



Martin Hughes

Cléireach don Choiste um Chuntais Phoiblí | Clerk to the Committee of Public Accounts
Rúnaíocht na gCoistí | Committees' Secretariat

Seirbhís Thithe an Oireachtais | Houses of the Oireachtas Service

Teach Laighean | Leinster House
Sráid Chill Dara | Kildare St
Baile Átha Cliath 2 | Dublin 2
D02 XR20

07/12/2021

Dear Martin

I refer to your correspondence of 19th October in relation to a questionnaire in relation to processes for assessing value for money and further follow up discussions with officials of the Department in this regard.

I attach a copy of the completed questionnaire. Officials of my Department would be happy to assist the Secretariat if any further queries arise.

Yours sincerely

David Moloney
Secretary General

Questions

#	Question	DPER Response
1	As set out in the <i>Value for Money Review and Focused Policy Assessment Guidelines</i> , the Government agreed to a new round of VFMRs (over 40 reviews) for the period 2015 – 2017, and that as part of the multi-annual budgetary framework, government departments would be required to carry out VFMRs on a rolling basis over a three year cycle.	
	(a) Precisely how many VFM reviews were scheduled to be undertaken in the period 2015 – 2017?	The government agreed a new program of Value for Money Reviews / Focussed Policy Assessments (VFMRs/FPAs) on the 14th of July 2015. As part of this programme, Departments committed to undertaking approximately 40 reviews. As set out on the IGEES website, 12 were completed and published. https://igees.gov.ie/publications/expenditure-review
	(b) Was a 2018 – 2020 round of VFMRs agreed? If so, how many were agreed to be undertaken and how many were completed?	A 2018 – 2020 round of VFMRs/FPAs was not agreed. However, in February 2017, Government agreed to a revised approach towards the Spending Review process. Following on from this decision the 2017-2019 spending review cycle provided the basis for a significant volume of evaluation to be undertaken, with over 80 review published. These can be accessed on the spending review website. https://www.gov.ie/en/policy-information/7dc2b1-spending-review/#spending-review-papers-2020
	(c) Has a 2021 – 2023 round of VFMRs been agreed by government? If so, how many were agreed to be undertaken?	A 2021 – 2023 round of VFMRs/FPAs has not been agreed by Government. A new round of spending reviews, covering the period 2020 – 2022, is being progressed. As part of this cycle, 25 reviews were published in 2020, with over 30 reviews due to be published as

		<p>part of Spending Review 2021. All reviews, including accessible executive summaries, are available on the spending review website. https://www.gov.ie/en/policy-information/7dc2b1-spending-review/#spending-review-papers-2020</p>
2	<p>What has driven the focus on Spending Reviews to the apparent exclusion of other ex-post evaluation methodologies?</p>	<p>The Minister for Public Expenditure and Reform outlined in his Budget day Statement to the Dáil in October 2016, his intention to undertake a review of Government day-to-day spending in order to ensure the best value for money for the taxpayer.</p> <p>As subsequently outlined, when launching the Spending Review process in February 2017, the design of the approach to the Spending Review reflected the significant change in the economic and fiscal context since the Comprehensive Review of Expenditure in 2014, and also reflected lessons set out in the paper <i>Spending Reviews in Ireland: Lessons for the future</i>, which was published by the Department of Public Expenditure and Reform in October 2016.</p> <p>It should also be notes that a key feature of the spending review process since 2017 is the flexibility it provides Departments to (i) undertake analysis of their key policy areas and (i) to employ a range of ex-post evaluation methodologies. This has led to a significant increase in the level of analysis being undertaken across Departments since 2017. The increasing prominence of IGEES has been a key driver in this regard.</p>

