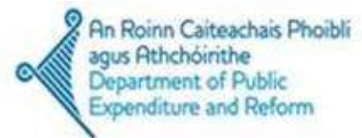


Department of Public Expenditure and Reform
Annual Report 2016

Annual Report | 2016



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Executive Summary

The Department's mission is to serve the public interest by supporting the delivery of well-managed, well-targeted and sustainable public spending through modernised, effective and accountable public services. In support of this mission, the Department pursues two strategic goals:

- To manage public expenditure at sustainable levels in a planned, rational and balanced manner in support of Ireland's economic development and social progress; and
- To have public management and governance structures that are effective and responsive to the citizen, transparent and accountable, and which will thereby improve the effectiveness of public expenditure.

A summary of some of the key elements of the Department's work to meet these two goals in 2016 is set out below, with further detail throughout the report. In addition, links to further information, including on the [Department's website](#), are provided throughout the report.

Managing Public Expenditure Better

In 2016, fiscal policy switched to the preventive arm of the Stability and Growth Pact resulting in a significant change in the key fiscal targets required as part of domestic and EU legislation. Following the publication of the [Programme for a Partnership Government](#) in May, the broad parameters for macroeconomic and fiscal growth and constraints over the medium term were set out in the [Summer Economic Statement](#), published jointly with the Department of Finance. Both Departments then jointly held the National Economic Dialogue (NED) in June 2016 to facilitate an open and inclusive exchange on the competing economic and social priorities facing the Government in the formulation of Budget 2017.

The Department published the [Expenditure Report 2017](#) on Budget Day (11 October), which set out the detailed budget measures for 2017 and three year Ministerial expenditure ceilings. It oversaw gross current expenditure by Departments of €51.8 billion in 2016, representing a year-on-year increase of over €900 million or 1.8% over the 2015 outturn of €50.9 billion, reflecting the Government's commitment to maintain and improve the provision of public services. In the 2016 [Summer Economic Statement](#), the Government committed to providing an increase of €6.75 billion in Exchequer funding for public services by 2021. The Department managed Voted expenditure in line with the amount set out in the [Expenditure Report 2017](#) and the Department also worked on strengthening the performance information in the [Revised Estimates for Public Services Volume](#).

The [Irish Government Economic and Evaluation Service Medium Term Strategy 2016-2019](#) was launched in 2016 and focuses on an increased level of high quality IGEES output to impact on the policy analysis process and inform the policy debate across Government Departments.

Work to further embed the performance budgeting initiative in resource allocation and decision making continued throughout 2016. Training and development sessions on the appraisal and evaluation requirements of the [Public Spending Code](#) were delivered as part of the AO Graduate Training Programme. The Department also produced a number of key policy guidance documents, most notably [Risk Management Guidance for Government Departments and Offices, 2016](#) and the [Code of Practice for the Governance of State Bodies, 2016](#).

Capital and Sectoral Expenditure Policies

The Department oversaw gross capital expenditure by Departments of €4.2 billion in 2016, representing a year-on-year increase in capital investment of almost €500 million. The Government committed to providing an additional €5.14 billion in Exchequer capital investment over the period 2017-2021, to be allocated in support of priority areas for investment on the basis of the outcome of the review of the Capital Plan to be undertaken in 2017. A proposal for a further review of Ireland's longer term capital infrastructure planning requirements was also developed and agreed by the Minister.

The Department continued to work with a number of Government Departments to support and advance key sectoral expenditure policy issues, including: activation, education and training; affordable childcare; justice and health sector matters; prevention and early intervention; the Action Plan for Jobs; and climate action. Some details in this regard are set out in the report.

Brexit and International Co-operation

The Department proactively addressed the issues that arise as a consequence of Brexit, including contributing to the work of the Cabinet Committee and the Inter-Departmental Group across a range of policy areas. It reached agreement with the Department of Finance in Northern Ireland and the Welsh European Funding Office on the terms of a safeguard clause which has enabled EU-funded cross-border programmes to proceed.

The Department supported the development of EU-related policy across Government, as well as supporting the work of the North South Ministerial Council (NSMC) and North South bodies.

Industrial Relations, Public Service Pay and Pensions

A key focus of the Department in 2016 was to continue to manage the cost of the public service pay and pension bill on a sustainable basis and to maintain a stable industrial relations climate across the Public Service.

The Public Service Pay Commission (PSPC) was formally established in October 2016 to advise the Government on Public Service remuneration policy. Its initial report is expected to be published in Quarter 2, 2017.

Significant pensions administration work was undertaken, including progress on the Single Public Service Pension Scheme Administration Project and the Pension Payments Insolvency Scheme; review of Civil Service Pensions legislation; and commencement of an assessment of the gross liabilities of Irish pension schemes as part of the National Accounts.

Driving Reform in the Civil Service and Wider Public Service

Civil Service Renewal

The Department co-ordinated and drove the implementation of [Civil Service Renewal Plan](#), which is overseen by the Civil Service Management Board. Many of the 25 actions in the Plan are being implemented directly by the Department and considerable progress was made during 2016 in respect of these, including: commencement of work on a new HR strategy for the Civil Service; significant developments in senior management performance processes and performance management for all staff; managing underperformance more effectively; investing in more effective learning and development; developing a pilot mobility scheme; implementing robust talent management programmes; development of initiatives to ensure a better gender balance in the Civil Service in future, particularly at senior levels; introduction of a corporate governance standard for the Civil Service; and the commencement of a pilot organisational capability review.

Public Service Reform

The Reform and Delivery Office of the Department oversaw and drove the implementation of the over 200 actions in the second [Public Service Reform Plan \(2014-2016\)](#). Key initiatives included further development of the Reform Office portal, capacity building and sharing best practice. Work also commenced on developing a successor to the Plan, which is expected to be published in mid-2017.

A [survey of Business Customers of the Civil Service](#) completed in December 2016 stated that 82% of business customers were satisfied with the service they received. The [IPA Public Sector Trends Report 2016](#) showed Ireland coming first in the EU28 as having the most professional and least politicised public administration and that Irish public services are still considered among the least bureaucratic in Europe.

The Department assisted Civil and Public Servants in making appropriate use of Alternative Models of Service Delivery, including External Service Delivery and Business Process Automation. It also co-funded

the [Benefacts.ie](#) project and co-ordinated the work of the Debt Management Implementation Project Board in supporting a number of pilot projects to improve debt management and collection performance.

Openness, Transparency and Accountability

The Department pursues a wide ranging reform programme aimed at delivering open, accountable and ethical government underpinned by a transparent, efficient and effective public system to help rebuild trust in Government and in the institutions of the State. During 2016, the [Open Government Partnership National Action Plan 2016-2018](#) was published following consultation using an online consultation platform and two civic forums. Further work was undertaken to support the implementation of legislative initiatives developed in recent years, including the Freedom of Information Act 2014, the Protected Disclosures Act 2014, the Regulation of Lobbying Act 2015 and the Statute Law Revision Programme. These are being further built upon through the ongoing work developing a Data Sharing and Governance Bill and the Public Sector Standards Bill 2015.

A [corporate governance standard](#) was published for the Civil Service; a Transfer of Functions Guidelines and Best Practice Handbook as well as a draft Code of Standards and Behaviour for Special Advisers were developed; and a review of the State Board Appointments Process was undertaken.

The [Open Data](#) initiative has the potential to lead to more open, transparent and accountable administration and to reap significant benefits. Key activities in 2016 included enhancement of the national open data portal, outreach and engagement with public bodies and key stakeholders and work on development of an Open Data Strategy 2017-2021.

Digital Government

The Office of the Government Chief Information Officer (OGCIO), working with Government Departments and agencies across the Public Service, drives the implementation of the [Public Service ICT Strategy](#) to set the future direction for innovation and excellence in ICT within the Public Service. The Strategy focusses on 5 key objectives - Build to Share; Digital First; Data as an Enabler; Improve Governance; and Increase Capability. Particular achievements in 2016 included the development of an 18 Step Action Plan, in consultation with Departments and Agencies, to drive forward the implementation of the ICT Strategy. The Action Plan includes the establishment of the Digital Programme Office; with the Department of Social Protection, encouraging uptake of the Public Services Card; advancing a National Data Infrastructure Project; working with Departments to set standards for ICT development, use and management; and enhancing the skills of ICT staff. Significant progress was also made in advancing the Build to Share programme and in particular the implementation of common applications for Departments to manage submissions and responses to Parliamentary Questions.

The OGCIO also continues to provide ICT services to the Department, including the National Shared Services Office and the Office of Government Procurement, as well as the Department of Finance.

Public Procurement

The Office of Government Procurement (OGP) leads the implementation of the Procurement Reform Programme, bringing increased levels of collaboration and consistency to public service procurement and delivering procurement savings of approximately €100 million in 2016, with a further €94 million in savings to be enabled from these projects in 2017. Of particular significance was an agreement reached with the Irish Pharmaceutical Healthcare Association on the supply of medicines which is set to enable total savings of some €560 million over the next four years, in addition to the €200 million euro in enabled savings from the previous (2012) agreement.

The OGP consulted and engaged with its stakeholders; transposed EU directives into Irish law; increased transparency in public procurement and improved data analytics through the launch of [Public Service Spend and Tendering Analysis Report](#); and drove the professionalisation of public procurement across the Public Service. It won four awards at the National Procurement & Supply Chain Awards; was a finalist for the *Procurement Team of the Year – Public Sector* award; and was shortlisted for the *Excellence in Policy* award at the Civil Service Excellence and Innovation Awards.

Shared Services

The National Shared Services Office (NSSO) progressed the successful transition of client departments and public service bodies to the two Civil Service shared service centres: the HR and Pensions and the Payroll Shared Services Centres, bringing the total amount of customers served to just under 100,000. It also advanced the Financial Management Shared Services project by progressing the development of a new single finance technology platform. The NSSO also supported key Public Service sectors of Education, Health and Local Government as they advance their individual shared services plans.

Supporting Staff to achieve their Mission

The Department's HR Strategy Unit developed and delivered the Department's HR Strategy as well as providing a wide range of HR services to the Department's staff. It managed substantial levels of staff turnover and provided training and development opportunities to staff under the ONE HR Learning and Development Strategy 2015-2017. It also put structures in place to enable the NSSO and OGP to function independently on an administrative basis, pending the progressing of legislation to establish them on a stand-alone basis as Offices under the Department's aegis.

In line with the legislative requirement that each Secretary General must prepare and submit a Statement of Strategy following the appointment of a new Minister, the Department's new [Statement of Strategy 2016-2019](#) was published in December. Throughout 2016, the corporate team also provided corporate support to the Secretary General and the Department more generally, and coordinated the Department's approach to governance, risk management and compliance. It supported the Governance Committee and the Management Board in their ongoing work to monitor and enhance best practice governance procedures in the Department. It also commenced work to put in place new financial management arrangements for the Department, including the establishment of a new Finance Unit.

