Periodic Critical Review of Pobal

29 September 2021

Summary

Pobal

Pobal works on behalf of Government to support communities and local agencies toward achieving social inclusion and development. Formerly known as Area Development Management, Pobal was established in 1992 by the Irish Government in agreement with the European Commission to manage an EU Grant for local development.

The role of Pobal today is to provide management and support services to circa 34 programmes in the areas of Social Inclusion and Equality, Inclusive Employment and Enterprise, and Early Years and Young People (**See Appendix 1 for a full list of programmes**). It administers these programmes on behalf of the Department of Rural and Community Development, the Department of Children, Equality, Disability, Integration and Youth, the Department of Social Protection, as well as the Department of Health/HSE, the Department of Justice/Probation Service, and a number of EU bodies. In 2020, it allocated circa €717 million to local and national community-based organisations.

Oversight

The Department of Rural and Community Development (DRCD) has responsibility for the corporate oversight of Pobal.   Under the terms of the Code of Practice for the Governance of State Bodies (2016) ('The Code'), Departments are required to critically review each State body under their aegis, with a focus on the ongoing business case for the entity, its performance and efficiency and effectiveness, and its governance arrangements. Such review is to take place at least once every five years.

Review

The current review is the first in respect of Pobal and is taking place approximately half way through the Oversight Agreement between Pobal and DRCD, which governs the relationship. The review focussed on three central themes with the report structured in a similar manner:

- **External Environment**
- **Organisational Capacity**
- **Organisational Performance**

This paper was produced by the Social Inclusion/Communities Unit in DRCD using desk-based research and a series of stakeholder questionnaires and surveys supported by meetings with a number of relevant stakeholders. Governance and assistance to the internal Project Team was provided by a **Stakeholder Steering Group (See Appendix 2 for membership).**   There are recommendations associated with each of the themes and these recommendations are collated in a composite table at the end of the report.

The PCR identifies Pobal's key role as a delivery agent and strategic partner for the state across a wide range of programmes and clarifies the ongoing viability of the organisation and the support it provides, particularly in the delivery of crucial services in the areas of Childcare and Social Inclusion. In the course of the PCR, through consultation with key stakeholders, recommendations have been developed across the key pillars of the review under the headings of External Environment, Organisational capacity and Organisational Performance. The findings within the PCR can generally be classified in the low to medium range.

The flavour of the recommendations in relation to Pobal's operating environment range from a consideration of the suitability of the existing Memorandum and Articles of the Company, the Company's charitable status to the need for consistency of governance arrangements across all clients. In terms of the organisational capacity, and given the recent acceleration in the growth of the company, Pobal is being asked to consider an on-going executive structures review, ensuring that clear Terms of Reference and roles and responsibilities should emerge for all Board and Executive structures.

In relation to Organisational Performance, overall, there is a level of satisfaction among Government Departments in relation to the service provided to them by Pobal. Challenges remain in certain respects, particularly around the area of customer service and ICT. Pobal is being encouraged to actively engage with the stakeholders to build positive relationships and to provide good quality ongoing training to staff in the relevant schemes, programmes and in customer service to ensure that the level of support required is delivered on a consistent basis.

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1. Introduction

1.1. Context

The Code of Practice for the Governance of State Bodies (2016) ('The Code') requires that Government Departments review each State body under their aegis, at least once in every five year period[1]. These reviews are called Periodic Critical Reviews (PCRs)[2].

This report outlines the PCR that has been completed for Pobal, as a body under the aegis of the Department of Rural and Community Development.

As required by the Code, the PCR focusses on the ongoing business case for the entity, its performance and efficiency and effectiveness, and its governance arrangements.

1.2. Structure of this paper

This paper is structured as follows.

- **Section 1** provides an introduction. It provides background to the Department and Pobal, and also provides information on timelines, governance arrangements and the engagement undertaken to complete this review.

- **Section 2** places Pobal in context, including its external environment
- **Section 3** deals with organisational capacity
- **Section 4** looks at its organisational performance and related matters
- **Section 5** brings together all recommendations
- **Section 6** sets out the conclusions of the review
- **Appendices**

1.3. Background to the Department of Rural and Community Development

The Department of Rural and Community Development was established in 2017. It completes work to help develop a sustainable society with individual and community wellbeing at its heart, supporting thriving rural communities, and where all communities, urban and rural, have opportunities to grow and develop economically, socially and culturally.

The Department has four agencies under its aegis:

- The Western Development Commission;
- Water Safety Ireland;
- the Charities Regulator; and,
- Pobal.

This report focusses on the PCR completed for Pobal.

1.4. Background to Pobal

Pobal is a not-for-profit company limited by guarantee with charitable status and works exclusively for the Irish Government and the European Union.

The Company was originally established by the Irish Government in 1992 as Area Development Management Ltd. in order to manage a European Grant and was renamed Pobal in 2005.

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[1] Details on the Code are available at https://govacc.per.gov.ie/governance-of-state-bodies/
[2] Further details on PCRs are available here https://govacc.per.gov.ie/wp-content/uploads/PCR-Guidance.pdf

Since its establishment, Pobal has rapidly expanded to meet government priorities and built recognised expertise in three national social policy areas in particular:
- social inclusion and equality,
- early learning and childcare and youth affairs and
- inclusive employment and enterprise.

It currently administer programmes and carry out functions on behalf of four government departments and one statutory agency[3]:
- Department of Rural and Community Development (DRCD)
- Department of Children, Equality, Disability, Integration and Youth (DCEDIY)
- Department of Social Protection (DSP)
- Department of Health (DOH) and (the Health Service Executive) and
- The Probation Service (PS)

Pobal has a long-standing relationship with DSP and DRCD, through involvement in inclusive employment and social inclusion programmes. Pobal administered the Equal Opportunities Childcare Programme from 1996-2000 on behalf of the Department of Justice, Equality and Law Reform and has since gone on to broaden its remit within the early learning and childcare sector in line with government policy and investment.

Pobal has been Scheme Administrator of the National Childcare Scheme since its launch in November 2019 under which it has a range of responsibilities, including the contract management of an outsourced NCS helpline provider.

As at 1st November 2020, it employed approximately 560 staff, across ten locations.

In 2020 Pobal distributed €717m to beneficiaries across 28 different programmes.[4]

While Pobal has been subject to reviews in the past, this is the first PCR completed on Pobal.

1.5.   Timeline for this review

The Code of Practice for the Governance of State Bodies requires that Departments critically review each State body under their aegis, at least once in every five year period, with a focus on the ongoing business case for the entity, its performance and efficiency and effectiveness, and its governance arrangements.

As the Department with governance responsibility for Pobal, DRCD is obliged to carry out a PCR of Pobal's operations prior to April 2021 (five years from the publication of the Code). The review is timely, given that it is taking place approximately half way through the Oversight Agreement which governs the overarching relationship between DRCD and Pobal, with the current agreement running from 2018 to 2022.   Further details of oversight arrangements are set out in Section 2.2.2

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[3] Whilst they do not do so currently, Pobal has also managed programmes and been involved in delivery on behalf of various EU bodies, with their most recent involvement in 2019/2020 under the European Commission's Structural Reform Support Programme (SRSP) where they provided assistance to the Greek Government.

[4] This is less than the overall number of programmes delivered/managed by Pobal (as set out in **Appendix 1**) as there are a number of programmes which do not involve disbursement of monies by Pobal, e.g. SICAP

The review was initially scoped in Q4 2019 with the terms of reference for the Steering Group developed in early 2020. The project commenced in Q3 2020. Responsibility for this work rests with Social Inclusion/Communities Unit of DRCD.

1.6. Governance arrangements for the PCR project

The Department has responsibility for completing the PCR.

To assist with the process and as set out in the Code of Practice for the Governance of State Bodies a Steering Group was put in place to oversee the direction of the review, provide expertise, monitored timelines, and give advice to DRCD as the work progressed[5].

The Steering group was chaired by the Department and had the following membership:

- A representative from DCEDIY (Early Years Finance Governance and Reform),
- A representative from DSP (Employment Programmes and Incentives),
- The Pobal CEO and Chair, and
- A representative from the relevant Vote Section of DPER.

The group met three times and documentation was furnished electronically for observations between meetings. Their first tasks were to agree the Project Documentation and terms of reference. Thereafter, the members assisted with compilation and return of the stakeholder questionnaires and fed into the development of the report.

1.7. Engagement

To inform the development of this review, the Department engaged with Pobal and other stakeholders, including through questionnaires and surveys, to attain information on Pobal and its work.

Engagement with Pobal

The Department sought information from Pobal through a questionnaire and presentations, covering their work and the three main themes of External Environment, Organisational Capacity and Organisational performance.

Engagement with other stakeholders

The Departments also sought information through a questionnaire provided to other Government Department's on whose behalf Pobal deliver or administer programmes. These were sent to:

- DSP
- DoH
- DCEDIY

This also contained queries in relation to governance arrangements, the value Pobal add to their schemes and service delivery, alignment with their strategic objectives and their overall satisfaction with the service. This questionnaire that was issued is contained at **Appendix 3.**

Separately, a short online survey (on the EUSurvey platform) was provided to and completed by a small number of randomly selected Pobal clients, from the following:

- Early Learning and Care Providers
- CSP organisations
- Local Development Companies (LDCs)
- Local Community Development Committees (LCDCs)

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[5] See Appendix 2 for membership.

- all 30 County Childcare Committees (CCCs)

The feedback received informed this review and is summarised within this report.

1.8 Objective of this review

In line with the Code of Practice, the PCR focussed on three overarching themes: the external environment, organisational capacity and organisational performance with a view, in the first instance, to determining whether the services are still needed and whether the organisational structure continues to be appropriate.

The review also sought to secure improvements in accountability, efficiency and effectiveness, while considering the case for rationalising and consolidating Pobal operations in light of changing requirements, demands and priorities. For example, in their work for DCEDIY, Pobal has moved from dealing directly with a number of organisations to dealing directly with a large volume of families under the NCS. This has presented a number of new challenges for the organisation. The increased focus on the work carried out on behalf of DCEIY is discussed further in the body of the report.

The remit of this review is the performance, efficiency and effectiveness of Pobal as a state body. Any programmatic reviews in respect of programmes/schemes delivered by Pobal are outside the scope of this PCR, being matters of policy for the relevant funding Department. Furthermore, the Programme for Government commitment to establish a Childcare Agency is a matter for DCEDIY and accordingly we have not touched on whether Pobal will or should have a role there. DRCD are also cognisant of the fact that this PCR has been conducted in parallel with a review commissioned by DCEDIY of the systems and structures supporting the delivery of childcare in Ireland, of which Pobal play a significant part. That review will look at high level governance and operational arrangements for the Early Years sector as well as the strengths and weaknesses of current approaches and possible alternatives. That review is due to be completed in mid-2021 and is likely to make recommendations which will impact upon Pobal.

The underlying principles of this review are proportionality, timely, challenging, open and inclusive and transparent.

2.   Pobal in context

2.1.   Purpose of this section

This section covers a range of matters. It discusses the background of the business, the environment in which it operates and the governance arrangements with its funder Departments.

Firstly, it discusses how Pobal has evolved since its establishment by the Irish Government in 1992, and outlines some of the reviews that have been carried out to date on Pobal and the schemes it operates on behalf of Government Departments.

The legal framework within which Pobal operates is also discussed. This includes its company constitution (its Memorandum and Articles of Association (M&A)) and its governance arrangements with various Government Departments.

Finally, ongoing developments across Government which could benefit from Pobal's experience are discussed.

2.2.   Introduction to Pobal

Pobal was established by the Irish Government in 1992 as Area Development Management Ltd. (ADM) with the agreement of and as a requirement of the European Commission to manage a Global Grant.

In its initial form it was an intermediary company working on behalf of Government to support social and economic development within Ireland. Since then, it has grown exponentially, now managing approximately 34[6] schemes/programmes on behalf of Government.

Pobal operates under the aegis of the DRCD which has an oversight and co-ordination role in respect of the company and its corporate governance.

In its almost 30 years history, external changes - political, economic and societal - have significantly impacted the way the company operates. For example, the LDC cohesion process and the Local Government Act 2014 (which brought about considerable changes to Local Government and local operating structures) coupled with other changes over the last decade within the local development, social inclusion environment, early years and youth areas have changed the context of the work it has focused on since its establishment. LCDCs, PPNs, CCCs, CYPSCs and Regional Assemblies are all new structures within Pobal's sphere of operation that did not exist when Pobal was established.

Pobal has also had a long history of involvement in successive Peace Programmes in the border areas since 1995, both working as an implementing body and delivery agent, as well as working with the Special EU Programmes Body (SEUPB) in their capacity as the Managing Authority and with Government Departments and other stakeholders at a strategic level.

Increased government investment in early learning and care and school aged childcare (which grew by 141% between 2015 and 2020) resulted in significant changes in scale and infrastructural and policy development within DCEDIY, which has in turn resulted in considerable and on-going changes in the delivery of Early Years services generally.

