

PEMPAL Budgeting Community of Practice

“Specific Programs and Approaches to Performance Assessment in Ireland - with particular reference to Public Administration and Social Policy”

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Content of Presentation

1. Background to Irish Economy
2. Drivers of Reform
3. A Department's Work
4. Some Conclusions

The
Economist

The Celtic
Tiger

*Europe's
shining light*
The Economist

1997

Part 1
Economic
Background

From
“Celtic
Tiger”
to
“Economic
Crisis”

Some Key Features

Context

- **Recall Ireland is an island trading economy**
- **40 years in EU; Currently has EU Presidency - www.eu2013.ie**
- **€134 billion, nominal GNP (2013); down 9% (real) since 2007**

Crisis

- **External: Significant impact of Global Financial Crisis**
- **Domestic: Construction ‘bubble’ burst, following overreliance**
- **Budget 2013: €55.8 bn exp; €40.5 bn rev = €15.3 bn Exchequer deficit**
- **“Bail-out”: Needed €85 bn (€45bn EU/€22.5 bn IMF and €17.5 bn from domestic funds)**

Policy weaknesses

- **Irish Government's pro-cyclical fiscal stance**
- **Regulatory policies ‘too light’**
- **Eurozone Membership: fixed exchange rate/external monetary policy**

Responsible Public

- **Pay cuts – top earners loss of 12% (bottom around 4%), 2008-2012**
- **Society has endured 5 years of austerity with extraordinary fortitude**
- **4.58 million population and 14.9% unemployment**



Budget 2013 macroeconomic/fiscal outlook

	2012	2013	2014	2015
GDP	0.9	1.5	2.5	2.9
GNP	1.4	0.9	1.7	2.1
Employment	-0.7	0.2	0.9	1.3
Unemployment	14.9	14.6	14.1	13.1
GG/balance % GDP	-8.2	-7.5	-5.1	-2.9
GG/Debt % GDP	118	121	120	117

% change unless stated

Fiscal Adjustment, ex ante, € billion

	2008-2012	2013	2014	2015	2013-2015	2008-2015
Revenue	8.6	1.5	1.1	0.7	3.3	11.9
Expenditure	15.3	1.9	2	1.3	5.2	20.5
of which Capital	4.3	0.5	0.1	0	0.6	4.9
Total	23.8	3.5	3.1	2	8.6	32.4
Per cent of GDP	15.6	2.1	1.8	1.1	5.0	20.6

