Report of the Special Group on Public Service Numbers and Expenditure Programmes

Volume II: Detailed Papers

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(Prn. A9/0988) **(€10.00)**

Contents

Introduction

This is Volume II of the Report of the *Special Group on Public Service Numbers and Expenditure Programmes*. It consists of Detailed Papers on each of the Ministerial Vote Groups along with the Houses of the Oireachtas Commission and the *National Treasury Management Agency*. Summaries of these papers are included in Chapter 3 of Volume I of the Report.

Each Detailed Paper outlines the expenditure of the Ministerial Vote Group concerned, the outcome of the Group's deliberations and the rationale, where required, behind the recommendations adopted by the Group. All the identified savings are estimates of the full year impact of the recommendations when fully implemented, unless specifically stated. All staff numbers are on a whole time equivalent basis.

For Information:

The Government announced, in its Statement on *Transforming Public Services* on 27 November 2008, that the Minister for Finance, Brian Lenihan T.D., was establishing a *Special Group on Public Service Numbers and Expenditure Programmes* to examine the current expenditure programmes in each Department and to make recommendations for reducing public service numbers so as to ensure a return to sustainable public finances.

The Minister appointed Mr Colm McCarthy, School of Economics, University College Dublin, as member and Chair of the *Special Group on Public Service Numbers and Expenditure Programmes*, along with Mr Donal McNally, Second Secretary General, Department of Finance, and:-

- Mr. Pat McLoughlin, Chief Executive of the *Irish Payment Services Organisation* and former Deputy Chief Executive of the *Health Service Executive*;
- Mr Maurice O'Connell, former Governor of the *Central Bank of Ireland* and former senior official in the Department of Finance;
- Mr William Slattery, Executive Vice-President, Head of European Offshore Domiciles, *State Street Corporation*; and
- Ms Mary Walsh, member of the *Commission on Taxation* and former Partner, *PricewaterhouseCoopers*.

The Group was supported by a Secretariat provided by the Department of Finance.

Detailed Paper No. 1 – Agriculture, Fisheries & Food

Table 1.1 Agriculture, Fisheries and Food expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€1,417m	€1,509m	6.5%	€305.1m	-20.2%
Gross Capital	€684m	€476m	-30.4%		
Gross Exchequer Total	**€2,101m**	**€1,985m**	**-5.5%**	**€305.1m**	**-15.4%**
EU Direct Expenditure	€1,459m	€1,355m	-7.1%		
Total Expenditure	**€3,560m**	**€3,340m**	**-6.2%**	**€305.1m**	**-9.1%**
Staff numbers	6,372	6,264	-1.7%	1,140	-18.2%

Introduction

The Department of Agriculture, Fisheries, & Food (D/AF&F) has a broad remit embracing policy, regulatory and developmental roles in relation to the production and processing sectors of the agriculture, food, forestry and fisheries industries. Its mission is to lead the sustainable development of a competitive, innovative, consumer focused agriculture, food and fishery and forestry sector and contribute to a vibrant rural and coastal economy and society.

The D/AF&F accounts for €3.3bn of expenditure in 2009. This total includes the funds administered by the Department in respect of the *EU Single Payment Scheme* and *Export Refund* schemes. In 2009 these will involve administering almost €1.4bn in payments. The Department's voted expenditure in 2009 will be offset by appropriations-in-aid of €385m, of which €330m are EU receipts in respect of expenditure under the *Rural Development Programme*.

The contribution of the primary agricultural sector (agriculture, fisheries and forestry) to gross valued added (GVA) at factor cost in 2007 was €4.2bn or 2.5% of GVA which includes subsidies received amounting to approximately €2bn.

The expenditure allocation is shared across a number of main Programme areas within the Department, as shown in table 1.2.

Table 1.2 Agriculture, Fisheries and Food resource allocation by Programme

	2009 Capital	*2009 Current* [a]	*of which - pay*	*Staff Numbers* [b]
A. Agriculture food and fisheries policy trade and development	€71m	€265m	€137m	2,256 [c]
B. Food, animal, plant safety and welfare and consumer protection	€10m	€308m	€115m	1,945
C. Rural economy, environment and structural change	€393m	€442m	€46m	871
D. Customer service and payment delivery	€1m	€1,793m [d]	€26m	511
E. Corporate services	€1m	€56m	€38m	681
TOTAL	**€476m**	**€2,864m**	**€362m**	**6,264**

[a] Refers to current programme expenditure
[b] Includes Departmental and Office Civil Servants and Agency Public Servants
[c] Includes civil servants and other Public Servants at the end of 2008 in the non commercial state agencies under Programme areas A and C
[d] includes EU direct funding of est. €1.35bn in 2009

In addition to 6,264 serving staff (two thirds or 4,209 in the Department and one third or 2,055 in the non-commercial agencies), the pay allocation also includes expenditure for 1,348 pensioners (mostly in *Teagasc*).

At present there are 6 non-commercial state agencies operating under the aegis of D/AF&F. The total Exchequer funding available to these bodies in 2009 is €249m, and they employ 2,055 staff. In addition to this Exchequer funding, a further €95m is available for expenditure in own-resource income. One commercial semi-State body also comes under the aegis of D/AF&F and one civil service office. The breakdown for each body is set out in the Appendix to this paper.

Outcome of the Group's deliberations

In deciding the recommendations for the Agriculture, Fisheries & Food Vote (AF&F), the Special Group has taken into consideration the detailed evaluation papers prepared by D/AF&F and by the relevant Vote Section in the Department of Finance. In addition, the Group has had regard to the cross-cutting analysis papers prepared by the Department of Finance's Central Expenditure Evaluation Unit (CEEU) – particularly those relating to Science, Technology and Innovation; and Enterprise Support; which are particularly relevant to the operations of D/AF&F.

Demand-led schemes, such as the *Farm Waste Management Scheme*, have been one of the main drivers of costs for D/AF&F in recent years. The principles for limiting/capping expenditure on grant schemes, as outlined in Chapter 2 of Volume 1, are particularly relevant to this area.