3	(a) Did government agree to the current approach to ex-post evaluation involving the principal focus being on spending reviews?	<p>The revised approach towards the Spending Review process was set out in a Memo for Government in February 2017. As outlined by the Minister for Public Expenditure and Reform at that time, the intention was that the 2017 spending review would examine a significant portion of the expenditure base for each Department, with the remaining current expenditure to be examined over the three-year horizon 2017-2019.</p> <p>As set out in the <i>Pre-Budget Expenditure Update 2020</i>, a change in emphasis in the Spending Review led to the production of a wider range of analytical work with over €40 billion of Exchequer expenditure being assessed across 81 Spending Review papers.</p>
	(b) If so, when?	The revised approach towards the Spending Review process was set out in a Memo for Government in February 2017.
	(c) On what basis has there been an apparent departure from the VFMR structure set out in the Public Spending Code - <i>Value for Money Review and Focused Policy Assessment guidelines</i> - which was published in January 2018?	<p>The document referred to is a guidance note prepared by IGEES following consultation with Government Departments. It was designed to assist Departments undertaking VFMRs/FPAs through guidance around how such reviews should be undertaken. It did not of itself prescribe any particular reviews that should be undertaken.</p> <p>https://assets.gov.ie/43563/3b2c5eb65c804e68b0c120f85dec4dd1.pdf</p>
4	<p>What are the current criteria for government departments and offices in terms of the selection of:</p> <p>(a) expenditure subjected to ex-post evaluation, and</p>	<p>Regarding the Spending Review process, in light of the lessons learned over the three-year period 2017-2019, informed by an independent review of the process, and as set out in the <i>Pre-Budget Expenditure Update 2020 (PBEU)</i>, a number of changes were</p>

		<p>introduced in 2020. As out in the <i>PBEU</i> in leveraging the spending review as a platform for advancing evidence-informed policy making across the Civil Service, the objectives of the 2020-2022 round are to:</p> <ul style="list-style-type: none"> • increase the use of a wide range of data sources upon which policy analysis can be conducted; • foster engagement, learning and deliberation between Departments in relation to the formulation and implementation of public policy based on policy insights; • Assess the effectiveness of public expenditure in meeting policy objectives; • Effectively feed policy insights based on data into all stages of the policy process, including at Budget time; and • Use evidence and insights to inform programmes of reform and initiate reform where appropriate. <p>The objectives of the spending review process as set out above provide a necessary degree of flexibility to Departments with regard to the evaluation of programmes / expenditure areas. This flexibility is designed to increase engagement in the spending review process and to facilitate Departments to undertake reviews that add value in the context of their work programmes and key policy priorities. This has been supported by the placement of IGEES analysts in each Department, which has resulted in the production of a significant volume of analysis since 2017. It is anticipated that between 2017 and 2022, nearly 150 papers will have been published as part of the</p>
--	--	---

		<p>spending review process across a range of key policy areas. All reviews are available on the spending review website.</p> <p>https://www.gov.ie/en/policy-information/7dc2b1-spending-review/#spending-review-papers-2020</p>
	(b) the type of ex-post evaluation?	<p>In looking at Spending Review papers, the topics selected for analysis will typically address one or more of the following areas:</p> <ul style="list-style-type: none"> • Policy rationale (problem identification); • Evaluation of options; • Cost efficiency of the policy implementation and service delivery; • Policy effectiveness (outputs and outcomes); • Wider benefits of the policy (impact); and • Sustainability of the expenditure over time. <p>As stated above, the objectives of the Spending Review process, and the range of topics that can be selected, provide scope for inclusion in the process, a wider range of analysis including VFMRs, FPAs and Social Impact Assessments.</p>
5	Is there currently any requirement that departments ensure a certain percentage of voted expenditure is covered by the VFMR initiative on a cyclical basis? If so, who is responsible for holding them accountable?	<p>As outlined above, when setting out the revised approach towards the Spending Review in 2017, this was to support the review of a significant portion of expenditure over the period 2017-2019, with expenditure of €40 billion assessed.</p> <p>The current round of the Spending Review aims to maintain the momentum that has been developed since 2017 in subjecting</p>

		<p>programmes / policy areas to critical assessment on a rolling basis. However, requirements regarding the evaluation of certain level of expenditure have not been set. Instead, flexibility has been provided to Departments to select topics that add value in the context of their Departmental work programmes and key policy priorities.</p> <p>In support of this, the Spending Review is overseen by a Steering Group of senior level officials from across the Civil Service. The group is responsible for providing high-level oversight of the process; meeting regularly throughout the spending review cycle to ensure analysis is policy relevant, impactful and supports the achievement of spending review objectives.</p>
6	<p>In accordance with the <i>Value for Money Review and Focused Policy Assessment guidelines (para 2.1.11, page 17)</i>, are all reports being laid before both Houses of the Oireachtas (ideally, along with the response of the Department/Office to the findings/recommendations)?</p>	<p>This feature of the Value for Money Review / Focussed Policy Assessment Process has not been adopted as part of the Spending Review process. Rather, the approach taken has been one of transparency with each report being published on the spending review website. In more recent years, published reports have been accompanied by a more accessible executive summary document and in 2021, each report is also accompanied by a brief slide pack outlining the key findings of each review.</p> <p>In addition to the above, the practice of publishing spending reviews in larger tranches has been amended so that each tranche is limited to no more than 6 or 7 papers at one time. This provides a better opportunity to enhance the profile of the papers and to allow each</p>