Whilst initially the organisational focus was on community development and social inclusion, matters at the heart of Pobal's constitution and its strategic plan, and where it has built a wealth of knowledge

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[6] This number varies year to year and often month to month, with some programmes opening/closing and others being delivered on a once-off basis. The number as at year end 2020 includes a number of COVID-related schemes. A full list, including the COVID measures is contained at Appendix 1.

and experience, in the last decade Pobal has taken on an increasing role in the Early Years sector. Through all of the changes referred to above, Pobal has continued to respond quickly and flexibly to changing government needs, policy directions and new ways of thinking. This considerable responsiveness was acknowledged by a number of funders in their feedback as part of this review. In many ways, its legal and operational structures (dealt with at 2.5 and Section 3 below) have assisted this flexibility.

2.3. The role of Pobal today

Pobal has grown rapidly since its establishment, and has evolved into a large operation that plays a key role in the delivery of many essential services for Government. The role of Pobal today is to provide management and support services to circa 34 programmes in the areas of:

- Social Inclusion and Equality,
- Inclusive Employment and Enterprise, and
- Early Years and Young People.

These programmes are administered on behalf of the Department of Rural and Community Development, Department of Children, Equality, Disability, Integration and Youth, Department of Social Protection, as well as the Department of Health/HSE and a number of EU bodies.

Operating on an all-Ireland basis[7], employing over 500 staff, it disbursed circa €717 million to beneficiaries across 28 different programmes in 2020.

Pobal's activities and priorities are shaped in context and policy by Government initiatives including, but not limited to: -

- The Programme for Government
- The Action Plan for Jobs
- Pathways to Work
- Our Rural Future
- Sustainable, Inclusive and Empowered Communities: A five year strategy to support the community and voluntary sector in Ireland
- Comprehensive Employment Strategy for People with Disabilities 2015-2024
- First Five. A Government Strategy for Babies, Young Children and their Families, 2019 - 2028
- Better Outcomes Bright Futures 2014–2020
- Putting People First and EU 2020
- Project Ireland 2040

2.4. Previous reviews of Pobal

It is clear that Pobal play a unique role in the delivery of a range of services for Government. This PCR seeks to review its performance and continued suitability to deliver these services. It is important to note that Pobal as an organisation has been subject to regular review, both internally and externally in recent years. Many of the schemes, together with the role played by Pobal in their operation, have been repeatedly reviewed, others have recently had major reviews, for example:

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[7] As at year end 2020, Pobal had offices in Dublin, Monaghan, Sligo, Clifden, Letterkenny, Cork, Galway City, Limerick, Kilkenny and Mullingar. All offices are held under rental agreements with a mix of private individuals, county councils and local enterprise development partnerships.

- SICAP was subject to a significant review and external consultation process in 2017,
- SSNO was reviewed most recently in 2018,
- SAS in 2019,
- the Indecon Report on the review of CSP was published in September 2020,
- A review of the Ability programme is currently underway.

In respect of Early Years work:

- Evaluations are underway on Better Start and AIM and NCS will be subject to a 12 month review as set out in the relevant legislation.
- A focussed Policy Assessment of ECCE High Capitation payments was published in 2020 and the C&AG Chapter 16 Report on the delivery of ELC programmes was published in 2019.

Pobal has always been responsive to the findings of such reviews, leading to improvements in both programmatic and service delivery terms, changing the way Pobal does its work.

As well as such funder initiated reviews, Pobal themselves have commissioned reviews of the Board and Executive Management Structures and its HR function, the recommendations of which have brought about structural and organisational changes and improvements.

In addition the company is subject to annual audit by the Comptroller and Auditor General.

2.5. The Legal Framework within which Pobal operates

2.5.1 Introduction

Pobal has evolved over some 30 years in existence into an organisation with a unique set of arrangements underpinning it. Although it is listed on the register of public sector bodies as a 'non-commercial agency', given its lack of statutory basis it is not fully regarded as a state agency. It does however appear on the schedule of Audit for the Comptroller and Auditor General. The uniqueness of this status has been an issue of consideration for some time. Set out below is the legal framework within which it operates.

2.5.2 Statutory basis

With the exception of its role as Scheme Administrator under the NCS, Pobal does not have any statutory basis nor grounding legislation setting out its role. As a registered company, limited by guarantee and a charity, it is bound by the various Companies Acts, the Charities Act, 2009 and other relevant legislative provisions.

From the Department's perspective, Pobal's status and the lack (in the most part) of a statutory basis for the organisation does not appear to have any negative impacts in the delivery of its work for funder departments or other agencies.

Whilst it can lead to uncertainty around its exact status, conversely this lack of statutory basis often aids its ability to quickly and flexibly adapt to changing business requirements, government priorities

and increasing asks from across government in response to changing policy, societal and economic factors[8].

The Department does not see any reason to change the company's form at this point in time.

2.5.3 Charitable status

As set out above, Pobal is a registered charity subject to the Charities Acts and all related provisions. In 2017/2018, Pobal carried out an internal review of that status on the basis of which the Board was satisfied the status was correctly held based on the objects of the company as set out in the M&A and they resolved that it was in order for the company to retain that status. At that time legal advice was sought by the company on the effect of the loss of such status.

With regard to charitable status, notwithstanding the Board decision in 2018, given the ongoing changes in both direction and size of the company the Department considers that Pobal should keep this matter under review to ensure this continues to be the case.

Recommendation

1.	The appropriateness of charitable status for an undertaking of Pobal's size and nature should be kept under review by the Board. It is recommended that it considers the establishment of a strategy in relation to charitable status and engage with the Charities Regulator and/or Revenue in that regard.

2.5.4 Memorandum and Articles of Association

In addition to the relevant statutory provisions referred to above, Pobal is bound by its company constitution, its Memorandum and Articles of Association (M&A). It is precluded from acting outside of the terms of the M&A, which cannot be altered save for with the approval of Government. No review of the M&A has been undertaken since 2005 and no alterations have been made.

Pobal's primary objectives, per its M&A are:

- the delivery and management of programmes which promote social inclusion, reconciliation and equality through integrated social and economic development within communities,
- the delivery and management of local, community and other development programmes,
- the provision of technical assistance, support and advice to the groups and beneficiaries of the programmes, which are delivered/managed,

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[8] As a registered Charity, Pobal has a range of charitable purposes that are consistent with Government policy including;: relief of poverty or economic hardship; advancement of community welfare including the relief of those in need by reason of youth, age, ill-health, or disability; advancement of community development, including rural or urban regeneration; integration of those who are disadvantaged, and the promotion of their full participation, in society.

- the provision of assistance and support in the analysis and exchange of experience, leading to the communication of information and the identification and dissemination of good practice within the programmes which are delivered/managed,
- aiding, through the lessons learnt from these programmes, in the formation of Government and other policy development at local, regional and national levels, and
- the provision of technical assistance, support and advice to other bodies with the approval of the Minister for Rural and Community Development.

The Department has two main observations on the M&A.

Firstly, despite the fact that the large majority of the company's work and an equal amount of their staffing and resources are dedicated to the operation of schemes on behalf of DCEDIY there is no mention of childcare or youth affairs in their main objectives as set out.

Secondly, under the terms of that M&A the Government appoints the members of the company through a process of annual rotation, whereby one quarter of the Directors are required to retire at each AGM, with those to retire each year being those longest in office since their last appointment. Retiring directors are eligible for re-appointment but subject to the proviso that they may not serve more than two terms.

The Department considers this annual rotation process to be unusual in its frequency, administratively burdensome and lengthy. It also serves to have a destabilising effect on the board given the frequency of changes to membership that are required. This is particularly challenging given the voluntary nature of the Pobal Board (who are paid T&S only). It can also lead to a loss of very considerable expertise at board level in a single year when a number of long-standing directors may be ineligible for reappointment. This led, in 2019, to an ad hoc arrangement under which the Board resolved to appoint a number of retiring directors to Board Sub-Committees on a temporary basis, without voting rights, to provide assistance based on their prior experience.

Recommendations:

2.	Pobal should review its M&A, with particular consideration given to the expansion or alteration of the primary objectives of the company given the significant changes in the work of the company since its establishment.
3.	The review of the M&A referred to in Recommendation 2 should consider replacing the annual rotation system of Directors with a process which balances the need for stability with the need to refresh the membership at appropriate intervals.

2.5.5 Governance documents with Funding Departments

In the absence of any founding legislation the function and role of the company, together with its authority, is set out in a series of governance documents with relevant Departments. As a result, it is key for all stakeholders that such documentation clearly and comprehensively sets out the relevant department's requirements and the role of Pobal.

The company operates under the aegis of the Department, and consequently has an overarching framework Oversight Agreement with DRCD, which deals with the high-level relationship, including corporate governance matters.

Separately, there are specific arrangements in place between Pobal and the individual four funder Departments, including DRCD.

All four Departments on whose behalf Pobal work have high level Service Level Agreements (SLAs) in place with Pobal.

Three of those Departments (DRCD, DSP and DoH) have programme specific Performance Delivery Agreements (PDAs) and annual Programmes of Work (POWs) in place with Pobal.

For the fourth Department, DCEDIY, the governance documentation set is currently slightly different. Pobal has an overarching SLA with the Department which sets out the high-level understanding of the relationship. This SLA is broad and relates to overall rather than programme specific governance. Whilst Pobal is not an agency of DCEDIY, the Code of Practice for the Governance of State Bodies has nonetheless informed the contents and structure of the SLA and as such it is akin in content to the Oversight Agreement between DRCD and Pobal. The current SLA with DCEDIY runs until 31st December 2022, which accords with the end date for the Oversight Agreement between DRCD and Pobal. Up to 2020, the majority of programmes operated on behalf of DCEDIY did not operate under a PDA but were instead based on the SLA and a large scale annual POW. Work has been on-going for some time between DCEDIY and Pobal to agree a series of PDAs for each of the Early Years programmes[9], with the first of these put in place for NCS in 2020. This will bring consistency to the governance documentation sets across Departments and will negate the need for a lengthy annual POW.

Pobal has for many years operated under the aegis of DRCD, given its remit for community and local development and its involvement in national social inclusion programmes. However, with the changing context and breath of Pobal's work, the majority of its responsibilities now lay in administering DCEDIY childcare programmes currently valued at c. €600m. This work represents over 75% of its overall work, both in terms of funding and the allocation of staffing and other resources. This is likely to increase in the coming years, with the possibility of these Early Years schemes increasing to €1bn over the next decade, in line with the commitment in First 5 to double State funding by 2028.

Whilst governing documents may vary across Departments and programmes, Pobal must ensure it has absolute clarity across all programmes and schemes as to what is required of them from the funding department. Roles and responsibilities of Pobal as against the role and responsibility of the Departments should be clearly defined so that this certainty can in turn be passed to organisations delivering the schemes.

Recommendations:

4.	Given the rapid expansion of the work on behalf of DCEDIY over the last decade, in advance of the end of the DRCD Oversight Agreement and the DCEDIY SLA at year end 2022, the Departments should engage in relation to

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[9] There are separate arrangements and PDAs in place with the Youth Services section of DCEDIY in respect of their programmes and functions.

> the most appropriate home for the oversight function in respect of Pobal. This engagement should take place following the publication of the DCEDIY review of the systems and structures supporting the delivery of childcare in Ireland, due to be completed in summer 2021, and consideration of any recommendations put forward by that review. Pobal should participate in any review.
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> **5.** Pobal should engage with DCEDIY to consider whether the governance documents covering arrangements between them should be brought in line with the documentation set in respect of each of the other Departments, in the interests of consistency.

2.6. Liaison Structures

2.6.1 Introduction

There are formal liaison structures in place with each funding department and a dedicated Funder Liaison team manage the relationship with each department. It is the Funder Liaison team who manage the programmatic relationships through the series of PDAs and annual POWs referred to in Section 2.5.5. A series of oversight meetings, strategic liaison and operational meetings take place with each Department. These vary with the level of involvement of Pobal in the programme administration and delivery, with the DCEDIY arrangements being the most involved in line with the growth in service demands in the Early Years sector. Across many of its programmes, Pobal publish Annual Reports setting out the position for the previous year.

2.6.2 Overall Corporate Oversight

DRCD, as the parent Department with corporate oversight role, have an additional layer of liaison relationships. In addition to the structures noted above, accountability is further managed through two high-level Oversight Meetings per year, which are attended by the Assistant Secretary of DRCD and the CEO of Pobal at which all high level and strategic matters are discussed. Also, in line with the code, a detailed Corporate Governance checklist is completed on an annual basis and returned to DPER by the Department.

Whilst the Executive have responsibility for the day to day operation of the company, and work closely with the Department, it is the Board that take the lead on matters of strategic direction and corporate governance[10]. As such it is the Board who are ultimately accountable to the Minister (DRCD) for the work of Pobal and in that regard the Chair reports, in writing, to the Minister on an annual basis, contemporaneous to the finalisation of the Annual Report.

Recommendations

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[10] The Company's M&A specifically reserve a number of matters for Board decision, for example: Strategy and Corporate Plan, financial reporting, corporate governance and major contracts (those exceeding a certain value).

