tackle this. For example, planned work with OGCIO on the life events portal will bring together a number of organisations to deliver a seamless service to the citizen. This work will be informed by design principles.

- This transition to a user-centric public service that is designed for a seamless user experience across all departments/agencies will involve a significant step-change from Public Service Organisations. It will require a concerted whole-of-government commitment to the principle of putting the citizen at the centre of the design of services and policy and to identifying and delivering high volume and high impact services for reconfiguration. This work will also need to be supported by an action plan to upskill and reskill public servants.

- The implementation of these approaches, including the application of design principles, will require cross-organisational collaboration. The work will include leveraging data and insights from sources including IGEES and the CSO, significant process changes (including potential legislative changes), and provision of supports towards new ways of working. This will be the main focus of the transformation delivery and policy team and an Action Plan will be presented to Government in the first part of 2023

- Post-Covid, service and policy expectation is high amongst the public (evidenced by the latest survey results on trust and customer satisfaction). There is a confidence within the public sector in its ability to deliver in a crisis (as per engagement survey results and first phase of the Post-Covid research). We need to continue to build on this momentum in a sustainable way and ensure support, investment and prioritisation for both the Civil Service Renewal and Public Service Transformation strategies, and the vision for Public Service Transformation. The Division will continue to work with the Public Service Leadership Board and the Civil Service Management Board in this regard.

- A good communication strategy is key to ensuring the visibility of the vision, impacts and outcomes taking place under CSR and the successor to OPS in order to increase Public Service's and the wider public's support for the transformation agenda, and to maintain the appropriate level of buy-in at all levels of the 370,000 people working in the public sector – the Division will continue its outreach and engagement activities (e.g. Innovation week, Innovation and Excellence Award, customer and staff survey, network of 2500 innovation representatives, QCS Network, CSR/OPS communications, etc.).

- Innovation is the bedrock of transformation and transformation is innovation at scale – Efforts will continue to provide enablers and supports (as described above) to Public Service Organisations to drive transformation and scale up innovation across the public sector. In this regard, there is an ongoing Spending Review of the Innovation Fund and the impact of the 90+ projects it has funded in the last 4 years, as well as an analysis of international best practice. Recommendations will inform the direction of the fund. Similarly, the public/private challenge-based approach to transformation of certain services through the Future Tech Challenge took place in 2022 with 3 multinationals supporting 3 large scale public sector transformation projects (my CoCo, Clare Island and Bovine TB). In 2023, it will be extended to invite SMEs and test the Innovative Partnership Procurement methodology.

- The OECD and EU focus on trust, democracy and transparency in public institutions and support to drivers of trust align with our transformation agenda. We will continue harnessing this through continued participation in DG Reform Expert Groups, the OECD Public Governance Committee and implementing various TSI projects in Ireland (e.g.

current project on Strategic Foresight and Strengthening Policy Development co/chaired with Department of Taoiseach).

- Ireland has ranked very highly (being first 3 years in a row and second this year) in the EU for Open Data. To retain this position, we will have to continue to invest strongly in open data quality and reuse – the Open Data Strategy is due for approval and publication in Q1 of 2023 following extensive consultation and engagement in 2022. The first implementing Act of the Open Data Directive was passed on the 14th of November 2022 – this will require significant investment so that public bodies meet their obligations under this Act.

- Measuring Impacts will be critical to transformation. The new QCS Circular will set customer service indicators aligned with the principles. Overall transformation indicators and maturity model under the new transformation strategy will be devised and aligned to existing agreed national indicators such as the wellbeing framework, climate indicators and trust in public institutions drivers.

Risks/Challenges

- The ongoing challenge, as with all public expenditure, will be the need to accommodate the pressures arising on seventeen votes within the Government's sustainable expenditure policy.

- A big challenge continues to be the heavy work involved in engaging with DTCAGSM to consider the aspects relevant to DPER on the establishment of Coimisiún na Meán (Media Commission). The Coimisiún must be established to meet the regulatory requirements of EU directives (Ireland already faces ongoing and once-off fines for failing to meet deadlines for establishment).

- DRCD is likely to have continuing tasks in supporting communities in welcoming and supporting Ukrainian refugees.

- Getting sufficient political support for ambitious change will be challenging, as will ensuring the support of trade unions and staff.

- Potential for 'reform fatigue' across the Public Service after 10+ years of reform and transformation particularly in the context of several crisis (Covid-19, Ukraine, Brexit, Climate).

- Addressing the perceived gap between the Public Service's ability to respond effectively in a crisis (Covid-19 / Brexit) and the Public Service's ability to meet day to day challenges.

- The scope of the key strategic challenges the Public Service is seeking to address, such as health, housing and climate, and the need to avoid siloed working in these areas by responsible lead Departments/Public Service Bodies.

Senior Management in Division


Philip McGrath

Philip McGrath leads the Public Service Transformation Delivery Unit. The unit is responsible for driving and delivering the Government's programme of public service transformation and innovation, and civil service renewal. This includes implementing the Government's current reform framework Our Public Service (in anticipation of the forthcoming transformation programme) and Civil Service Renewal 2024 Action Plan, implementing the Government's Public Service Innovation Strategy, *Making Innovation Real*, coordinating Ireland's Open Government Partnership National Action Plan, outsourcing and emerging technology policy, and a number of other related policy areas concerned with the modernisation of the Irish Public and Civil Service.


Beverley Sherwood

Beverley Sherwood has responsibility for managing the Public Service Transformation Policy Unit and coordinating the development of the Civil Service Renewal and Public Service Transformation Programmes. The Unit also has responsibility for managing the Post-Covid-19 Review of the Organisational Structure and Design of the Civil and Public Service, Irish input into the OECD Reinforcing Democracy Initiative and OECD Trust Survey, Strategic Foresight, Open Data, and for delivering a Public Service Transformation Policy communications and outreach programme to engage with staff throughout the Civil and Public Service.


Dermot Sellars

Dermot Sellars has responsibility for the operations of the Communications Unit and Press Office Unit, including the management and coordination of all media engagements undertaken by and on behalf of the Minister and officials (particularly press releases and statements), for the ongoing formulation and implementation of the Department's external communications strategy and frameworks, for the ongoing formulation and implementation of the Department's internal communications strategy and frameworks, and for management of the Department's website, intranet and social media presence.


Dermot Nolan

Dermot Nolan has responsibility for the management of the following Departmental Votes: Finance Vote Group; Taoiseach Vote Group; Rural and Community Development; Tourism, Culture, Arts, Gaeltacht, Sport and Media; including advice on sectoral policy issues. Dermot also has responsibility for oversight of expenditure in respect of the votes for bodies under the aegis of the Department, i.e. National Shared Services Office, State Laboratory, Public Appointments Service, Office of the Ombudsman and Secret Service, and for the Office of the regulator of the National Lottery, State Property/Intestate Estates and Houses of the Oireachtas Commission.

Public Service Workforce

Assistant Secretary: Shirley Comerford

Overview of Division

The Public Service Workforce Division includes the following business areas:

- HR Policy Team;
- Senior Public Service (SPS) Team;
- OneLearning – the learning and development centre for the civil service;
- Civil Service Employee Assistance Service (CSEAS);
- Justice & Defence Votes Team; and
- Organisational Capability Review (OCR) Team.

Key Responsibilities

The role and key responsibilities of the Division include the provision of leadership and guidance to civil service employers and employees in delivering a world class service to the State and the public and the effective expenditure management of the Justice and Defence sectors by:

- designing and delivering innovative and sustainable HR policies and frameworks that provide guidance to civil and public service organisations on a range of employment issues, supporting organisations in implementing their HR strategies and providing consistency and transparency for employees and managers. The work of the HR policy team includes policy auditing, benchmarking, consultation, evaluation and new policy development;

- empowering organisations to maximise the potential of new ways and models of working, including through the implementation of the Civil Service Blended Working Framework;

- designing and delivering strategic learning and development supports through OneLearning and the SPS Team to build the knowledge, skills and behaviours of a future focussed workforce, encompassing all levels including those in the senior leadership cohort (SPS). This is an important enabler of capacity, capability, effective performance and productivity and of employee engagement and wellbeing for the civil service system as a whole;

- delivering proactive and responsive health and wellbeing initiatives and supports in addition to the provision of one to one emotional supports by the CSEAS which positively affects individual health and wellbeing and organisational effectiveness;

- overseeing a programme of OCRs to assess and strengthen performance and capacity across Departments;

- managing the relationship with the Justice and Defence sectors to promote disciplined delivery within budget, and supporting reform initiatives in those sectors; and

- ensuring effective expenditure management and the provision of quality analysis and advice to the Minister and Government on a diverse range of expenditure issues in the Justice and Defence Sectors, including support for extensive reform of those sectors.