		<p>paper to feed into policy debates / discussions relevant to the topic under review.</p> <p>Finally, with regard to Oireachtas engagement, a spending review technical briefing session was hosted by the Parliamentary Budget Office in 2019 which saw a number of spending review papers presented.</p>
7	(a) What is the current approach to ensuring the systematic ex-post review of public expenditure particularly from a value for money perspective?	<p>Chapter 3 of Expenditure Report 2022 outlined the series of reforms to the budgetary framework. These reforms have given greater emphasis to:</p> <ul style="list-style-type: none"> • Demonstrating how public money is used (Performance Budgeting initiative/Spending Review); • Utilising evidence to inform policy-making (Public Spending Code/Spending Review); and • Developing the capacity of the civil service to undertake evidence informed policy work (establishment of the Irish Government Economic & Evaluation Service). <p>The Performance Budgeting initiative has an overarching approach that has sought to shift the balance of emphasis away from one focused solely on the provision of resources to one that is more concerned with how those resources are used. Together with the information that is published in the <i>Revised Estimates Volume</i>, the <i>Public Service Performance Report</i> sets out a significant volume of information linking</p>

		<p>public money with public services and the impact of those services on people's lives.</p> <p>The purpose of the Spending Review process is to support the sustainability of public expenditure, ensuring value for money across all sectors is vitally important. Spending Review 2021 has been ongoing since January and is the second in a series of rolling, selective reviews aimed at assessing the efficiency and effectiveness of Government spending. It follows on from the 2017 – 2019 spending review, and will run to 2022.</p>
	<p>(b) What is the role of the Secretary Generals/Accounting Officers in relation to such reviews?</p>	<p>As part of the IGEES governance structure as set out in the Medium Term Strategy 2020 - 2022, the DPER Secretary General chairs an IGEES Policy Oversight Group. This group consists of Secretaries General from DPER, the Department of Finance, one other Department (on a rolling basis) and a representative from the CSO.</p> <p>Specifically in relation to Spending Reviews, the role of Secretaries General / Accounting Officers in relation to the spending review process varies depending on the nature and type of review. Many of the reports that are produced will be cleared internally with Departments by the Secretary General / Accounting Officer at topic scoping stage and prior to publication.</p>

		<p>Following publication, many reviews will be presented to Management Boards across Departments, which will include Secretaries General / Accounting Officers.</p> <p>In addition, submissions will be sent to the Secretary General and Minister for PER prior to the release of spending review papers.</p>
	<p>(c) What is IGEES's role in relation to such reviews?</p>	<p>IGEES's role is to increase Departmental access to and the use of data, to build Civil Service analytical Capacity, diversifying the skill base through direct recruitment of economists and policy analysts. IGEES Staff in each Department add their skills to the varied expertise working on policy analysis and formulation (including in the context of the spending review process) as directed by Departmental business plans. IGEES supports these staff by offering training opportunities and by maintaining the network supporting and building economic evaluation capacity and consistency across the Civil Service.</p>
	<p>(d) What is DPERs role in relation to such reviews?</p>	<p>DPER plays a central role in the coordination of the spending review process but also in the production of spending review output. This is mainly progressed by the Votes and the IGEES Unit in DPER but recent years have seen an increase in the level of engagement across Divisions within the Department.</p> <p>The spending review has also seen an increase in the number of joint or collaborative papers between analysts in DPER and line Departments.</p>

		<p>DPER are also reviewing the operation of the Public Spending Code more generally, with a specific focus on provisions relating to current expenditure. Funding has been secured from the EU Commission (TSI) and the OECD has been commissioned to undertake this review. The review will examine the Code as it stands at present. It will also consider international exemplars of similar codes, or processes. On this basis the review will then develop recommendations for improvement. It is expected that this process will be concluded by end 2022.</p>
--	--	--