The Internal and EU Audit Unit provided an internal audit service to the Department of Public Expenditure and Reform and the Department of Finance and completed an Internal Audit Strategic Plan 2016-19 to align its priorities with the Department's Strategy Statement for that period. In addition, it provided significant support to the National Shared Services Office in the development and oversight of a robust and extensive assurance regime across the shared services programmes.

Civil Service Employee Assistance Service (CSEAS)

The CSEAS offered a wide range of supports to management and employees across the Civil Service on a regional basis. Work to develop a Guide for Line Managers was commenced and a consultation process with a cross departmental focus group was initiated. [CSEAS Connect](#), the new biannual newsletter, was launched in 2016 and the CSEAS focus on promoting positive health and wellbeing in the workplace continued throughout 2016. It gave further attention to the topic of suicide prevention during the year, including by engaging in initiatives to assist HR divisions in responding to staff in suicidal distress.

Office of the Chief Medical Officer (CMO)

The CMO delivered an efficient and cost effective occupational health service as well as policy advice on occupational health matters to the Civil and Public Service during 2016. The CMO had extensive involvement in updates to the existing sick leave/critical illness pay/capability processes, as well as ongoing assistance to the State Claims Agency and the Office of Government Procurement.

1. Managing Public Expenditure Better

Managing the Estimates Process

2016 marked Ireland's first year under the preventive arm of the reformed Stability and Growth Pact which formed part of the overall context for the expenditure management process. The Department continued to liaise and engage with the Troika¹ on expenditure matters in 2016 and participated in formal post programme monitoring review meetings and negotiated in relation to end Review statements and reports to ensure Ireland's views were presented and the reports were in line with the discussions which had taken place.

In 2016, the Department published the [Expenditure Report 2017](#), which set out the detailed budget measures for 2017 and three year Ministerial expenditure ceilings.

In the last quarter of 2016, the 2017 [Revised Estimates Volume](#) which set out the detailed 2017 expenditure allocations was published by the Department. The 2017 Revised Estimates Volume also includes performance information for each Vote setting out the key services and activities funded by public resources and high level measures of the context and impact of these services and activities.

Management of Voted Expenditure

Funding for the services and activities of the Government is authorised by the Dáil each year in blocks of expenditure known as Votes. Each Vote is a coherent area of Government expenditure which is the responsibility of a single Government Department or Office. The Department of Public Expenditure and Reform monitors and manages expenditure by individual Votes and analyses and manages overall public expenditure.

In 2016, the Department monitored expenditure trends throughout the year; examined and evaluated proposals from Departments and Agencies on a value for money and resource prioritisation basis and advised on whether or not the proposals should be sanctioned; and reviewed and advised on the policy and performance of State bodies. The Department oversaw gross current expenditure by Departments of €51.8 billion in 2016, representing a year-on-year increase of over €900 million or 1.8% over the 2015 outturn of €50.9 billion, reflecting the Government's commitment to maintain and improve the provision of public services. In the 2016 [Summer Economic Statement](#), the Government committed to provide an increase of €6.75 billion in Exchequer funding for public services by 2021. The additional funding in later years will be informed by the completion of a spending review in 2017.

Out of a total of 41 Votes, 33 Votes managed expenditure within the original voted allocations for 2016, with other Votes receiving Supplementary Estimates. These included, for example, additional resources for the health and justice sectors to continue to provide essential public services, additional capital expenditure to respond to flooding damage as well as the rescheduling of school building works, provision for a Social Welfare Christmas Bonus, certain reallocations of expenditure within Votes Groups to be funded by savings within those Vote Groups, and additional funding for the Department of Jobs, Enterprise and Innovation in the context of preparing for Brexit. Savings across other Departments brought overall expenditure for the year in to line with the amount set out in [Expenditure Report 2017](#).

The Department worked on strengthening the performance information in the Revised Estimates. As a result, the impacts or outcomes that public policy is aiming to influence – for example, health outcomes, public safety, standards of literacy and higher education, energy sustainability, social inclusion – are now set out clearly beside the associated expenditure. The Department will continue to engage with the key stakeholders to help embed performance budgeting into the budgetary process.

¹ It should be noted that as Ireland has repaid the IMF portion of the Programme funding, the IMF has reverted to undertaking Article IV Missions rather than post-programme monitoring which is carried out by the Commission and ECB/EFSM.

Budgetary Reform

As noted already, 2016 saw fiscal policy undergo a fundamental shift through the switching from the corrective to the preventive arm of the Stability and Growth Pact. This meant that the key fiscal targets required as part of domestic and EU legislation changed significantly between 2015 and 2016. The Department responded to this challenge by strengthening its internal capacity and expertise to seek to ensure that knowledge of the preventive arm was broadened across this Department, other Departments and the wider Government sector.

Following the formation of the new Government in May and the identification of Government spending priorities over the next number of years, as detailed in the [Programme for a Partnership Government](#), the Department, along with the Department of Finance, jointly published the [Summer Economic Statement](#). This sets out the broad parameters for macroeconomic and fiscal growth and constraints over the medium term and facilitated discussion about fiscal options and priorities in advance of the October Budget and Estimates.

The Department, with the Department of Finance, held the National Economic Dialogue (NED) in June 2016. This facilitated an open and inclusive exchange on the competing economic and social priorities facing the Government in the formulation of Budget 2017, in the light of the macro-economic and fiscal parameters. The Department also produced papers for four breakout sessions at the NED to help facilitate and guide the discussions - these papers can be found [here](#).

To enhance budgetary engagement and oversight by the Oireachtas, the Department published the [Mid-Year Expenditure Report \(MYER\)](#) in July 2016. This detailed the expenditure parameters over the next number of years while also highlighting some of the emerging expenditure options identified from the Programme for Government. The early publication of the MYER was intended to facilitate an open exchange within the Oireachtas Select Committee on Budgetary Oversight about the Government's expenditure priorities in advance of the formulation of Budget 2017.

In his Budget speech, the Minister announced that a Spending Review would take place in advance of Budget 2018. Since the onset of the economic and financial crisis, spending reviews have played an important role in Ireland's efforts to restore expenditure policy to a more sustainable footing. The fiscal and economic landscape in Ireland has changed considerably since the last [Comprehensive Review of Expenditure](#) in 2014. Moderate, sustainable, expenditure growth is now planned over the medium-term. However, increasing and competing public service demands will mean that the management of expenditure is likely to prove challenging. Spending reviews can support better policy choices by helping to ensure that all expenditure is considered during the budgetary process. Initial work on developing the process and timelines for this review began in 2016 and will continue into 2017.

In 2016, work to further embed the performance budgeting initiative in resource allocation and decision making was continued. The initiative has been subject to ongoing review and improvement since its introduction in 2011. Following the publication of the [Revised Estimates Volume 2016](#), a detailed review of the performance information provided was carried out. In line with this, comprehensive guidelines on selecting and reporting on appropriate performance metrics were developed. Based on these guidelines and the results of the review, detailed individual feedback was prepared for each Government Department. This feedback, along with ongoing consultation with Departments, resulted in a significant improvement in the quality of performance information provided for the [Revised Estimates Volume 2017](#).

Public Spending Code

The [Public Spending Code](#) sets out the rules and guidelines for appraising and evaluating public expenditure. In 2016, the Department delivered training and development sessions on the Public Spending Code appraisal and evaluation requirements as part of the AO Graduate Training Programme.

Irish Government Economic and Evaluation Service (IGEES)

IGEES is an integrated cross-Government service that aims to support better policy formulation and implementation in the Civil Service through economic analysis, evaluation, and statistical analysis. The

purpose of IGEES is to contribute to the better design and targeting of Government policy and there are IGEES staff working in each Department adding their skill sets to the varied expertise working on policy.

The [IGEES Medium Term Strategy 2016-2019](#) was launched in 2016. The focus of the strategy is on an increased level of high quality IGEES output to impact on the policy analysis process and inform the policy debate.

A 2016 IGEES work programme and over 35 papers produced by IGEES, analysing issues in a variety of sectors including Health, Social Protection, Education, tax policy, and capital expenditure, are available on the [IGEES website](#).

IGEES membership continued to grow in 2016 with specialist graduate recruitment to properly resource IGEES roles across Government Departments. IGEES staff have access to a Continuous Professional Development Programme consisting of integrated training and development streams delivered in-house (from experts within the Service) and academic courses taught in the universities. IGEES staff may also undertake structured mobility opportunities to work in IGEES units in other Departments to expand their experience and skill sets.

Government Accounting

In 2016, the Department produced a number of key policy guidance documents, most notably [Risk Management Guidance for Government Departments and Offices, 2016](#) and the [Code of Practice for the Governance of State Bodies, 2016](#).

The updated *Risk Management Guidance for Government Departments and Offices, 2016* was published in February 2016. The updated guidance promotes the continuing development of risk management across Government Departments and Offices including embedding and integrating risk management as an integral part of the governance framework those organisations.

The *Code of Practice for the Governance of State Bodies, 2016* provides a framework for the application of best practice in corporate governance for commercial and non-commercial State Bodies. It is based on the underlying principles of good governance: accountability, transparency, probity and a focus on the sustainable success of the State body over the longer term. The Code provides greater clarity regarding the roles and responsibilities of the Board of a State body and puts a greater emphasis on accountability and transparency and on ensuring effective relationships between the Minister/Department and the Body.

A Government Accounting Training Module was developed as part of the AO Graduate Training Programme and delivered it to over 300 AO Graduates.

2. Capital and Sectoral Expenditure Policies

Capital Expenditure

The Department oversaw gross capital expenditure by Departments of €4.2 billion in 2016, representing a year-on-year increase in capital investment of almost €500 million or 13.5% over the 2015 outturn of €3.7 billion, reflecting the Government's commitment to increase capital expenditure in line with the Capital Plan.

In the 2016 [Summer Economic Statement](#), the Government committed to provide an additional €5.14 billion in Exchequer capital investment over the period 2017-2021, to be allocated in support of priority areas for investment on the basis of the outcome of the mid-term review of the Capital Plan to be undertaken in 2017.

The approach to undertaking the review, in order to inform Government decisions (in the context of Budget 2018) on how the additional €5.14 billion should be allocated, was designed in 2016 and agreed with the Minister, with a view to commencement in January 2017.

A proposal for a longer term and more fundamental review of Ireland's long term capital infrastructure planning requirements, following completion of the mid-term review of the Capital Plan in 2017, was also developed and agreed by the Minister.

Public Private Partnerships

Working with other Member States, the Department successfully secured a review of the revised Manual on Government Deficit and Debt issued by Eurostat in March 2016 and revised guidance issued in September 2016 – [A Guide to the Statistical Treatment of PPPs](#) - published jointly by Eurostat and the European PPP Expertise Centre. This new Guide has brought clarity and certainty in relation to how PPP contracts will be assessed by Eurostat for classification purposes and is very helpful in planning future PPPs. It also addresses the key concerns that had been raised by the Irish authorities in relation to the previous updated guidance issued in March 2016.