Key stakeholders and customers of the Division include: civil service senior leadership; all Departments and Offices – in particular HR, Learning and Development and Estimates units; National Shared Services Office; all civil service employees; trade unions and representative organisations.

Key Strategic Issues for Incoming Minister

Civil Service Regulation Act Amendment

Legislation is at an advanced stage to amend the **Civil Service Regulation Act**. This is required to modernise the management of discipline and performance in the civil service. Once the amended legislation has been enacted, PS Workforce Division will work to update relevant HR policies (e.g. civil service disciplinary code).

Upskilling and Developing the Workforce

The Minister will be invited to launch the **next generation of OneLearning courses** for the civil service (expected launch date – Q1, 2023). This extensive suite of courses has been developed and is being delivered in partnership with subject matter experts from both the private and public sector and includes accredited Irish language courses for all levels.

The Minister will also be invited to launch the new three year **SPS Leadership Development Strategy** (expected launch date – Q1, 2023), which will support the development of a strategic, visible and collaborative public service senior leadership cohort. In addition to existing senior leaders, the Strategy will focus on the development of a pipeline of future senior leaders through targeted talent management initiatives.

OneLearning and the SPS team will continue to improve efficiencies and the quality of learning and development supports across the civil service via Framework Agreements with the Office of Government Procurement and vendor management. Building on the experience gained in delivering learning and development in the blended working context, both teams will continue to expand their range of delivery channels to meet the expectations of their customers.

As part our Division's ongoing commitment to continuous professional development (CPD), the CSEAS team will attend clinical supervision and engage in a suite of CPD initiatives including full Collaborative Assessment and Management of Suicidality (CAMS) certification for all Employee Assistance Officers.

Organisational Capability Review Programme

It is proposed to expand the implementation of the Organisational Capability Review Programme in 2023.

Justice and Defence Vote Section

Justice Vote Group

Compared to the 2022 allocation, an additional €149m in current expenditure and an extra €2 million in capital expenditure is being allocated to the Justice Group Votes in 2023. This brings the total allocation to over €3.3bn, the bulk of which relates to the Garda Vote (€2.14bn).

The Department of Justice introduced a number of new strategies in 2022 in areas such as Family Justice and Domestic and Sexual Based Gender Violence (DSGBV), which will be implemented over the next three and five years respectively. As set out in the DSGBV Strategy there are plans to establish a new Statutory DSGBV Agency by 1 Jan 2024, while the Family Justice Strategy will also involve significant capital investment in the coming years in courthouse projects such as the Family Court at Hammond Lane.
A CEO designate was appointed to the Gambling Regulatory Authority in September 2022 and Government recently agreed to the publication of the Gambling Regulation Bill which will pave the way for the establishment of the Regulatory Authority and the licensing and regulatory framework for the sector. The establishment of a Project Implementation Team was also sanctioned in Q4 of this year to commence this work.

The Policing, Security and Community Safety Bill will also involve changes to the Garda Síochána Ombudsman Commission (GSOC) which will become the Office of the Police Ombudsman with designed processes and greater financial independence.

An inter-departmental group has been meeting to review judicial resources across the Courts Service with a final report set to be published imminently (end Q4, 2022 / early Q1, 2023). The report, when finalized, will recommend the provision of additional judicial resources across the Courts system.

A new Division of the High Court dealing with planning and environmental issues will be established. It is expected that it will take 12 months to complete the work involved for its establishment. The new Court would admit projects and policies of a strategic nature bypassing the Commercial Court and/or the Non-Jury Judicial Review List.

In tandem with the moves involving GSOC, the policing oversight functions of the Policing Authority and the Garda Inspectorate will merge under a new organisation – the Policing and Community Safety Authority.

The comprehensive Garda reform plan “A Policing Service for our Future” entered its final Consolidation phase this year. Implementation is still key and is being overseen by the Department of the Taoiseach. DPER is a key stakeholder and an active participant in driving this change.

In July 2022, the Department of Justice reported that 63% of policing reform actions have been completed with a further 15% on track; 19% of actions are outstanding and 3% were facing a potential delay.

Priority reform actions of particular interest to DPER and which we will be focusing on with other Departmental colleagues in 2023 include the enhancement of financial capacity within the AGS, Garda Roster, and putting preparations in place for piloting Multi Annual Budgeting for the Garda Vote which is both an agreed action under the APSFF/policing reform plan and a recommendation arising from a cross Departmental spending Review in 2021.

The Policing Security and Community Safety Bill is scheduled to be enacted in 2023. This legislation will fundamentally transform the governance and oversight framework for policing, in addition to establishing a National Community Safety Office and the Independent Examiner of Security Legislation. A memo on the Bill was brought to Government on the 22nd November. Discussions have taken place between Department of Justice and DPER officials on the estimated expenditure implications. However, further engagement will be needed between officials in both Departments as funding beyond what was agreed in Budget 2023, will be subject to consideration and agreement in the context of the annual estimates process.

The Office of Public Works (OPW) continues to manage the Military Road project build with substantial completion for handover of the project in October 2022. DPER has been advised that the project is on track with progress continuing to be made on the logistics of the relocation.

The Courts Service are continuing to progress the Courts Modernisation Programme, which involves a wide-scale (and much-needed) modernisation agenda. The Programme will enter the 'Transform' phase in 2023 which will involve investment in new ways of working which aim to enhance the customer experience.

The Irish Prison Service will receive additional funding to enable increases in staffing across a range of functions which reflect increased prisoner numbers. The redeveloped Limerick Prison and Limerick Women's Prison will also open in 2023.

There are plans to expand the Data Protection Commission in 2023 via the addition of two additional Commissioners. The current Commissioner will move to the role of Chairperson. The DPC has also been asked by the Minister for Justice to undertake a review of its governance structures, staffing arrangements and other processes.

Defence Vote Group

The Commission on Defence Forces published its report in February 2022. The Government Decision of the 12th July 2022, in response to the Commission on the Defence Forces Report, approved a move over 'a six-year period to a level of capability equivalent to Level of Ambition 2 (LOA2), as defined by the Commission on the Defence Forces which will entail funding increases to reach a Defence Budget of circa €1.5 billion, at January 2022 prices, by 2028 *through the annual Estimates process".*

38 early actions within the accompanying High Level Action Plan for implementing the Commission's recommendations are due to be delivered within 6 months of Government decision – i.e. by 13th January 2023.

DPER has been working closely with the Department of Defence to ensure that priority early action items in relation to pay and allowances were progressed, and sanctions have issued in respect of all pay and allowance enhancement measures which were identified for immediate implementation.

DPER is represented on the recently established Commission on Defence Forces' Implementation Oversight Group and the Secretary General is a Member of the High Level Steering Board. The Vote Section will continue to work to support this process and proactively drive necessary cultural reforms and other actions identified in the High Level Action Plan.

Budget 2023

The 2023 Budget Allocation for the Defence Vote Group is €1,174m, a €67m increase on 2022 which will allow the Defence Organisation to deliver services and also enable progress on the implementation of the recommendations of the Commission on the Defence Forces.

The 2023 capital allocation increased significantly by €35m to €176m to provide funding for measures identified for prioritisation in the Report of the Commission on the Defence Forces, including Primary Radar and Force Protection Programmes.

The 2023 Army Pensions (Vote 35) allocation of some €281m will provide funding for some 13,000 Army Pensioners and certain dependents. This allocation includes an additional €10m for 2023.

This provision also includes funding for a number of key posts recommended by the Commission and included in the High Level Action Plan, including the heads of Transformation and Strategic HR in the Defence Forces.

PDF personnel are now more than 1,300 below Establishment numbers (8,146 vs. 9,500) and continue to fall. Budget 2023 supports the recruitment of an additional net 400 PDF recruits next year. However, this is an extremely ambitious target and there is a distinct risk that it will not be achieved in light of the broader labour market environment.