The Group considers that the main opportunities for savings should be in the operation of a lower number of schemes coupled with a rationalisation of the network of D/AF&F and *Teagasc* locations, and a rationalisation of the numbers of staff. There is scope for a structural reduction of at least 1,140 staff across the Department and its agencies.

In outline, the Group has identified proposals to save €305.1m from current expenditure as set out in table 1.3 below. In addition, it has identified a number of once off savings. Most of the measures will result in current savings that can be realised in 2010. In addition, there are a few measures that will require further analysis by the D/AF&F to ascertain the full financial benefit. The total target savings outlined below should therefore be considered as a minimum level of achievable savings.

In addition to the measures suggested, the Group is urging the D/AF&F to explore the following avenues that could provide once-off cash windfalls.

1. Sale of surplus *Teagasc* assets.

   Teagasc holds an extensive portfolio of assets throughout the country, including its property assets. The Group considers that surplus assets should be sold to realise once-off savings for the Exchequer. This is consistent with the rationalisation of *Teagasc* offices as described later at A.3 and D.2.

2. Review the operations of *Coillte*.

   Coillte owns over one million acres of land, about 7% of the land cover of Ireland. Most of this acreage is forested and it accounts for about 70% of the forested land in the State. As well as managing its forests for commercial purposes, *Coillte* operates in a range of forestry-related businesses: panel products, wood processing, farm forestry services, land development, forest nurseries and training and safety.

   The Group recommends that the operations of *Coillte* be reviewed with a view to realising the optimal return through rationalisation, asset disposal and, possibly, privatisation.

3. Explore the scope to dispose of non-essential land/property holdings owned by the State agencies.

   The Group agrees with the principle of the sale of surplus assets. The excuse that property/land prices are now too low to sell has little validity as in the foreseeable future property prices are unlikely to return to anywhere near the inflated levels of recent years.

The Group also suggests that there is scope for continued revenue generation within the sector from:

- more regular shareholder dividend payments; and
- increased cost recovery for services.

Staffing and outsourcing

The D/AF&F and its agencies combined have a staffing level in excess of 6,200. Having considered the level of staff resources allocated to each area and to the nature of work that is involved, an overall staffing reduction of 1,140 is the minimum that should be targeted. In addition to the specific programme adjustments identified below, the Group is satisfied that there is significant scope to streamline operations, for example through exploiting further efficiencies with the integration of customer databases and relevant audit and inspections, such as with *Teagasc* regarding farmers, *An Bord Bia* regarding the food industry, and the *Marine Institute* and *Sea*

Fisheries Protection Agency. Further efficiencies in the rationalisation of office accommodation should also be possible.

The bulk of D/AF&F's staff appear to be involved in the processing and administration of various schemes and the manning of regional offices. Having regard to the Group's general views on outsourcing, as outlined in Chapter 2, and given the scale and nature of D/AF&F Programmes, it is recommended that the Department should regularly test the possibility of outsourcing its operational activities and the Secretary General of D/AF&F should report in their annual output statement on this point every year until the savings are achieved. Such outsourcing would have to have regard to the imperative of maintaining effective disease control/consumer health services and the need to obtain maximum efficiency in complex processing operations.

Table 1.3 Agriculture, Fisheries and Food - Total measures by programme

	Annualised savings identified	Recommended staffing reductions
A. Agriculture food and fisheries policy trade and development	€51.3m	450
B. Food, animal, plant safety and welfare and consumer protection	€83.3m	340
C. Rural economy, environment and structural change	€87.5m	150
D. Customer service and payment delivery	€73.0m	100
E. Corporate services	€10.0m	100
Total Current Savings	**€305.1m**	**1,140**

The following sections provide a more detailed breakdown of the identified savings for each Programme area, and the implementation of each is briefly discussed.

Programme A – Agriculture food & fisheries policy trade and development

This Programme has a 2009 allocation of €336m and 2,256 staff. The majority of staff under this Programme, around two thirds, are employed by State agencies with the bulk of these in *Teagasc*.

The Programme's key objective is the development, negotiation and implementation of appropriate policy frameworks to support the development of an internationally competitive, innovative and consumer focused agriculture, fisheries and food sector. It covers a range of functions including policy development, economic analysis and evaluation, national and EU negotiations, interaction with interest groups, research and development, trade measures, industry regulation, negotiations on food aid policy and the marketing and processing of grants.

The Programme is delivered by the Department through its main commodity and policy sections and through funding *Teagasc*, *An Bord Bia*, *Bord Iascaigh Mhara* (BIM), the *Marine Institute* and the *Sea Fisheries Protection Authority*. Expenditure on this Programme is largely spent through these agencies.

Savings totalling at least €51.3m have been identified by the Special Group. The largest element of the ongoing savings from this Programme, amounting to €30m, arises from a rationalisation of *Teagasc.*

Table 1.4 AF&F - Measures identified for Programme A

	Annual savings
A.1 Transfer export promotion function for indigenous industry to *Enterprise Ireland*, including those of *An Bord Bia* and BIM. Transfer BIM's functions and consider transferring *An Bord Bia's* functions to D/AF&F and close BIM ice plants	€7.3m [a]
A.2 Reduce *Teagasc* staff numbers and rationalise offices	€30.0m
A.3 Transfer agriculture research funding to new single funding stream for all research	€14.0m
Total Current Savings	**€51.3m**
Associated staffing reductions	450

[a] Figure of €6.8m is based on a 20% saving on the €34m financial support to the fishing industry in 2007 under the remit of BIM, €0.5m from closure of BIM ice plants.

A.1 Transfer export promotion function for indigenous industry to *Enterprise Ireland* including those of *An Bord Bia* and BIM. Transfer BIM's remaining functions and consider transferring *An Bord Bia's* remaining functions to D/AF&F and close BIM ice plants

BIM currently operates a small number of ice plants. This network should now be closed in favour of a more market based approach. The timeframe of 2010 is suggested to enable an orderly withdrawal by BIM from ice manufacture, to minimise disruption and allow the seafood industry to gear up.