Activation, Education and Training

The Department has continued to work closely with the Department of Social Protection to provide comprehensive analytical oversight of the JobPath service, which started in 2015 and was fully rolled out in 2016, for the long term unemployed. An evaluation of the performance of the scheme to date will be completed in mid-2017.

The Department participated in the Labour Market Council which is monitoring the implementation of the Pathways to Work strategy and providing advice on policies affecting the labour market. In 2017, one of the priorities will be the provision of advice in relation to the development of an Action Plan for Jobless Households.

In recent years, the Department has supported the restructuring of the Further Education and Training sector around Education and Training Boards (ETBs) under the strategic direction and funding of SOLAS, the further education and training authority. To drive an evaluation approach across the further education and training sector, the Department assisted SOLAS in their efforts to develop a data infrastructure to record inputs, outputs and outcomes, allowing for a move towards a new performance based funding model.

The Department also worked with the Department of Education and Skills and SOLAS in driving the focus on getting the long-term unemployed back into work as part of the five-year SOLAS Further Education and Training strategy. The latest data available (Q3 2016) shows that of the 178,548 starters on further education and training courses, 34,378 were long-term unemployed starters.

An interdepartmental Group, comprising the Department and the Departments of Education and Skills and Finance, was established to develop a proposal for the design and operation of an Exchequer-Employer investment mechanism to operate from 2018 onwards to support the achievement of a

sustainable long-term funding model for the Higher and Further Education sector. The Group will undertake, as part of its work, a public consultation on the proposed mechanism and arising from this bring forward proposals to Government to inform the preparation of Budget 2018.

Affordable Childcare

Throughout 2016, the Department engaged with the Department of Children and Youth Affairs on the development a new national scheme towards the cost of childcare. The proposed new Single Affordable Childcare Scheme is to replace the existing targeted childcare subsidisation schemes with a single, streamlined and more user-friendly scheme.

Health Sector

During 2016, the Department successfully enhanced the [Performance and Accountability Framework of the Health Service Executive](#) (HSE). Drafted in collaboration with officials in the Department of Health and the HSE, the enhanced framework provides a clear line of accountability from the Director General of the HSE to Hospital CEOs. Progress against the framework is monitored on a monthly basis and presented at the Cabinet Committees on Health throughout the year. The enhancements should provide greater sustainability of health spend in future years.

Pharmaceuticals are a critical area of health expenditure at around €2 billion per annum. In 2016, the State entered into a new 4-year agreement with the pharmaceutical industry on the pricing and supply of medicines. This agreement with the Irish Pharmaceutical Healthcare Association (IPHA) is set to enable total savings of some €560 million over the next four years. These savings are in addition to the €200 million savings enabled from existing terms included in the previous 2012 agreement. The agreement was the result of a collaborative approach between the Department of Health, the HSE, the Office of Government Procurement and this Department.

Prevention and Early Intervention Unit

During 2016, the Department scoped the work of the proposed new Prevention and Early Intervention Unit (PEIU), which will focus on evaluation work in relation to children and early years and older people with chronic health conditions. Work was also undertaken in establishing the staffing and skill set requirements for the PEIU. The Department is also involved in on-going consultation with stakeholders.

Action Plan for Jobs 2016

The Department supported the [Action Plan for Jobs](#), a whole-of Government initiative under which all Government Departments and Agencies work together to deliver on the agreed actions for each year. An Action Plan for Jobs is published each year, setting out actions and targets to help create positive conditions for job creation. Results are reviewed quarterly and progress reports are published.

Climate Action

The Department promoted a whole of government approach in the area of climate action and influenced the relevant lead Departments in terms of the incorporation of an Exchequer perspective and evaluation into Ireland's positioning on climate policy - particularly in the context of negotiation at EU level on burden sharing between Member States of targets stemming from a new climate and energy package for 2030. The Department was actively engaged with relevant Departments, Agencies and various fora on the climate change related agenda, and input into various relevant working groups at national and EU level. In addition, a number of topical papers were undertaken - e.g. *The role of biomass in Ireland's renewable energy targets*; and *Implications of 2020 compliance for the 2021 to 2030 period*.

Justice Sector

During 2016, the Department advised the Minister on a broad range of significant policy, legislative and organisational matters, including additional resourcing for emergency Garda operations to deal with the threat of organised crime. The Department supported the Minister in respect of his participation on the Cabinet Committee on Justice Reform and represented the Department on the Taskforce for the International Refugee Protection Programme, the Inter-Departmental Group on Integration, the Garda Síochána ICT Governance Board and the Tailte Éireann working group, among others.

The Department led the implementation of the [National Mapping Agreement](#) to provide open access for the public service to national mapping products and services, as provided by Ordnance Survey Ireland (OSI).

Public Service Numbers

The Moratorium on recruitment to the Public Service (and attendant Employment Control Frameworks) ended in 2015, and has been replaced with a system of delegation of sanction for management of staff numbers to Government Departments, with the Departments given freedom to recruit/promote based on service needs, subject to remaining within their overall pay ceilings and adherence to workforce planning requirements. Sanction has been delegated to the majority of Government Departments, and the policy has operated successfully to date, the majority of Departments remaining within their pay ceilings in the first year of operation in 2015, and in 2016.

3. Brexit and International Co-Operation

Brexit

Brexit issues in the Department are coordinated centrally by the EU / North South / Brexit Unit. The Unit oversees Brexit work across the Department, acts as the contact point with the Department of the Taoiseach and other Government Departments, and supports the Minister as a member of the Cabinet Committee on Brexit. Brexit issues are also addressed by staff in relevant areas across the Department.

Prior to the UK referendum on EU membership, the Department took part in the work of the Interdepartmental Group that was convened by the Department of the Taoiseach, and it contributed to the risk assessment that was undertaken.

Following the referendum result, the Department has proactively addressed the issues that arise as a consequence of Brexit. It has been active in contributing to the work of the Cabinet Committee on Brexit and the Inter-Departmental Group on Brexit across a range of policy areas, as well as to other groups preparing for Brexit. In particular, it was successful in reaching agreement with the Department of Finance in Northern Ireland and the Welsh European Funding Office on the terms of a safeguard clause which has enabled EU-funded cross-border programmes to proceed.

EU and North South Coordination

The Department supported the development of EU-related policy across Government, including through the work of the Cabinet Committee on EU Affairs and related interdepartmental groups. It also supported the work of the North South Ministerial Council (NSMC) and North South bodies, including the sectoral meetings of the NSMC devoted to the Special EU Programmes Body as well as the NSMC Plenary meetings.

A new post of Cohesion Policy and Financial Services Attaché was established in Ireland's Permanent Representation of Ireland to the EU in Brussels. The Attaché was appointed on a shared basis with the Department of Finance to represent the Department of Public Expenditure and Reform on Cohesion policy and other Departmental matters.

2014-2020 EU Structural Funds Programmes

Ireland was successful in securing €1.2bn of EU Structural Funds for the period 2014-2020. Of this, €409 million is for programmes co-funded by the European Regional Development Fund (ERDF) for which the Department has overall responsibility, with €610 million allocated to the European Social Fund (ESF) and the Youth Employment Initiative (YEI), which are under the aegis of the Department of Education and Skills. A further €169 million is devoted to European Territorial Co-operation (ETC) Programmes in which Ireland participates, most notably the two North-South Programmes (PEACE and INTERREG IVA).

During 2016, the Department worked closely with the ERDF Managing Authorities to ensure progress on implementation, including set up of the appropriate financial management and control systems. The Internal and EU Audit Unit will act as the designated Audit Authority for the ERDF Programmes.

The development of an eCohesion IT system, an EU regulatory requirement for the administration of just over €1.2 billion of Ireland's Structural Funds and the Fund for European Aid to the Most Deprived (FEAD) in the 2014-2020 funding period, was progressed in 2016. It is expected that it will be rolled out in three phases during 2017 and will allow Ireland to meet its regulatory requirements whilst simplifying and improving the administrative and management processes for beneficiaries.

Progress was also made on a new national website, developed by Office of the Government Chief Information Officer, to promote the positive impact of Structural Funding in Ireland. The website, which will be launched in Q2 2017, will present information on EU Structural Funds in a user friendly format to programme beneficiaries and to citizens in general.

The process to close the two regional ERDF Operational Programmes for the 2007-2013 programming period was further progressed throughout 2016 and was completed by the regulatory deadline of 31 March, 2017.

In relation to the European Structural and Investment Funds (ESIF) more broadly, the Department hosted meetings of the two national monitoring committees established to oversee the implementation of the 2014-2020 ESIF Programmes during 2016. The National Coordination Committee of the Funds (NCCF), which examines implementation issues and ensures that opportunities for synergies and complementarity are identified, met in September. The Partnership Agreement Monitoring Committee (PAMC), which monitors progress on implementing the strategic objectives identified in the Partnership Agreement and provide updates on implementation issues, met in December.

North South Programmes

The Department worked closely with the Department of Finance in Northern Ireland and the Special EU Programmes Body (SEUPB) on oversight of the 2014-2020 PEACE and INTERREG Programmes. These programmes, which are 85% funded by the EU through the European Regional Development Fund (ERDF) and have a total value of €553 million, were formally launched in Belfast in January. Funding calls for both programmes took place throughout 2016 and funding announcements had commenced by the end of the year.

The Department made significant progress in the closure of the 2000-2006 Structural Fund Programming Period. Three outstanding operational programmes were closed successfully in early 2016 with a full drawdown of ERDF funds.

The Department also oversaw finalisation and programme closure of the 2007-2013 PEACE and INTERREG Programmes, which have a combined value of almost €590 million.

European Territorial Cooperation

As well as the North South Programmes, Ireland takes part in the Ireland Wales INTERREG Programme, which has a total value of almost €100 million over the 2014-2020 programming period, as well as a number of transnational programmes, including the Atlantic Area, North West Europe, and the Northern Periphery & Arctic Region Programmes.

ERDF Authority

As the designated Audit Authority in Ireland for the ERDF, the Department's Internal and EU Audit Unit completed 74 operations audits and 3 systems audits during 2016 across three ERDF operational programmes. The Final Control Reports for each programme, incorporating the results of these audits, will be submitted to the European Commission by 31st March 2017. For the 2014-2020 programming period, the Authority has already completed an audit strategy for the Southern & Eastern and Border Midland & Western Regional Programmes and, as the Independent Audit Body for the ERDF Programmes, has been involved in the independent assessment of the planning and co-ordination of the designation procedures.