Net Debt/GDP Ratio

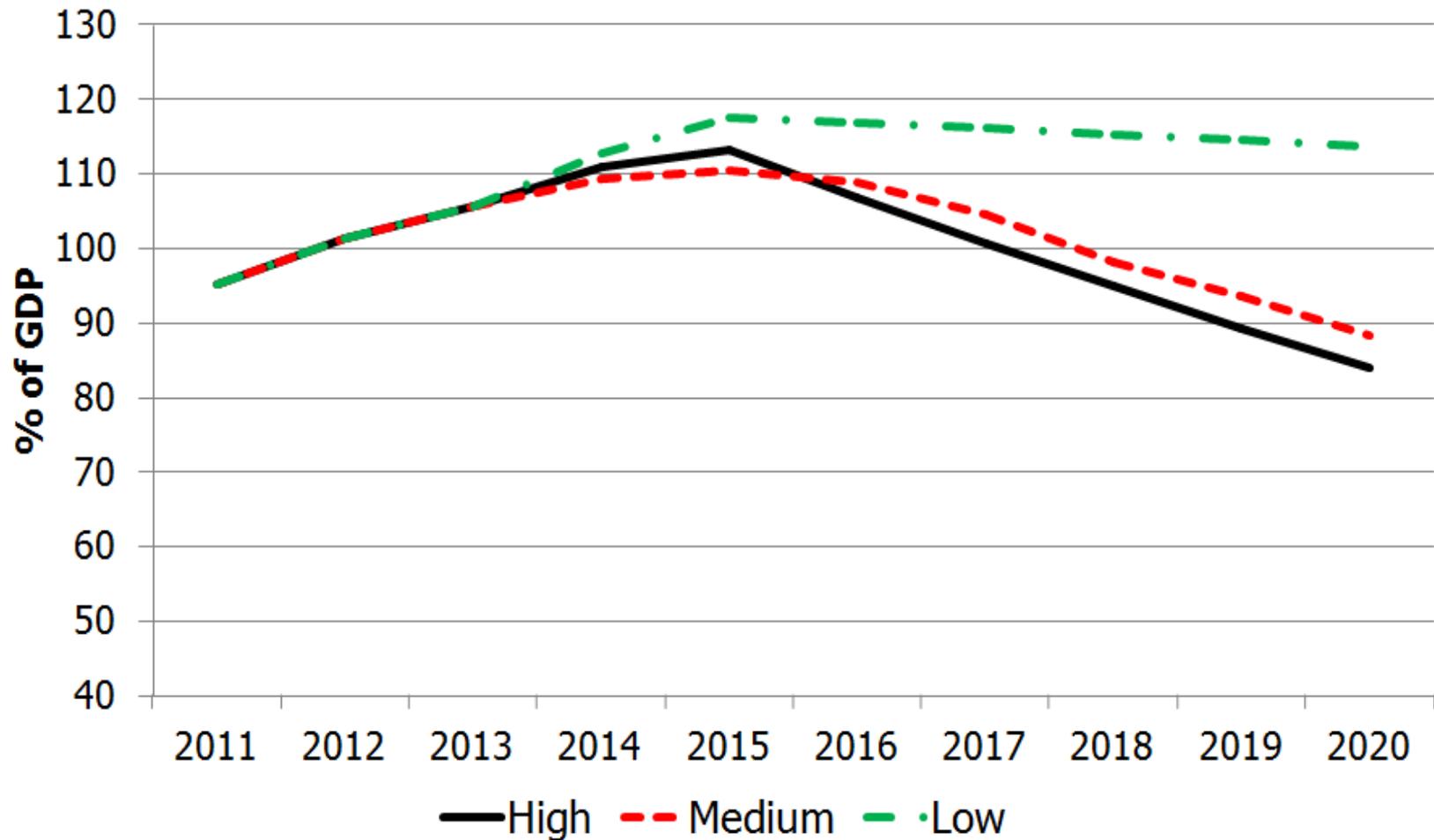


Table 3 Departmental Current Expenditure Ceilings 2013-2014

	2013	2014
	<i>€ million</i>	
Agriculture, Food & the Marine	1,057	1,029
Arts, Heritage & the Gaeltacht	222	207
Children & Youth Affairs	417	409
Communications, Energy and Natural Resources Group	332	325
Defence Group	892	890
Education & Skills Group*	8,514	8,453
Environment, Community & Local Government	467	428
Finance	442	429
Foreign Affairs & Trade	716	692
Health	13,627	13,420
Jobs, Enterprise & Innovation	355	339
Justice & Equality	2,200	2,065
Public Expenditure & Reform	837	826
Social Protection**	20,246	19,633
Taoiseach	154	142
Transport, Tourism & Sport	758	702
Contingency Expenditure	50	70
<i>Unallocated Savings (incl. Paybill measures)</i>	<i>-220</i>	<i>-830</i>
Gross Current Expenditure	51,068	49,232

* includes expenditure from the National Training Fund

** includes expenditure from the Social Insurance Fund

Part 2: Drivers of Reform

External Drivers

- The Troika (IMF, EU and ECB) – called the “Bail-out”
- EU influences ---> Fiscal Responsibility Act 2012 and new Irish Fiscal Advisory Council - see <http://www.fiscalcouncil.ie/>

New Domestic Initiatives

- Comprehensive Expenditure Report 2012-14, December 2011
- Medium Term Expenditure Framework (MTEF), November 2012
- Public Spending Code, 2012 - ‘Value for Money’ Code and ‘Focused Policy Assessments’ - see www.publicspendingcode.per.gov.ie
- Performance Budgeting + New Evaluation Team/New Network