An interdepartmental Ministerial Air Transport Service (MATS) Review Group was convened in 2021 to examine options for the future provision of the Service once the current Government Jet is no longer fit for use, including contingency options. The Group is expected to make a recommendation to Government later this year.

The Department of Defence received funding in Estimates 2022 under the Housing for All implementation fund to engage consultants to carry out a cost-benefit analysis and feasibility study in relation to the viability of relocating Cathal Brugha Barracks with a view to freeing up space for housing. An interdepartmental group has been convened to manage and monitor progress on this study.

Risks/Challenges and Opportunities

Opportunities

- The setting up of the new Public Service Workforce Division under the recent review of the Department's operating model brings together a range of different business units, skillsets and experience.

- Working effectively together, the Division has the opportunity to apply systems thinking to make impactful change by sharing insights and identifying and maximising synergies between its various functions of expenditure management, organisation design, leadership and skills development informed by insights from direct engagement by the OCR and CSEAS teams with frontline managers and staff.

- In order to achieve this, we are purposefully working together as a Division to:

    - integrate new team members
    - build personal and professional relationships
    - identify and optimise synergies across our Division and with other areas of the Department
    - embed new ways of working
    - establish and embed structures aligned with service delivery
    - transition the focus of the Division from civil to public service
    - support the Department of Justice and Defence in delivering a significant range of strategies across the two Vote Group sectors.

Risks

We are also cognisant of the risks that we face in establishing our new Division at this time, which include:

- Balancing ambition with capacity and capability as we embed our new Division and transition the focus of the Division from civil to public service

- Knowledge management in a time of significant change

- Dependency on digital platforms e.g. WebEx, LMS
- Dependency on External Providers
- Requirement for prioritisation where a very significant number of ambitious multi-year strategies and policy objectives continue to emerge from the Department of Justice in respect of the Justice Sector which creates some risk in terms of potential future exposure for the Exchequer if proposals are not accurately costed
- Department of Justice and Department of Defence unable to meet the many ambitious strategic targets due to a lack of funding, recruitment and retention challenges or indeed 'reform fatigue'

Senior Management in Division

Marianne Nolan

Responsibility at Principal level for overseeing control and monitoring of expenditure in relation to the Justice Vote Group and Defence Vote Group, with a particular emphasis on DPER's role as a stakeholder in supporting the implementation of recommendations of the Commission on the Defence Forces and the Commission on the Future of Policing in Ireland.

Roisin Walsh

Responsibility at Principal level for the development of strategic HR Policies, including new ways of and models of working; performance management; disciplinary policy; grievance procedure; dignity at work policy; flexible working arrangements; probation policy; equality, diversity and inclusion policies; health and wellbeing; and professionalisation of HR.

Cathy Barron

Responsibility at Principal level for policy in relation to the Senior Public Service, including performance management, mobility and continuous professional development initiatives for senior leaders. In addition, responsibility for policy on civil service talent management and graduate development.

Siobhán Gaffey

Responsibility at Principal level for OneLearning, the learning and development centre for the civil service and responsibility for the Civil Service Employee Assistance Service

Principal Officer Vacancy

Responsibility at Principal level for implementing the Civil Service Renewal Plan's programme of organisational capability reviews, and ensuring that learnings from the programme inform the wider work of the Division and Department where appropriate. This post is currently vacant but is expected to be filled in January 2023 through the mobility programme

Work and Pensions

Assistant Secretary: Jasmina Behan

Overview of Division

The Work and Pensions Division is responsible for development of the Irish Government Economic and Evaluation Service (IGEES) and management of the D/PER IGEES Unit; and manages various Votes (Social Protection; Education; Further and Higher Education, Research, Innovation and Science; Vote 12 (Civil Service Superannuation and Retired Allowances). The Division also leads on policy responsibility for public service pensions.

Key Responsibilities

- **Social Protection, Education and FHERIS Votes -** 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.

- **Irish Government Economic and Evaluation Service (IGEES) -** 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, IGEES learning and development programme), implementing the IGEES Medium Term Strategy and leading on the Evidence-Informed Policy and Service Pillar in the Civil Service Renewal 2030 Strategy.

- **Pensions Policy -** 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 increase policy, professional added years, fast accruals abatement, transfer and purchase of service, family law, and the determination of appeals under Civil and Public Service pension schemes.

- **Actuarial Services & Vote 12 -** Responsibility for the provision of actuarial support in the development of public service pension policy, costings of public service pension benefits and liabilities, and actuarial advice for all general management and operational issues. The unit also has responsibility for the management of Vote 12 Superannuation and Retired Allowances which has a 2023 gross expenditure allocation of €788 million.

- **Single Public Service Pension Scheme -** Monitor Relevant Authority compliance in the administration of the Single Scheme and develop and deliver implementation supports for Relevant Authorities through:
  - the monitoring of and reporting on the Single Scheme Action Plan, including chairing the Single Scheme Steering Committee and Sectoral Focus Group;

- the onboarding of Relevant Authorities to the Databank; and
- the examination of a future Central solution for Scheme administration in the longer term

Key Strategic Issues for Incoming Minister including Risks/Challenges

Education

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 Pupil Teacher Ratios (PTR) in Primary Schools*. The transmission of the PTR to teacher numbers 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. Budget 2023 announced a further one point reduction in the Primary Staffing Schedule building on similar reductions in Budget 2021 & 2022. This will reduce the Staffing Schedule to a historic low of 23:1. Work undertaken by both departments regarding teacher allocations has been completed and outlines the operations of teacher allocations – this research should be used to inform policy decisions in this area;

- *Inclusive education*, including the School Inclusion Model, and DEIS identification. The Department of Education need to outline a clear plan for the implementation of the School Inclusion Model, following significant delays in the implementation of the model. Furthermore, the Department must clarify their position on the SNA Frontloaded Allocation Model which has not been implemented. Existing policy in these areas needs to be considered and any review should ensure programmes remain appropriately targeted;

- *Commence a free schoolbooks scheme pilot in September 2020 and, pending a successful review of the pilot, expand the scheme to schools nationwide, as resources allow.* An allocation of €50m provided in Budget 2023 for free school books at primary level from Sept 2023. A considerable amount of work will need to be undertaken by D/Education before the scheme is launched, including to embed Value for Money considerations in scheme formulation.

- *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.

- *Conduct a comprehensive review of the School Transport Scheme.* D/Education is leading Phase 2 (out of 3 phases) of the review, DPER has provided feedback on what we view as an early draft of the phase 2 report.

Higher Education, FET and Research

- *Develop a long-term sustainable funding model*. Work on the funding of higher education was finalised in 2022, which sets out a funding requirement of €307m to address shortfall that arose during the fiscal crisis. The phasing and implementation of this funding is a matter for Min/FHERIS to prioritise as part of the Estimates

- *No increase in annual student contribution*. There has been significant pressure to decrease the student contribution, with a once off reduction given as part of the CoL package in Budget 2022. Funding was also given to D/FHERIS in Budget 2023 for a

reduction in the student contribution via SUSI by €500 for eligible families earning between the €55,240 and €100,000 income thresholds.

- *Review SUSI / Student Supports*. This review has taken place. Prioritisation of the recommendations of this review are now a matter for Min/FHERIS to prioritise as part of the Estimates process.

Higher Education Funding

- Following on from the Cassells report in 2016 and separate Vote analysis as part of the 2018 Spending Review process, consultants were contracted to produce a further report on the future funding of Higher Education under the auspices of the DG Structural Reform Support Programme, examining the three options for Higher Education funding set out under Cassells.

- As part of Budget 2022 discussions on this report, DPER and DFHERIS agreed to update the €317m figure identified in the SRSS report to reflect the most recent data on student numbers and funding decisions taken since 2018 when the initial analysis was conducted. The technical update found that the revised funding "gap" figure was €1,750 per student which gave and overall core funding shortfall of €307m. This figure relates to core HEI funding only and does not relate to wider student support and student contribution issues which did not form part of the technical update that DPER engaged in. Demographic funding, which has been provided for in recent years, as well as funding to address higher education pensions do not form part of this €307m.