The Group recommends, in Detailed Paper No. 7, that enterprise support and export promotion for indigenous industry should be transferred into *Enterprise Ireland*. BIM's remaining functions should be carried out in D/AF&F in a dedicated section rather than maintaining a separate organisation with accompanying overheads and BIM should be formally abolished.

Consideration should be given to whether the remaining functions of *An Bord Bia*, following the transfer of its enterprise and marketing support functions to *Enterprise Ireland*, warrant the maintenance of a separate organisation. If not, the functions should be carried out by a dedicated section in D/AF&F. The existing levies which are used as a funding source for *An Bord Bia* should be continued in the event of a transfer of functions to *Enterprise Ireland* or D/AF&F.

A.2 Reduce *Teagasc* staff numbers and rationalise offices

There is scope for reducing *Teagasc* staff numbers of at minimum 250 in the short-term by: rationalising agricultural colleges and locations; reducing lower priority advisory and research activities; reducing administration in advisory services and elsewhere; reducing advisory services by 50%; reducing the education and training function by 30% and by 20% respectively by 2011; and reviewing the network of offices to facilitate the sharing of offices and services between D/AF&F and *Teagasc*. This should lead to administrative savings of at least €11m.

Given the economic circumstances facing the Exchequer the Group questions the ongoing rationale for some of the activities being undertaken by *Teagasc* such as the preparation and production of REPS plans for its clients with a range of contract staff. Similar types of planning services are provided by a wide range of private sector businesses and accordingly this activity should be left to the private sector realising further contract staff savings of 135.

Teagasc and D/AF&F have over 150 locations, many which are in easy commuting distance of each other, servicing a client base of 128,100 family farms of which approx 66,600 are full time farms. The services and functions provided at these locations should be supplied at no more than 35 locations, which should be focused on delivering customer services, and co-located with other local agency centres as appropriate. This smaller number of locations is reasonable given the advances in IT that should facilitate better communications with D/AF&F and more efficient processing of payments. The improved transport network and the scope for sharing of premises between the Department, *Teagasc*, and other bodies will underpin the rationalisation process.

In Detailed Paper No. 7 on the Department of Enterprise, Trade and Employment, the Group makes a number of structural recommendations that directly affect *Teagasc*. The first recommendation is that all funding for science, technology and innovation (STI) is consolidated into a single stream of funding. This would mean that *Teagasc* would have to compete with all other research sectors for funding for its STI activities. The second recommendation is that enterprise support and export promotion for indigenous industry should be the sole responsibility of *Enterprise Ireland*. This recommendation encompasses *Teagasc*.

A.3 Transfer agriculture research funding to new single funding stream for all research

In recommendation A.1 of Detailed Paper No. 7 on the Department of Enterprise, Trade & Employment, the Group recommends that all research should be funded through a single funding stream. Agricultural research would then have to compete with other areas of research on the basis of economic return over a fixed period of 3 to 5 years. The general recommendation also proposed total savings of €100m from total research. This translates on a pro-rata basis to a cut of €14m in agricultural research as included in table 1.4.

Programme A - Associated Staffing Reductions

The proposals set out above should lead to a reduction in staff numbers of 450 under this Programme. Some 385 of this proposed reduction in staff relates to the major rationalisation of *Teagasc*.

Programme B – Food, animal, plant safety and welfare and consumer protection

This Programme has a 2009 allocation of €318m and employs 1,945 staff.

This Programme is concerned with the standards of food safety, consumer protection, animal health and welfare, fish and plant health. It ensures that commercial food businesses fulfil their legislative responsibility at a minimum on food/feed safety. Several of these functions are based on EU statutory requirements and are covered by D/AF&F service contracts with the *Food Safety Authority of Ireland* (FSAI). These functions are carried out either by a permanent presence at commercial plants, frequent inspections and/or risk-based controls and auditing. D/AF&F also operates a system of animal traceability. These functions are serviced by a D/AF&F run laboratory service which also operates as the *National Reference Laboratory* for a range of tests.

The Group has identified a number of savings options for this Programme, as set out in table 1.5.

Table 1.5 AF&F - Measures identified for Programme B

	Annual savings
B.1 Terminate the *Suckler Cow Scheme*	€44.0m
B.2 Increase disease levies	€5.0m
B.3 Review the operation of the TB and Brucellosis eradication schemes	€9.0m [a]
B.4 Efficiencies/reform in Inspection procedures	€2.0m
B.5 D/AF&F should conduct a full review with the aim of reducing administrative costs by a minimum of 10%.	€15.0m
B.6 Associated staffing reductions	€8.3m
Total Current Savings	**€83.3m**
Associated staffing reductions	340

[a] saving based on revising compensation level to 75% compensation market value – compensation level of €27m in 2008

B.1 Terminate the *Suckler Cow Scheme*

This is an animal welfare recording and breeding scheme which is 100% nationally funded and demand driven. It was introduced in 2008 when resources available were higher than at present. The aim of the scheme is to improve the quality of animals from the suckler herd and thus improve the quality of Irish beef. The Group considers that there is no good case for maintaining this scheme at a time of scarce resources and that it should now be discontinued. Curtailment would also reduce CO_2e emissions for the non-trading sector thus reducing likely expenditure for the Exchequer on the purchase of carbon credits. Savings resulting from the termination of the Scheme would materialise from 2011 onwards, as payments in 2010 are in respect of 2009 applications the conditions for which are already being met by applicants.

B.2 Increase disease levies

Disease levies contribute towards the cost to the Exchequer of compensation paid to farmers who have TB and Brucellosis reactors. The Group considers that disease levies per gallon of milk processed and per animal slaughtered or exported live could be increased. The Group considers this type of expenditure should be self-funding, and accordingly the levies should be increased to yield revenues of €5m.