4. Industrial Relations, Public Service Pay and Pensions

Public Service Pay Policy

The Financial Emergency Measures in the Public Interest (FEMPI) Acts 2009-2013 have underpinned public service pay and pensions reductions since 2009. Collectively the savings from these measures have played a crucial part in the stabilisation of the public finances. The Lansdowne Road Agreement extended the Public Service Stability Agreement and continues to serve as the industrial relations framework for the Public Service.

In total, €267 million was allocated through Budget 2016 to implement the terms of the Agreement. Pay increases were progressively weighted in favour of public servants on lower pay levels. Resources allocated were fiscally sustainable, balancing competing Government objectives - including the recruitment of additional frontline staff and investment in other priorities.

The effectiveness and continued necessity of the Financial Emergency Measures was comprehensively investigated by the Department, with the Annual Review by the Minister laid before the Oireachtas in June 2016.

Maintaining the integrity of the Lansdowne Road Agreement, and the savings supported by the Financial Emergency legislation, was a core priority in 2016. During 2016, flexibility within the Lansdowne Road Agreement was also used to deal with specific sectoral concerns and legacy issues. In pursuit of these objectives, the Department has at all times engaged positively and proactively with all stakeholders including but not limited to the Irish Congress of Trade Unions. Taken together, actions by the Department delivered broad stability in public service industrial relations in 2016.

Establishment of Public Service Pay Commission

The Public Service Pay Commission (PSPC) was formally established in October 2016 to advise the Government on Public Service remuneration policy.

During 2016, initial submissions were sought regarding the role and methodology of the proposed new pay determination body. These submissions are available to view on the [Pay Commission website](#). Following its establishment in October, the Pay Commission sought further, more detailed, submissions from a range of stakeholders.

The Pay Commission has since met with unions, representative groups and other interested parties. All submissions received will be published on the Pay Commission website after the publication of the initial report in Quarter 2, 2017.

For its initial report, the Commission will be asked to provide inputs on how the unwinding of the Financial Emergency Measures in the Public Interest legislation should proceed having regard to:

- the evolution of pay trends in the public and private sectors based on published data;
- a comparison of pay rates for identifiable groups within the public service with prevailing non-public sector market rates;
- international rates and comparisons where possible; and
- the state of the national finances.

The findings of the Commission will contribute to and inform Government's considerations in relation to Public Service remuneration and will provide a significant input to the expected negotiations between unions and public service employers on a successor to the Lansdowne Road Agreement. The Pay Commission will be advisory in nature and the Government will retain the ability to negotiate directly with its employees in respect of pay.

Pensions Administration

Single Public Service Pension Scheme Administration

The Single Public Service Pension Scheme Administration Project (SSAP) Unit was established in 2016 to conduct a Feasibility Study into options for the long-term administration of the Single Public Service Pension Scheme, which is administered by approximately 350 employers. Significant progress was made during 2016 on evaluating the implementation of the Scheme and on examining the administration of career-average schemes internationally. The findings have been used to evaluate operating model options and to inform the selection of the optimal long-term approach.

The Feasibility Study, including recommendations, will be completed in the first half of 2017 and submitted to Government. Subject to Government decision, subsequent work will focus on design and implementation of the preferred option, in conjunction with all public service employers.

Other Pension-related Initiatives

Other pension-related initiatives undertaken in 2016 include:

- the conduct of a comprehensive legislative review of civil service pension legislation to identify the legal risks and gaps and to determine how current statutory pension arrangements can be modernised;
- the commencement of an actuarial review on behalf of the Central Statistics Office (CSO) to allow Ireland to report on the gross liabilities of Irish pension schemes as part of the National Accounts as required by EU Regulation (EU) 549/2013. Further information regarding the accrued pension liability exercise can be found [here](#);
- The Pension Payments Insolvency Scheme (PIPS) aims to reduce the pensioner liabilities of defined benefit schemes which wind up in deficit with an insolvent employer. Until 2016, approx. 560 of the 700 such pensions were administered by a third party. Following the transfer of Waterford Crystal PIPS Payroll in September, the Payroll Shared Services Centre now administer all these PIPS pensions; and
- Two sets of [Regulations](#) under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (Single Scheme Act) were made by the Minister: the Retirement on Medical Grounds regulations provide for the payment of an enhancement to pension and lump sum payable in the event of retirement on medical grounds; and the Accrual of Referable Amounts during periods of sick leave on half pay regulations provide that a member of the Single Pension Scheme who is availing of sick leave at half pay will be treated for pension purposes as if they were availing of sick leave at full pay.

5. Civil Service Renewal

Civil Service Renewal Plan

The [Civil Service Renewal Plan](#) is framed around a vision to provide a world-class service to the State and to the people of Ireland and a plan to create a more unified, professional, responsive, open and accountable Civil Service. During 2016, the Programme Management Office (PMO) in this Department continued to coordinate and drive the implementation of the Plan by supporting the Civil Service Management Board, which oversees its delivery; carrying out regular and robust reporting against all projects, including publication of the second annual progress report; significant internal communication and engagement with staff; and working with Project Managers and Secretaries General sponsors to manage the implementation of the actions in the Plan.

The PMO also provides support to the work of the Civil Service Accountability Board, which is chaired by the Taoiseach. The Minister for Public Expenditure and Reform is a member of the Board which is balanced with ministerial, civil service and independent external membership. The Accountability Board met twice in 2016.

Second Progress Report

The [Second Progress Report on the Civil Service Renewal Plan](#) highlighting the significant progress that has been made in implementing this programme of change was published in July 2016. Several of the actions in the Plan are being implemented directly by this Department and details of the progress made in respect of those are set out later in this document.

In the latter half of 2016, key initiatives were undertaken and supported by the Programme Management Office (PMO) to drive implementation of the ambitious programme of change in the Civil Service Renewal Plan. These are summarised below.

Civil Service Engagement

A number of initiatives were undertaken to enhance engagement by the Civil Service in the implementation of the Plan. These included:

- the report on the first Civil Service-wide employee engagement survey, involving more than 38,000 employees, was published in January 2016, and the results were positive overall and compare well internationally;
- the holding of 16 Open Policy Debate events in 2016, involving policy networks of practitioners, academics and experts in a range of policy issues, bringing the total to 38 events since the programme began; and
- undertaking a programme of staff communications and engagement activities throughout the year, including 7 Town Hall events for staff across the country.

Recognising Staff Excellence

The second Annual Civil Service Excellence and Innovation Awards ceremony was held on 6 December, with 10 award winning projects from 74 nominations drawn from across the Civil Service.

Project Management

A major conference on Project Management was held in December, which included the formal establishment of a Civil Service Project Managers' Network and the publication of a Project Management Handbook.

Whole-of-Government Pathfinder Projects

The terms of reference for three whole-of-Government pathfinder projects were finalised for the Public Services Card, National Cyber Security Strategy and Youth Mental Health and the first review point for the three pathfinder projects was completed in October 2016.

Organisational Capability Review

A pilot Organisational Capability Review of the Department of Transport, Tourism and Sport was commenced in 2016. This involved one-to-one interviews with senior management as well as engagement with staff at all levels in the organisation through a series of workshops. It also involved significant engagement with a wide range of the Department's agencies and stakeholders.

Human Resources Strategy

The Chief Human Resources Officer leads the Central HR function for Civil Service and is responsible for developing strategic HR capability across the Civil Service. In 2016, the Chief Human Resources Officer initiated the development of an overarching HR Strategy for the Civil Service. This aims to significantly enhance strategic capability in the Civil Service and is being developed in conjunction with a Strategic HR Steering Group and the HR Managers Forum, both of which were established in 2016.

Senior Public Service (SPS)

The Senior Public Service (SPS) aims to promote a more integrated public service at senior levels and to strengthen the senior management and leadership of the public service. In 2016, the SPS continued to support the development of the senior leadership cohort through Executive Coaching, Assistant Secretary mobility, networking events and tailored learning and development. Tranche 4 of the SPS Executive Coaching programme commenced in August 2016, with 49 participants from across the Civil Service and Non Commercial State Agencies (NCSAs). 30 participants from the Civil Service and NSCAs also completed Tranche 3 of the programme last year.

The SPS Secretariat continued to manage the mobility process for SPS members and four Assistant Secretaries moved Government Departments in 2016. Cross Departmental mobility broadens the skills and experience of civil service leaders and management boards. The SPS held seven networking events in 2016, in addition to the Assistant Secretary Network Annual Conference. Networking events encourage collegiality, shared values, and the informal sharing of knowledge and experience between SPS members.

Performance Management at Senior Levels

Preparatory work for the Secretary General Performance Review process took place in 2016, with a view to full roll-out in 2017. The process is overseen by the Performance Review Group, which comprises an external member of the Accountability Board, the Secretary General to the Government and the Secretary General of the Department of Public Expenditure and Reform. The Performance Review Group will report to the Accountability Board on the operation of the overall process.

The new performance review process for Assistant Secretary, Deputy Secretary and Second Secretary levels launched in January 2016. The process is overseen by the SPS Management Committee. An IT-based Leadership Evaluation and Development System (LEADS) was developed in conjunction with the OGCIO to facilitate the performance review process. To support the new performance management processes and assist the development of senior leaders as people managers, tailored training sessions were made available to SPS members on how to give and receive feedback effectively during Q3 and Q4 2016.

Talent Management

During 2016, work progressed on the design and development of two structured development programmes for SPS and Principal Officer levels based on agreed talent management principles. The SPS Executive Leadership Programme launched in December 2016, with 20 participants from a number of Departments / Offices selected to undertake the year-long programme and the PO Executive Leadership Programme will launch in early 2017. A Working Group was also established to take forward work on developing a Talent Management framework aimed at all grades up to and including AP level.

Graduate Development Programme

Recent recruits from the Administrative Officer generalist and Third Secretary panels participated in the programme which was delivered in partnership with the Irish Management Institute. Participants received training from both external practitioners and experienced civil servants. A new cohort of Administrative Officers from a broad cross section of organisations commenced the 2016 Graduate Development Programme in June. Participant levels increased from an initial number of 85 in 2015, to 221 participants in 2016. Participants were also assigned a mentor from within their own Department.

Learning and Development

Action 9 in the Renewal Plan sets out the vision for a new shared model for delivering learning and development and aspires to position the Civil Service as a market leader in the provision of effective learning and development supports for employees. Harnessing the learning and development expertise and experience of individuals across the Service, significant progress on a number of key elements of the new model was made in 2016, including the appointment of a new Head of Learning and Development and finalising the design of a new suite of focussed and responsive Civil Service training programmes. The content of a new skills and qualifications register for the Civil Service was agreed and appraisal took place of technology solutions to ensure multiple offerings are available to provide the required functionality prior to a public procurement process.

Workforce Planning

Strategic workforce planning, encompassing the management of human resources, is essential to ensure Departments and Offices maintain and optimise their capacity for service delivery. Departments and Offices, as well as the Civil Service as a whole, face significant challenges in the medium term, including their ageing workforce, changing national demographics, new methods of service delivery and resultant expectations. Effective workforce planning considers these various issues in the context of the objectives set out in Departments' Strategy Statements.