- Given the scale of the funding involved, in terms of phasing, it will be a matter for Min/FHERIS to prioritise core HEI funding from within his overall budgetary package over a number of Estimates processes, bearing in mind other priorities across HE, FET and Research.

- 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. There is currently an OECD Skills Strategy project underway and due to report in 2023 examining Ireland's skill strategy and infrastructure, including governance and data. The balance sheet treatment of the University Sector and the continued development of the Technological Universities (TU's) are also significant issues in the HE sector, with the Vote and DPER Pay/IR side also currently engaging with D/FHERIS in relation to a separate OECD project on academic contracts and structures in the Technological University Sector.

Schools expenditure

- Despite expectations in the sector that demographic trends will reduce cost pressures, particularly at primary level, there continues to be significant increases in the teacher pay bill and substantial pressure on the Schools Building Programme. This is driven by policy changes (i.e. changes to staffing schedule) and growth in SEN provision.

- In relation to pay, the Vote and the Department will carry out analysis via the Spending Review process to identify drivers of teacher pay beyond what would be expected as a result increasing numbers agreed with DPER and the cost of public sector pay deals.

Cost of Living

- D/Education have enacted a number of cost of living measures in the last twelve months. These include a fuel contribution to School Transport providers for Term 2 of the 2021/22 school year, the waiving of exam fees for students sitting the Junior and

Leaving Certificate and the removal of fees on the School Transport Scheme for the 2022/23 school year. Further commitments were announced alongside Budget 2023 including a once off payment to schools in 2022 to assist with operation costs (€90 million) and a further fuel contribution to school transport providers at a cost of €10 million.

Special Education Needs

- Expenditure on Special Education provision in 2023 will be above €2 billion which is over 19 per cent of the Education budget. Special Education has seen a significant increase in funding in recent years. Following Budget 2023, there will be over 13,600 Special Education Teachers and over 20,000 SNAs in the 2023/24 school year.

- The policy position with regard to SEN is growing increasingly unclear. There are a number of reforms in this area whose implementation has been delayed. These include the School Inclusion Model and the Frontloaded Allocation Model for SNAs. The Department were also due to receive policy advice in 2020 in relation to Special Classes and Special Schools.

- Growth in SEN provision is putting pressure on both current and capital expenditure. The Department must progress the implementation of agreed reforms to ensure that growth in SEN expenditure is sustainable and that value for money is achieved in terms of improving the outcomes for children with additional needs.

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 but work is ongoing to better project annual costs.

Higher Education

- The Vote together with colleagues in Pensions have had continued ongoing engagement with DFHERIS on long-term funding issues in the HE sector, particularly in relation to Closed pension schemes in the University Sector.

Risks and Challenges

- **NTF Surplus:** The National Training Fund (NTF) is a fund for the development of and raising of skills amongst those in, or seeking, employment and is primarily funded via a levy on employers via PRSI. There is currently a surplus of €1.1 billion in the NTF as of end 2021, driven by factors including increases in the NTF levy from 0.7% to 1% over 3 years as well as buoyant PRSI receipts due to the strong performance of the labour market The Vote, Central Section and D/Finance have ongoing engagement with DFHERIS regarding options to reduce the size of the surplus. The NTF forms part of overall Ministerial and Governmental expenditure ceilings and any increases in expenditure from the NTF and its surplus would require an increase in these ceilings, all other factors remaining equal, which would worsen the General Government deficit.

- **Non-core funding:** There are a number of non-core funding streams on a number of Votes (Ukraine, BAR, NRRP, Cost of Living and Covid expenditure) which will need to be closely monitored and tracked separately to core expenditure to ensure this funding does not become part of the base and is able to be wound down over time as the need for this funding abates, which is currently underway in relation to Covid expenditure

- **Management of capital expenditure within NDP allocations;**
  - The DFHERIS allocation under the NDP is due to increase substantially from €500m in 2021 to €652m in 2025 (€552m in 2022 and €579m in 2023). It is also important to note that DFHERIS has received funding for R&I in addition to their Voted allocation, including €40m for a North-South Research Capacity Programme under the Shared Island Fund and €72m for the Grand Challenges Initiative under the National Recovery and Resilience Plan. A number of further projects have arisen to date in which D/FHERIS have sought capital allocations beyond NDP ceilings including in relation to student accommodation, which the Vote is currently engaging with D/FHERIS on, and research proposals in relation to attracting international PhD students to Ireland (I-Scholar).
  - The D/Education have a capital allocation of €800 million for 2022, rising to €860 million in 2023 as specified in the NDP. D/Education are on track to run €300 million ahead on capital in 2022 (monies were provided in the supplementary). The department have cited two main reasons for this overspend, construction inflation and the delivery of additional SEN places. Over the medium term the School Building Programme will remain under significant pressure due to capacity issues at Post-Primary and the provision of additional special school and special class places.

- **Free School Books**; Budget 2023 provided for the introduction of a Free School Books scheme at primary level. The Vote has a number of concerns regarding the design and administration of the scheme, particularly in relation to procurement.

- **School Transport**: has an allocation of €269 million for 2022, this allocation is set to increase to €278 million in 2023. The majority of this spend (54%) is related to provision for students with Special Education Needs with 38% of the spend relating to the cost of mainstream students. D/Education is conducting a review of the existing Scheme to develop a sustainable Strategy for School Transport and to ensure its efficient and effective operation. The vote has received the first draft of phase 2 of the review and are engaging with D/Education regarding its concerns about the contents of the review. The review must address the fiscal sustainability of the scheme and the additional cost pressures that may arise from recommendations within the report. Cost of Living measures enacted by D/Education have added further strain to the School Transport Scheme. The waiving of fees for all students led to a significant increase in demand for the service. The Vote expects these pressures to continue into 2023.

- **Ukraine;** Significant cost and capacity pressures have arisen in the education sector due to the displacement of refugees from Ukraine. To date over 12,000 students from Ukraine have enrolled in Irish schools. The initial influx of students was accommodated by utilising the existing capacity in the system. However, the D/Education indicates that much of this excess capacity has been exhausted and further increases in the student population will require capital investment. Capacity issues are most acute at Post-Primary level where capacity is being squeezed by the demographic 'bubble' moving through the system and the additional Ukrainian refugees.

  D/Education estimate that Ukraine costs for 2022 will amount to circa €84 million [redacted]

  Relative to D/Education and other Departments, overall costs for DFHERIS in relation to Ukraine are expected to relatively minimal, with the primary driver of costs in relation to providing English language supports to refugees via the pre-existing ESOL (English for Speakers of Other Languages) programme. As of end October 2022, overall Ukraine related spend for the Department was €12.5m.

Irish Government Economic and Evaluation Service (IGEES)

The Irish Government Economic and Evaluation Service (IGEES) is an integrated cross Government service that aims to support better policy formulation and implementation in the Civil Service through the use of data and policy analysis. IGEES staff operate within each Department, supplementing the expertise of those working on policy analysis and formulation. IGEES was set up in 2012, building on the existing analytical capacity in the civil service.

Today, there are over 160 IGEES recruited economists, evaluators and policy analysts across all Government Departments, which together with other Civil Servants in policy analysis roles, makes up a workforce of over 230. Since 2012, across the civil service, staff have published over 360 papers covering a range of areas.

IGEES analysts have also played a central role in conducting analysis and developing evidence to support policy development across a range of issues. These include identifying and mitigating the economic risks associated Brexit, responding to the multifaceted challenges of COVID-19, assisting the State's unprecedented humanitarian response to the war in Ukraine and by producing analysis to support the policy response to the increased cost of living pressures being faced by households and businesses.

Key Strategic Issues for Incoming Minister

- Contributing to the continued development of strategic policy units across Government Departments, in line with Programme for Government commitments and the Evidence Informed Policy pillar of Civil Service renewal.

- Continued management of IGEES network resources, recruitment, coordination of L&D, planning of conferences and events.

- Inputting into the review of existing research and analytical publication fora (Spending Review) and contributing to the design and scope of additional broader platforms.

- Development of research and policy analysis on issues of significance to Government priorities.

Risks and Challenges

- Situating IGEES as a knowledge broker in the Civil Service and promoting the use and application of evidence in the policy making process.

