

PAC-R-786

**Correspondence 4A.3
Meeting – 20/12/2012**



**Ted
McEnery/Office/Oireachtas**

To Eoin Kinane/Office/Oireachtas@HOUSES
cc Niamh Maguire/Office/Oireachtas@HOUSES
bcc

17/12/2012 15.15

Subject Fw: Re material requested by the PAC

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Date: 17/12/2012 14:55
Subject: Re material requested by the PAC

Ted

I attach material requested by the PAC at the meeting on 13th December 2012.

1. Letter issued by the Secretary General in relation to board fees payable to public servants.
2. Terms of Reference of the Focused Policy Assessment to be carried out by D/PER on the Water sector PPPs .

Regards
Marie

Marie McLaughlin
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Expenditure Policy Evaluation & Management
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new OPOS letter of 17 10 11 as issued to all Sec Gens.doc Brief for PAC Water PPPs FPA.doc

Our Ref: E 109/247/74

17 October 2011

Secretary General
Department

Dear

I am writing to inform you that the arrangements set out in Department of Finance correspondence of 18 January 2006 concerning the application of the 'One Person One Salary' principle are being amended to incorporate the changes outlined below.

Under the revised arrangements it will now be a requirement that public servants:

- (i) who sit on state boards in an ex officio capacity or on behalf of their parent Department/organisation or
- (ii) who may be nominated to such board positions independently of their public service employment

should not be paid remuneration in the form of board fees when serving in such a representational capacity. Accordingly, the criteria previously used to determine the eligibility of public servants to receive board fee payments will no longer apply in any such cases.

Public servants currently serving in such board related positions and in receipt of a fee for this purpose should cease to be paid such remuneration from 1 November 2011.

Departments / Offices in consultation with their respective state bodies will be required to establish the public service employment status of externally nominated persons to board and related positions in order to ensure that the above requirements on the payment of fees to public servants are complied with.

Where it is proposed that serving public servants undertake other forms of paid remuneration anywhere in the public service the consent of this Department will be required.

The payment of board fees to public sector employees who sit on their own organisation's board or the boards of other public sector organisations (eg commercial state companies, non commercial state agencies and so on) should be reviewed in the context of any contractual obligations that may pertain and where appropriate should have such board fee payments discontinued from 1 November 2011. Where contractual obligations may prevent the proposed discontinuance of such board fee payments the necessary arrangements should be immediately put in place by the state body concerned in order to end such payment practices at the earliest possible date.

Any queries arising on the application of these provisions may be made directly to Aoife Collier (tel 6045404) or Colm Sweeney (tel 6045452) of this Department.

Yours sincerely

Robert Watt
Secretary General

Focussed Policy Assessment on Public Private Partnerships in the water services sector

Background

In recent years the issue of Public Private Partnerships (PPPs) in the Local Government sector has come to attention through economic research and Oireachtas committee deliberations.

In 2011 a policy paper was published by Dr. Eoin Reeves, an economics lecturer at University of Limerick. The Paper put forward his view that the Department of Environment, Community and Local Government (D/ECLG) favoured the PPP model over traditional procurement, even if value for money (VFM) analysis sometimes suggests otherwise.

A joint Oireachtas Committee (Environment, Transport, Culture and the Gaeltacht) produced a report in 2012 on water provision. It recommended that the C&AG should carry out a VFM review of the two main models of procuring water infrastructure works – traditional procurement and PPP. However, this work falls outside the remit of the C&AG¹.

Rationale behind FPA

Having regard to the Departments overarching role in relation to public expenditure and value for money in that regard, it is proposed to carry out a FPA (focused policy assessment) in the water sector, to investigate the VFM analysis regarding procurement decisions for water and wastewater projects.

Objective

The following terms of reference are proposed for this FPA:

- To assess the extent to which the required VFM procurement analysis is being carried out for water investment projects in the Local Authority sector and to review, at a high level, the quality of this analysis.
- To examine how VFM analysis informs the final procurement decision for projects and the extent to which this analysis feeds into decisions of management in DECLG in relation to water PPPs.
- To assess the management information held in relation to water PPPs.
- To assess the feasibility of a post project review for a water investment PPP or group of such projects

¹ Letter to Deputy Mary Lou McDonald from the C&AG dated 27th June 2012

Approach/ Methodology

The proposed approach to the FPA is as follows:

- Review the central and local Departmental policy guidance and procedures in relation to PPPs for the local authority sector
- Determine the extent of management information available regarding PPP's
- Examine a sample of water investment projects proposals,
- Check the consistency of project documentation with VFM analysis requirements and, at a high level, consider the quality of the analysis
- Consider international benchmarks for PPP procedures e.g. the UK
- Consult with relevant stakeholders

The following sources will be used:

- Literature review relating to PPPs in the water sector
- Policy documentation from D/ECLG and D/PER
- PPP section within D/PER
- Appraisal Reports prepared by local authorities and D/ECLG

It is intended to complete the FPA within the next 2-3 months ie by end Quarter 1 2013.

Next Steps

The FPA will be carried out by the Central Expenditure Evaluation Unit (CEEU), a unit in the Department of Public Expenditure and Reform (D/PER).

Meetings have taken place between D/PER and D/ECLG to commence the FPA and discuss date requirements. The sample selection, which will be a key part of the evidence base for the FPA, is currently being finalised. The fieldwork stage will commence once this has been agreed.