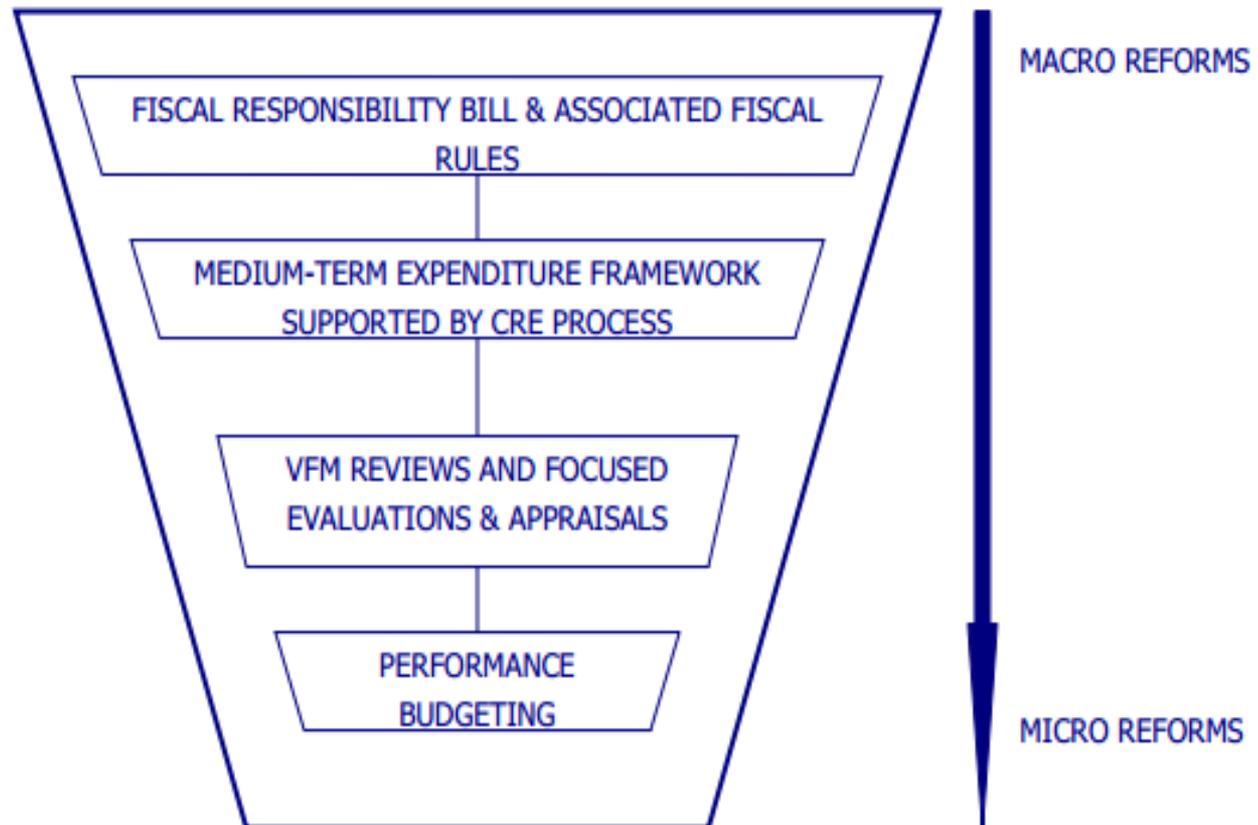
www.irelandstat.gov.ie

On-going Domestic Processes

- Audits by Comptroller & Auditor General - <http://www.audgen.gov.ie>
- Statements of Strategy (and more Parliamentary Oversight)

Comprehensive Expenditure Report 2012-14

Figure I.f Schema of Key Budgetary Reform Measures



FRA now
enacted

Value for Money Policy Reviews 2012

1. Department of Agriculture, Food and the Marine – Animal Welfare, Recording and Breeding Scheme for Suckler Herds
2. Department of Agriculture, Food and the Marine – Fisheries Decommissioning Schemes 2005-2008
3. Department of Transport, Tourism & Sport – Marine Survey Office
4. Department of Environment, Community & Local Government – Rental Accommodation Scheme
5. Department of Environment, Community & Local Government – CLAR / RAPID Leveraged Expenditure Approach
6. Department of Health – Disability Services
7. Department of Defence – Reserve Defence Force
8. Office of the Revenue Commissioners – Solicitor Enforcement Programme (*Chaired by Tom Ferris*)

VfM Review, Revenue Commissioners' Use of Solicitor Enforcement

Key Findings

- Overall conclusion - spending €4.5m annually on external solicitor firms to enforce recovery of tax debts, through the Courts, represents good value for money
- Clear validity in the aims and objectives of use of external solicitor enforcement and the contribution it makes to the achievement of key strategic goal of increasing timely compliance and reducing debt
- Effectiveness of external enforcement process in accomplishing stated aims of the process

Recommendations

- Some scope for improved administrative and process arrangements that would contribute to the overall solicitor enforcement process
- The envisaged improvements encompassed, measurement and reporting methodologies, communications between caseworkers in Revenue and the solicitor firms, recategorisation of older debt cases and identification and mainstreaming of best practice approaches
- Revenue is committed to the implementation of all of the report's recommendations having due regard to programme priorities, resource availability and the overall conclusion from the review that value for money is being achieved