- The drafting of a new IGEES Medium Term Strategy 2023-2025 which will provide the framework for continued development of the network in the next three years.

- Strengthening and developing linkages with other research organisations in the Irish policy analysis space, including public sector, academia and non-governmental organisations.

Social Protection Vote

The Department of Social Protection (DSP) has a total allocation of €23.4bn in 2023. This compares to total voted expenditure by the DSP of €24.8bn in 2022, a reduction of 5.6%. This reduction in 2023 is primarily due to the closure of emergency pandemic-related supports (e.g. Pandemic Unemployment Payment, Temporary Wage Subsidy Scheme). Despite this reduction in expenditure, there remains a number of upward pressures on expenditure in the near to medium term

DSP Expenditure Trends 2019-2022 (€ billion)

	2019	2020	2021	2022	Change (2019-2022)	
	€bn	*€bn*	*€bn*	*€bn*	*€bn*	*%*
Total DSP expenditure	**20.8**	**30.5**	**30.3**	**24.8**	**4.6**	**22%**
COVID expenditure	0	9.1	8.7	1.2	1.3	n/a
Cost of Living expenditure				1.3		
Temporary Protection Ukraine expenditure				0.2		
DSP core expenditure (excluding COVID, CoL, TPU)	20.8	21.4	21.6	22	1.2	5.8%
Annual change (%)		*2.9%*	*0.1%*	*0.3%*		

**The total expenditure figure for 2022 is calculated as the final ELS estimate plus the 2022 cost-of-living measures announced in Budget 2023.*

Key Strategic Issues for Incoming Minister
Pensions

In 2023, the overall allocation to State Pensions expenditure is €9.75 billion, which is an increase of €2.7 billion since 2016. Of this increase, around €1.1 billion is due to rate increases and approximately €1.6 billion can be attributed to demographic changes and a combination of other smaller measures. Over the period, the allocation for pensions has increased by an average of almost €400 million per annum. The pension allocation alone represents 42% of the total 2023 current expenditure allocation for Social Protection.

In September 2022, Government agreed the following Pensions reforms:

- State Pension age to remain at 66 years of age;
- Flexibility (deferred access) will be introduced to the State Pension (Contributory) system from January 2024 allowing a person to defer drawing down pension until age 70;
- Enhanced State Pension provision for long-term carers (in excess of 20 years) will be introduced from January 2024;
- Long-term sustainability of the State Pension system to be addressed through gradual, incremental increases in social insurance (PRSI) contribution rates;
- A smoothed earnings method to calculating a benchmarked/indexed rate of State Pension payments will be introduced as an input to the annual budget process and will be submitted to Government in September each year (from 2023);
- There will be a 10-year phased transition to the Total Contributions Approach (methodology for calculating State Pension (Contributory) payment rate) and abolition of the Yearly Average approach to commence from January 2024;
- Workers will be provided with access to a social insurance contribution statement service each year in a manner that enables them to understand their entitlements derived from these contributions (target date for introducing this reform is from January 2024); and

- Measures that allow, but do not compel, an employee to stay in employment until the State Pension age.

The Department of Social Protection will also explore the design of a scheme that would modify the current Benefit Payment for 65-year-olds to provide a benefit payment for people with a long social insurance history (40 years or more).

As a consequence of allowing flexible (deferred) access to the State Pension Contributory from 2024, the DSP will extend access to contingency-based short-term payments e.g. Illness Benefit, for people who wish to stay in employment. The decision to maintain and not increase the State Pension age will add to the significant demographic increases in pension expenditure, which are due to continue in the long term.

The Programme for Government contains a commitment to introduce an Automatic Enrolment (AE) supplementary retirement savings system based on the following principles:

- There will be a phased roll-out, over a decade, of the contribution made by workers;

- Matching contributions will be made by both workers and employers and the State will top up contributions with the cost met from the Social Protection budget;

- There will be an opt-out provision for those who choose to opt out;

- Workers will have a range of retirement savings products to choose from; and

- There will be a charges cap imposed on pension providers.

On 29 March, 2022, the Government approved the final design principles for an Automatic Enrolment (AE) retirement savings system, to encourage private pensions saving and promote pensions sustainability. The AE Programme Management Office (AEPMO) in the Department of Social Protection is managing the implementation of AE, overseen by an internal DSP programme board Chaired at Assistant Secretary level.

Illness, Disability and Carers (IDC) Schemes

There are considerable upward pressures on IDC expenditure due to increased recipient numbers on schemes. In 2023, the overall allocation for expenditure on the IDC subhead is €5.16 billion, which is an increase of €1.42 billion since 2016.

This expenditure growth has been mainly driven by Disability Allowance where the Budget 2023 allocation has increased by €630 million or 47% since 2016. This expenditure growth has mainly been driven by recipient increases with the number of recipients increasing by 23% from 2016 to 2021.

In response to poor employment outcomes and high poverty rates for people with a disability, the government has initiated a number of strategies and reforms that fall under the remit of DSP:

- Implement recommendations set out in the Make Work Pay Strategy Report (2017), including developing proposals to re-structure the entitlement for payments towards an assessment of capacity rather than a focus on disability;

- Implement recommendations set out in the Roadmap for Social Inclusion 2020-2025 , such as improving social inclusion of people with disabilities by reducing poverty rates,

improving employment outcomes and delivering better services; and developing a ‘strawman’ proposal for the restructuring of long-term disability payments to simplify the system and take account of the concerns expressed in the Make Work Pay report; and

- Implement Action Strand 5 of DSP’s Pathways to Work Strategy 2021 - 2025, which focuses on reviewing the current long-term disability payment schemes with a view to removing inconsistencies/anomalies and ensure that they recognise the continuum of disabilities and support employment; and completing the consultation on the Early Engagement Roadmap for young people with disabilities recipients to provide claimants with opportunities for employment progression through education, training and employer engagement.

Risks and Challenges
Cost of Living
It is estimated that the DSP will have spent €1.3bn on cost of living measures in 2022 by the end of the year, of which almost €1.2bn were once-off supports announced in the Budget for implementation in late 2022. These included:

- Child Benefit double payment;
- Double week payment to certain social welfare recipients in November and before Christmas;
- €200 lump sum to people in receipt of a Living Alone allowance;
- €400 lump sum to Fuel Allowance recipients;
- €500 lump sum to those in receipt of the Carer's Support Grant and to people on Disability Allowance, Blind Pension, or Invalidity Pension; and
- €500 lump sum to families in receipt of the Working Family Payment.

While the once-off nature of these supports means they have not entered the core expenditure base, there may be pressures for further supports to be introduced in 2023. Going forward, the Government and the Department will monitor available evidence and engage with any Cost of Living pressures as they arise, taking into consideration fiscal sustainability and the impact of the measures introduced to date.

Labour Market
The labour market has been performing well in recent months. There were 162,000 people in payment on the Live Register in October 2022 (net of 17,500 recipients covered by the Temporary Protection Directive for Ukraine). The number of claimants on the Live Register began to decline after the final cohort of PUP recipients were transitioned to Jobseeker terms at the end of March 2022 and has remained below its pre-pandemic level ever since. The relatively low level of the Live Register has led to downward pressures on jobseeker expenditure in 2022 year-to-date, as well as downwards pressure on expenditure on DSP employment support programmes. It is estimated that on average in 2023, there will be 175,500 Live Register recipients in payment. This represents an increase of 1.7% compared to the estimated number of recipients in 2022 (172,500).

The CSO Monthly Unemployment Rate in October was 4.4%, the same level as in September, and indicates that the labour market remains at close to full employment. As evidenced by recent high-profile redundancies announced in the Information and Communications Technology sector, there remain a number of downside risks to the performance of the labour

market. Headwinds arising from potentially weaker demand from trading partners, responses of multinational corporations to the economic conditions, potential loss of competitiveness from wage increases, and reduced business activity from increased interest rates and costs all represent a significant risk to employment. These headwinds may put pressure on jobseeker expenditure and employment support programmes in 2023. A downturn in the economic cycle could erode the surplus which the Social Insurance Fund has been producing throughout 2022. DSP are progressing digitisation reforms in the Public Employment Service, in line with the commitment in Pathways to Work to take advantage of digital delivery. DPER will engage with the DSP to monitor and support progress towards the implementation of digital service delivery reforms. Digital First and Innovation is one of three core pillars as part of Civil Service Renewal 2030.