> **6.** In light of the responsibility of the Board for corporate governance and the oversight function of DRCD, Pobal should give consideration to the Chair attending one DRCD/Pobal Oversight Meeting per year.
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> **7.** A number of high level engagements should take place going forward:
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> - The Pobal Chair should meet with the DRCD Minister once per annum following on from the submission to the Minister of the Chairs Report on governance matters.
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> - Pobal Senior Management should formally meet with the DRCD Management Board on an annual basis to ensure there is an understanding of the Departments strategic priorities and to discuss key issues and challenges.

2.7. Leveraging Pobal experience

2.7.1 Introduction

The external environment in which Pobal operates has changed radically as a result of the COVID-19 pandemic. As it has before through previous changes to the landscapes of community development and local government, Pobal and its business model have shown adaptability and flexibility, which is perhaps aided by their lack of statutory basis, in quickly meeting the new demands placed upon them. This is illustrated in the manner in which it facilitated the continued delivery of existing schemes and programmes and the manner in which it successfully assisted with the roll-out and management of new schemes and funds at the height of the pandemic.

The external environment is likely to continue to change going forward and new adaptations will have to be made. For instance, the OECD (*Report on Job Creation and Local Economic Development, 2020*) suggest that patterns of increasing automation which were already of concern will be accelerated as a result of, and as a response to, the pandemic. Linked to this is the importance of addressing the digital skills deficits for disadvantaged communities. Pobal is already a member of the interdepartmental stakeholder group established by the Department of Further and Higher Education to develop the new 10-year strategy for adult literacy, numeracy and digital literacy and its experience going back many years in the realm of social inclusion and community development makes it well placed to be at the heart of any programmes in this area.

2.7.2 International Experience

Pobal also have huge international experience of which there is little awareness but which could be leveraged to support the work of additional Government Departments and agencies. For example, the **ESF+ funding**, which runs for the period 2021 to 2027, will provide significant investment to Ireland. Pobal's experience of the previous round of ESF funding, obtained through its work on both the SICAP and Ability programmes, both of which are ESF co-funded, together with its experience as Irelands representative on the Transnational ESF Thematic Network on Partnership, will be valuable

to Departments under this new round of funding, with its focus on alleviating child poverty, migrants and mitigating the impacts of COVID-19 for this group. Furthermore, Pobal's experience in respect of the European Commission's Structural Reform Support Programme (SRSP), at the request of the Structural Reform Support Service, where Pobal provided assistance to the Greek authorities to support the design of ESF co-financing mechanisms for active labour market programmes undergoing reform may also be of value nationally.

Pobal is Ireland's delegate to the **OECD Local Economic and Employment Development** (LEED) Directing Committee. The mission of the LEED Programme is to contribute to the creation of more and better jobs through effective policy implementation, innovative practices, stronger capacities and integrated strategies at a local level. The LEED Directing Committee meets twice a year, with Pobal delivering Ireland inputs on progress in relation to the agenda items. The Directing Committee also hosts the OECD LEED Forum for local development practitioners, social innovators and entrepreneurs which meets annually. In 2019, Pobal formed the LEED Dissemination Network which is made up of representatives across several Government Departments and State Agencies, which supports Pobal's role as Ireland's delegate on the Directing Committee. This Network provides Departments with the opportunity to ensure that significant policy developments and areas of research relevant to the work and scope of the LEED programme are brought to the Directing Committees attention and conversely, ensures that relevant developments in other OECD Member States are communicated to Government Departments here.

2.7.3 Data Science Expertise

On a more general note, Pobal has in recent years invested significantly in data science and analytics expertise that adds to their already significant experience in programme monitoring and reporting. As a result, it now holds a large amount of specialised knowledge and datasets which would be beneficial across Government Departments. Work has been ongoing over a number of years with the ESRI, CSO and various other agencies to enhance knowledge in the areas of community development and social inclusion, in particular through a dedicated research programme with the ESRI and the development of tools such as the Pobal HP Deprivation Index, which is now used by Departments and State Agencies to target resources towards communities most in need.

In addition, Pobal won the award for best use of data science in a public sector body at the National Data Science Awards, 2018, for the development and implementation of the Pobal Geosparcity Index used by DCEDIY to support the appraisal process for applications for Early Years Capital funding to ensure that expenditure is targeted and maximises value for money. All of the above could be of use more widely across Government to ensure both streamlining of information and that the response to COVID-19 is targeted to ensure no section of society is left behind.   This is particularly the case in respect of the centralised grantee database currently being scoped for community and voluntary sector organisations in receipt of Government funding. This centralised grantee database has the potential to replace a multitude of systems and reporting procedures across Departments and programmes, and could be the manner in which government interacts with all funded organisations and obtains up-to-date data without the need for it to be provided separately to each funder (thereby reducing overheads and streamlining processes – 'a capture once and use often' approach).

Recommendations

8.	In line with Goal 3 of its Strategic Plan[11] Pobal should ensure that best practice and learnings taken from its participation in International fora such as the ESF Thematic Network and the OECD LEED Directing Committee in particular, are disseminated to Government Departments to assist in policy and programme development. All relevant Departments should be invited to participate in the LEED Dissemination Network. Furthermore, it should explore ways in which it can bring its experience of social inclusion and community development, at both national and international level, to contribute to work in this and similar areas.
9.	It is noted that Pobal is already (1) a member of the interdepartmental stakeholder group established by the Department of Further and Higher Education, Research, Innovation and Science to develop the new 10-year strategy for adult literacy, numeracy and digital literacy, (2) on the NESC expert subcommittee on the development of a National Wellbeing Index and (3) on the Government's Open Data Forum. It is recommended that Pobal seek to identify other areas across Government where it has relevant expertise and could contribute using its experience of social inclusion and community development.
10.	In addition to utilising its experience to assist with the development of the centralised database for C&V organisations as referred to above at 2.7.3 Pobal should seek to identify other areas in relation to the Governments digital development agenda where it can contribute.

2.8.   Conclusion

It is clear that Pobal has evolved substantially over time to meet the needs of Government as its external environment has changed.

This section has provided further recommendations on how this can be continued over time.

The Department is also conscious that subject to appropriate resourcing, there is a significant opportunity for Pobal to use its broad breadth of expertise to support ongoing work across Government. The recommendations in this section touch on how this expertise could be utilised.

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[11] 'To Support Government in its decision-making and in its setting of programme priorities'

3. Organisational Capacity

3.1. Introduction

This section looks at the capacity of Pobal across areas such as governance, financial management, process management (including procurement), other organisational linkages and HR management.

- Section 3.2 discusses the management structures, including its voluntary Board of Directors.
- Section 3.3 discusses its HR workforce planning.
- Section 3.4 discusses financial management and internal controls.
- Section 3.5 discusses ICT capacity
- Section 3.6 covers the systems which Pobal has in place, including for procurement
- Section 3.7 covers Pobal's ability to adapt as needed for COVID-19

In this regard, Pobal has a strong record of keeping their internal organisational structures and processes under regular, and often external, review and of putting into effect the recommendations of such reviews.

Feedback from Stakeholders noted the strength of Pobal under this heading and the significant value it added to programmes through its expertise in programme design and delivery, efficient funding administration and high quality verification and audit processes.

3.2. Management Structures

3.2.1 Overview

Pobal is managed on a day-to-day basis by an executive management team, overseen by a voluntary Board of Directors. As at 1st November 2020, Pobal employed 560 people, across ten locations. This represents a three-fold increase in staffing numbers in the ten year period from 2010. 55% of the total staffing numbers are based out of its Dublin offices. See Figure 1 below for up-to-date organisational structure.
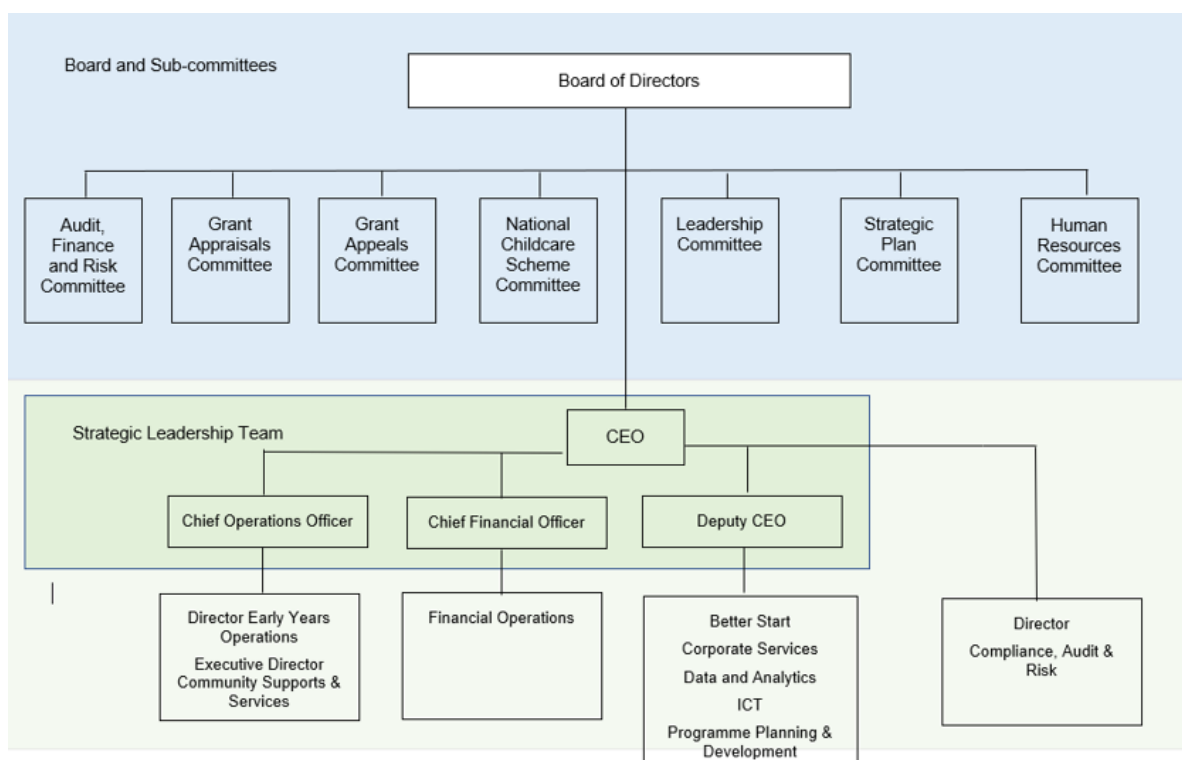
Figure 1: Pobal Organisational Structure as at 1st November 2020

3.2.2 The Board

Pobal is governed by a Board of Directors, consisting of a Chairperson and 15 other directors, all of whom are appointed by the Government of Ireland. In line with the Company's M&A, at every AGM, one quarter of the directors of the Company are required to retire, with those to retire being those longest serving since the date of their last appointment. Any director may serve a maximum of two terms. New directors, on their appointment, are provided with an induction and briefing on the Company and its operations. The Board meets 9-10 times per annum.

The Board performs its functions both directly and through the operation of specific Board subcommittees. The Board has, in accordance with its M&A delegated powers to seven Sub-Committees, who operate in accordance with approved terms of reference. The Company has sub-committees in place to deal with audit, finance & risk, human resources, application appraisals, appeals, leadership review, the Affordable Childcare Scheme and the strategic plan. Each sub-committee consists of at least one director and the CEO (except the Appeals Subcommittee); other members of staff may attendance as the Board deem necessary.

The sub-committees are listed in the below table.

Sub-committee	Description
Audit, Finance & Risk (AFR)	This sub-committee is comprised of three directors, one independent member and the CEO. The role of the AFR is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. It ensures the internal control systems including audit activities are monitored actively and independently. The

	AFR is independent from the financial management of the Company; it reports to the Board after each meeting.
Human Resource	The role of the HR Sub-committee is to assist the EMT and the Board to fulfil their functions by providing timely advice on human resources issues which impact upon the Company and its employees. It reports to the Board after each meeting.
Grant Appraisal	This sub-committee is responsible for making recommendations to the Board on grant applications in respect of Pobal managed programmes.
Grant Appeals	The role of the Grant Appeals Sub-committee is to consider appeals of grant funding decisions. The sub-committee considered appeals on four occasions during the year by written procedure in relation to the Community Services Programme, Early Years Capital and School Age Childcare Capital.
Leadership Review	The role of the Leadership Review Sub-committee is to oversee the review which has been carried out in relation to the structure of the organisation, to consider the recommendations in relation to the structure and implement an action plan to ensure the long term sustainability of the Company.
National Childcare Scheme	The role of the NCS Sub-committee is to oversee the planning, preparation and launch of the Affordable Childcare Scheme.
Strategic Plan	This Sub-committee is tasked with the development and implementation of the Strategic Plan, together with the ongoing review of progress on the implementation of the plan.