Part 3: A Department's Work

Department of Children and Youth Affairs - <http://www.dcy.gov.ie>

- Comprehensive Expenditure Report 2012-14 (CER), December 2011, set Ministerial expenditure ceiling, and this formed the foundation upon which Government decided detailed 2013 expenditure allocations
- 2013 Budget and Estimates of Expenditure framed within the Medium Term Fiscal Statement 2013-2015, November 2012
- Ministers & Secretaries (Amendment) Bill 2012, if enacted, will put multiannual ceilings on a statutory footing; to be supplemented with a Government Circular setting detailed operational rules for expenditure ceilings, including the annual carry-over of current expenditure savings
- Performance budgeting: Revised Estimates Volume 2012 shows the Department's spending allocation, grouped by strategic programme and accompanied by performance information, e.g. actions taken to deliver upon specified objectives, and the measured impacts of those actions.
- Parliament: CER unfolded a new 'whole of year' budgetary process, allowing for open and constructive engagement by Parliament, with the Estimates discussions throughout the course of the year including discussions about the next year's Estimates

On-going Processes

- **Statements of Strategy** : Departments have responsibility for delivering the commitments that are in Programmes for Government. Under the Public Service Management Act 1997, each Department has to prepare and publish a Strategy Statement within six months of the appointment of a new Minister. These statements serve as frameworks for action by Departments. For **Department of Children and Youth** - see <http://www.dcy.gov.ie>
- **Comptroller & Auditor General and Committee of Public Accounts**
The core activities of the Office of the Comptroller and Auditor General are the audit of the annual financial statements of central government departments and agencies and the provision of reports to Parliament on the management of public business and resources. The accountability element — aimed at providing assurance that taxpayers' money has been properly managed and that adequate information is available to judge performance — underpins the focus, conduct and execution of the work - <http://www.audgen.gov.ie>

Dept/CYA – Strategy Statement

Strategic Objectives	Priority Activities	Outputs (PfG = Programme for Government commitment)
<p>6. Collaborate with stakeholders, including across Government, in monitoring and promoting the physical, emotional and economic well-being of children and young people and reducing inequalities.</p>	<p>6.1 Develop appropriate structures to contribute to the harmonisation and alignment of policy and service delivery to secure improved outcomes for children and young people.</p>	<p>6.1.1 Put in place mechanisms for collaboration with Departments of Health, Social Protection, Education and Skills, and Justice and Equality to prevent vulnerable children, including children with disabilities, from falling behind their peers and experiencing inequality in later life.</p> <p>6.1.2 Pursue partnership approach to promoting child health and positive health behaviours.</p> <p>6.1.3 Improved planning and delivery of children and young people’s services at local level, including social, recreational and cultural activities.</p> <p>6.1.4 Implement a structured approach to external relationship management, with review of existing engagement mechanisms to better support:</p> <ul style="list-style-type: none"> • cross-departmental cooperation on the Children and Young People’s Policy Framework; • expert advisory input to support policy formulation; • stakeholder engagement in policy and service delivery. <p>6.1.5 Roadmap in place for future direction of Children’s Services Committees.</p> <p>6.1.6 Contribute to the Government’s policy of job creation (PfG).</p> <p>6.1.7 Contribute to implementation of Government’s policy on people with disabilities.</p>

Dept CYA - Programme Example

Example of SECTORAL PROGRAMMES FOR CHILDREN AND YOUNG PEOPLE

- High Level Goal: To continue to support the provision of both universal and targeted services for the care, development and well-being of children and young people
- Financial & Human Resource Inputs – 36 people in 2011 and in 2012; and 2011 and 2012 funding of €0.3 million (current and capital), with cost break-down
- Key Outputs (2011 outputs and 2012 targets)
 1. Funding provision to enable certain categories of parents avail of subvented childcare places
 2. Provision of the free Pre-School Year
 3. Funding of both universal and targeted youth programmes and services
- Context and Impact indicators
 1. Number of childcare services providing subvented places, 2009-2011
 2. % of Pre-School Services, who deliver the programme, that are meeting the minimum qualification requirements
 3. Number of children/ young people engaged in programmes and services