In 2016, the Department continued to develop and embed the concept of Strategic Workforce Planning across the Civil Service and to impart the skills required to improve the planning capacity in each Department / Office through the delivery of strategic workforce planning workshops for key HR Managers. The Department worked with Departments / Offices to prepare for the development of new workforce plans arising from the appointment of new Ministers and the requirement to develop new strategy statements.

Performance Management

Under Action 11 of the Civil Service Renewal Plan - strengthen the performance management process - the five-point rating system of the Performance Management and Development System (PMDS) was changed to a two-point system. Under the revised rating system, introduced for the 2016 PMDS cycle, performance is evaluated on whether or not a civil servant has performed to a satisfactory level. The ratings system aims to encourage a focus on the ongoing management of performance rather than on the award of the rating and takes the focus of PMDS away from looking back at past performance and instead to looking forward towards the development of future performance, building high performance and addressing where it occurs.

New Disciplinary Code

A new Management of Underperformance Policy and a new Disciplinary Code were introduced for the Civil Service 2016. The new framework will support managers to take more effective and decisive action as required. Significant investment has been made in training HR units in both policies with training provided to 150 people. Training in the management of appeals was also rolled out to managers who will carry out the role of Internal Appeals Officer (200 officers were trained in this role). In the context of introducing the new policies, a contract for training line managers across the Civil Service is in place which Departments and Offices are expected to use to strengthen capacity of line managers during 2017.

Civil Service Wide Mobility Scheme

The Civil Service Wide Mobility Scheme will generate an open, fair, transparent and practical system that facilitates effective mobility of staff across the Civil Service in pursuit of development opportunities and relocation while also supporting the needs of the business. The Scheme is being phased in on an incremental basis with Phase 1 focusing on general Civil Service grades up to and including EO level for both (a) mobility within a single location, and (b) mobility between locations. Launch of Phase 1 of the Scheme is anticipated by end 2017. Phase 2 will include general Civil Service grades up to and including Assistant Principal and will be implemented at a later stage.

Open Recruitment

Action 8 of the Renewal Plan provides for the opening up of recruitment and promotions across the Civil Service. This includes extending the established policy of open competition for all senior management

positions (AP and above), as well as implementing practical arrangements in line with business needs to move to a model of filling all vacancies through either open competition or a Civil Service wide inter-departmental competition. The Public Appointments Service ran over 350 open recruitment campaigns in 2016 for a range of diverse specialised positions across the Public Service including senior executive, TLAC, professional and technical, state boards, medical consultants and local government, as well as running all large volume general recruitment competitions for the civil and public service.

Gender Balance

A range of initiatives were developed to ensure the composition of the Civil Service reflects a better gender balance in the future, particularly at senior levels where women are under-represented. The measures announced include a new target of 50/50 for senior level appointments and for nominations to talent management initiatives; encouraging more females to put themselves forward for senior level appointments; and conducting qualitative and quantitative research to provide a more complete picture of the factors influencing the under-representation of women at senior grades of the Civil Service.

Public Service Sick Leave Scheme - Reducing Absenteeism

The statistics for the Public Service Sick Leave Scheme for 2015 were published by the Department and record the impact of the cross-sector reform of sick leave in the Public Service and show that the rate of sick leave across the Public Service has fallen below 4% for the first time. This highlights the ongoing positive impact that the new scheme is having on public service productivity. The scheme has resulted in significant savings to the exchequer, with over €100 million being saved cumulatively since its introduction. A review of the Public Service Sick Leave Scheme has been completed and consultations with staff representatives across the Civil Service are taking place on the introduction of changes to the Scheme aimed at improving its operation and equity. The Department is working directly with civil service employers to reduce absenteeism and provided 3 training days for 150 HR staff across Departments and Offices on better managing absenteeism.

6. Public Service Reform

Public Service Reform

Public Service Reform Plan

The second [Public Service Reform Plan \(2014-2016\)](#) aimed to improve public services and achieve greater efficiency in how services are delivered. The Reform Delivery Office (RDO) oversaw the implementation of the 227 specific actions in the Plan, and published [the Second Progress Report on the Public Service Reform Plan 2014-2016](#) in April. The Report outlines the strong progress made on cross-cutting reform in priority areas such as the use of alternative models of service delivery; improved engagement with customers; increased digitisation of services; and greater openness, transparency and accountability. It also included a wide range of examples of reform initiatives from right across the Public Service. At end 2016, almost 90% of actions in the Plan had been either achieved or were on target.

The RDO supported the development of 20 Integrated Reform Delivery Plans (IRDPs) for 2016 from the major Sectors, Departments and Offices. These IRDPs set out how cross-cutting reforms in the Plan would be implemented, as well as organisation and sector-specific reforms and relevant actions from the Civil Service Renewal Plan.

Work commenced on developing the successor to the 2014-2016 Reform Plan, planned for publication by mid-2017. This involved reviewing international trends in Public Service Reform and initiating a wide engagement process, which included a series of workshops for civil and public servants as well as various bilateral and network meetings.

A major Public Service Reform Conference, involving some 22 speakers and session chairs, was organised in July and was attended by 350 delegates, representing more than 80 bodies from across all sectors of the Public Service.

Public Service Engagement

Further development of the Reform Office Portal was undertaken in 2016. It is a key communications tool, designed to provide support to public servants across all sectors, particularly those who are implementing change. Material added in 2016 included a Plain English Style Guide for the Public Service and guidance on Project Management. In addition, RDO staff gave presentations to various groups of public servants and also to some visiting delegations during the year and six issues of the reform newsletter were issued to portal subscribers.

Building Capacity

Since 2015, the RDO has been running a series of two-day change management training courses for staff across the Public Service. In 2016, training was targeted at PO / AP level or equivalent and 126 people attended, bringing the total trained to date to 260. The RDO sponsored the training and played an active role in its design and facilitation, in collaboration with the training provider. Feedback on the initiative has been extremely positive and has provided valuable insights to allow course content to be refined and facilitate further development.

Sharing Best Practice

A pilot initiative to develop case studies on Public Service Reform began in 2016. This is in partnership with a small number of Government Departments and academic institutions and will create valuable learning resources on reform while increasing awareness of progress in reforming the Public Service. Case studies are near completion and will be published in 2017.

The RDO also further developed its role in sharing best practice with other jurisdictions and international bodies during 2016. This included regular contact and liaison with the Northern Ireland Civil Service, as well as engagement with other visiting delegations and the OECD, including the OECD Observatory of Public Sector Innovation (OPSI). The OPSI is a new and supportive platform that enables public sector innovators to highlight best practice, engage in discussions, share advice and suggest approaches for problem-solving. In 2016, 4 examples of Irish reform initiatives were published on the platform, with more pending publication.

Quality Customer Service

To promote Quality Customer Service across the Civil Service, the RDO held three meetings of the Quality Customer Service Officers' Network in 2016, and organised the annual Customer Service conference in December 2016. It also organised Plain Language training and worked with the National Adult Literacy Agency to produce a Plain English Style Guide for the Public Service.

The QCS Network, in collaboration with the Centre for Excellence and Universal Design, commenced the development of a toolkit to set out the key elements and approaches to Universal Design for Customer Communication for the Irish Public Service. The toolkit will cover face-to-face, telephone, written and web-based engagement with customers and is due to be published in Q2 2017.

A [Survey of Business Customers of the Civil Service](#) was completed in December 2016. Fieldwork in September and October 2016 involved telephone interviews with over 500 businesses nationwide. The survey showed that 82% of business customers were satisfied with the service they received (up over 15% since 2009). Work also began on a survey of General Public Customers of the Civil Service which will be published in Q2 2017.

IPA Public Sector Trends Report 2016

The [IPA Public Sector Trends Report 2016](#) published in December had many positive messages in terms of how Ireland's public services perform across a range of indicators. It showed Ireland coming first in the EU28 as having the most professional and least politicised public administration and that Irish public services are still considered among the least bureaucratic in Europe.

Alternative Models of Service Delivery

During 2016, the Department assisted Civil and Public Servants in making appropriate use of Alternative Models of Service Delivery, including External Service Delivery and Business Process Automation.

Throughout 2016, the Department oversaw the progress of External Service Delivery Plans for the Civil Service. It supported public service managers in assessing and measuring the viability and suitability of potential projects for external delivery. This support included the provision of learning and development programmes to approximately 100 public service managers, and familiarisation training in Business Process Automation to a further 30.

Working with the Departments of Health, Children and Youth Affairs, and Housing, Planning, Community and Local Government, the Department progressed a programme to transform how the State resources the human, social and community services delivered through indirect provision. At year-end, the four lead Departments were finalising their own positions to enable the agreement of a common approach to commissioning such services.

Benefacts

The Department provides advice to [Benefacts.ie](#) and co-funds it with Atlantic Philanthropies and the Ireland Funds. Benefacts continues to provide a high quality service around the collection, classification, cleansing and reporting of regulatory data on the entire not-for-profit sector. This information was made available to the public through an online platform during 2016.

Debt Management

The Department coordinated the work of the Debt Management Implementation Project Board which met on three occasions in 2016. The Board successfully supported a number of pilot projects in association with the HSE, Local Government, Department of Social Protection, Department of Agriculture, Food and Marine and the Courts Service that will improve debt management and collection performance. The Board concluded its work in 2016 and published its [final report](#) in October. The Department also finalised a best practice guide for public bodies to facilitate more efficient and effective debt management practices for the future.

Openness, Transparency and Accountability

The Department continues to pursue a wide ranging reform programme aimed at delivering open, accountable and ethical government underpinned by a transparent, efficient and effective public system to help rebuild trust in Government and in the institutions of the State.

Open Government Partnership

From August to December 2016, the Department carried out consultations with the public and civil society groups resulting in the publication in December of Ireland's [Open Government Partnership National Action Plan 2016-2018](#). The consultation process used a variety of means such as an online consultation platform; the seeking of telephone and postal submissions; and the holding of two civic forums. An independent report analysed, reviewed and combined feedback received into a [list of possible actions](#) and demonstrates the relationship between the inputs received and the final plan. The Plan sets out 15 Commitments, each with a number of verifiable milestones, across the following themes:

- Increased Citizen Engagement, to improve policies and services;
- Increased Transparency, to better understand government activities and decisions;
- Open Data, for transparency and innovation; and
- Anti-Corruption and Strengthened Governance and Accountability, to ensure integrity in public life.

Legislative and Public Governance Measures

Freedom of Information

A modernised, consolidated, restructured and more accessible Freedom of Information Act 2014 was introduced in October 2014. In 2016, the Minister made three [Regulations](#) under the Act - S.I. 452/2016; S.I. 330/2016; and S.I. 218/2016.