In late 2019 the Board commissioned an external review of board effectiveness. The Review was carried out by the independent board consultancy firm, Board Excellence and was finalised in March 2020. The review looked at the current level of board effectiveness and performance relative to relevant governance standards and board best practice. A number of recommendations were made in the Report across areas such as the board's purpose and role, composition, committees, induction and training and stakeholder engagement.

This PCR has not replicated the comprehensive work undertaken by Board Excellence, given in particular how recently that review was undertaken, however we agree with the recommendations put forward by Board Excellence in their final report, namely:

- The board to clarify its role and oversight responsibilities and consider any required changes to its focus and work programme requirements;
- Introduction of a structured approach to design of the Board's annual work programme;
- Reduction in the number of committees from seven to four and reconstitution of membership;

- Recommendation around the papers submitted for board consideration and an alternative approach to minutes to better reflect substance of discussions;
- Consideration to be given, within the terms of the board rotation process, to the recruitment of a number of directors with a combination of large organisation and operations, financial, auditing and risk management experience, from outside the traditional sectors to bring a different approach and perspective;
- Additional on-going training for directors;
- Consideration to the development of a stakeholder engagement strategy and plan.

Recommendations:

11.	Pobal should put in place an action plan to implement the Board Excellence Report in full, in a timely manner, in particular the recommendation around the reduction in the number of board committees and board composition. Monitoring of progress with regard to implementation should be brought to the DRCD Oversight Meetings under the PCR agenda item.
12.	Pobal should give consideration to whether the boards focus is sufficiently strategic and governance focussed across the spectrum of its involvement, beyond the childcare and early year's sphere. Board Excellence observed that some of the committees were too operational in their focus and this was also observed from the Board Minutes provided in the context of this review.
13.	It is clear from an analysis of the Board Minutes that whilst there is a standing item on 'social inclusion matters' this item is rarely used. Given the clear objects of the company, and as energies are increasingly focussed on supports to Early Years, the Board should ensure that sufficient focus is given to the company's social inclusion remit at each meeting.

3.2.3 Executive Structures

The executive is responsible for the day-to-day operational management of the company and consists of a Strategic Leadership Team (SLT) and an Executive Management Team (EMT).

The SLT is made up of the CEO, Deputy CEO (DCEO), Chief Operations Officer (COO) and the Chief Financial Officer (CFO).

The SLT manages the EMT, which is comprised of eight Executive Directors who are responsible for the following directorates:

- Early Years Operations
- Community Supports and Services
- Financial Operations (*currently vacant*)
- Compliance, Audit and Risk
- Data and Analytics
- Corporate Services

- Information Technology Development & Operations
- National Manager of Better Start

The DCEO, COO and the CFO report directly to the CEO. The CEO reports to the Chairperson and the Board of Pobal.

The SLT is a relatively new structure created following a review of leadership and management functions carried out by Prospectus in mid-2017. The review was a full operational review of the executive with a view to securing improvements in efficiency and effectiveness. This report made a number of recommendations across various areas, including strategic leadership, HR, Early Years, decision making and operational excellence.

Following on from that 2017 executive review and the significant SLT restructuring implemented as a result, together with the substantial growth experienced by the company in the period 2016 – 2019 (more than 100% growth in employee numbers, and increasing programmes of work on behalf of Government departments) a further internal review of the governance structures at executive level is currently underway to ascertain whether they remain fit for purpose. Such review is intended to complement the recently finalised review of Board structures, to ensure best governance practice and internal controls are being followed and will look at the new executive structures in light of the substantial growth of the company. The review will describe the key governance committees and team members forming the oversight and assurance components of the management structure. It will identify the Pobal team members charged with responsibility for undertaking, completing, monitoring and providing assurance on activities undertaken by the company necessary to ensure good governance comprising oversight and performance, monitoring activity, quality and timeliness of services and supports provided by Pobal. The review is due to be finalised in May 2021.

Recommendations

14.	Findings of the executive structures review to be shared with DRCD and DCEDIY and updates given as necessary on any changes implemented as a result of such findings under the PCR agenda item at DRCD/Pobal Oversight Meeting.
15.	At the conclusion of the on-going executive structures review, clear ToR and roles and responsibilities should exist for all Board and Executive structures.

3.2.4 Board Oversight of SLT

It was noted by Board Excellence in their review of the Board that the review of Executive structures was positive and likely to enhance the relationships and Board support infrastructure in line with proposed changes to the Board's operations and structures. All SLT members normally attend Board meetings and also meetings of the Audit, Finance and Risk Committee. The CEO and CFO provide reports to each Board meeting and all members of the SLT respond as appropriate to issues raised by Board members. The board and wider Executive also come together for the purpose of annual planning and meet additionally as and when necessary.

Board Excellence held individual meetings and discussions in confidence with the Chair, Board members, the CEO and certain members of management. They noted that:

"*The culture and dynamic within the Board Room and between the Board, management and the organisation's employees with whom we met appears to be mutually respectful and supportive. The level and quality of engagement and debate at the observed Board meeting was solid in the context of that meeting's agenda, content and focus*."

Board Excellence reported that there is strong engagement, challenge and debate at meetings. The report also made important recommendations, which were accepted by the Board, on how the process of engagement and challenge can be fostered and developed at board level. These included:

- Broader use of executive summaries and dashboard-type presentation of information to focus directors' attention and to move away from overly detailed reports
- A more structured approach to planning Board meetings with a Work Programme agreed months in advance.

3.3. Human Resources Function

Following a period of rapid expansion and organisational change, the staff headcount has more than doubled in five years and is continuing to grow. Headcount as at 1st November 2020 stood at 560, see Figure 2 below for a breakdown of staff across business areas. In addition to this figure, a further 40 (approx.) FTEs are outsourced to manage the Parent Support Centre for the NCS. A number of 2020 vacancies remain to be filled, along with further 2021 positions based on agreed programmes of work and budgets with funding Departments. It is likely that the head count at year-end 2021 will be over 600.
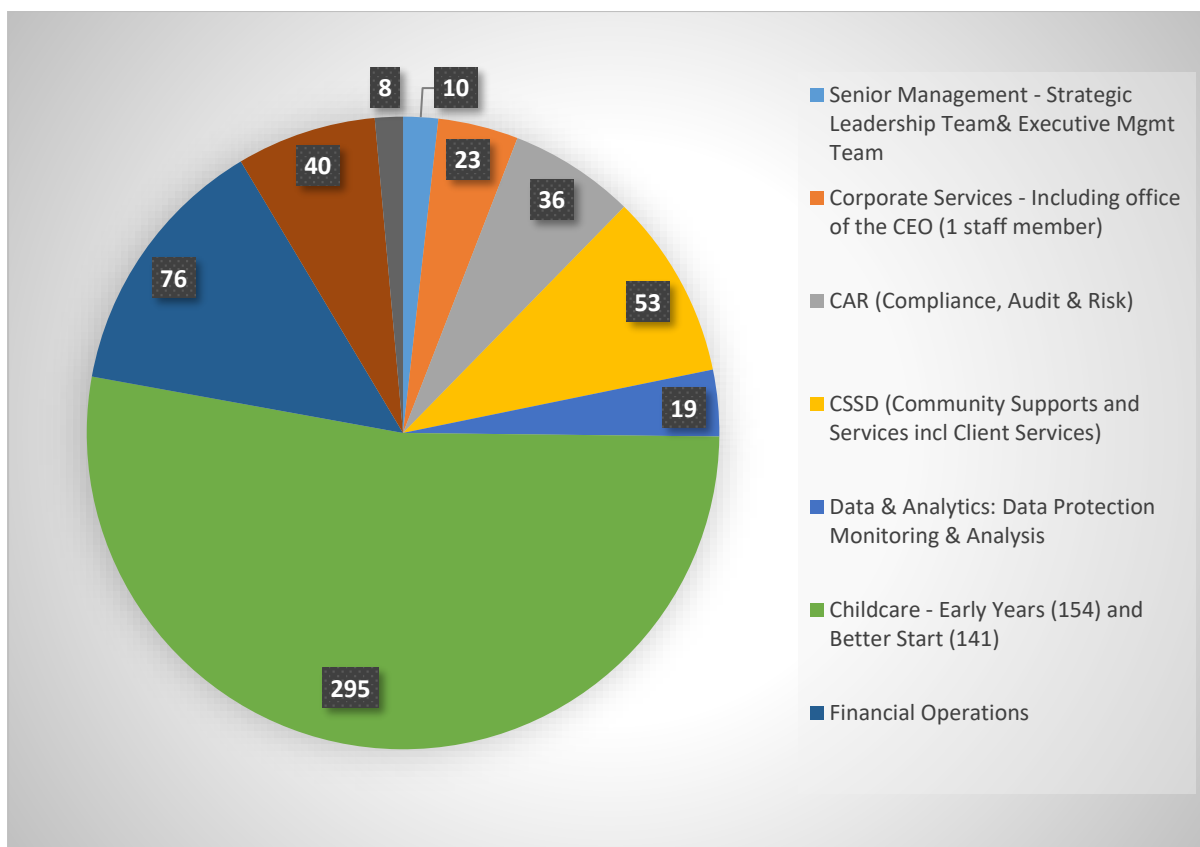
Figure 2: Total Headcount as at 1ˢᵗ November 2020.

3.3.1 General

Pobal has a well-developed HR function internally with relevant policies and procedures in place. An independent review of the HR Function was commissioned by Pobal in 2019, which reported to the Board in June 2020. Whilst a not-for-profit, private company, Pobal is entered onto the Register of Public Sector Bodies as a non-commercial agency and as such is required to comply with all public sector circulars, including HR circulars and policies. A review of all HR policies was in train at end 2020 with the intention that on completion all policies would be compiled into an Employee Handbook, which would be reviewed annually. Pobal has confirmed it is satisfied that all HR policies and procedures are consistent with public sector HR policies and circulars with the exception of pension arrangements which are entirely different to public sector arrangements. The Company is a member of IBEC and benchmark policies as against public sector policies. Whilst there was some historical discrepancy, since October 2020, with the exception of three roles, Pobal has aligned itself with public sector salary scales. The three outstanding roles are remunerated within public sector norms and are currently undergoing a process of alignment.

There is a process of annual workforce planning in place, with an on-going review process in place with monthly meetings and specific review stages over each quarter. Whilst there is no formal succession planning in place significant resources are invested in developing staff and there is clear progress of staff within the organisation through open competitions, for example, 45 staff progressed within the organisation in the period January to 1ˢᵗ November 2020.

There is a dedicated learning and development Unit within the Company and in 2019 Pobal secured accreditation under the National Standards Authority of Ireland's Excellence Through People standard at Gold level, illustrating its commitment to growth and development of staff. Pobal's Education

Support Programme, which supports staff to attain accredited third level qualifications, approved 55 applications in 2020.

3.3.2 Staff Engagement

Staff engagement appears to be strong, with both formal and informal arrangements in place to promote such engagement and staff feedback. An independently conducted staff engagement survey was undertaken for the first time in 2018 with an 85% completion rate. Whilst scoring was high as against benchmarking in relation to individual teams, their commitment, team working and availability of line managers, the lowest scores were in respect of performance management within the company, the link between individual performance and compensation and around the timely making of decisions. Management committed to undertaking such a survey every two years and the second survey was launched in late November 2020, looking at a number of thematic areas including leadership, culture and wellbeing.

16.	Once the responses to the 2020 staff engagement survey are collated Management should assess whether progress has been made in respect of the issues which were low scoring in 2018 and also whether further areas have come to light where work is required. Separate from this process, staff feedback should be accepted on an on-going basis and acted upon where possible.

3.3.3 Stakeholder Feedback

Stakeholder feedback in the context of the recent HR review, indicated as some of the main HR needs; a need for strong Organisational Development and Design focus (OD&D), a robust workforce planning process and an increased focus on talent acquisition and retention. This accords with feedback from this review where funder departments raised the question of whether Pobal can succeed in recruiting and retaining highly competent personnel in a competitive job market when its staff neither benefit from the benefits of public sector pensions, nor some of the possible perks of a private sector organisation. This is likely to be a particular issue in certain highly sought after technical roles, when the relevant public sector pay scales are not reflective of the challenging job market. This was a concern also raised by Pobal itself, that whilst its paygrades are aligned to the public sector as required, they are not always aligned to market rates, particularly in the ICT field. This is a challenge that faces all public organisations[12] and there is an inherent risk around a reliance on procured services in respect of complex IT systems and their ongoing maintenance and development. Pobal has worked to mitigate against this by building up significant expertise in the areas of ICT recruitment, workforce planning, succession planning and a strong learning and development culture as well as where necessary acquiring required skills on a time-bound basis through contract staff and consultancy agreements. Pobal should continue to focus on talent acquisition and retention across all areas of work.

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[12] Pobal is entered onto the register of public sector bodies as a 'non-commercial agency'.

Recommendation

> **17.** It is apparent that there is some work to be done to bring the HR function generally into line with the organisation's evolved and expanded structure, vision and strategy. A series of recommendations in this regard arose out of the recent review of HR Functions. Some of these recommendations are longer-term objectives however moves should be made to implement over time insofar as is feasible. In particular the report recommends a move from recruitment agencies to more cost effective online recruitment channels. These avenues should be used where it is viable to do so. Recommendations around a move from reactive recruitment to a stronger OD&D focus and focus on workforce planning and talent retention should also be given particular attention.