B.3 Review the operation of the TB and Brucellosis eradication schemes

The practice whereby full market value is used for compensation purposes under the TB and Brucellosis eradication schemes should be reviewed. At present, the compensation level is based on the equivalent the animal might have raised from a purchaser on the open market for a healthy animal.

The Group supports the view that the full market value should not apply to these schemes any longer as compensation at this level is the wrong incentive for the farmer to maintain a disease-free herd. Instead, the farmer should normally be expected to bear a portion of the risk involved. Accordingly, the Group proposes that the compensation level should be restricted to 75% of the market value in the first instance.

Under this approach, it would be open to farmers to procure private insurance against the element of risk that would be borne by them and the D/AF&F should consider the public policy arguments for making such insurance mandatory.

B.4 Efficiencies/reform in inspection procedures

The Group welcomes the D/AF&F's suggestions for reform of the Inspection procedures, including changing animal identification and traceability procedures when contracts are reviewed in 2010, the transfer of certain inspection functions from veterinary to technical staff, increasing the meat inspection levy, and a rationalisation of the District Veterinary Office structure. This should be done in conjunction with the proposed general rationalisation of the D/AF&F and *Teagasc* network of offices with sharing of premises as appropriate.

B.5 D/AF&F should conduct a full review with the aim of reducing administrative costs by a minimum of 10%

Administrative costs comprise almost half of the overall programme costs of Programme B. The D/AF&F should conduct a review to seek efficiencies and more effective working practices. The Group concludes that it would be possible, taking account of the range of measures set out above and the scope for outsourcing of services, to reduce the number of staff associated with the Programme by a minimum 10% or 200, while delivering an effective service.

B.6 Programme B - Associated Staffing Reductions

The Group considers that there is scope for a staffing reduction of 340 in the delivery of this Programme. 200 of this reduction is accounted for by B.5 and the other 140 will accrue from recommendations B.1 to B.4. It is estimated that this staffing reduction from B.1 to B.4 will save €8.3m a year.

Programme C – Rural Economy, Environment and Structural Change

This Programme has a 2009 allocation of €835m and some 871 staff are involved in its implementation.

The Rural Economy, Environment, and Structural Change Programme promotes the economic, social, environmental sustainability and appropriate structural change in the agriculture, fisheries, bio-energy and food production sectors. It delivers schemes and services designed to support the rural economy and improve environmental sustainability through the EU co-funded Rural Development Programme, and a number of nationally funded schemes. It also assists in the sustainable development of the fisheries sector by implementing the fishery harbour infrastructural programme and the fisheries environmental priorities.

Table 1.6 AF&F - Measures identified for Programme C

	Annual savings
C.1 Close REPS 4 and no rollover of participants from REPS 2 & 3 into REPS 4	€80.0m
C.2 Associated Departmental staffing reductions	€7.5m
Total Current Savings	**€87.5m**
Associated staffing reductions	150

C.1 Close REPS 4 and no rollover of participants from REPS 2 & 3 into REPS 4

The *Rural Environment Protection Scheme* (REPS) is designed to reward farmers for carrying out their farming activities - practices and production methods - in an environmentally-friendly manner and to bring about environmental improvement on existing farms. Under the scheme farmers are required to carry out their farming activities for a five-year period in accordance with an agri-environmental plan, which is specific to their own farm, prepared in accordance with the Scheme document and agri-environmental specification.

REPS involves multi-annual commitments entered into on a contractual basis. While it may be difficult to terminate payments in respect of existing REPS contracts there is scope to (i) suspend all entrants to REPS 4 and (ii) have no rollover to REPS 4 from REPS 2 and 3 schemes. After participating in REPS over a number of years, a farmer would be expected to have developed the skills to farm in an environmentally friendly manner. As a general principle, each farmer should be entitled to avail of the REPS schemes once rather than multiple times. This would yield annual savings of €80m.

It would be timely to conduct another in-depth value-for-money review of the scheme for the effectiveness of REPS in protecting water courses, supporting the rural environment, highlighting impacts on biodiversity particularly in sensitive regions, as well as the impact on the economy in rural areas. The outcome of the review should inform decisions on the future scope and shape of the REPS Scheme in Ireland.

C.2 Associated Departmental staffing reductions

There should be some savings from reduced levels of support staff in relation to the administration of the scheme in the order of 150 to be realised over a number of years. It is estimated that this staffing reduction will save €7.5m a year.

Programme D – Customer Service and Payment Delivery

The payment delivery and customer service area has a 2009 allocation of €1,794m and involves some 511 staff.

The Programme is substantially directed at operating schemes which result in direct payments to farmers or market supports to traders. Also included in this Programme are costs associated with environmental cross-compliance inspections which are linked to the level of direct payments received. Expenditure under this Programme also encompasses non-voted moneys as there are schemes which the Department administers on behalf of the EU. Some relevant co-funded schemes are included as they share the staff resources.

Table 1.7 AF&F - Measures identified for Programme D

	Annual savings
D.1 Reduce the annual expenditure on the Disadvantaged Area Compensatory allowance scheme by 30%	€66.0m
D.2 Rationalise the Departmental local office network	€7.0m
Total Current Savings	**€73.0m**
Associated staffing reductions	100

D.1 Reduce expenditure on the *Disadvantaged Areas Compensation Allowance Scheme*

The *Disadvantaged Areas Compensation Allowance Scheme* (DACAS) scheme is 50% co-funded by the EU and forms part of Ireland's Rural Development Programme. It is in existence since 2001 and replaced the former headage scheme.

With 72% of the country classified as disadvantaged and over 100,000 farmers in receipt of payments from the scheme, the cost is high, and despite some limited cross compliance requirements the scheme is essentially a pure transfer to farmers. In this period of tight resources expenditure under the disadvantaged area compensation scheme could be reduced by 30% as farmers' incomes are now supported by the *Single Farm Payment Scheme* and payments under the *Rural Development Programme*.