In addition, there are Government commitments to explore policy proposals relating to pay-related unemployment insurance and the introduction of a working-age payment to replace Working Family Payment and Jobseeker's Allowance for those working part-time. If adopted by Government, proposals could lead to increased levels of expenditure on these supports.

Social Insurance Fund (SIF)
Over the period 2019 to 2022, SIF expenditure increased by around €2bn, or by approximately 22%. Around €1.2bn (or 54%) of this increase was due to expenditure on pensions, as well as €200 million expenditure on the Pandemic Unemployment Payment, which will not apply in 2023.

As well as pensions, there are other pressures on the SIF arising from rate increases to other SIF schemes, and the introduction or expansion certain schemes (e.g. Parent's Benefit, extending eligibility for Treatment Benefit to the self-employed, etc.).

While the SIF is expected to be in surplus in the region of €2bn for 2022, owing to a well performing labour market and PRSI receipts, future labour market downturns and pensions pressures represent serious risks for the sustainability of the SIF.

Any further extension of benefits paid from the SIF would need to be considered in the context of PRSI rates and consideration of the sustainability of the SIF.

Ukraine Temporary Protection Directive
As of 20th November 2022, the DSP have incurred expenditure of €196m on supports to people covered by the Ukraine Temporary Protection Directive. Almost two-thirds (64%) of this expenditure has been on Jobseekers Allowance (€125m), followed by Supplementary Welfare Allowance (€21m, or 11%) and Child Benefit (€17m, or 9%). The remaining expenditure has been across State Pension Non-Contributory, One Parent Family Payment, and a range of smaller schemes.

Given the ongoing situation in Ukraine, it is expected that there will continue to be high levels of arrivals covered by the TPD into 2023. The DSP have introduced special employment supports, such as bespoke Group Information Sessions and English Language training, for TPD LR recipients through the Intreo Public Employment Service. DPER will continue to engage with the DSP to monitor this area of expenditure.

Covid-19 Expenditure
DSP expenditure on pandemic-related supports totalled almost €20 billion from 2020-2022. This has been reduced to close to zero in the 2023 DSP allocation.

Pensions

Mandatory Retirement Ages/Fast Accruals

- In December 2021 a working group led by the Department of Public Expenditure & Reform was set up to consider the impact on pension terms linked to a possible extension of mandatory retirement ages (MRA) for certain public service groups. These groups currently have what is referred to as "fast accrual" pension terms, terms which enable accrual of pension benefits at a faster rate than is the norm.

- Work remains ongoing and no final recommendations have been made to date. The work is currently expected to conclude over 2023. It is necessary to both develop a fast accruals policy and examine the case and cost for fast accrual pension terms by sector, and role, in respect of any additional years' service on foot of extended Mandatory Retirement Ages (MRA's) being sought. Recent work undertaken with the Department of Defence on an interim measure for retaining Sergeants who are reaching their current mandatory retirement age, until the end of 2024 will inform next steps.

Actuarial Valuation of the State's liabilities in respect of Public Service Pensions

- Under EU Regulation (EU) 549/2013 Ireland is required to report on the gross liabilities of Irish pension schemes as part of the National Accounts. Reporting under this Regulation is mandatory and Member States are required to report at three year intervals, with the next report due by end 2023 based on a year-end 2021 position. While the Central Statistics Office returns the gross liability for Ireland, the DPER has the responsibility for the estimation of the State's liability in respect of public service pensions. The latest valuation estimated the State's liabilities to be €149.6bn at year-end 2018.

Single Public Service Pension Scheme

- The Single Public Service Pension Scheme or 'Single Scheme' was introduced in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, with the purpose of reducing long-term expenditure on public service pensions by an estimated 35%, which in current terms cost approximately €4bn annually. The Public Service Pensions (Single Scheme and other Provisions) Act 2012 imposes considerable requirements on public service employers in recording and calculating pension benefits earned by employees on a pay period basis, and the issuing of Annual Benefit Statements to members.

- To support Relevant Authorities to fully implement the Single Scheme over the very long-term and to minimise the risks of administrative error for scheme members, it is recommended that a Central ICT Solution (Future Administration Solution) will be developed and rolled out over the next 3 to 5 years. Work has been ongoing in this regard with a view to making a recommendation to Government on the best way forward.

Additional Superannuation Contribution (ASC) Challenges

- ASC is payable paid by civil and public servants but is not payable by staff in the wider public sector. Up to 3,200 staff will be moving from local authorities (public service) to Irish Water (public sector) over the next 4 years who will retain their public service pension terms and conditions. Additionally, circa 27 public servants will be transferring to the Irish Aviation Authority (public sector) in the coming year. ASC is worth c700m per annum to the Exchequer.

- There have been challenges to ASC in the context of these transfers. It remains the position of DPER that an ASC equivalent contribution is paid by all individuals benefiting from terms equal to those in a public service pension. There will be wider IR and public

service pay and pensions implications if exemptions are provided, including possible challenges from public service unions in the context of future pay talks.

Pension Increase Policy for pre-existing Schemes

- A new DPER pay and pension circular was issued in mid-October 2022 to give instruction on the application of pension increase policy (continuation of pay parity) for the extension of the Building Momentum Agreement. This arrangement will remain in place to end 2023 in advance of which future policy will be considered.

- Pension increases represent a significant component of the cost of pensions, and the application of pay parity as the main principle for basis of increases in the public service can be viewed as costly and unwarranted.

- Pension schemes in the private sector which pay pension increases usually base them on changes in the Consumer Price Index (CPI). Pay parity is also uncommon as a basis for adjustment in public service schemes abroad which regularly raise pensions in line with price inflation. In addition, the Single Pension Scheme bases pension increases on CPI.

Risks and Challenges

Class A public servants, retirement age and occupational supplementary pensions

Public Servants & PRSI class

- Many public servants have a minimum retirement age that is below the state pension age (currently 66). Where a public servant whose pension is integrated with the SPC retires before State Pension Age, they may have an entitlement to an occupational supplementary pension. The Occupational Supplementary Pension seeks to make up the difference between an integrated occupational pension and a non-integrated occupational pension until such time as they qualify for the full social insurance benefit or the social insurance benefit payable is greater than what they would have received had their occupational pension not been integrated with the SPC.

- Current arrangements for qualifying for an occupational supplementary pension are not ideal, as individual must “sign on” with the DSP and declare themselves available for work and will give rise to significant administrative burdens in the coming years as retirements of staff with integrated pensions increases. We intend to conduct a review of the process for assessing the payment of supplementary pensions with a view to streamlining the process. Legislative change may be needed to reform these arrangements. In addition, the reform should take account of the proposal that a higher level of SPC payable where an individual defers drawdown of the SPC needs to be considered in the context of an individual’s entitlement to the occupational supplementary pension.

- Ministerial approval was obtained in 2020 to progress early development of a Bill to resolve these and other outstanding pension issues.

Pension Abatement

- Section 52 (1) of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 provides for the abatement (i.e. reduction) of public service pensions where a retired public servant is appointed to a position in the public service. Under this legislation (Section 52(4)), 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 required careful management of the waiver application process in the context of enabling the Department of Health to meet the needs of the Health service during the period. These

Covid-19 waivers have all now expired. In addition, there are a number of limited Section 52(4) waivers that have been granted – and are managed on an exceptional basis

- More generally, an abatement circular will issue by end Q4, 2022 which will provided guidance on the implementation of abatement and the procedures for requesting waivers of abatement.

Single Public Service Pension Scheme

- The Single Scheme has been in operation for ten years and the level of compliance across the public service has been improving, but there are still areas of deficit. Non-compliant Relevant Authorities are at risk of prosecution by the Pensions Authority, with the potential imposition of fines. Significant reputational risk for the State arises as a consequence.

- Risks of claims of improper administration of the Single Scheme against Relevant Authorities leading to costs against the state. Given the current public service pensions bill (approximately €4bn – 2021), an error of 1% could potentially cost €40m.

- Challenge – to get the agreement of a suitable (public service) organisation to design, build and operate the central ICT solution.