3.4. Financial Management/Internal Controls

3.4.1 Introduction

The financial operations directorate (led by the Chief Financial Officer) currently has a total headcount of 92, split between corporate and programme finance and headed by 10 unit leads, all of whom are qualified accountants with significant financial management experience. Almost one third of the entire finance team are qualified accountants with a further 23% either part-qualified accountants or accounts technicians.

The financial management is supported by various ICT systems, including SUN accounting system, Quantum payroll system and various CRM grant management systems. Pobal follow all relevant internal controls to ensure compliance with applicable legislation and regulations. Additionally, it has also adopted the following in relation to financial management:

- Revised Code of Practice for the Governance of State Bodies 2016
- Ethics in Public Office Act 1995 and Standards in Public Office Act 2001
- Prompt Payment of Accounts Act 1997
- Charities Act 2009

3.4.2 Internal Controls

All relevant systems of internal controls are in place and are audited annually by its internal auditors (currently outsourced) who issue reports on both the System of Internal Control (SIC) and the System of Internal Financial Control (SIFC). Pobal is also audited by the Comptroller and Auditor General (C&AG) and the members of the Audit, Finance and Risk Committee (AFR) of the Board meet with both the internal auditors and the C&AG annually. The AFR meet approximately six times annually and the full Board approximately ten times p.a. The CFO attends each Board meeting and presents an up to date financial position. On an annual basis, as recommended by the Code, the C&AG (as external auditors) and the internal auditor meet in private session with the AFR.

Also in line with the Code an Annual Report and audited financial statements are published, the financial statements audited by the C&AG and the report and statements laid before the Houses of the Oireachtas by the Department.

3.4.3 Additional Oversight/ Funding Department reviews

In addition to the corporate oversight by DRCD and the various standalone reviews (set out above at 2.4), as their biggest funder, DCEDIY also review Pobal on an on-going basis in respect of their involvement in delivery of Early Learning & Care (ELC) and School Age Childcare (SAC) schemes. As well as on-going scheme reviews, recent reviews of relevance to financial processes include an internal audit of the Pobal funding drawdown process in 2019 and a focussed policy assessment of the ECCE Higher Capitation payments (administration of which was transferred to Pobal) in 2020. DCEDIY are satisfied that Pobal meet Early Years requirements in a number of financial control areas, including the funding drawdown process, provision of management accounts, and provision of annual statements of assurance and that Pobal's financial management of grant funding is satisfactory in most cases, notwithstanding a very small number of payment system exceptions over recent years, which have resulted in a disruption to the disbursement of grant funding.

No issues have arisen in respect of financial management in either the Chair's report to the Minister of DRCD or in the C&AG's Annual Report in the last five years (save the issues with regard to procurement practice dealt with below at 3.6.2).

3.4.4 Audit and Verification

It is clear from feedback received in the context of this review that Pobal is extremely proficient across all areas of organisational capacity and are recognised as having a particularly high quality audit and verification process, however it is also apparent that communication and relationship management in the context of audit could improve. Feedback, both from the Departmental level and service delivery levels, suggests that there is a widely held perception of Pobal as being overly focussed on checklists without due regard for the community development point of view and/or the output of the services and the projects. This perception in some cases is affecting the relationship with the service providers, with audit visits perceived as very negative and sometimes stressful. From a Departmental point of view additional concerns were raised by DCEDIY that in some cases communication of on-going issues arising in the relationships are not being fed back to the Department in a timely manner.

Recommendation

18.	Pobal is involved in audit and verification processes across a range of organisations of varying scale and capacity, each one requiring a suitable approach that takes account of these variations. Pobal should ensure proportionality in this regard. Approaches to compliance and audit should have regard to the scale and capacity of organisations and should be kept under continuous review.
19.	Pobal to work on a communication strategy in relation to its audit and verification work, setting out clearly its role and responsibilities and setting out clear structures to feedback to funder departments. This should form part of a larger communications strategy (see Recommendation 26 below). Pobal to actively engage with stakeholders (funders and organisations)

> around its role and responsibilities in this area and to work to improve communications in areas, such as audit, where there is currently a negative perception of its work.

3.5. ICT

3.5.1 Introduction

ICT has become an area of increased focus for Pobal, following on from a restructure of the ICT Unit in 2017 and the appointment of a Director of Information Technology Development and Operations in 2020. A dedicated ICT Strategy was put in place in 2018, which runs to end 2021. There is a clear focus within the company on ICT security and the company continues to work toward alignment with ISO27001, which is the relevant industry standard for Information Security risk management. Amongst other areas of focus within the ICT Strategy are the leveraging of new and existing datasets, business process automation and the adoption of cloud technologies. It has become apparent during the course of this review that Pobal has at times needed to utilise external services in order to fully carry out its IT functions. There are inherent risks in such an approach and as such Pobal should continue to mitigate against such risk by focussing on workforce planning, learning and development and similar as referred to in Section 3.3.3 and Recommendation 17 above. The manner in which Pobal provide for ICT development and supports should be kept under review.

3.5.2 Data Systems

In tandem with the Strategy, Pobal has developed a recognised expertise in ICT development/management and data and analytics. Pobal has a number of different systems/CRMs in operation across programmes, including a bespoke system for the NCS developed in-house. These systems differ in their complexity and the nature and extent of the information gathered. Feedback from DCEDIY pointed to the increasing need for more complex IT solutions in the area of childcare to deliver and administer the schemes in an efficient and effective manner and indicated they would like to see some improvements made, whilst giving due regard to the demand and time pressures. DCEDIY also raised a number of ongoing ICT issues around software, the lack of flexibility and the significant expense of minor alterations. Similarly, on a random survey of a small number of clients delivering Pobal administered schemes/programmes, a mixed user experience was evident, with a number expressing concern around the Pobal ICT and portals which were noted as unduly complex and not user friendly. See *Figure 3* below for a breakdown of survey responses on the overall user experience of Pobal ICT systems.

What has been your experience of Pobal ICT systems?

- Very good
- Good
- Satisfactory
- Less than satisfactory
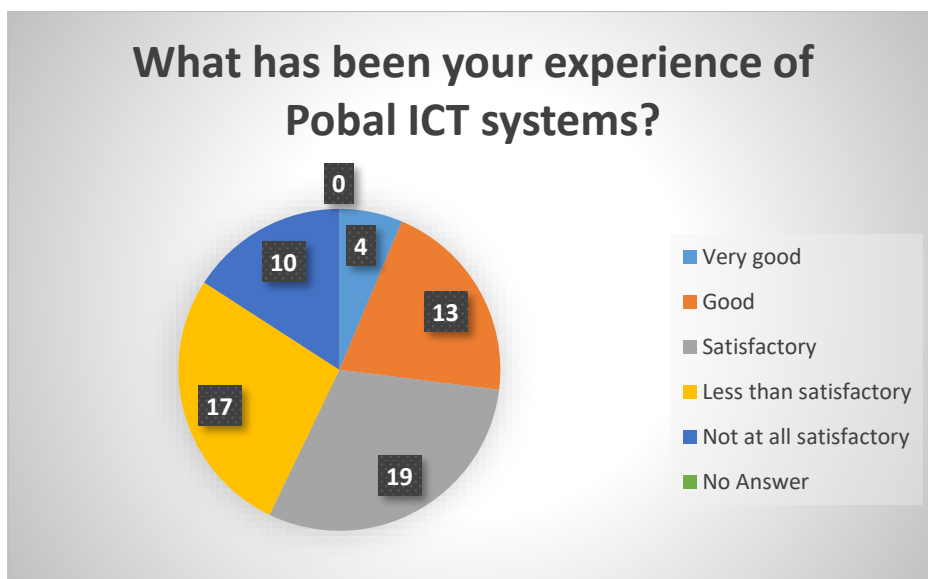- Not at all satisfactory
- No Answer

Figure 3: Survey responses received from a small sample of organisations delivering schemes in the areas of social inclusion and childcare and Early Years (Based on a survey response of 63 organisations).

Recommendation

> **20.** With regard to the ICT issues, flagged by both DCEDIY and client organisations, Pobal should continue to work with relevant stakeholders to ensure that the ICT processes are as streamlined and user friendly as possible, having due regard to the complexity of the systems themselves. Existing systems should be kept under review and stakeholder feedback, including that provided in the context of this review, considered and acted upon where possible.

3.5.3 Data Management

Given the increase in the data held by Pobal across programmes (see 2.7.3 and recommendation 10 above) and the increased importance of data protection and data security since the coming into effect of the GDPR in 2018, plans are in place for 2021 to move to the Department of Agriculture Data Centre which is ISO 27001 accredited and will provide Pobal with a secure and resilient physical infrastructure hosting site for systems, which will serve to strengthen its position in this area. This will future proof its infrastructure and remove the need for further costly investments in its own datacentre that would be required to ensure continued compliance with governance, regulatory and security requirements. Additionally, in 2019 Pobal established a small team with specific responsibility for data protection and Freedom of Information. This team acts independently providing advice, support and assistance to Pobal in complying with requirements under GDPR and FOI legislation.

3.6. Process Management (Incl. procurement)

Programme delivery is supported by a robust procedure and process model for all programmes. There are different sets of written procedures for each stage of the programme life cycle such as, appraisal, decision making, contracting, appeals and complaints. Below is a brief summary of the procedures for appraisals/reviews, appeals and complaints.

3.6.1 General Processes

Appraisals and Reviews

- Appraisal Team- an appraisal team is selected, briefed and provided with detailed appraisal guidelines and an appraisal template to complete for each application submitted.
- Review - an initial review of the application confirms the eligibility requirements.
- Annual Financial Checklists - checklists are completed indicating any areas of concern and any significant audit/risk issues that should be considered.
- Appraisal Template- the 'recommendations' section of the appraisal template is completed for all applications, including those deemed ineligible.
- Assigned Reviewer - once the appraisal template is complete, it is submitted to an assigned reviewer to oversee the quality and consistency of the appraisals. Each appraisal is reviewed and feedback provided to the appraiser, who will be responsible for making any changes agreed within the report. All systems are updated accordingly to ensure everything is reconciling and papers are prepared for the decision-making process.

Decision making

- Board Review - all applications are presented to an Appraisal Sub-Committee (ASC) in one batch ranked in order of score (highest to lowest). These recommendations are considered and discussed and recommendations are then made to the Board of Pobal. Where the ASC and/or the Board of Pobal require a change to the scoring, narrative or recommendation of an individual appraisal this is noted in the ASC/board minutes and that change is carried out by the relevant DC to the appraisal template. The appraisal status is then changed to "Ready for Department".
- Department Report - a report is collated for the relevant Department to include a summary of the appraisal findings and any key messages/issues, a summary grid of the Pobal recommendations, and brief summaries of each individual appraisal supporting the recommendation. The final recommendations report is submitted to the Department for decision. The report is considered in full by the Department and the recommendations are subject to Ministerial approval before the Department inform Pobal of the outcome of the process and the final decision on each recommendation.

Appeals

- Notification of Appraisal - Pobal will issue a notification of the Department's decision to all applicants (successful/unsuccessful). Unsuccessful notifications will include a link to the appeal process on the Pobal Website and all unsuccessful applicants have an opportunity to appeal within 20 working days from the date of the notification letter.

- Appeal Briefing - a briefing for all those involved in the appeal process is conducted based on detailed guidelines.
- Appeal's Coordinator - an Appeal's Coordinator is appointed and undertakes an initial review of the appeal to confirm that it meets the basic eligibility e.g. signed, within deadline and they issue an acknowledgement.
- Development Coordinator - Development coordinators are assigned appeals and complete an appeal template for each, including a recommendation. A team of reviewers is selected to oversee the quality and consistency of the appeals and they review each appeal template. They provide feedback to the assigned coordinator, who will be responsible for making any changes agreed.
- Board Review - all appeals are presented to the Grant Appeals Sub-Committee (GAC) in one batch ranked in order of score (highest to lowest). They are considered, discussed and recommendations are then made to the Pobal Board. If this results is a change to the scoring, narrative or recommendation of an individual appeal, then it is noted in the minutes and changes made to the relevant appeals template.
- Department Report - a recommendation report is submitted the relevant department for decision, and Pobal will issue a notification of the Department's decision to all appellants.

Complaints

The complaints procedure is also managed centrally and is the responsibility of the administrator in the office of the CEO. There is a dedicated inbox for complaints and a copy of Pobal's complaints procedure is available on the Pobal website. Incoming complaints are logged, acknowledged within 10 working days and assigned to Team Lead(s) in the relevant directorate(s) for a response. A definitive reply is sent within policy guidelines. A report on the complaints received is provided to DRCD as part of the quarterly Pobal governance report.