D.2 Rationalise the Departmental local office network

D/AF&F has its HQ in Dublin and a further four main Departmental offices. In addition it has a network of 44 local offices, 6 fisheries harbour centres, laboratories in Backweston and four other locations. When the network of *Teagasc* offices is taken into account there are more than 150 offices throughout the country. The number of local offices for D/AF&F and *Teagasc* should be significantly rationalised.

While the Group acknowledges that travel and subsistence expenditure is a cross cutting issue for Departments and Agencies and the official rates have been recently lowered at a central level, thus generating savings in the D/AF&F vote, the Group considers that adopting more efficient working practices while rationalising the local office network could equally generate travel and subsistence savings while providing effective service. Annual savings of €7m, taking the staffing reductions noted below into account, should be realised from this recommendation.

Programme D – Associated Staffing Reductions

The Special Group estimates that overall staff numbers associated with this Programme could be reduced by 100, having regard to the rationalisation of the local office network.

Programme E – Corporate Services

The 2009 allocation for this Programme is €57m and involves 681 staff. The Programme encompasses all the corporate support services that assist other Department staff in achieving their objectives. Services involved include HR, ICT, finance, accounts, audit, legal, library, press/information, training, management services, accommodation, health and safety and procurement.

Table 1.8 AF&F - Measures identified for Programme E

	Annual savings
E.1 Reduce staff numbers and implement administrative efficiency savings	€10.0m
Total Current Savings	**€10.0m**
Associated staffing reductions	100

E.1 Reduce staff numbers

The Special Group considers that it would be possible to reduce staff numbers in the Corporate Services function by 100 and implement administrative efficiencies. It estimates that this could save €10m.

Appendix to Detailed Paper No. 1

At present there are 6 non-commercial State agencies operating under the aegis of D/AF&F and these are listed below in table below:-

Table 1: Non-commercial State agencies

	Capital	Current	of which – pay	Staff nos.
1. Teagasc				
Gross Expenditure	€22.5m	€179m	€134m (incl. €37m pensions)	1,574
of which: Exchequer	-	€131.9m	€89.3m (incl. 28 for pensions)	
2. Bord Bia [a]				
Gross Expenditure	-	€44.0m	€10.1m	105
of which: Exchequer	-	€34.5m	€10.1m	
3. BIM [a]				
Gross Expenditure	€23.6m	€19.8m	€6.8m	128
of which: Exchequer	€23.6m	€17.2m	€6.8m	
4. Marine Institute				
Gross Expenditure	€15.5m	€26.2m	€8.6m	144
of which: Exchequer	€11.7m	€17.7m	€8.6m	
5. Sea Fisheries Protection Agency				
Gross Expenditure	€1.7m	€11.4m	€8.3m	99
of which: Exchequer	€1.7m	€10.3m	€8.3m	
6. National Milk Agency (2008 Accounts**)**				
Gross Expenditure	-	€0.7m	€0.4m	5
of which: Exchequer				

[a] Budget 2009, on 14 October 2008, announced the transfer of the marketing/promotion functions of BIM to Bord Bia.

While all of the agencies listed in table 1 are funded by the Exchequer, it should be noted that most of them also have some other sources of income which are generally referred to as own resources. In some cases, this can represent a significant percentage of their revenue. Information on the level of own resources is available for some agencies in the *2009 Revised Estimates Volume* and from their annual accounts for previous years.

Table 2: Commercial State agencies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – pay*	*Staff nos.*
1. Coillte				
Gross Expenditure	€62.6m	€210m	€60m	1,250 [a]
of which: Exchequer	-	-	-	

[a] 2008 figure

Detailed Paper No. 2 – Arts, Sport & Tourism

Table 2.1 Arts, Sports & Tourism expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€433.6m	€404.9m	-7%	€85.5m	-21.1%
Gross Capital	€274.5m	€135.5m	-51%	€19.3m	-14.2%
Gross Total	**€708.1m**	**€540.4m**	**-24%**	**€104.8m**	**-19.4%**
Staff numbers	1,433	1,433	0%	170	-11.9%

Introduction

The Department of Arts, Sports & Tourism (D/AS&T) is primarily a policy driven department with responsibility for the arts, sports and tourism sectors. It supports the continued development of the tourism sector as well as overseeing sports capital investment and formulating sports policy. The Department is also tasked with enabling the national cultural institutions to preserve, protect and present Ireland's heritage and cultural assets.

The Vote Group, including the *National Gallery*, accounts for €540m of gross expenditure in 2009, distributed across six programmes. Current expenditure amounts to €405m (75% of total) and capital expenditure consists of €136m (25% of total). The table below shows the allocations by Programme and sets out pay costs as well as providing details of staffing levels.

Table 2.2 Arts, Sports & Tourism resource allocation by Programme

	2009 Capital [a]	*2009 Current* [a]	*of which - pay*	*Staff Numbers* [b]
A. Tourism	€8.0m	€145.3m	€42.3m	483
B. Sport	€71.9m	€55.4m	€2.1m	131[d]
C. Horse and greyhound industry	€10.4m	€57.7m	-	2[e]
D. Arts and culture	€42.6m	€124.5m	€25.2m	686
E. National Gallery	€2.0m	€9.2m	€5.9m	131
F. D/AS&T administration [c]	€0.6m	€12.8m	€10.2m	-
Total	**€135.5m**	**€404.9m**	**€85.7m**	**1,433**

[a] Revised Estimates Volume 2009
[b] Includes Departmental and Office Civil Servants and Agency Public Servants – end Dec08
[c] D/AS&T administration staff allocated to other Programmes
[d] Includes 25 staff of the National Coaching and Training Centre whose status is awaiting clarification
[e] The staff of *Horse Racing Ireland* and *Bord na gCon*, the organisations primarily delivering this programme, are not included because they are not civil or public servants.