Pensions Capacity & Capability in the Public Service

- The pension policy unit of the Department continues to manage a significant volume of complex and technical pension issues. Over 1,200 cases have been received within the unit to end-October 2022, in addition to 20 pension appeal cases and 6 FSPO investigations requiring consideration in 2022. This represents steady increase on previous years. The unit continues to manage these issues, cognisant of the risks of non-resolution, in particular further challenge through legal and IR fora.

- A key objective for 2023 is to develop pensions capability, both within the department and in the wider civil and public service, in order to manage the significant demands on the unit. Measures being pursued to further this objective include:

- New Pensions Website (2023): The unit is currently working with OGCIO to develop a new pensions website and pension modeller. The website will launch in Q1 2023 and will house important pensions information and guidance for pension administrators and scheme members.

- Public Service Pensions Management Course (Annual): This Level 6 QQI accredited course is targeted at DPER staff that work within a pensions capacity and public and civil service pension administrators. The course consists of the legal, economic and financial context for public service pensions and the rules and regulations governing public servant retirement benefits.

- Resumption of Pensions Network (2023): The Pensions Network launched in 2020 and since then 4 Networks have taken place. The aim of the Public Service Pensions Network is to create a forum to discuss and advance pensions policy within the Civil and Public Service. The network group are being surveyed to assess the topics for our future network sessions intended to be held in Q2 of 2023.

Professional Added Years

- Professional Added Years (PAYs) are additional years of notional pensionable service added to the actual service of civil and public servants in professional, technical, and

specialist grades. D/PER published a Spending Review on PAYs in December 2021. The review considered the evolution of the policy of awarding PAYs as well as continued relevance and effectiveness issues. Its main conclusion was that PAYs are difficult to justify in the current pensions policy and sustainability context. The main recommendation from the review was that there should be no circumstances under which additional grades or roles would be added into older schemes. We manage this policy across the Public Service and 20% of our cases are PAY related.

- As already noted, public servants recruited since 1 January 2013 are members of the Single Pension Scheme and have no entitlement to receive an award of professional added years.

Data

- The availability and quality of public service data remains a challenge for carrying out various analyses, projections and costings in the Division. Most notably, individual member data is required in respect of all current and former employees in the public service to carry out an actuarial review of public service pensions next year, as required under EU regulation 549/2013. We are engaging with the OGCIO to develop the tools that will facilitate the secure uploading and quality management of data, and also with public service bodies/relevant authorities to maximise data returns.

Demographic pressures on Vote 12

- To put the position of Vote 12 into context, we believe it is important to first consider the following high level statistics.

- Vote 12 has seen a €134m increase in Gross Expenditure in the last 5 years from €573m to €707m (REV 2022).

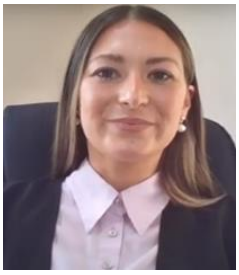
- These statistics demonstrate the significant demographic pressures being exerted on Vote 12 expenditure year on year. For 2023, Vote 12 Superannuation and Retired Allowances has a gross expenditure allocation of €788 million.

Legal Cases

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

    - The “40 year rule” is a cap on pension benefits introduced under section 52 of the Public Service Pensions Scheme (Single Scheme and other Provisions) Act 2012. It has already been subject to legal challenge;
    - Mandatory Retirement Age – Mallon Case (October 2022) upheld the State’s position that an MRA of 70 was objectively justified;
    - EU regulation regarding Social Security classification – The EU protects certain pension rights as Social Security; including those founded in legislation. The EU’s position on Ireland’s public sector schemes had previously favoured excluding our public service schemes from this requirement, but this view has changed;
    - Qualified cohabitants not being entitled to a spousal pension under current pension scheme rules;
    - Failure to administer pension schemes correctly, including timely implementation of pension increases and correct collection of contributions; and
    - Low levels of compliance with the Single Scheme by some relevant authorities leaves them at risk of prosecution by the Pensions Authority.

Senior Management in Division


Jenny Connors

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


Georgina Hughes-Elders

Responsibility at Principal level for the management of two Vote sections – Education and Further and Higher Education, Research, Innovation and Science (FHERIS) – including advice on sectoral policy issues.


Principal Officer Vacancy

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


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 actuarial support in the development of public service pension policy, costings of public service pension benefits and liabilities, and actuarial advice for all general management and operational issues. Also has responsibility for the management of Vote 12 Superannuation and Retired Allowances.


Rob O' Toole

Responsibility at Principal level for pensions issues in the Department and, specifically, public service pensions policy. Leads on public service pension reform and on policy implementation including pension increase policy, professional added years, fast accruals abatement, transfer and purchase of service, family law, and the determination of appeals under Civil and Public Service pension schemes

Appendix A – Provisions of the Ministers and Secretaries 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 s9(1)(a)(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.

Schedule 3 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 Éireann, 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-*

a) 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,

b) make proposals to the Government for the implementation of such policies,

c) coordinate the implementation of such policies determined by the Government…

d) conduct regular and periodic reviews of the implementation of such policies and to report thereon to the Government,

e) *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.

Subsequent developments in this area have included the Protected Disclosures Act 2014 and the Protected Disclosures (Amendment) Act 2022.

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. Routine provisions in which the Minister must sanction expenses occurred, or has a role in relation to the establishment of new statutory bodies are not listed.

Legislation affecting D/PER: 2011-2022

Legislation Title	Responsibilities
Protected Disclosures (Amendment) Act 2022	Responsibilities include: • Expanded role in issuing guidance in relation to the Act • Obligation to carry out a review of the Act after 5 years • Obligation to collect and collate data on protected disclosures and transmit to the EU. • Additional regulation making powers including expansion of obligations to employers with less than 50 employees
Electricity Costs (Domestic Electricity Accounts) Emergency Measures Act 2022	Various consenting functions in relation to the operation of the Electricity Costs Emergency Benefit Scheme
Health (Miscellaneous Provisions) Act 2022	Must be consulted before M/CEDIY issues a written direction to the HSE regarding health needs assessments relating to specialist community-based disability services to be implemented by the HSE. MPER consent must be provided before M/CEDIY can make grants to HSE for specialist community-based disability services functions.
Regulation of Providers of Building Works and Miscellaneous Provisions Act 2022	Various functions including: • Sanctioning expenses • Consulting with M/HLGH regarding appointment of a public body as a registration body and consulting in relation to the report of the review of the amendments to the Act • Consenting functions in relation to remuneration and expenses, grants payable to the registration body, fees to be charged and form of accounts to be kept.
Civil Law (Miscellaneous Provisions) Act 2022	Must be consulted in respect of amounts of payments to persons who provide housing for temporary protection beneficiaries and in respect of termination date for the scheme.
Health (Miscellaneous Provisions) (No. 2) Act 2022	Consultation functions in respect of scheme providing for free contraceptive services for women

Circular Economy and Miscellaneous Provisions Act 2022	Certain functions in relation to the Circular Economy Fund, including consent required for payment of funds In to the Fund.
Remediation of Dwellings Damaged by the use of Defective Concrete Blocks Act 2022	Various functions including consent in relation to remediation grants and to be consulted regarding returned funding.
Electricity Costs (Domestic Electricity Accounts) Emergency Measures and Miscellaneous Provisions Act 2022	Various functions in relation to the Electricity Costs Emergency Benefit Scheme including consent functions in relation to the allocation of funds for the purposes of the Scheme and transfer of money to the distribution system operator.
Education (Leaving Certificate 2021) (Accredited Grades) Act 2021	Various functions including consent to the provision of an indemnity for certain persons carrying out functions in relation to the provision of estimated marks.
Loan Guarantee Schemes Agreements (Strategic Banking Corporation of Ireland) Act 2021	Consent required for M/ETE and M/AFM to enter into agreements with Strategic Banking Corporation of Ireland.
Planning and Development, Heritage and Broadcasting (Amendment) Act 2021	Consent function in relation to the making of regulations regulating access to and use of the foreshore
Civil Law (Miscellaneous Provisions) Act 2021	Must be consulted before MOJ proposes exceeding the number of High Court judges due to the volume of business to be conducted in the High Court.
Cervical Check Tribunal (Amendment) Act 2021	Must be consulted before M/Health proposes extending limitation period for claims to be made.
Affordable Housing Act 2021	Consent function in relation to paying of grants to housing authorities for the provision of affordable dwellings Consent to the making of Regulations prescribing a person's financial means for purposes of accessing affordable housing Consent in relation to form of accounts to be kept by the Housing Agency and in relation to regulations prescribing how loans repaid are to be disposed of.
Land Development Agency Act 2021	Consent to the giving of directions to the Land Development Agency Approval of the constitution of the Land Development Agency Consent functions in relation to the Board of the Land Development Agency, the Chief Executive, and the staff. MPER is a shareholder of the LDA and can exercise the rights of a shareholder including receipt of dividends Must be consulted in relation to borrowing by the LDA. Consenting function in relation to grants to the LDA and the LDA's capital commitments Consent in relation to any establishment of a subsidiary DAC Must be consulted in relation to vesting of public land in the LDA.