3.6.2 Procurement Process

The Report of the C&AG for both 2018 and 2019 note an issue with regard to non-competitive procurement disclosed in the Company's statement on internal control. The statements disclose that in the relevant years Pobal incurred significant expenditure on goods and services the procurement of which was not compliant with the relevant procedures. Since those findings, Pobal has taken considerable steps to ensure the compliance of all procurement. In 2020, an updated Procurement Policy was approved by the Board. Under the new policy, quarterly spend analysis is undertaken and reviewed by the CFO. Any non-competitive expenditure (where there is a sole supplier) must be authorised by the CFO and a database kept of all non-compliant and non-competitive procurement. Any breaches of the procurement policy are reported to the AFR Committee and the Board. Such non-compliant or non-competitive procurement is also reported through existing channels to DRCD and the Department for whom the procurement was undertaken and is noted in the annual report of the C&AG.

3.7. Capacity to adapt as needed for COVID-19

In response to COVID-19 public health measures, 95% of Pobal staff commenced working from home from March/April 2020, with some Better Start staff redeployed to support the HSE in primary care

and Early Years sectors. In response to the pandemic, the Company developed and published a COVID-19 Policy Statement and Response Plan on the return to the Workplace. A COVID-19 Temporary Remote Working Policy was also developed to provide structured guidance to staff and line managers.

From a programmatic point of view, the flexibility offered by Pobal ensured the continued delivery of existing schemes throughout the pandemic together with the rollout of a number of new, unscheduled funding streams in response to COVID such as the COVID-19 Stability Fund and the Temporary Wage Subsidy Childcare scheme for the early learning/school age care sectors. On the Early Years side, whilst significant work went into the new wage subsidy scheme, issues arose with regard to customer service lines and waiting times as the services reopened following the initial lockdown. Such performance related issues are dealt with in Section 4 below.

Recommendation

21.	Whilst COVID-19 was an unprecedented event, going forward from an organisational capacity point of view, contingency plans should be developed to allow a more seamless redeployment of suitably qualified staff where necessary.

4. Organisational Performance

4.1. Introduction

This element of the report considers the financial viability, efficiency and effectiveness of Pobal. It also considers the suitability of Pobal's performance measurement, value for money and the nature of its relationships with the Department and other stakeholders.

- Section 4.2 looks at the financial viability of Pobal.
- Sections 4.3 and 4.4 deal with Pobal's relationships with funders and clients and the satisfaction levels with the Pobal service.
- Section 4.5 discusses how Pobal brings added value to schemes and programmes.
- Sections 4.6 and 4.7 deal with measurement of performance and performance targets respectively.
- Section 4.8 looks at external communications.

Pobal has a particular focus and expertise regarding government funding and programmes that support employment activation and community development by assisting voluntary led organisations in the not for profit sector. The role includes to a large extent, programme design and subsequent funding administration including oversight and compliance; extending to monitoring, review and input to evaluation as appropriate. Pobal has, since its inception, broadened its remit to encompass a range of other scheme administration function, most notably in the area of Early Years.

The system for managing and monitoring company performance with respect to programme delivery is defined in multi-annual Performance Delivery Agreements and/or annualised Programmes of Work. In respect of each of these programme, Pobal can point to effective performance as demonstrated by completion of all contractual commitments across all programmes, the terms of the performance requirements being set down in the annual PoWs.

There is a **Funder Liaison Business Relationship Manager** assigned to each Department/programme. The Funder Liaison team is responsible for leading interactions with Funders.

Pobal engages in a number of Strategic Partnerships at a national and European level. For example Pobal is Ireland's delegate to the OECD Local Economic and Employment Development (LEED) Directing Committee. Pobal also has a strategic research alliance with the ESRI since 2014.

4.2. Financial viability

Pobal is funded by Service and Administration fees levied against the various schemes and programmes it delivers for government. Pobal has the overall objective of a total service fee of less than 5% of total funding. Service Fees levied against programmes and schemes include a corporate fee of 20% and such service/administration fees are generally split 75% salaries, 25% overheads. See Figure 4 below which sets out the funding received by way of such fees in 2020, broken down by funding department/entity.

2020 INCOME BY FUNDER (ADMINISTRATION & PROJECT FEES)		
FUNDING DEPARTMENT	AMOUNT	%
Department of Children Equality, Disability, Integration & Youth (DCEDIY)	€45,651,088	77.5%
Department of Rural & Community Development (DRCD)	€8,844,864	15.0%
Deployment of Social Protection (DSP)	€2,597,437	4.4%
Department of Health (DOH)	€1,474,800	2.5%
Department of Justice & Equality (DJE)	€81,000	0.1%
Projects (DES, PEACE IV & GREECE)	€263,819	0.4%
TOTAL INCOME	€58,913,008	100.0%

Figure 4: Service/Administration fees paid by funder in respect of 2020

The relevant Funder Liaison section in Pobal initiates its annual Budget Planning Process by seeking to establish resource requirements for each programme to determine baseline operational costs.

- The first stage of the process involves internal negotiations with the relevant project teams on a programmatic basis. There is an initial request to client departments to notify any known assumptions, priorities for existing programmes and/or new pieces of work for the year in question.

- The second stage is the drafting of Programmes of Work across the programme areas with associated budgets presented to client departments, giving the opportunity for any necessary discussion.

- The final stage is the sign off and agreement of all Programmes of Work and associated budgets with the relevant departments, which where possible occurs before year end.

The fees charged to Programmes and schemes are based on an agreed costing methodology.   Pobal Overhead Costs[13] are allocated to Programmes by apportioning them across the FTE[14]s who work directly on the programmes. The total average allocation per FTE is €31k. The overhead rate (referred to as *Seat Fee*) averages approximately €16K per Direct FTE.

A *Management Fee* representing 20% of the direct delivery costs is charged to cover the cost of providing corporate services such as human resources, internal compliance & corporate governance, internal financial control, procurement, business planning, freedom of information, data protection and communication.

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[13] Rent, ICT, and Insurance etc.
[14] FTE Costs (consisting of basic salary, ER PRSI & ER Pension).

Reserves

In general, good Corporate Governance would see reserve levels at three months running costs. With this in mind, the Pobal Board and Senior Leadership Team were concerned at low level of reserves, which in 2019 stood at €1.9m. Pobal has now taken active steps to bring the company reserves into line with best practice standards. Savings on Management Fee underspend up to a max of 5% and Bank Interest will be used to build reserves with a view to bringing reserves to between €8m-€9m within a 3-5 year timeframe. As at 31st December 2020 reserves stood at €4.05m.

Recommendation

> **22.** Pobal should plan to have a level of Reserves in place commensurate with the projected size of the Company in the medium term with reference to guidelines set out in the Companies Act.

4.3. Relationships with funding Departments and clients

There is a generally favourable attitude towards Pobal among their funding departments. The service it provides differs from department to department. For example, it has a strong policy input to DRCD work around social inclusion (SICAP and SSNO in particular) whereas the services provided for DCEDIY are more operational in nature. Pobal also has a large compliance role in respect of childcare programmes.

For each programme, an annual Programme of Work (PoW) sets out the processes, tasks and timelines for each programme that Pobal will deliver to each Department in a given year. The annual PoW aligns to the programme lifecycle - from programme design to implementation support; to financial administration and governance of funding allocations.

The key components are:

- High level goals and objectives
- Detail on the financial and Human Resources (appended as agreed costs)
- Commitments and responsibilities,
- Monitoring, governance and oversight arrangements, and;
- Duration and signatories of the Agreement.

Pobal see engagement with stakeholders as critical to informing the direction of their work including programme design, responding to training and support needs application and appraisal processes and advising government departments where flexibility or changes are needed across programmes. The Strategic Leadership Team supported by the Funder Liaison team engage in a series of scheduled and structured engagements over the course of the year with senior leaders in government departments. The Pobal CEO has separate fortnightly engagements with the Assistant Secretaries General from two key departments. This is an area where Pobal is very strong - maintaining high level contact with funding departments.

4.4. Satisfaction levels with Service provided by Pobal

4.4.1 Introduction

As part of this review feedback was sought from both funding departments and separately from clients on the ground who deliver schemes, as to their general satisfaction with the services provided by Pobal.

Feedback from funders in the returned questionnaires was generally positive. Pobal has formed strategic partnerships with funding departments through all of the interface arrangements described in this report. Relationships are strong at all levels and the recent approach taken by the CEO to meet regularly with Assistant Secretaries in the relevant departments has ensured a high level understanding of the relationship and where value can be added to the delivery of services/programmes/schemes.

Feedback from clients was more mixed. Whilst various strengths were acknowledged, particularly around the strength of local relationships with the relevant Development Coordinator (DC)[15], there were also significant issues raised across a variety of areas.

4.4.2 Feedback from funding Departments

Overview of Funder Feedback

A stakeholder survey was undertaken of all Departments on whose behalf Pobal work. Responses were received from relevant business units within DRCD as well as comprehensive responses from DCEDIY and DSP. Satisfaction levels were generally at a high level, with the professionalism of the workforce noted. Pobal was recognised as adding value both to programmes and at a more general level through, for example:

- a strong resource of corporate memory and expertise, with a degree of technical expertise across many areas that Departments would find it difficult to replicate;
- Operational flexibility;
- Capacity to manage programmes across the entire lifecycle from design to evaluation, with particular expertise in programme design, efficient funding administration and high quality verification and audit processes.

The work undertaken varies across programmes, from management of central payroll and administration systems to responsibilities across full programme life cycles as referred to above. For some programmes, such as SICAP, Pobal is regarded as a key delivery partner and contribute to policy development. Regardless of the nature of the services provided Pobal was widely recognised as central to the programmes in which it is involved, with a number of the respondents confirming that they would be unable to deliver their schemes/programmes without Pobal.

DCEDIY Feedback

As previously referenced, the majority of Pobal's work is on behalf of DCEDIY. Feedback from DCEDIY indicated that on the whole, Pobal's work was satisfactory or added significant value in the vast majority of their areas of responsibility; they fully meet Early Years requirements in a number of financial control areas and provide satisfactory financial management of grant funding in most cases. Recognition was extended by that Department that across the Childcare sector, Pobal has worked to

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[15] A dedicated Development Coordinator is appointed to each organisation supported by Pobal managed programmes, such as LDCs, National Voluntary Organisations, County Childcare Committees and local Community Services. The role of the DC is to provide ongoing support and engagement to each organisation.

expand their service delivery in line with continued government investment, as well to meet DCEDIY requirements which continue to evolve and change. Whilst it was acknowledged that the user experience was not always at the standard they would hope, this was often a result of the complex and urgent nature of the demands. That said, the Department was satisfied that the majority of service users do receive a good experience and in those cases where the user experience was lacking, Pobal worked very hard to improve over time and was establishing user groups on specific issues to get more customer feedback on the service offered. Whilst it was acknowledged that some issues exist, there is a continuous engagement between the Early Years section of DCEDIY and Pobal to review service delivery and improve the outcomes.

Also in relation to childcare schemes, it was acknowledged that there is an increasing need for more complex information technology solutions within Pobal to deliver the administration of the schemes in an efficient and effective manner. Some areas of Early Years have reported the need for improvement for some complex ICT infrastructure projects such as around the Sector Profile where the lead in and development time was felt to be prohibitive in a live policy context. It is understood that Pobal continue to seek to address this where possible.

Issues raised in Funder Feedback

Whilst the feedback from funders was generally positive, other issues raised by Departments included problems with software and the expense of even very minor amendments; what was felt to be an undue focus on audit and verification in some areas without due regard for the nature of the work being carried out and its output and the negative user perception of the Pobal audit and verification function. Reference was also made to the need for Pobal to feedback to the Department in relation to on-going issues in its relationships with the users as it was felt that there was a lack of communication in some instances. Reference was also made to the hierarchical structures within Pobal which it was felt do not always lead to efficiencies and also to what was felt to be quite high administration costs.

4.4.3 Client Feedback

A short survey was conducted with a number of front line organisations with whom Pobal work. The purpose of the survey was to ascertain how Pobal is viewed from a relationship management perspective. The survey issued to a small sample drawn from the following organisations:

1. Community Services Programme (CSP) Organisations
2. Local Development Companies (LDCs)
3. Local Community Development Committees (LCDCs)
4. Early Learning and Care Providers.
5. The survey also issued to all 30 **County Childcare Committees.**

23 responses were received from the social inclusion-type organisations (1-3 above) and 38 from the childcare sector.

Key Findings from Client Feedback

There was a notable divergence between the tone of the responses from organisations involved in social inclusion (SI) schemes and those from the childcare sector. Responses received from SI organisations were largely positive, with some constructive feedback. In general, SI organisations noted that Pobal provided good advice and good, clear communications, with valuable online resources and support available. A number of respondents made reference to how well Pobal understood their work. On the other hand, whilst a number of the responses received from the childcare sector referred to good relationships with and support from development officers and finance staff, many highlighted a range of issues, including relationship management, operational and performance issues.

The survey clearly identified issues in customer relations between Pobal and many of the childcare providers surveyed. Examples were given of delays in both accessing helplines and in response times (via both telephone helplines and online portals). Further references were made to inconsistency of advice given in situations where queries were dealt with by a different member of staff each time. Feedback referred to the ticketing system, which is used to manage queries. Some providers provided examples of instances where tickets were finalised even though the issues had not been resolved.