Outcome of the Group's deliberations

In outline, the Group has identified proposals to save €104.8m in 2010, yielding an annual saving of €85.5m (21.1%) of total current expenditure in the Arts, Sports & Tourism Vote Group (AS&T). In addition, the Group has identified scope for a structural reduction of at least 170 staff across the Department and its agencies.

Given the extensive savings that are possible, the Group considers that the rationale for a separate Department to administer programmes, which mainly involve allocations to national bodies and institutions, is significantly diminished. Consideration should be given to the discontinuation of D/AS&T as a Department in its own right. Most of the work of the Department could feasibly be transferred to other Departments without disruption. The Sports Programme could transfer to the Department of Education & Science, the tourism activities to the Department of Enterprise, Trade & Employment and responsibility for the arts could be relocated to the Department of the Taoiseach. The savings from this proposal have not been quantified in this paper; savings would arise in corporate services and administrative non pay expenditure.

Table 2.3 Arts, Sports & Tourism - Total measures by programme

	Annualised savings identified	**Recommended staffing reductions**
A. Tourism	€27.0m	60
B. Sport	€19.7m €2.0m (capital)	20
C. Horse and greyhound industry	€16.4m	-
D. Arts and culture	€21.0m €17.3m (capital)	85
E. National Gallery	€0.3m	5
F. D/AS&T administration	€1.1m	-
Total Current Savings	**€85.5m**	
Total Capital Savings	**€19.3m**	
Total Identified Savings	**€104.8m**	**170**

Programme A – Tourism

This programme has a 2009 allocation of €153m and 483 staff. The Programme's objective is to support the growth of a competitive and sustainable tourism industry, enhancing its contribution to national economic and social goals. The Programme funds *Fáilte Ireland*, *Tourism Ireland* and the *Tourism Marketing Fund*. *Fáilte Ireland* develops tourism products/services, provides supports to tourism enterprises, operates a network of regional tourist information offices and administers part of the *Tourism Marketing Fund*. *Tourism Ireland* is a cross border body which promotes Ireland abroad and also administers the greater part of the *Tourism Marketing Fund*.

Overall, the Group is recommending total savings of €27 m per annum for this Programme as set out in table 2.4.

Table 2.4 AS&T - Measures identified for Programme A

	Annual savings
A.1 Reduction in allocation to *Fáilte Ireland*	€15.0m
A.2 Reduction in allocation to *Tourism Marketing Fund*	€12.0m
Total Current Savings	**€27.0m**
Associated staff reductions	60

A.1 Reduction in allocation to *Fáilte Ireland*

Funding for *Fáilte Ireland* is the largest line item in D/AS&T's budget. The Group considers that a substantial reduction in the budget for *Fáilte Ireland* is required, despite the current economic global downturn and the likely decline in visitor numbers. This decline will result largely from a number of factors unrelated to marketing and promotion activities e.g. unfavourable exchange rates, price competitiveness factors. The Group proposes savings of €15.0m a year for *Fáilte Ireland.* There should be a refocusing of expenditure on marketing activities to ensure effective outcomes. Given that staff numbers at *Fáilte Ireland* have risen by 74% over the period 2004 to 2007 (mainly due to the fact that five regional tourism authorities were subsumed into *Fáilte Ireland*), the proposed reduction should incorporate staff reductions of approximately 60 and significant improvements in administrative efficiency. The Group also considers that modern IT solutions to enable the replacement of some third tier Tourist Information Offices would generate cost savings.

A.2 Reduction in allocation to *Tourism Marketing Fund*

A reduction in the allocation to the *Tourism Marketing Fund* is also warranted for the reasons cited above. A reduction of €12m is proposed. It should also be possible in the current climate to achieve higher output for marketing resources through more competitive prices including advertising. As noted above this fund is partially administered by *Tourism Ireland*, a cross border body, and the implications of this proposal will need to be discussed with the Northern Ireland Department of Enterprise Trade and Investment through the North South Ministerial Council.

Tourism Ireland

The Group considers that there should be savings in the allocation to *Tourism Ireland*. This issue is being considered in any event under the efficiency savings proposal put forward by the Minister for Finance and the Minister for Finance and Personnel and should be discussed at North South Ministerial Council level given that *Tourism Ireland* is a cross border body. Accordingly, the Group makes no estimate of savings under this heading.

Programme A – Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 60 public servants.

Programme B – Sport

The Sports Programme has a 2009 allocation of €127m and 131 staff. This includes 56 civil servants employed in the Department, 37 public servants and 38 others working in or for the *Irish*

Sports Council. The Programme's objective is to increase participation and interest in sport, to improve standards of performance and to develop sports facilities at national, regional and local level. The Programme provides funding for the *Irish Sports Council* which allocates grants across the following activities:

- national governing bodies;
- anti doping measures; and
- elite sportsmen/women programmes.

Overall, the Group is recommending savings totalling €21.7m each year for this Programme in light of other more urgent public expenditure priorities.

Table 2.5 AS&T - Measures identified for Programme B

	Annual savings
B.1 Reduction in grant to *Sports Council*	€17.7m
B.2 Discontinue *Sports Campus Ireland*	€1.0m €2.0m (capital)
B.3 Reductions in staffing across sports programme	€1.0m
Total Current Savings	**€19.7m**
Total Capital Savings	**€2.0m**
Total Identified Savings	**€21.7m**
Associated staff reductions	20

B.1 Reduction in grant to *Sports Council*

The Group proposes to reduce the allocation of funding to the *Irish Sports Council.* The *Irish Sports Council* must achieve efficiencies by prioritising programmes. The Council could also achieve savings by reducing the scale of funding allocations to the national sporting governing bodies. At present, the Council provides funding to approximately 60 such bodies. The Group considers that there is a need to prioritise among these organisations. On this basis, it proposes savings of €17.7m in the 2009 allocation of €52m.

B.2 Discontinue *Sports Campus Ireland*

Current and capital funding allocations for *Sports Campus Ireland* are no longer warranted given the current pause on capital developments at the *Campus.* However, a subsidy of around €1m will be needed by the *National Aquatic Centre* in 2009 and into 2010.

