

**Opening Statement to the Joint Committee on Finance, Public Expenditure
and Reform, and Taoiseach
by Robert Watt, Secretary General of the
Department of Public Expenditure and Reform**

3rd December, 2019

Introduction

Thank you for inviting me here today to discuss the role of the Department of Public Expenditure and Reform (DPER) in relation to:

- *“General reforms of the Civil Service;*
- *Public Procurement; and*
- *Overall public expenditure framework and public expenditure reforms, and the role of DPER in relation to budgetary matters.”*

I will address each of these issues from the letter of invitation in turn in my Opening Statement and I look forward to hearing the views of the Committee afterwards.

Civil Service Renewal - Overview

The Civil Service is comprised of 17 Departments of State and a number of major Offices including, for example, the Office of the Revenue Commissioners. It carries out a very broad range of functions and roles from developing policy to delivering frontline public services. My Department’s role in respect of the reform of the Civil Service is to lead and support changes that will assist Departments and Offices to improve how they work, so that they effectively deliver on their remits as set out in their Statements of Strategy.

In this context, implementation of the Civil Service Renewal Plan has increased our capacity and capability to meet challenges and to deliver an improved service to the State. The programme of reform was developed to create a more unified, professional, responsive and open and accountable Civil Service.

Civil Service Renewal - Specific Reforms

The fourth progress report on the Renewal Programme was published in May and is available on the gov.ie website. I would like to take just a few minutes to set out some of the highlights of the reforms undertaken in the Civil Service in recent years.

Reforms to make the **Civil Service more unified** include:

- the development of a common Governance Standard for the Civil Service; and
- the implementation of the Shared Services Programme, in areas such as HR and payroll, and the public procurement transformation programme to which I will return.

In relation to the **professionalisation of the Civil Service**, key reforms include:

- The launch of the Civil Service People Strategy, which sets out the strategic direction for HR development across the Civil Service. This strategy aims to position HR as a strategic driver to enable the delivery of three priorities: Being an Employer of Choice; Building the Workforce of the Future and Building, Supporting and Valuing Managers as People Developers;

- The strategy builds on initiatives already undertaken to strengthen performance and development, to manage talent better and to open up recruitment. For example, since the lifting of the moratorium in 2015, approximately 14,600 civil servants have been assigned to Government Departments and Offices from open competitions. This figure is, of course, offset by retirements and other departures from the Civil Service;
- The Civil Service People Strategy is also strengthened by the establishment of OneLearning, which is a new learning and development service for civil servants. In this context, the Committee may wish to note that:
 - there have been circa 27,000 attendances to date at a OneLearning course across 25 counties and 45 Civil Service Bodies since its establishment in September 2017; and
 - a new ICT based Learning Management System has now been rolled out to the majority of civil servants across the country;
- The Civil Service Excellence and Innovation Awards 2019, which recognise excellence and innovation across the Civil Service, were announced by the Minister on 20 November. Ninety nominations were received from across the Civil Service and 32 projects were shortlisted, with winners in 11 categories. The standard of projects this year was particularly high and they give strong sense of the important, diverse and challenging work that is happening across the system more broadly. They also showcase the creativity and innovation that is being brought to bear by those on the frontline to deliver better services to the public.

Reforms have also been introduced to **make the Civil Service more responsive**.

These reforms include:

- the delivery of the Public Service ICT Strategy under five pillars i.e. Build to Share, Digital First, Data as an Enabler, Improve Governance, and Increase Capability;
- the implementation of Civil Service wide mobility arrangements – there has been a high level of interest in the mobility scheme with around 4,800 eligible staff members (24% of overall COs/EOs) making an application. Over 350 moves have completed to date, with other moves in progress; and
- the roll-out of a Workforce Planning approach across the Civil Service.

The fourth and final stream of reforms relate to **making the Civil Service more open and accountable**. Initiatives in this area include:

- conducting a programme of Organisational Capability Reviews to assess the impacts of reform initiatives across Government departments;
- the development of a National Data infrastructure;
- the holding of a series of Open Policy Debates – since 2015, 46 open policy debates have been held on a range of policy issues including Childcare, Housing, Foodwise 2025, River Basin Management Plan, the National Risk Assessment and Public Investment in R&D;
- Substantially improved communications and engagement with staff and the conduct of Civil Service Employee Engagement Surveys; and
- The implementation of the Open Data Initiative.

In the time available, it is not possible to speak in detail about each of these initiatives. However, I would like to speak briefly on the **Open Data initiative** and also to set out for the Committee some of the impacts of the reform work we have been doing as measured by the **Civil Service Employee Engagement Survey** and the **Civil Service Customer Satisfaction Survey**.

Open Data Initiative

The benefits of Open Data are well documented. Open data allows for greater transparency and trust in government and it facilitates business innovation and efficiency. Ireland has made substantial progress in its national Open Data initiative since it was instigated in 2014 and is now leading the way in Europe, having been ranked top of the European Commission's Open Data Maturity survey for 2017 and 2018.