Throughout 2016, the FOI Central Policy Unit in the Department provided support and advice to citizens and to some 600 FOI bodies through its helpdesk. It chaired 6 FOI Network meetings, presented at a number of conferences and training events, developed new guidelines and maintained and updated the content on the [FOI website](#). A multi supplier framework, providing consistent and appropriate training to FOI officers, decision makers and internal reviewers, continued to operate. A total of 99 contracts were awarded to end year 2016, with approximately 5,488 participants trained under this framework arrangement.

Protected Disclosures

The Protected Disclosures Act, developed by the Department and enacted in 2014, provides a single, overarching and generally applicable regime for the protection of workers who make a protected disclosure (as opposed to the previous sector-by-sector approach). In 2016, the Department worked with the Office of Government Procurement on developing a multi-supplier framework agreement for the provision of services related to the receipt and investigation of protected disclosures for public bodies and also for training services for staff in public bodies in relation to the operation of the Protected Disclosures Act. It is expected that the competition to award these framework agreements will commence in Q2 2017.

Regulation of Lobbying

The Regulation of Lobbying Act 2015 established a web based register of lobbying activity to deliver appropriate transparency on “who is contacting whom about what”. Lobbyists are required to register and make their returns with the [Standards in Public Office Commission](#) if they engage in lobbying activities, with returns required every 4 months. Just over 11,000 returns have been submitted to the lobbying register and more than 1,600 persons and organisations have registered on the lobbying register.

The Department has undertaken the first review of the operation of Lobbying Act, which included a public consultation process. The Report on the review is expected to be submitted to Government in Q2 2017 for consideration, prior to submission to the Oireachtas and publication. Subsequent reviews will be required every 3 years.

Statute Law Revision Programme

The Statute Law Revision Act 2016 was enacted in December 2016 and repealed 301 Public General Acts enacted by the Oireachtas between 1922 and 1950 that were spent or obsolete. It has resulted in a significant reduction in the size of the Statute Book for the period. It is the sixth Statute Law Revision Act in a programme the aim of which is to ensure that Ireland has a modern and accessible Statute Book.

Data Sharing and Governance Legislation

Better sharing of data across Government Departments and agencies is a priority of the 2011-2016 Programme for Government, the [Public Service Reform Plan 2014-2016](#), and the [Public Service ICT Strategy](#). Government agreed to the preparation of legislation to enable greater data-sharing and data-linking in the Public Service, to provide a legal mechanism to facilitate lawful data-sharing and data-linking for all public bodies and to define standards for data governance and security to be followed in any data-sharing or data-linking activities.

The Department has been working with the Office of the Attorney General and other stakeholders on the drafting of the [Data Sharing and Governance Bill](#), which is expected to be referred for pre-legislative scrutiny by the Oireachtas Joint Committee on Finance, Public Expenditure and Reform in Q2 2017. In developing this legislation, it has been a clear objective that data sharing should not in any way prejudice the rights and obligations set out in national and EU data protection law, including the forthcoming General Data Protection Regulation. The Department has been working closely with the Office of the Attorney General in this regard since the General Data Protection Regulation was published.

Public Sector Standards

The [Public Sector Standards Bill 2015](#) was published in December 2015 and completed Second Stage in the Dáil in January 2016. Committee Stage of the Bill commenced in April 2017 and it is expected that the Bill will be enacted in 2017.

The Bill aims to significantly enhance the existing framework for identifying, disclosing and managing conflicts of interest and minimising corruption risks across the public sector, to achieve a shift towards a more dynamic and risk-based system of compliance and to ensure that the institutional framework for oversight, investigation and enforcement is robust and effective. This Bill consolidates the current legislative framework governing the ethical obligations of public officials and gives effect to the recommendations of the Tribunals.

Engagement with International Organisations

The Department contributed to Ireland's response to evaluations and initiatives promoted through the UN Convention against Corruption, OECD Working Groups on Bribery and on Public Integrity, and the Council of Europe Group of States against Corruption (GRECO).

Code of Standards and Behaviour for Special Advisers

In line with the Civil Service Renewal Plan, a draft Code of Standards and Behaviour for Special Advisers was developed, under the guidance of the Civil Service Management Board, and was approved by Government in November 2016. The draft code has been submitted to the Standards in Public Office Commission for consultation and will be finalised and submitted to Government for approval and publication in Q2 2017.

To support the Code, and to assist Special Advisers, the Department developed an induction programme for Special Advisers intended to enhance Special Advisers' understanding of how the Civil Service operates and how it interacts with the political system. This programme was held in July 2016 and received positive feedback from participants.

Open Data

During 2016, work continued on the implementation of the Open Data initiative which has the potential to lead to more open, transparent and accountable administration and to reap significant benefits. Significant progress was made in 2016, including:

- Ongoing development and enhancement of the national [open data portal](#). At end 2016, it contained links to approximately 4,400 datasets from 93 publishers. It was enhanced to include: a 'Suggest a

Dataset' function to allow the public to request a particular dataset to be made available; and a 'Showcase' feature to allow developers to showcase uses that they have made from datasets (e.g. development of websites, apps etc.). Visualisation previews were also added to datasets;

- The Open Data Governance Board met 8 times in 2016. It consulted with various stakeholders on the development of an Open Data Strategy for 2017-2021, which is expected will be published in Q2 2017;
- The Public Bodies Working Group (PBWG) provided advice and support to the Department and input to the drafting of 2 Requests for Tender to establish Framework Agreements for the provision of Open Data training and to provide Open Data technical support;
- A pilot Open Data Engagement Fund was launched in October 2016 to promote usage of datasets on the open data portal. A total of 29 applications were received and a total of €30,000 was paid to the 14 successful applicants;
- The Open Data Unit participated in a number of conferences and seminars during the year including the international Open Data Conference in Madrid, the 3rd UN Conference on Big Data for Official Statistics in Dublin Castle and the Predict Conference in the RDS; and
- During 2016, Ireland was ranked overall third place (behind Spain and France) in terms of Open Data Maturity Assessment across the EU 28+ countries assessed in a report published by the European Commission. The measurement was built on two key indicators – Open Data Readiness and Portal Maturity.

Corporate Governance

Corporate Governance Standard for the Civil Service

A [Corporate Governance Standard](#) for the Civil Service was developed and, following a public consultation process, published at the end of 2015. Departments'/Offices' individual governance frameworks were developed by end March 2016. To facilitate this, in 2015/6 the Government Reform Unit developed and put in place a training and support programme.

Development of the Transfer of Functions Guidelines and Best Practice Handbook

A [Transfer of Functions² Guidelines and Best Practice Handbook](#) was developed with the assistance of the Sounding Board Advisory Group, following a commitment in the Civil Service Renewal Plan. It was approved by Government in January 2016. It sets out the principles that should underpin Departments' implementation of transfer of functions, the role of key players, the process to be undertaken in the development and finalisation of the relevant Transfer of Functions Orders, as well as the necessary financial arrangements and communications processes.

Review of Revised State Board Appointments Process

The Government agreed in 2014 to introduce a new system for State board appointments based on key principles such as the promotion of wider access to opportunities on State Boards; the establishment of detailed and comprehensive criteria for those roles; and the introduction of transparent and rigorous assessment of candidates against these criteria. Guidelines, issued in November 2014, set out how the new appointments process for State Boards would work in practice. These were reviewed in 2016 to assess, among other things, their effectiveness in increasing participation and strengthening the calibre of appointments. This was done in conjunction with the Public Appointments Service (PAS) and NewERA and involved a public consultation process, a number of surveys, workshops and research on the approach taken in other jurisdictions. It is expected that the Minister will bring the draft report of the Review to Government by Q2 2017 for consideration, prior to publication. At end 2016, there are over 5,500 people [registered](#) to be notified of vacancies arising on State Boards.

² Transfer of Functions refers to the allocation of functions and responsibilities between Ministers and Departments. The Taoiseach, as head of Government (Article 13, Constitution), is responsible for the allocation of functions between Ministers, and for the overall organisation of the government.

7. Digital Government

Office of the Government Chief Information Officer (OGCIO)

The Office of the Government Chief Information Officer (OGCIO) was established in 2013 under the Public Service Reform agenda as part of the drive to maximise the benefits of ICT in improving the efficiency and effectiveness of public service delivery. The OGCIO takes the lead on driving forward the implementation of the [Public Service ICT Strategy](#), working together with Departments and agencies across the Public Service.

Following his appointment in April 2016, the new Government CIO engaged in a period of intense consultation with key stakeholders. The outcome of this consultation is an [18 Step Action Plan](#), agreed with the Civil Service Management Board, which takes forward the five strategic themes of the strategy: Build to Share, Digital First, Data as an Enabler, Improve Governance, and Increase Capability. Good progress is being made on all fronts under the leadership of senior members of the ICT Advisory Board, established mid-2016, and with support and input from the other Departments/Offices across the Civil and Public Service.

In addition to implementing the Strategy, the OGCIO is the ICT service delivery partner for the Department, including the National Shared Services Office and the Office of Government Procurement, as well as the Department of Finance.

Through 2016, the OGCIO continued to develop and enhance ICT services in line with the needs of these organisations as they continue to expand. The OGCIO now provides core ICT services to in excess of 1,600 users across over 20 sites nationwide, as well as providing line-of-business support and high-level strategic ICT advice to the Department and the Department of Finance.

Some key highlights from the OGCIO internal work programme during 2016 include:

- Establishment of a multi-channel Universal ICT Unit Service Desk which responded to over 15,000 calls during 2016;
- Implementation of greater infrastructure resilience by relocating the primary and backup ICT server infrastructure to Data Centres of the Revenue Commissioners and Department of Agriculture, Food and Rural Development, thereby availing of the more robust facilities of ISO certified data centres;
- Implementation of the mobility policy for users across our partner organisations;
- Completion of the rollout of the eDocs Records Management system across all areas of the Department, NSSO, OGP and Department of Finance;
- Project Management Office established to ensure OGCIO does the right projects the right way.
- Migration of public-facing website infrastructure to public cloud hosting service completed;
- A range of new applications were developed including implementation of the new eProbation and LEADS applications, and a website [Where Your Money Goes](#), allowing the public to explore where their tax is spent;
- Launched CS HR Databank for access by all CS HR Units and Pay Scales Maintenance and Reporting System; and
- High level strategic advice provided to a range of customers and stakeholders to maximise the potential of digital service delivery projects in particular in the area of Human Capital Management suites.

The OGCIO supports digital service delivery and innovation initiatives across the Public Service through the development and application of a range of ICT policies; has oversight of ICT-related expenditure by Departments and agencies to ensure this is aligned with the ICT Strategy; and, represents Ireland at EU level in relation to public service ICT, eGovernment, and Government CIO working groups and fora.