Programme B – Associated Staffing reductions

Overall staff numbers associated with this Programme could be reduced by an estimated 15% or approximately 20 positions.

Programme C – Horse and greyhound industry

This Programme has a 2009 allocation of €68.1m. The Programme employs only 1.5 public servants. This low figure is explained by the fact that the staff of *Horse Racing Ireland* and *Bord na gCon*, the organisations responsible for developing and promoting Ireland as a centre for horse breeding/racing and greyhound racing, are not civil or public servants. The horse and greyhound Fund is distributed between the two agencies involved, with 80% allocated to *Horse Racing Ireland* and 20% allocated to *Bord na gCon*.

Overall, the Group is recommending total savings of €16.4m each year for this Programme.

Table 2.6 AS&T - Measures identified for Programme C

	Annual savings
C.1 Reduction in *Horse and Greyhound Fund*	€16.4m
Total Current Savings	**€16.4m**

<u>C.1 Reduction in *Horse and Greyhound Fund*</u>

The *Horse and Greyhound Fund* supports racecourses throughout Ireland by funding prize money for individual races. The level of prize funds distributed annually in the U.K. is approximately 2.7 times that paid out in Ireland whereas the attendances at races are over 4 times those in Ireland, suggesting that Irish prize funds are relatively high given the size of the race-going public. The Group proposes to reduce the *Horse and Greyhound Fund* by €16.4m to €51.7m, which is still a large Exchequer contribution to this sector, exceeding the revenue from *Betting Duty*, for example.

Programme D – Arts and culture

This Programme has a 2009 allocation of €167.1m and 686 staff. The Programme's objective is to support the social and economic role of the arts, culture and film sectors in Ireland. The Programme funds:

- the national cultural institutions (galleries and museums);
- the *Arts Council*, various cultural projects and *Culture Ireland;* and
- the *Irish Film Board.*

Overall, the Group is recommending total savings of €37m on this Programme each year, as set out in table 2.7.

Table 2.7 AS&T - Measures identified for Programme D

	Annual savings
D.1 Reduction of allocation for *Arts Council*	€6.1m
D.2 Discontinuation of allocation for *Cultural Projects*	€5.3m
D.3 Discontinuation of allocation for *Culture Ireland*	€4.6m
D.4 Transfer of the *Irish Film Board's* functions to *Enterprise Ireland* and discontinuation of the investment fund [a]	€3.0m €17.3m(capital)
D.5 Staff savings through outsourcing across cultural institutions	€2.0m
Total Current Savings	**€21.0m**
Total Capital Savings	**€17.3m**
Total Identified Savings	**€38.3m**
Associated staff reductions	85

[a] Additional expenditure in the form of tax breaks (section 491 of the *Taxes Consolidation Act 1997* tax incentive) on this scheme is approximately €30m each year.

The Group considers that substantial reductions in expenditure on arts and culture are warranted given the large increases in recent years. Prioritisation is required in line with the much reduced resources now available.

D.1 Reduction of allocation for *Arts Council*

The Group proposes that the allocation for the *Arts Council* be reduced by €6.1m. Given the size of the country, it is not financially feasible to provide for a full range of arts activities in every local area. There should also be a reduction in staff as a consequence of the reduced allocation.

D.2 Discontinuation of allocation for Cultural Projects

The Group proposes to abolish the Programme expenditure for cultural projects yielding a saving of €5.3m. These projects are not affordable given current budgetary constraints.

D.3 Discontinuation of allocation for *Culture Ireland*

The Group proposes to abolish the allocation to *Culture Ireland* generating a saving of €4.6m. This Programme includes the allocation of grants for overseas activity to Irish artists or arts organisations as well as the funding and facilitation of Irish participation at strategic international arts events. Funding for these Programmes cannot be sustained given other public expenditure priorities.

D.4 Transfer of the *Irish Film Board's* functions to *Enterprise Ireland* and discontinuation of the investment fund

The Group considers that continued funding of the *Irish Film Board* is not affordable at this time in the context of other more pressing spending priorities. Given the scale of tax expenditure (€418m since 1993 and €33m in 2008) via the tax incentive scheme for this sector, and given the level of international competition in this market space, there is no objective economic case for subventing the Irish Film Industry. The Group considers that film development is similar to enterprise development activities in other sectors (e.g. manufacturing, services, tourism etc). It concludes that the enterprise promotion and development activities of the *Irish Film Board* should be transferred to the new enterprise agency (see Detailed Paper No. 5) which incorporates a restructured *Enterprise*

Ireland and the enterprise development functions of a range of other existing agencies. The Group also recommends discontinuation of the dedicated investment fund. Overall, these proposals should lead to a staff reduction of about 17 positions.

D.5 Staff savings through outsourcing across cultural institutions

There are 400 staff employed across the various cultural institutions. Many of the roles do not require specialised qualifications or training e.g. attendants, porters, cleaners, security staff etc. There is scope to outsource some of these posts yielding significant pay savings and offering the opportunity to facilitate new work practices. Overall the Group targets savings of payroll costs in this area or approximately €2.0m and an associated estimated staff reduction of 50.

Programme D – Associated Staffing reductions

The Group estimates that implementation of the recommendations made for this Programme could reduce overall staff numbers associated with it by 85, consisting of 75 public servants and 10 civil servants.

Introduce entrance fees at cultural institutions

The Special Group considers that there is scope to raise revenue by charging entrance fees at the various national cultural institutions and the *National Gallery*. Even entry fees set at low levels would generate useful revenue[1]. The Group notes that such fees are common in continental Europe. The Group recommends that the cultural institutions should decide the appropriate level of fees required, the opening hours and the extent of concessions to be granted for free entry. Such concessions might include free entry on particular days of the week

Programme E – National Gallery

This Programme has a 2009 allocation of €11.2m and 131 staff. The objective for this Programme is to display, conserve, manage, interpret and develop the National Collection. Most of the expenditure for this programme is allocated towards the administration of the *National Gallery*.