Civil Service Employee Engagement Survey

The first Civil Service Employee Engagement Survey was carried out in 2015 and the second one was carried out during 2017. The results were published in early 2018 and overall are positive:

- Of the 24 areas surveyed, 22 showed improvements in the most recent survey. The results indicate that overall employee engagement remains high at 72% - a result that leads other administrations across the world. The findings indicate that the majority of staff have a sense of energy and connection with their work, and that they can cope with the demands of their job and find their work fulfilling;

- The results confirm that we are doing well in a number of areas and highlight where we need to focus our efforts in the future, for example, providing opportunities for greater levels of involvement, creating a more innovative culture, improving performance management and improving the public perception of the work of civil servants; and
- Planning is underway for the next Survey, which will take place towards the end of 2020.

Civil Service Customer Satisfaction Survey

The Committee may also be interested to know that last week we published the results of the 2019 Civil Service Customer Satisfaction Survey. Running regular surveys of Civil Service customers to more fully understand user experiences, expectations and requirements is a commitment in the Civil Service Renewal Plan.

This is the eighth survey (since 1997) carried out among the Irish general public. It determines satisfaction levels with services received from Civil Service departments and major offices. It also surveys more general perceptions of, and attitudes to, the Civil Service.

I am pleased to say that the results of the Customer Satisfaction Survey show a very positive trend in terms of overall customer satisfaction with services provision and outcomes provided by the Civil Service. The findings also record the highest levels of satisfaction with the Civil Service to date. In particular:

- 85% of customers surveyed were satisfied with the service received from Civil Service – that is up from 83% in 2017 and 76% in 2015;

- The same percentage (85%) were satisfied with the outcome of their most recent contact with the Civil Service – that is up from 82% in 2017 and 76% in 2015;
- Furthermore, 89% of customers indicated that service levels are mostly meeting, or exceeding, expectations – that is up from 87% in 2017 and 83% in 2015;
- 87% were satisfied with both the knowledge and helpfulness of staff; and
- The public's perceptions of civil service efficiency, trust, independence and equality have also all improved since 2017.

Such levels of satisfaction reflect the high commitment of our civil servants to the delivery of quality services for the Irish public. It will be challenging to maintain such high levels of recorded satisfaction but we will strive to do so, while also seeking to understand and address causes of dissatisfaction.

Next Phase of Renewal

We are now reflecting on what has been achieved and what we need to do as regards the future to support the development of the Civil Service and ensure that it can be effective and play its role in meeting the needs of the Government and the public.

We will develop a longer term strategic timeframe for Civil Service renewal and the process will involve consultation with staff, representative staff groups, departmental Management Boards and, of course, engagement with the Houses of the Oireachtas.

Our Public Service 2020

At this point, I would also like to briefly mention the significant reforms of the wider Public Service that have been undertaken since 2011, which continue to deliver improved services and value for money across a range of areas.

For example, I have already referred to the establishment of the Office of the Government Chief Information Officer which has been driving the implementation of the Public Service ICT Strategy in cooperation with departments and agencies across the Public Service. I will speak shortly about the procurement transformation programme of the Office of Government Procurement.

The current framework for public service reform and innovation, entitled *Our Public Service 2020* (OPS 2020), builds on earlier reforms, while expanding their scope to focus on delivering better services for our customers, as well as building innovative and responsive public sector organisations that are resilient and agile. It puts particular focus on evaluation and on the importance of building a reform evaluation culture and in developing indicators to support an outcomes focus. A Public Service Leadership Board with Secretary General and CEO level participants from across the Civil and Public Service has been established to drive the OPS2020 agenda and lead on its implementation.

Further details of the reforms being delivered under OPS 2020 are contained in the first progress report on *Our Public Service 2020*, which was published in October and is available on Gov.ie.

Public Procurement and the Role of OGP

I will turn now to public procurement, which is the second item from the letter of invitation. As the Committee will be aware, the Office of Government Procurement (OGP), a Division within my Department:

- leads the procurement reform programme across government;
- sets out the overarching public procurement policy framework;
- manages the Government's eTenders platform, a central facility for the public sector to advertise procurement opportunities and publish award notices. This also facilitates publication on the Official Journal of the European Union (OJEU), an EU requirement for above threshold tenders;
- engages with and communicates to stakeholders;
- provides support and advice to public bodies and suppliers; and
- delivers procurement solutions for public bodies, largely through central arrangements (Framework Agreements), through which public bodies can buy commonly-used goods and services, such as ICT and office equipment, utilities, fleet and plant, professional services, travel and HR services, facilities management, etc.

It is important to state that, while the OGP and its sector partners in Health, Education, Defence and Local government, put these central arrangements in place for common goods and services, the individual public bodies (contracting authorities) are responsible and accountable for the contracts awarded under these arrangements. The work of the OGP brings a strategic focus to procurement, drives value-for-money, enables compliance, supports business participation and promotes transparency. It enables Departments and Agencies to deliver vital services and infrastructure to the people of Ireland.