Public Service ICT Strategy Key Achievements 2016

In addition to the 18 Step Action Plan, particular achievements in terms of the Public Service ICT Strategy include:

- Digital – the set up a Digital Programme Office, reporting to the Minister of State for eGovernment and Civil Service Management Board and commenced the development of a Digital Service Gateway or Portal. The Gateway will enable the public and businesses to more easily find government digital services, to register for transactions and targeted information and ultimately to start consolidating the means by which citizens and businesses interact with Government online. In March 2016, OGCIO hosted a Digital First seminar for the Civil and Public Service at which there were close to 100 attendees;
- Data – OGCIO and the Department of Social Protection (DSP) are driving the adoption and encouraging uptake of the Public Services Card as the means of citizen authentication by Public Service Bodies. A stakeholder group has been established to develop the concept of a National Data Infrastructure to support effective pan-Government data management. The OGCIO continues to work with the National Archives on a joint Public Service Records Management Plan to improve the management and preservation of both physical and digital records across Government with a Memorandum likely to be submitted to Government in 2017;
- Governance – Department Circular 2/16 sets out arrangements for digital and ICT-related expenditure in the Civil and Public Service. The ICT Advisory Board was set up in mid-2016, with representation across Departments and agencies. A number of sub-groups have also been set up to work closely with the OGCIO in taking forward the 18 Step Action Plan. In parallel, OGCIO has enhanced its engagements with the HSE, An Garda Síochána and the Local Authority sector;
- Capability – One sub-group of the ICT Advisory Board is working on a strategy to ensure the necessary ICT skills and resources are available to meet the current and future ICT needs of the Public Service and thereby contribute to the enhancement of the prosperity of the country in the digital age; and
- Build to Share – Government Departments are working together to maximise the efficiency of infrastructure and application usage through sharing. This will impact on both public facing and back office ICT. Specific progress during 2016 includes:
 - Government Networks rollout continues with connections in more than 30 towns/cities, servicing over 120 Public Service offices nationwide. In 2017, Government Networks will begin to operate at higher speeds to cater for increased demands;
 - Common Applications development and rollout continues and the programme will continue through 2017. As at the end of 2016, ten Government Departments are on-boarded to the common applications platform with the remainder to come on stream in early 2017. eSubmissions, a system to support managing submissions internally in Departments, is currently live or in pilot in eight Departments; ePQ, for managing replies to PQs in Departments, is live in four Departments; the eDocs records management system is implemented in two Departments; final testing of eCorrespondence, to manage correspondence received by Departments, is close to complete and will be piloted in one Department in early 2017. Further developments scheduled to begin in 2017 include eFOI, for processing FOI requests; and
 - Government Cloud Infrastructure. Proof of concept for a private Government Cloud service was developed in late 2016 and will be available to the initial target agencies from early 2017. The effectiveness of proof of concept will be assessed during 2017 based on the experience of the early users of the service.

Engaging at EU & International Level

During 2016, OGCIO monitored developments and represented Ireland at international activities where relevant and engaged with EU committees and working groups including: the European Commission's ISA2 Committee and related groups; the European eGovernment Action Plan Steering Board.

Ireland generally ranked well in the [EU Commission eGovernment Benchmarking](#) published in September 2016. Ireland remains in the top grouping for User Centricity, has improved in two other categories - Transparency and Cross-border Mobility. In the [EU Digital Economy and Society Index](#), which is a composite index summarising relevant indicators on Europe's digital performance, Ireland ranks in 8th place of the 28 Member States. Engagement with the EU will continue to be an important focus for OGCIO during 2017.

8. Public Procurement

Public Service Procurement Frameworks

In 2016, the Office of Government Procurement (OGP) continued to lead the Procurement Reform Programme together with its four sectoral partners in Health, Education, Local Government and Defence. The Office is now at scale, with 200 staff, with a dedicated focus on the management of centralised procurement in the public service. Over the course of the year, the OGP established a wide range of frameworks and contracts to assist public service bodies in securing goods and services that they need to operate effectively and serve their clients. In doing so, the OGP increased the number of its active frameworks to over 100, continuing to build on the work undertaken since sourcing operations commenced in 2014. It also helped to enable significant savings for the State, in the order of approximately €100 million in 2016 with a further €94 million in savings to be enabled from these projects in 2017.

A total of 54 additional frameworks were established by the OGP in 2016, from which 366 supplementary requests for tender or ‘mini-competitions’ were run for individual contracting authorities across the public service, ranging from the provision of rapid housing to all-of-government legal services. In addition, 52 bespoke contracts were delivered for a wide range of goods and services from Garda cameras to flight services to the Aran Islands. Combined, the procurement arrangements completed by the OGP in 2016 represent an estimated annual expenditure by public service bodies of in excess of €450 million.

Of particular significance in 2016 is an agreement reached by the State with the Irish Pharmaceutical Healthcare Association (IPHA) on the supply of medicines, already referenced in Chapter 2. This agreement will enable total savings of some €560 million over the next four years, in addition to the €200 million savings enabled from existing terms included in the previous (2012) agreement.

Also of note in 2016 was OGP’s role in the programme of events marking the centenary of the Easter Rising. The OGP led a cross-functional team of departments, including the Office of Public Works, the Department of Arts, Heritage and the Gaeltacht and the Department of Defence, to procure and to deliver on time and to specification, the necessary supplies and services for the commemoration ceremony and parade in Dublin city centre on Easter Sunday and the RDS event for relatives of those who took part in the 1916 Rising, among others. Meticulous planning within a tight timeframe and a focus on quality and value for money were at the heart of the collaborative process, all of which made a significant contribution to the success of the commemorations.

Consultation with Stakeholders

The Minister of State for Financial Services, eGovernment and Public Procurement chairs the Small and Medium Enterprises (SME) Working Group which plays an important role in consulting and engaging with key stakeholders involved with public procurement. The Group, which is managed by the OGP, met in July and October. The Minister of State addressed the Seanad in July on the topic of public procurement and in November briefed opposition spokespersons on current developments in relation to the procurement reform programme before giving a more general briefing to which all Oireachtas members were invited in December.

The OGP regularly meets with and provides practical information and advice to buyers and suppliers through its participation at various events around the country. In 2016, these included procurement workshops for SMEs organised by Local Enterprise Offices in Louth and Tipperary, the National Ploughing Championships, the Procurex Ireland event at the RDS, attended by 600 buyers (from the public and private sector) and suppliers and ‘Meet the Buyer’ events held in Belfast and Cork.

The OGP’s Customer Service Helpdesk engaged with public service clients and suppliers throughout 2016 and dealt with almost 10,000 queries, more than double the amount in 2015.

EU Directives

Two new [EU Procurement Directives](#) were transposed into Irish law in May. These were the ‘Classical’ and ‘Utilities’ Directives. Work continued on the transposition of the remaining ‘Concessions’ Directive

during the year. The OGP rolled out training and information sessions on the Directives for around 500 people from 64 public service bodies involved in public procurement.

Public Works Contracts

Interim amendments to the forms of public works contracts were published in January. The amendments were undertaken in response to recommendations set out in the review of the public works contracts and were drafted following extensive consultation with key public and private sector stakeholders.

Public Service Spend and Tendering Analysis Report

In keeping with the OGP's remit to increase transparency in public procurement and to improve data analytics in relation to public expenditure on goods and services, the Minister of State for Financial Services, eGovernment and Public Procurement launched the [Public Service Spend and Tendering Analysis Report for 2014](#) in September. The report, prepared by the OGP, analysed just under €4 billion, or two-thirds of the 2014 public procurement spend in scope for the OGP and its sector partners. 95% of the analysed spend is with firms within the State and the majority is with SMEs.

Professionalisation of Public Service Procurement

As part of its role in driving the professionalisation of public procurement across the Public Service, the OGP organised the first Public Procurement Conference in September, held in Dublin Castle. The event brought together staff within the OGP and its partner sector sourcing organisations and involved both Irish and international speakers as well as tailored sessions on specific aspects of public procurement.

The OGP won four awards at the National Procurement & Supply Chain Awards on 6 December:

- the *Procurement Excellence Award - Public Sector* for the implementation of the reformed procurement model;
- the *Procurement Collaboration Award - Public Sector* for the State Commemorations Events of the 1916 Rising together with Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs and the Office of Public Works;
- *Procurement Project of the Year - Public Sector* for the National Framework for the provision of Legal Services; and
- the *Overall Excellence in Procurement and Supply Chain* for the State Commemorations Events of the 1916 Rising with DAHG and OPW.

In addition, the OGP was a finalist for the *Procurement Team of the Year - Public Sector* award. The Civil Service Excellence and Innovation Awards also took place on 6 December and the OGP was shortlisted for the *Excellence in Policy* award for the SME access to public procurement opportunities project and for the *Insight & Analysis* award for the work with the Department of Health, Department of Public Expenditure and Reform and HSE on pharmaceutical re-negotiation. Both projects received highly commended awards.

9. Shared Services

The National Shared Services Office

The National Shared Services Office (NSSO) was established within the Department on an administrative basis in 2014. It is charged with leading the Shared Services strategy and implementation of Shared Services projects within the overall Public Service Reform context across the Civil Service. It is delivering Shared Services for the Civil Service and providing advice and guidance on shared service standards, policy development and research for the Public Service.

Civil Service Shared Services

During 2016, the National Shared Services Office progressed the roll out of HR, Pensions and Payroll Shared Services within the Civil Service and began the project to introduce financial management shared services.

The HR and Pensions Administration Shared Service Centre, PeoplePoint, based in Dublin, manages high volume administration activities, providing various HR and pension services to customers in the areas of leave, absence, pension and pay administration. 34,500 Civil Servants from 39 Public Service Bodies are now receiving their HR and pensions administration services from PeoplePoint. The Payroll Shared Service Centre is based in three locations - Galway, Killarney and Tullamore - and provides payroll and travel and expense administration to 103,000 payees across 43 organisations including 57,000 retirees. The value of annualised payments is currently €2.9 billion.

Key achievements in 2016 included:

- 29,400 new Civil and Public Service customers started using shared services in 2016 bringing the total amount of customers served to approximately 100,000;
- Continued successful transition of client departments and Public Service Bodies to Shared Services – 4 new clients migrated their services to PeoplePoint and 11 to the PSSC;
- Government approval for the Financial Management Shared Services project to proceed to design phase. Awarding of the contract to the system implementation partner to start building the new platform for a single financial management solution;
- Publication of the NSSO Bill 2016 to establish the NSSO as a separate Civil Service Office;
- Ministerial approval of a new governance model for the NSSO, including the creation of the Interim NSSO Board;
- Agreeing Service Level Agreements with all NSSO clients across Government departments and Public Service Bodies, and creating one Employee Services Management Agreement for HR, pensions and payroll shared services in the future;
- Establishing a Project Management Office;
- Embedding a culture of learning, development and continuous improvement;
- Drafting the first three-year Statement of Strategy for the NSSO;
- Implementing the HR strategic plan to set up the HR function for the NSSO; and
- Setting up the corporate office of the NSSO to deliver the building blocks for the NSSO as it is being established as a separate office.