Nursing Homes Support Scheme (Amendment) Act 2021	Must be consulted in relation to the review of the operation of the amendments to the Act
Maritime Area Planning Act 2021	Various functions including in relation to the establishment of the Maritime Area Regulatory Authority (MARA) and in relation to the levy framework for payment from the holder of a Maritime Area Consent to the MARA
Emergency Measures in the Public Interest (Covid-19) Act 2020	Must be consulted with in relation to various functions including proposed extension of time limits under the Planning and Development legislation.
National Oil Reserves Agency (Amendment) and Provision of Central Treasury Services Act 2020	Must be consulted in relation to payments in and out of the Climate Action Fund
Social Welfare (Covid-19) (Amendment) Act 2020	Various functions in relation to Covid-19 social welfare payments.
Data Sharing and Governance Act 2019	Power to: • 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	Must be consulted before any proposed drawdown of Fund
European Investment Fund Agreement Act 2018	Consent to agreements with EIF
National Archives (Amendment) Act 2018	Consent to transfer of 20+ year old documents to National Archives
Public Service Superannuation (Age of Retirement) Act 2018	Power to raise public service retirement age
Houses of the Oireachtas Commission (Amendment) Acts 2012, 2015 & 2018	Approve payment of Commission expenditure from Central Fund
Public Service Pay and Pensions Act 2017	Various functions re: • Public service pay restoration • Additional Pension Contribution (APC) • Regulation of fees

National Shared Services Office Act 2017	Power to give directions to NSSO. Appointment of Board / CEO / staff

Regulation of Lobbying Act 2015	Functions including:
	• Publishing Transparency Code
	• Prescribing:
	  ○ Excepted communications
	  ○ Information in lobbying returns
	  ○ Appeal procedure
	• Directing disposal of fixed payments received
	• Appointment of Appeal Officers

Garda Siochána (Policing Authority and Miscellaneous Provisions) Act 2015	Consent required for:
	• number of AC/CS/Supt appointments to be made
	• Policing Authority powers
	  ○ acquiring land
	  ○ entering contracts
	  ○ appointing consultants
	• Policing Authority – appointment / terms & conditions of Chief Exec, staff t&c
	
	Must be consulted re
	• Garda Ethics Code
	• 5-yr review of Policing Authority legislation;

Health (General Practitioner Service) Act 2015	Consent required for regulations varying gross income limits for GP service
Statute Law Revision Act 2015	Power to designate “specified institutions” for the purposes of s.8 of the Statute Law Revision Act 2007
Civil Debt (Procedures) Act 2015	Power to determine questions as to which body employs a judgment debtor who is in the service of the State.
Protected Disclosures Act 2014	Responsibilities include: • 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	Power to: • 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	Must be consulted re: • designated bodies • investment strategy • specifying sectors for investment

	Power to: • give directions to NTMA re advisory functions / projects (with MFIN consent) • 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	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	Power to: • 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	Power to designate a company as a trust (re heritage property
National Lottery Act 2013	Power to: • 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	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	Establish panel of adjudicators Publish Code of Practice for adjudicators
Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013	Power to: • specify public body / controlled company as a relevant body • establish panel of legal costs adjudicators
Dormant Accounts (Amendment) Act 2012	Power to: • approve / amend list of applications for disbursements • direct reimbursement of Depts making disbursements

Public Service Pensions (Single Scheme and Other Provisions) Act 2012	Power to:
	• prescribe
	  ○ 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

	• set date for Single Scheme not to apply to a person / class
	• determine:
	  ○ what constitutes pensionable remuneration,
	  ○ public service retirement age
	  ○ 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

Communications Regulation (Postal Services) Act 2011	Power to: • 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:

- Civil Service Offices and Agencies (Scheduled Bodies) i.e. the NSSO; the State Laboratory; the Public Appointment's Service;

- The Office of the Ombudsman and the National Lottery Regulator (independent in the performance of their functions);

- The Economic and Social Research Institute (ESRI) and Institute of Public Administration (IPA) which are not State Bodies but do receive grant funding; and

- 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 855 staff (January 2022), a gross allocation of €73.45m in 2022 and is spread across locations in Dublin, Kerry, Offaly and Galway.

- The NSSO, under Vote 18, has received a gross funding allocation of €73.45 million in the 2022 Revised Estimates.

- The NSSO is currently working to establish Financial Management Shared Services (FMSS). The NSSO launched the system to a number of Departments in Wave 1 in 2022. They are preparing and developing the system to meet the needs of future Waves of clients.

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 €19.65 million under Vote 17 in the 2022 Revised Estimates. It is headed by a Chief Executive Officer who is the Accounting Officer, and has approximately 250 staff based in Dublin.

Office of the Ombudsman

- The Office of the Ombudsman received a gross funding allocation of €12.79 million in the 2022 Revised Estimates under Vote 19, and has a staff of approximately 149 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
  - Office of the Protected Disclosures Commission – with effect from 1 January 2023

- 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. Ger Deering is independent in the performance of his functions, as set out in the Ombudsman Act 1980. Mr. Deering also serves as Information Commissioner, and was appointed on 7 February 2022.

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 €11.9 million under Vote 14 in 2022. It is headed by the State Chemist, who is the Accounting Officer for the organisation, which has approximately 105 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 Corporate Bodies Unit.

- In 2021, €289.7 million was transferred from the Lottery Fund to the Exchequer for Good Causes. This is an increase of 14% compared to 2020 on a like for like basis.

- There was a Lotto Jackpot rollover from 9 June 2021 to 15 January 2022. The Jackpot was capped at 19.1million on 29 September in accordance with the game rules.

- The Lotto rules were changed to ensure that a "will be won Draw" would take place if the capped Jackpot was not won after five draws.

- 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.

Office of Public Works (OPW)

- The OPW (Vote 13) has a 2022 REV Allocation of €596.9 million. A Budget 2023 settlement of 609.3m was agreed earlier this year. This represents a 2% increase 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 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 MPER and the Minister for Finance in Northern Ireland.

- The SEUPB is responsible for managing the outgoing (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). Both programmes are now fully committed, in support of 129 individual projects, and will close out over 2023-24.

- SEUPB has also led the development, in close cooperation with DPER and Department of Finance NI, of a €1.1 billion successor programme, PEACEPLUS (2021-27), which will build on the INTERREG and PEACE programmes by combining these funding strands into a single cohesive new cross-border programme. PEACEPLUS is now at its final stage of development, the draft programme having been approved by Government, the Northern Ireland Executive and the North South Ministerial Council, and formally approved and adopted by the European Commission in July 2022. Work is ongoing to finalise a Financing Agreement between Ireland, the EU and the UK to underpin the PEACEPLUS programme to the new programme. The first calls for funding applications under PEACEPLUS will issue once the Financing Agreement is agreed and ratified – likely at the end of Q1 2023.

- 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. An independent organisational review of the SEUPB is currently underway and will report in the coming months. This is the first such review of SEUPB's staffing requirements since 2012.

- Funding for core running costs are provided jointly by the sponsor Departments, DPER and Department of Finance 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 2023 Estimates include provision for €4.56m for DPER's contribution to SEUPB's running costs and to the Technical Assistance costs associated with delivering the INTERREG, PEACE and PEACEPLUS 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 2022, which assists in the delivery of these objectives.

- The Economic and Social Research Institute (ESRI) also received grant funding from the Department (€3 million for 2022). 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.

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 2022.

- 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.

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