III. Details of Programmes - Objectives, Outputs and Financial & Human Resources
PROGRAMME EXPENDITURE

B - SECTORAL PROGRAMMES FOR CHILDREN AND YOUNG PEOPLE

High Level Goal: To continue to support the provision of both universal and targeted services for the care, development and well-being of children and young people

Financial & Human Resource Inputs

Numbers	
2011	2012
36	36
36	36

B.1 - ADMINISTRATION - PAY	
B.2 - ADMINISTRATION - NON-PAY	
B.3 - ECCE PRE-SCHOOL YEAR PROGRAMME	
B.4 - CHILDCARE PROGRAMMES	
B.5 - YOUTH ORGANISATIONS AND SERVICES (PART FUNDED BY THE NATIONAL LOTTERY)	
B.6 - EARLY INTERVENTION PROGRAMME FOR CHILDREN (DORMANT ACCOUNTS FUNDED)	
B.7 - EARLY CHILDCARE PAYMENT	

Programme Total:-
of which pay:-

2011 Provisional Outturn			2012 Estimate		
Current	Capital	Total	Current	Capital	Total
€000	€000	€000	€000	€000	€000
2,121	-	2,121	2,230	-	2,230
128	-	128	391	-	391
163,033	-	163,033	175,800	-	175,800
76,278	9,500	85,778	74,498	6,500	80,998
60,149	792	60,941	56,806	1,500	58,306
3,000	-	3,000	1,600	-	1,600
1,000	-	1,000	602	-	602
305,709	10,292	316,001	311,927	8,000	319,927
2,121	-	2,121	2,230	-	2,230

Key Outputs

Public Service Activity:-

Funding provision to enable certain categories of parents avail of subvented childcare places

Provision of the free Pre-School Year

Funding of both universal and targeted youth programmes and services

2011 outputs	2012 output targets
25,000 childcare places funded.	25,000 childcare places funded.
Provided to 63,000 children (94% of eligible children enrolled). ECCE services included in the targets set under the DES Literacy and Numeracy Strategy.	67,000 children (95% of eligible children) enrolled in the Pre-School Year. Measures necessary to meet ECCE commitments under the Literacy and Numeracy Strategy met.
400,000 children and young people engaged in the programmes (€61m). 31 national organisations, 516 local projects and 1,560 local youth groups supported.	400,000 children and young people engaged in the programmes (€58.3m). 31 national organisations, 516 local projects and 1,560 local youth groups supported.

Context and Impact indicators

- Number of childcare services providing subvented places
- % of Pre-School Services delivering the ECCE programme meeting the minimum qualification requirement
- Number of children and young people engaged in programmes and services

2009	2010	2011
900	900	2,000
-	100%	100%
400,000	400,000	400,000

Select Sub-Committee on Children and Youth Affairs, 29 Nov. 2012

Minister Frances Fitzgerald's Opening Statement

“We have committed to restoring Ireland's economic sovereignty through ensuring a successful and sustainable exit from the troika programme. This will require eliminating our excessive annual deficit. Together with other Departments, in late 2011 my Department undertook a comprehensive review of expenditure in order to achieve public expenditure savings over the three years 2012 to 2014. The Department was required to contribute €41.384 million in savings over the three years, with €16.028 million of these savings required in 2013, representing a reduction of just under 4%”.

<http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/HE22012112900003?opendocument>

CHILDREN'S RIGHTS ALLIANCE

www.childrensrights.ie

Part 4: Some Conclusions

- Controller & Auditor General provides independent assurance that public money is properly managed and spent to good effect
- Government Departments have to have audit committees which review Departments' corporate governance regime, including internal control environment and risk management; as well as monitoring the work of the internal audit function – the following is a useful report on these matters
<http://www.ipa.ie/pdf/AuditCommitteesReport.pdf>
- Very positive that Ireland's budgetary architecture is shifting the focus of Government budgetary planning to the resources actually available, and away from the traditional 'bottom up' processes (whereby total expenditure for a year only became apparent once all of the demands had been catered for)

Much done –more to do

- The Irish Government has taken significant steps, in recent year, to introduce a suite of reforms to Ireland's national budgetary architecture
- Reform measures have been taking root in 2012 and have informed the task of preparing and settling the Estimates for future years
- However, the task of budgetary reform is not yet complete. The changes that have been introduced are transformational in nature and need to become more fully embedded into the culture and the processes of the various institutions
- Moreover, the further package of economic governance and procedural reforms that are being finalised at EU level will have implications for Ireland's future budgetary calendars