Some issues raised related to various schemes and programmes administered by Pobal on behalf of Government Departments where the terms of the schemes and programmes are set by the funding department and are out of the control of Pobal. Regarding schemes and programmes under the remit of DCEDIY, as referred to in the introduction to this review, DCEDIY are currently in the process of undertaking a full review of the operating model for early learning and childcare in Ireland. Separately, an Expert Group has been convened by the DCEDIY to develop a new funding model for the sector. Report on both projects are due later in 2021.

Feedback on the HIVE system

Aside from the helplines, issues were also repeatedly raised around the complexity and suitability of the HIVE system which is the online portal for the majority of the funding programmes relating to childcare. This included a lack of access to HIVE for CCCs.

It is acknowledged that the HIVE system is a relatively new one, having gone live for the first time in 2019, and that it had little time to imbed prior to the onset of the COVID-19 pandemic in March 2020. The envisaged change management process and gradual introduction of a major new system and scheme was disrupted and accelerated by emergency COVID-19 measures.

It is noted that a 'Super-User Forum' has been set up, comprised of sectoral representatives, CCCs and Pobal, for the purpose of discussing and improving the usability of the system. Meetings have taken place and the feedback is to be presented to DCEDIY shortly.

A number of changes are in the process of being implemented, including the provision of a portal to third parties including CCCs and bodies designated as sponsors under the National Childcare Scheme. In addition key recommendations on system enhancement will form part of future development cycles.

The system is designed to evolve and be responsive to customer feedback and change as engagement deepens and users become acclimatised to the change.

Recommendations:

23.	Disseminate the findings of the client survey to Pobal staff working in client facing roles.
24.	Ensure those staffing the helplines receive ongoing training in the relevant schemes, programmes and in customer service to ensure that the level of support required is delivered on a consistent basis.
25.	The use of the ticketing system should be tailored to ensure that tickets are recorded as closed only when the issue has been fully resolved and that the system clearly communicates the basis of the resolution.
26.	The HIVE system should be kept under constant review and ensure available avenues for feedback from the users.

4.4.4 General Perception

It is clear that whilst generally well regarded, there are some issues which lead to a somewhat negative perception of Pobal from within the various sectors. Issues with regard to customer service on the childcare side are set out above but there also seems to exist an element of negativity surrounding its audit and verification function (both visits and findings), issues with timelines and what is perceived to be excessive levels of administration and bureaucracy. A number of respondents to the client survey also referenced issues around a lack of clear communication. It is apparent from the feedback that some of the negativity arises from a lack of clarity as to Pobal's role and what is within and outside its power. Nevertheless, there is clearly a substantive body of work to be done around improving relationships across the sectors and communicating of Pobal's particular role and responsibilities across the various schemes as against the role of the funder department.

Recommendation

27.	Pobal should engage in positive high visibility communications with the sectors to build confidence and assurance in Pobal as an organisation and in administration of key schemes. This communications strategy should be very clear on what Pobal is and what it does, its mission, values and the services they provide under the various schemes on behalf of funder departments. Pobal should actively engage with the stakeholders to build positive relationships. (See also Recommendation 18 above in relation to audit and verification, which should form part of this wider communications campaign/strategy).

4.5. Pobal Adding Value

A number of funders commented on Pobal's evolving role and how they now bring value to the operations and delivery of programmes and schemes. For example DCEDIY has engaged Pobal in the delivery of childcare-related services for a number of years. Over that time, Pobal's role has expanded in line with the rapidly evolving policy environment and significantly increased Government investment. The long-standing relationship between the two organisations confers a number of advantages which contribute to the stated aims of the Department, including (at a general level):

• Pobal has developed a strong resource of corporate memory and expertise, contributing to the successful delivery of existing programmes or new schemes as they arise.
• Pobal operate an integrated service delivery model, supporting improved outcomes and synergies across Early Years programmes and initiatives.
• Pobal can provide benefits associated with private sector or PPP delivery, for example private sector expertise, business practices, and operational flexibility. Pobal's ability to flexibly expand and contract its workforce in a timely manner has assisted with the introduction of a number of major initiatives in a relatively tight timeframe.

Pobal has evolved into an organisation that provides an entirely different function that was originally intended when the company was established in 1992. In the intervening period, Pobal has become a key partner to many Government departments supporting some 30 programmes in the areas of Social Inclusion and Equality, Inclusive Employment and Enterprise, and Early Years and Young People. It is clear from the stakeholder consultation that was carried out in the lead up to producing this report that Pobal has developed key expertise within the programmes they deliver on behalf of Government such that they now make an important contribution to policy making across a number of national programmes. SICAP is a good example whereby Pobal sit on the SICAP Forum, a body that seeks to influence the strategic direction of the programme with a view to continuously improve the service delivered to the most vulnerable via the programme.

Recommendation

28.	It is recommended that Pobal capture and articulate clearly the services they provide (and can offer) to Government Departments. These services can be broadly split into 'operational' and 'policy' supports.

4.6. Measurement of performance

Performance against operational delivery is reviewed on a periodic basis as part of the agreed Strategic and Operational liaison meetings that are scheduled throughout the year with each of Pobal's funders. Performance Delivery Agreements are reviewed on an annual basis usually as part of the annual programme of work performance monitoring. It is a matter for each Department to lead on the review process and to state its requirements.

There is evidence that Pobal is aware of the role it plays in supporting communities, individuals, and local and national agencies, and the need for continuous evaluation of that role. In 2017/18, an agency

was commissioned to engage with the local and national community organisations to capture their views, experience and expertise[16].

The findings provided insight into the perception, satisfaction and awareness of the work of Pobal among organisations they work with across the Early Years, enterprise and employment and social inclusion and equality sectors. This report was circulated to departments at the time of its conclusion and discussed by each Funder Liaison team with their counterparts.

There is evidence that Pobal engage and consult with supported organisations on an on-going basis to ensure the effective implementation of the programmes they manage. In addition to the above, the performance of Pobal is reviewed on an on-going basis through various methods such as surveys, questionnaires, reviews, evaluations etc. The following are examples of methods utilised to review and evaluate services and supports:

- The Customers Services Helpline provides an online and telephone support service to groups and they undertake a weekly survey with users. To date the Client Services Helpline has obtained an average of 4.6 star rating from survey responses.
- Pobal has completed surveys for a range of other programmers such as HIF, SSNO, SICAP, SIF and the latest round of DAF.
- Regular engagement with all supported organisations across the Early Years, social inclusion/equality and employment and enterprise sectors also takes place through regular programme support and training events. Each event is evaluated by the attendees for relevance and quality.

4.7. Performance Targets

Pobal's performance towards the strategic goals and objectives, as set out in the Strategic Plan 2018 – 2021, is evaluated on an annual basis. The strategic plan monitoring framework uses a combination of quantitative and qualitative methods to determine an assessment of performance. The Board receives a report on an annual basis with respect to Strategic plan implementation.

Performance targets range from operational deliverables to Key Performance indicators. These are agreed as part of annual or multi annual planning processes which are stated in either the Programme of Work or Performance Delivery Agreement.

Government Departments are responsible for the design and specification of requirements in the Performance Delivery Agreement. Pobal then work pro-actively with funders to identify what it needs from a programme and how this can delivered at programme design stage and this would include the setting of programme targets. The reporting levels and frequencies vary depending on the Department or the Programme but quarterly updates are provided as standard.

Generally, feedback from the client Departments received in the course of this review would suggest that Pobal reach agreed targets and fulfil its obligations as agreed in the work programme planning processes it engages in with each Department. The DRCD experience in particular has been that there

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[16] Feedback and Engagement: 2017 Report on a formal consultation with organisations supported by Pobal. Quality Matters.

has been flexibility shown by Pobal in terms of mid-stream changes to work programmes, and that its relative agility in terms of resource allocation is an advantage.

Whereas KPIs are amongst the main performance measurement tools used by some client departments (DCEDIY), Pobal is viewed by others, for example DRCD, as a delivery partner. The measurement of their performance therefore differs to what would be a more standard contracting of services arrangement. Pobal has evolved into more than operational support for the delivery of many schemes/programmes/payments, it has policy input and is embedded to a lesser or greater extent with many of its client departments. For instance, Pobal has amassed a great deal of expertise in the area of Community Development and for example through its SICAP Development Coordinators have developed a touch and feel for how Social Inclusion interventions are delivered effectively. Another challenge to a standard approach to performance measurement is that Pobal, in this role as strategic partners to client Departments, has developed a responsiveness to changes in policy imperatives.

Company Performance - Transparency

There are a series of defined processes which enable Pobal to monitor and report performance at an operational and strategic level. There are a number of established reporting frameworks with key stakeholders which provide periodic performance updates. The reporting timeframes are detailed in each PDA or PoW. Pobal produces and publishes a detailed annual report setting out annual performance versus targets.

Multi annual PDAs are developed for each Programme. The purpose of the Agreements is to ensure that the parties to the Agreement share a common understanding of their respective roles and accountabilities. Every year POWs and associated performance reporting frameworks are agreed with Funding Departments. Pobal accounts are laid before the Oireachtas on an annual basis.

Company Performance – Funder Feedback

In general, funders expressed overall satisfaction with the organisations performance, finding them to provide a high standard of service and generally meeting all performance targets. It was acknowledged to be highly performance driven though there were concerns raised about administration costs being high and the fact that the hierarchical structures within Pobal did not always lend itself to efficiencies. DCEDIY confirmed that whilst Pobal report against KPIs as part of the agreed Reporting Framework and that this was working satisfactorily, they are of the opinion that further consideration is required to establish improved performance targets and KPIs to accurately and effectively measure Pobal performance in its service delivery. Linked to this it was felt that further consideration was required to clarify the connection between the financial management of programmes, Pobal reporting structures, performance measurement and indicators, and oversight of Pobal deployment of resources allocated to deliverables.

The **Funder and Oireachtas Queries Management System** provides a dedicated access route for PQs, representations and general queries from Departments and public representatives. These queries do include performance specific questions. This channel enables information requests that sit outside of the established reporting schedules to be responded to in a timely manner and is a valuable resource

to funders. In 2020, Funder Queries answered 676 queries through this route, with an average response time of 1.63 days. Just over half of these were data analysis or monitoring queries.

4.8. External communications

Pobal Website (www.pobal.ie)

Pobal has an excellent website and the feedback from client Departments is that Pobal's on-line resources are satisfactory. The website currently has AA conformance to the Web Content Accessibility Guidelines (WCAG) 2.0[17].

The current version of the Pobal website was launched in June 2018 and has been maintained and updated on a weekly basis by the Communications Unit in close liaison with directorates and staff across the organisation. In 2020, the website received 543,456 unique page views from external users, making it one of Pobals most important communication and information resources.

The website is regularly updated by the Communications Unit with new information, announcements and news. Directorates with responsibility for programmes liaise with the communications team in regards to necessary information, guidance, operational manual changes or updates. Any change requests are channeled through a portal on the Pobal intranet site, which is circulated to all members of the Communications Team to action. The Communications team liaises closely with its counterparts in Government departments at this time.

The Pobal website also houses links to access several key programme portals across; Early Learning and Care, Inclusive Employment and Enterprise, Social Inclusion and Equality. Features of the website include a resources section, user-friendly guides, COVID-19 supports, and opportunities for stakeholder engagement including a complaints and comments section, housing all relevant documentation for stakeholder feedback. The value of the website as a resource during COVID is clear from the fact that the most visited programme page during 2020 was that in respect of the COVID-19 Stability Fund.

The external website also provides a platform for significant data / online information systems, such as Pobal Maps and the HP Deprivation Index enabling users to access high levels of data relevant to specific geographical areas.

In 2020, the Communications Unit and the ICT Directorate undertook a project to update the website to ensure enhanced security, accessibility and flexibility of use. This project included:

- Migration of website to latest version of WordPress
- Contact Form Security
- Update of cookie consent and notice
- Development of new Resources webpage

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[17] WCAG 2.0 and WCAG 2.1 are stable, referenceable technical standards. They have 12-13 guidelines that are organized under 4 principles: perceivable, operable, understandable, and robust. For each guideline, there are testable success criteria, which are at three levels: A, AA, and AAA

5.   Section 5 Recommendations

Below is a full list of the recommendations set out in the various chapters of the report, based on the review undertaken.

Section 2 Pobal in Context

1.   The appropriateness of charitable status for an undertaking of Pobal's size and nature should be kept under review by the Board. It is recommended that it considers the establishment of a strategy in relation to charitable status and engage with the Charities Regulator and/or Revenue in that regard.

2.   Pobal should review its M&A, with particular consideration given to the expansion or alteration of the primary objectives of the company given the significant changes in the work of the company since its establishment.

3.   The review of the M&A referred to in Recommendation 2 should consider replacing the annual rotation system of Directors with a process which balances the need for stability with the need to refresh the membership at appropriate intervals.