Financial Management Shared Services

The Financial Management Shared Services Centre will deliver tangible improvements in the efficiency and effectiveness of the Government's central finance function that includes the processing of finance transactions such as payment of invoices, processing of receipts, fixed asset accounting, as well as the general ledger and appropriation accounts audited by the Comptroller and Auditor General.

The Centre, which is scheduled to start providing finance administration services in 2018, will use common technology and standardised procedures to deliver core financial management services to 48 identified Government organisations, all of which will be on board by 2020. It is expected to yield a

sustainable reduction in the annual cost of finance of approximately €15.4m through a reduction in the cost of support for finance technology and a reduction in the headcount equal to 145 full time equivalents required to provide financial management processing services.

During 2016, the National Shared Services Office achieved a significant milestone by progressing the development of a new finance technology solution for Government. The introduction of a single finance technology platform will replace 31 existing finance systems across Government Departments and Offices and facilitate transaction processing in the Finance Shared Service Centre.

Shared Services in other Public Service Sectors

The NSSO also has a leadership role in supporting the key Public Service sectors of Education, Health and Local Government as they advance their individual Shared Services Plans. Good progress is being made in the implementation of the MyPay project, a Payroll and Superannuation Shared Service for Local Government. There are 25 local authorities, the Local Government Management Agency and the Environmental Protection Agency, 'live' in the MyPay Shared Service Centre (SSC).

In the Education and Skills sector, Payroll and Financial Management Shared Services for the Education and Training Boards are proceeding as a priority. The business case for the Financial Management project will be peer reviewed in January 2017. In addition to this, the project has facilitated the development of an e-invoicing solution and the roll out of procurement cards across the sector. In the Higher Education sector, the recruitment of a programme manager and team for Payroll Shared Services is scheduled for Q1 2017. A project has commenced to upgrade the Department's school employee payroll which currently serves over 100,000 teachers and pensioners from Athlone, to full shared service standards.

In the Health Sector, a number of shared service projects are being progressed by the Health Service Executive, through the Health Business Services (HBS) unit, including areas such as Payroll, Pensions, Recruitment and Financial Management. HBS achieved a completion rate of approximately 80% across the 43 actions identified originally in the HBS Strategy 2014-2016. The 2016-2019 strategy has been published and identifies 22 actions, 10 of which have been identified as very significant or transformational.

10. Supporting Our Staff to Achieve Their Mission

Human Resource Management

The HR Strategy Unit is responsible for the development and delivery of the Department's HR Strategy and for the provision of a wide range of HR services. The Unit is a key enabler that allows the Department to fulfil its core expenditure and reform objectives by ensuring that staff make the most effective contribution possible and possess the skills and knowledge required to meet these demands.

Over the last number of years, the HR Unit has played a key role and supported the development of the National Shared Services Office (NSSO) and the Office of Government Procurement (OGP). In 2016, projects were initiated to further support their development by putting in place structures which will enable the NSSO and OGP to function independently on an administrative basis. Pending the enactment of legislation to establish NSSO and OGP as bodies under the aegis of the Department, the NSSO and OGP are responsible for managing their own HR Functions on an administrative basis with effect from 1 January 2017. Establishing independent corporate and administrative functions, including HR, both in OGP and NSSO, is a natural progression and a key business milestone, fundamental to functional independence from the Department.

HR Business Partnering

The Business Partnering (BP) function continued to be further embedded across the Department in 2016, positioning itself as a consultancy/advisory service for senior management and staff to draw upon as required. Successful interventions included the development of the Conversation Circle for line management and staff to the introduction of the new binary Performance Management and Development (PMDS) rating system. Information sessions were delivered to over 600 staff and this innovative tool has been adopted by the wider Civil Service.

A strategic approach to the allocation of staffing resources continues to be embedded across the Department to ensure resources are aligned to business priorities. The Workforce Planning Group continues to meet on a regular basis to review and consider the impact of new HR policy developments / initiatives.

In addition to supporting divisions through facilitating annual Business Planning Workshops, the Business Partners also supported the recruitment and placement of more 102 staff in the Department and worked closely with IGEES management on bespoke recruitment campaigns over the course of the year.

The Unit also manages a high volume of transactional HR cases and complex queries. There continues to be a focus on sustaining stable industrial relations through the formal mechanism of Departmental Council and through ongoing engagement with staff side representatives.

HR Operations

The recruitment and selection function continues to play an important role in supporting the Department to deliver on a challenging reform agenda. In 2016, the Department recruited 354 staff and the majority of these staff took up posts in the shared service areas (PeoplePoint and Payroll Shared Service).

The departmental induction programme is recognised as important, especially for new recruits to the civil service and 8 sessions took place in 2016 for over 100 staff. An enhancement to the Induction Programme was the introduction of a revitalised Buddy Programme for new entrants, which is an important element in introducing new staff into the Department.

Retention continues to present a challenge and in 2016 the Unit managed 230 staff exits, the majority of which were staff leaving on promotion or through lateral mobility.

Organisational Development

The ONE HR Learning and Development Strategy 2015-2017, which sets out the Department's learning and development vision, mission and goals, continues to be implemented, embedding a continuous learning and development culture throughout the Department. 457 members of staff participated in one

or more formal learning and development initiatives in 2016 with a total of 1,908 formal training days been recorded, averaging 5.3 formal training days. Compared with 2015, this represents a 32.3% increase in the total number of formal training days. The average number of training days per staff member increased by 24.4% compared with 2015 with the commensurate average cost invested per staff member increasing by 43%.

The learning and development interventions were complemented by a comprehensive Post-Entry Education Scheme supporting 14 staff pursuing academic programmes in a variety of disciplines including finance, business and economics, HR, policy analysis, legal studies, information systems and public management. Continuing professional development (CPD) is a key component in the up-skilling of staff and their professionalisation. CPD was facilitated in each division of the Department to cover attendance at seminars, conferences, short public training programmes and subscriptions to professional bodies.

Corporate Management

The Department's corporate team continued to provide corporate support to the Secretary General and the Department more generally including administration and processing of Parliamentary Questions, Data Protection Requests, Statutory Instruments, eCabinet Memoranda and Freedom of Information Requests. It also coordinated the Department's approach to governance, risk management and compliance framework.

Key outputs in 2016 included:

- Preparation of the Department's [Statement of Strategy for 2016-2019](#), [business plans](#) for 2016 and 2017 and the [Annual Report](#) for 2015. The Statement of Strategy, which must be prepared and submitted within 6 months of the appointment of a new Minister, sets out the Department's plans to continue to serve the public interest by implementing a sustainable public expenditure framework that will help to ensure a strong economy, so that it can deliver a fair society, as set out in the [Programme for a Partnership Government](#). The Department also plans to continue to build for the future by driving and enabling reform to ensure that public services are delivered in the most effective and efficient way possible, through transparent and accountable structures;
- Completion of the roll-out and consolidation of the electronic document and record management system within the Department;
- The development and roll-out of the Department's internal policy on Protected Disclosures in line with the Protected Disclosures Act 2014;
- Publication of the [Department's FOI Publication Scheme](#). The Publication Scheme implements Section 8 of the Freedom of Information Act, 2014, the aim of which is to assist members of the public in their understanding of public bodies and their functions;
- Conduct of research into Knowledge Management in other organisations laid the groundwork for the development of a Knowledge Management approach within the Department and work to roll this out was commenced;
- A report on the Department's progress on implementation of its oversight framework for the bodies under its aegis was prepared and considered by the Management Board;
- A review of the Department's Risk Policy was undertaken and revised guidance to staff on identifying and reporting how risks are managed in the Department was prepared. This revised guidance provides the foundation for more formalised risk management reporting and consideration of risks at board level; and
- The introduction of a comprehensive Occupational Health & Safety Manual and Safety Statement (including 20 Supporting Documents) and the conduct of Risk Assessments of all Departmental buildings.

The corporate team also provided support and guidance in relation to financial and corporate governance arrangements to the National Shared Services Office and the Office of Government Procurement, to support their transition to stand-alone organisations.

In terms of financial management, work was commenced to put in place new financial management arrangements for the Department, including preparations for the establishment of a new Finance Unit.

Providing Assurance to the Secretary General: Internal and EU Audit

The Internal and EU Audit Unit provides an internal audit service to the Department of Public Expenditure and Reform and the Department of Finance and is the designated European Regional Development Fund (ERDF) Audit Authority for Ireland as required by European Union regulations. The Unit has completed an Internal Audit Strategic Plan 2016-19 to align its priorities with the Department's Strategy Statement for the same period.

The Audit Unit completed seven internal audit reports for the Department of Public Expenditure and Reform in respect of its 2016 Programme of audits. These have resulted in recommendations to improve various business-critical aspects of the Department's processes. In addition, the Audit Unit provided significant support to the National Shared Services Office in the development and oversight of a robust and extensive assurance regime across the shared services programmes, primarily relating to the Human Resources (PeoplePoint) and Payroll Shared Services. As part of its shared service internal audit agreement with the Department of Finance, the Audit Unit completed seven internal audit reports in respect of its 2016 programme of audits and reported results to the Department's Audit Committee.

Civil Service Employee Assistance Service (CSEAS)

The CSEAS contributed to organisational effectiveness by offering a wide range of supports to management and employees across the Civil Service on a regional basis. 11% of serving civil servants availed of one-to-one support from the CSEAS in relation to a variety of personal and/or work challenges in 2016.

Under the CSEAS Communications Strategy, there was a targeted focus on supporting line managers and HR Divisions during 2016. Work to develop a Guide for Line Managers was commenced and a consultation process with a cross departmental focus group was initiated. [CSEAS Connect](#), the new biannual newsletter, was launched in 2016.

The CSEAS carried out its second customer survey in 2016 and it recorded a very positive satisfaction rate. The learning outcomes from the survey will inform the CSEAS Action Plan for 2017.

The CSEAS focus on promoting positive health and wellbeing in the workplace continued throughout 2016. It gave further attention to the topic of suicide prevention during the year, including by engaging in proactive initiatives to assist HR divisions in responding to staff in suicidal distress.

Office of the Chief Medical Officer (CMO)

The CMO delivered an efficient and cost effective occupational health service as well as policy advice on occupational health matters to the Civil and Public Service during 2016. The CMO had extensive involvement in updates to the existing sick leave/critical illness pay/capability processes, as well as ongoing assistance to the State Claims Agency & the Office of Government Procurement.

The CMO published a significantly updated 2016 edition of its Guide to Health Screening in the Workplace, which assists government departments in setting up health promotion screening programmes. It also upgraded its website to with a new dedicated HR login area which assists HR and local management with health and work issues.