This year to date, the OGP has:

- established 17 Framework Agreements with an estimated value of €3.6 billion, bringing the overall number of Framework Agreements currently in place to over 130; and
- During the year, the OGP has also conducted 800 mini competitions, with an estimate value of €654 million on behalf of 222 public bodies.

OGP Policy Framework

This commitment to better public procurement is also underlined by the ongoing development and communication of the overarching policy framework, a comprehensive suite of guidance for public bodies:

- Updated information has been published covering topics such as Brexit, corporate procurement planning and the role of procurement officers;
- Updated procurement guidelines for goods and services have also been issued; and
- A commercial skills academy has been established on a pilot basis, to build capability and capacity for delivering projects, focussed initially on capital works.

eInvoicing and eTendering

A significant digital development in 2019 has been the OGP's support for the eInvoicing programme. The eInvoicing Directive has been transposed into Irish legislation and appropriate eInvoicing solutions were available for public bodies through an OGP Services Framework in time for the implementation date in April of this year:

- This has delivered a sophisticated and flexible range of solutions for a variety of finance functions across the public sector;
- The outcome of this is apparent in that 85% of central government bodies were compliant within months of the implementation date; and
- The adoption of eInvoicing in the public sector, in particular through our finance shared services, will, over time, facilitate the digital transformation of how the public service process the more than 4 million invoices that are currently processed as paper annually.

Separately, a project team has been established this year to replace and enhance the national procurement platform, eTenders.

Public expenditure framework, public expenditure reforms, and the role of DPER in relation to budgetary matters.

I would now like to turn to third and final area in the letter of invitation to this meeting – the overall public expenditure framework and public expenditure reforms, and the role of DPER in relation to budgetary matters.

DPER has responsibility for the overall public expenditure framework to support the management of expenditure at sustainable levels in a planned, rational and balanced manner, in support of Ireland's economic development and social progress. This includes developing central policies and guidelines in respect of public expenditure. The implementation of this framework, and in particular, the management of expenditure within the allocations voted by Dáil Éireann is a key responsibility of the line Departments and relevant Accounting Officers.

Sustainable Expenditure

A sustainable expenditure policy needs to meet certain key requirements including:

- Ensuring that the overall level of expenditure remains affordable over the longer term; and
- Delivering sustainable improvements in public services and infrastructure.

Consequently, this requires that expenditure growth is set at a level that is consistent with the longer-term growth potential of the economy and that there is an ongoing focus on the quality of expenditure. To ensure sustainability, these two elements of the expenditure framework are necessarily interlinked.

Focus on the quality of spend

The reforms to the expenditure framework implemented in recent years seek to embed sound expenditure management practices that maintain a focus on the totality of spend rather than the incremental amount added each year. Key elements within this suite of expenditure reform measures include Performance and Equality Budgeting, the Irish Government Economic and Evaluation Service (IGEES) and the Spending Review process. Time does not allow me to get into detail on each of these in my Opening Statement, so I will focus on the Spending Reviews.

Spending Review

The objectives of the Spending Review 2017-2019 process have been to:

- create a larger stock of relevant analysis and evaluation across all Departments and Offices;
- underpin continued prudent allocations of expenditure with a focus on efficiency and effectiveness of spending;
- identify areas of existing expenditure that require ongoing analysis where concerns are emerging;
- spotlight areas of innovation and good practice, both in programme design and delivery, that will be of wider interest and applicability; and
- provide an evidence base in relation to Departmental spending that informs the choices made in relation to budgetary allocations.

These objectives have been largely achieved. Nearly 80 individual analyses have been produced and published. Over the three years of the process, the level of engagement across line Departments / Agencies has increased. The process is specifically aligned to the estimates process with publication of papers in July allowing the findings from the reviews to feed into budgetary discussions. Significant momentum has been developed and it is intended to continue the process in 2020 and beyond.

Delivering Better Value for Money in Capital Investment

As part of the ongoing reform of Ireland's capital management systems, an updated Public Spending Code will be published shortly focusing on improved appraisal, cost estimation and management of projects.

This updated Guide will better align the realities of project delivery with decision gates at key stages in the project lifecycle to ensure full consideration of the costs, risks, and potential benefits of each investment. The Guide will be supplemented by a new governance and assurance process for major projects estimated to cost more than €100 million. This new process will involve an independent, external review of major projects at key stages in the project lifecycle. It is being developed by my Department and will come into effect in 2020.

Conclusion

In this Opening Statement, I have sought to set out details of work my Department is undertaking in respect of the three items on the agenda for today's meeting. I feel that we have made considerable progress in these areas since the Department was established in 2011. I am proud of the work of my colleagues in the Department in this regard and I would like to take this opportunity to thank them for their commitment to our collective efforts.

As I have set out, we do of course have ambitious plans for the future in respect of the items we are discussing today and also other areas. In this context, I would like to conclude by highlighting that my Department is currently preparing a new Statement of Strategy to cover the next three years. I would be happy to receive the views of the Committee in terms of priority areas to be addressed in that strategy.

I also look forward to our discussion of the three items on today's agenda.

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