4.   Given the rapid expansion of the work on behalf of DCEDIY over the last decade, in advance of the end of the DRCD Oversight Agreement and the DCEDIY SLA at year end 2022, the Departments should engage in relation to the most appropriate home for the oversight function. This engagement should take place following the publication of the DCEDIY review of Childcare Provision, due to be completed in summer 2021, and consideration of any recommendations put forward by that review. Pobal should participate fully as needed in any review.

5.   Pobal should engage with DCEDIY to consider whether the governance documents covering arrangements between them should be brought in line with the documentation set in respect of each of the other Departments, in the interests of consistency.

6.   In light of the responsibility of the Board for corporate governance and the oversight function of DRCD, Pobal should give consideration to the Chair attending one DRCD/Pobal Oversight Meeting per year.

7.   A number of high level engagements should take place going forward:

- The Pobal Chair should meet with the DRCD Minister once per annum following on from the submission to the Minister of the Chairs Report on governance matters.

- Pobal Senior Management should formally meet with the DRCD Management Board on an annual basis to ensure there is an understanding of the Departments strategic priorities and to discuss key issues and challenges.

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8. In line with Goal 3 of its Strategic Plan[18] Pobal should ensure that best practice and learnings taken from its participation in International fora such as the ESF Thematic Network and the OECD LEED Directing Committee in particular, are disseminated to Government Departments to assist in policy and programme development. All relevant Departments should be invited to participate in the LEED Dissemination Network. Furthermore, it should explore ways in which it can bring its experience of social inclusion and community development, at both national and international level, to contribute to work in this and similar areas.

9. It is noted that Pobal is already (1) a member of the interdepartmental stakeholder group established by the Department of Further and Higher Education, Research, Innovation and Science to develop the new 10-year strategy for adult literacy, numeracy and digital literacy, (2) on the NESC expert subcommittee on the development of a National Wellbeing Index and (3) on Government's Open Data Forum. It is recommended that Pobal seek to identify other areas across Government where it has relevant expertise and could contribute using its experience of social inclusion and community development.

10. In addition to utilising its experience to assist with the development of the centralised database for C&V organisations as referred to above at 2.7.3 Pobal should seek to identify other areas in relation to the Governments digital development agenda where it can contribute.

Section 3 – Organisational Capacity

11. Pobal should put in place an action plan to implement the Board Excellence Report in full, in a timely manner, in particular the recommendation around the reduction in the number of board committees and board composition. Monitoring of progress with regard to implementation should be brought to the DRCD Oversight Meetings under the PCR agenda item.

12. Pobal should give consideration to whether the boards focus is sufficiently strategic and governance focussed across the spectrum of its involvement, beyond the childcare and early year's sphere. Board Excellence observed that some of the committees were too operational in their focus and this was also observed from the Board Minutes provided in the context of this review.

13. It is clear from an analysis of the Board Minutes that whilst there is a standing item on 'social inclusion matters' this item is rarely used. Given the clear objects of the company, and as energies are increasingly focussed on supports to Early Years, the Board should ensure that sufficient focus is given to the companies social inclusion remit at each meeting.

14. Findings of the executive structures review to be shared with DRCD and DCEDIY and updates given as necessary on any changes implemented as a

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[18] 'To Support Government in its decision-making and in its setting of programme priorities'

result of such findings under the PCR agenda item at DRCD/Pobal Oversight Meeting.

15. At the conclusion of the on-going executive structures review, clear ToR and roles and responsibilities should exist for all Board and Executive structures.

16. Once the responses to the 2020 staff engagement survey are collated Management should assess whether progress has been made in respect of the issues which were low scoring in 2018 and also whether further areas have come to light where work is required. Separate from this process, staff feedback should be accepted on an on-going basis and acted upon where possible.

17. It is apparent that there is some work to be done to bring the HR function generally into line with the organisation's evolved and expanded structure, vision and strategy. A series of recommendations in this regard arose out of the recent review of HR Functions. Some of these recommendations are longer-term objectives however moves should be made to implement over time insofar as is feasible. In particular the report recommends a move from recruitment agencies to more cost effective online recruitment channels. These avenues should be used where it is viable to do so. Recommendations around a move from reactive recruitment to a stronger OD&D focus and focus on workforce planning and talent retention should also be given particular attention.

18. Pobal is involved in audit and verification processes across a range of organisations of varying scale and capacity, each one requiring a suitable approach that takes account of these variations. Pobal should ensure proportionality in this regard. Approaches to compliance and audit should have regard to the scale and capacity of organisations and should be kept under continuous review.

19. Pobal to work on a communication strategy in relation to its audit and verification work, setting out clearly its role and responsibilities and setting out clear structures to feedback to funder departments. This should form part of a larger communications strategy (see Recommendation 24 below). Pobal to actively engage with stakeholders (funders and organisations) around its role and responsibilities in this area and to work to improve communications in areas, such as audit, where there is currently a negative perception of its work.

20. With regard to the ICT issues, flagged by both DCEDIY and client organisations, Pobal should continue to work with relevant stakeholders to ensure that the ICT processes are as streamlined and user friendly as possible, having due regard to the complexity of the systems themselves. Existing systems should be kept under review and stakeholder feedback, including that provided in the context of this review, considered and acted upon where possible.

21. Whilst COVID-19 was an unprecedented event, going forward from an organisational capacity point of view, contingency plans should be

developed to allow a more seamless redeployment of suitably qualified staff where necessary.

Section 4 – Organisational Performance

22. Pobal should plan to have a level of Reserves in place commensurate with the projected size of the Company in the medium term with reference to guidelines set out in the Companies Act.

23. Disseminate the findings of the client survey to Pobal staff working in client facing roles.

24. Ensure those staffing the helplines receive ongoing training in the relevant schemes, programmes and in customer service to ensure that the level of support required is delivered on a consistent basis.

25. The use of the ticketing system should be tailored to ensure that tickets are recorded as closed only when the issue has been fully resolved and that the system clearly communicates the basis of the resolution.

26. The HIVE system should be kept under constant review and ensure available avenues for feedback from the users.

27. Pobal should engage in positive high visibility communications with the sectors to build confidence and assurance in Pobal as an organisation and in administration of key schemes. This communications strategy should be very clear on what Pobal is and what it does, its mission, values and the services they provide under the various schemes on behalf of funder departments. Pobal should actively engage with the stakeholders to build positive relationships. (See also Recommendation 18 above in relation to audit and verification, which should form part of this wider communications campaign/strategy).

28. It is recommended that Pobal capture and articulate clearly the services they provide (and can offer) to Government Departments. These services can be broadly split into 'operational' and 'policy' supports.

6.   Conclusion

The review of Pobal described in this report examined the operating environment in which it works as well as the organisational capacity and performance of the Company.

Consultation and oversight

While DRCD has corporate oversight of Pobal, the Company carries out work for and interacts with many other Departments and organisations. Therefore, this review involved a consultation process and surveys involving DSP, DCEDIY, relevant units within DRCD, and organisations who interact with Pobal in their day to day operations.   This process was key to the review and the quality and depth of responses received showed a keen interest in the current and future situation at Pobal across the pillars of the review. As well as the detailed written responses, those Departments represented on the Oversight Group steering the PCR delivered ongoing feedback and helped build a picture of Pobal as seen through the eyes of their major clients. It was notable that Pobal has a wide range of varying relationships with clients, depending on the nature of the services they provide.

Overview of findings

Pobal, having provided supports to Government since 1992, have built up considerable expertise and institutional knowledge, and it is recognised as central to the efficient and effective delivery of the schemes it administers. Its flexibility of structures and its ability to flexibly expand, contract and reallocate its workforce in a timely manner adds significant value and has assisted with the introduction of a number of major initiatives, particularly in relation to the early year's sector, in a relatively tight timeframe. This flexibility has also assisted during the COVID pandemic where Pobal was instrumental in the timely turnaround of a number of new schemes and funding streams.

Pobal also provides a level of transparency and assurance around application and appraisal processes as well as delivering significant corporate governance support to the community and voluntary sector and Early Years' service providers. It has over the years also developed considerable expertise in programme design and delivery and high quality verification and audit processes.

The review of Pobal described in this report examined the operating environment in which it works as well as the organisational capacity and performance of the Company. Consultation took place with DSP, DCEDIY and relevant units within DRCD. A small survey of a sample of organisations who deal with Pobal in their day to day operations was also undertaken. Whilst the feedback received was generally positive some issues were raised, both by organisations and to a lesser extent funders.

Pobal as an organisation has been subject to significant review, particularly in recent years. This includes both internally and externally commissioned and performed reviews. These previous reviews and reports were studied and rather than replicating the work already carried out, this review attempted to consider previous findings and the manner in which any recommendations were implemented or otherwise. Some recommendations made here build on or reinforce the findings of such reviews.

Feedback from many of the local organisations recognised strong local relationships with dedicated development officers/development co-ordinators singled out for praise by a number of organisations, as providing good support, clarification and advice.

Whilst clear strengths have been identified, areas requiring attention also emerged. A level of dissatisfaction was expressed, predominantly by early learning and childcare operators, across a number of areas. Some of the issues raised are outside Pobal's remit, perhaps pointing to a lack of clarity on the ground with regard to their role, others require positive steps in order to improve the situation. Areas of concern exist around ICT and relevant systems and also in the areas of customer service and quality and clarity of communications.

Recommendations have been made in this report on certain of these matters and all feedback has also been provided to DCEDIY, who have the relevant policy remit, and who will continue to work with Pobal to address any issues and to improve the service being provided insofar as possible. It is recommended that Pobal also continue to work with the services to improve both the user experience and the relationships themselves where necessary. It is notable that many of the issues around communication and customer service were raised by those who do not have a dedicated Pobal point of contact.

Overall

Pobal is recognised as central to the efficient and effective delivery of the schemes it administers. Whilst short and medium term, low to medium type recommendations have been set out here across a range of areas, Pobal as an entity continues to be a viable model. Whilst alternative delivery mechanisms continue to be considered by Departments, particularly as SLA's come to an end, at the present time, there is no other viable option available to Government capable of delivery on the scale of and with the corporate and sectoral knowledge and experience of Pobal.

Challenges remain, however, Pobal's strengths can be drawn on to meet these challenges. Pobal's expertise can be of even wider benefit across Government, and it is therefore important that capacity and resourcing issues are considered alongside any possible extension of its services to ensure a continued capacity to deliver at a high level without effecting existing operations.

It should be noted that DCEDIY is currently engaged in a review of the operating and oversight model used for Early Years. All aspects of delivery of early year's programmes/schemes will be considered under this review, including a range of organisations involved in the existing delivery model, including Pobal. This review is due to report in summer 2021.

Next steps

The PCR report and how recommendations are received or subsequently actioned is a matter for Pobal to consider. Progress in this regard will be communicated to DRCD via the standing oversight arrangements. The biannual high level oversight meetings will be used for this purpose and there will be an item added to the standing agenda where progress in relation to the PCR will be discussed.

Appendix 1: Pobal managed/supported programmes (As at year-end 2020)

- **Department of Rural and Community Development:**
  1. Social Inclusion and Community Activation Programme (SICAP)
  2. Scheme to Support National Organisations (SSNO)
  3. Seniors Alert Scheme (SAS)
  4. Dormant Accounts Fund (DAF)
  5. LEADER Programme
  6. Community Services Programme (CSP)
  7. Tidy Towns
  8. Town and Village Renewal
  9. Stability Scheme *

- **Department of Social Protection (DSP):**
  1. Rural Social Scheme (RSS)
  2. Tús
  3. Ability Programme
  4. DAF (AP2017) Carers Measures Extensions
  5. DAF (AP2020) Carers and PWD

- **Department of Children, Equality, Disability, Integration and Youth (DCEDIY):**
  1. Early Years Capital Programmes
  2. Community Childcare Subvention (CCS)
  3. Training and Employment Childcare (TEC)
  4. Programme Support Payment
  5. Early Childhood Care and Education Programme (ECCE)
  6. County Childcare Committees (CCCs)
  7. National Voluntary Childcare Organisations
  8. School Aged Childcare Capital
  8. Learner Fund
  9. Better Start Quality Development Service
  10. Better Start AIM Targeted Supports
  11. Access and Inclusion Model (AIM)
  12. Youth Service Grant Scheme
  13. Comhairle na nOg Development Fund
  14. National Childcare Scheme
  15. Temporary Wage Childcare Subsidy Scheme *
  16. COVID-19 Sustainability Fund for Early Learning and Care and School Age Care Settings *
  17. Re-Opening Support Grant *

- **Department of Health**
  1. Healthy Ireland Fund
  2. SlainteCare Integration Fund

- **Probation Service**

  1. DAF Kickstart Round 2 (AP2020)

* COVID-19 Schemes.

Appendix 2 Membership of Steering Group

Paul Geraghty (DRCD) Chair

Lisa Keveney (DRCD)

Sinéad Reilly (DCEDIY)

Kieran Lea (DSP)

Paul Kilkenny (DPER)

Anna Shakespeare (Pobal)

Deiric O'Broin (Pobal)