Table 2.8 AS&T - Measures identified for Programme E

	Annual savings
E.1 Administrative efficiencies	€0.3m
Total Current Savings	**€0.3m**
Associated staff reductions	5

E.1 Administrative Efficiencies

There is scope to increase administrative efficiency at the *National Gallery*. Further, the Group is of the view that there is scope to reduce staffing numbers (5 civil servants) in line with the likely reductions in the level of conservations and acquisitions activity as well as the streamlining of support functions.

[1] It is estimated that setting a €3 minimum entry fee could potentially generate approximately €3m in annual revenue for the *National Gallery* alone.

Programme F – Administration

The current administrative budget for D/AS&T has a 2009 allocation of €13.4m and 131 staff.

Table 2.9 AS&T - Measures identified for Programme F

	Annual savings
F.1 Administrative efficiencies	€1.1m
Total Current Savings	**€1.1m**

F.1 Administrative efficiencies

The Special Group recommends that there should be a further reduction of 10% in administration expenditure. This should save €1.1m a year.

Appendix to Detailed Paper No. 2

Table 1 Resource allocation for non-commercial State agencies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff Nos.*
1. Fáilte Ireland				
Gross Expenditure	€10.3m	€104.1m	€32.8m	363
of which: Exchequer	€8.0m	€92.9m		
2. Tourism Ireland*				
Gross Expenditure	-	€72.4m	€13.6m	150
of which: Exchequer	-	€51.6m		
3. The Arts Council				
Gross Expenditure	€1.0m	€72.4m	€3.1m	41
of which: Exchequer	€1.0m	€72.4m		
4. SFADCO (Tourism)				
Gross Expenditure	€2.2m	€7.7m	€2.4m	28
of which: Exchequer*		€0.8m		
5. National Sport Campus Development Authority				
Gross Expenditure	€2.0m	€2.7m	€0.7m	6
of which: Exchequer	€2.0m	€2.4m		
6. The Irish Film Board				
Gross Expenditure	€18.3m	€3.0m	€1.0m	16
of which: Exchequer	€17.3m	€3.0m		
7. National Museum of Ireland				
Gross Expenditure	€1.5m	€14.0m	€8.50m	164
of which: Exchequer	€1.5m	€13.9m		
8. National Library of Ireland				
Gross Expenditure	€1.7m	€9.8m	€5.4m	105
of which: Exchequer	€1.5m	€9.2m		
9. Chester Beatty Library				
Gross Expenditure	€0.2m	€3.3m	€1.9m	25
of which: Exchequer	€0.2m	€2.8m		
10. Irish Museum of Modern Art				
Gross Expenditure	€0.9m	€6.9 m	€4.0m	68
of which: Exchequer	€0.9m	€6.4 m		
11. National Concert Hall				
Gross Expenditure	€0.3m	€8.1m	€3.1m	38
of which: Exchequer	€0.3m	€3.2m		
12. The Sports Council				
Gross Expenditure	€0.0m	€52.3m	€1.7m	30
of which: Exchequer	€0.0m	€51.7m		

* Tourism Ireland is a cross border body jointly funded by the Exchequer and by the Department of Enterprise, Trade and Investment in the North

Table 2 Commercial State agencies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. Crawford Art Gallery Cork Ltd				
Gross Expenditure	€0.3m	€1.5m	€0.6m	12
of which: Exchequer	€0.3m	€1.4m		
2. Horseracing Ireland Ltd				
Gross Expenditure	€22.3m	€61.6m	€3.0m	717 (includes part time staff)
of which: Exchequer	€8.3m	€46.2m		
3. Bord na gCon				
Gross Expenditure	€13.0m	€28.5m	€8.5m	300
of which: Exchequer	€2.1m	€11.5m		

Table 3 Resource allocation for the National Gallery Vote

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. National Gallery				
Gross Expenditure	€2.0m	€9.2m	€6.4m	131
of which: Exchequer	€2.0m	€9.2m	€6.4m	

Detailed Paper No. 3 – Communications, Energy & Natural Resources

Table 3.1 Communications, Energy & National Resources expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€360m	€355m	-1.4%	€22.1m	-6.2%
Gross Capital	€126m	€165m	31.0%	€43.5m	-26.4%
Gross Total	**€486m**	**€520m**	**7.0%**	**€65.6m**	**-12.6%**
Staff numbers	1,301	1,315	1.1%	106	-8.1%

Introduction

The Department of Communications, Energy & Natural Resources (D/CE&NR) has responsibility for the telecommunications, broadcasting and energy sectors and to regulate, protect and develop the natural resources of Ireland. The Department, which is the sole Vote in this Vote Group, accounts for €520m of gross voted expenditure in 2009, broken down into the following key programme areas:-

Table 3.2 Communications, Energy & National Resources resource allocation by Programme

	2009 Capital [a]	*2009 Current* [a]	*of which - Pay* [a]	*Staff numbers* [b]
A. Communications	€43.3m	€3.5m	€0.6m	65
B. Broadcasting [c]	€0.9m	€269.6m	€8.1m	134
C. Energy	€105.0m	€10.0m	€5.7m	116
D. Natural Resources	€10.6m	€7.5m	-	394
E. Inland Fisheries	€2.9m	€35.3m	€21.0m	487
F. Administration	€2.0m	€28.1m	€18.6m	119
G. Other Services	€0.5m	€0.4m	-	-
TOTAL	***€165.2m***	***€354.5m***	***€54.0m***	***1,315***

[a] *Revised Estimates Volume* 2009
[b] Includes Departmental and Office Civil Servants and Agency Public Servants – end December 2008
[c] Includes Broadcasting Licence Fees of €230m

At present there are 9 non-commercial State agencies operating under the aegis of D/CE&NR. The total Exchequer funding available to these bodies in 2009 is €195m, and they employ approximately 850 staff. In addition to this Exchequer funding, a further €87m approximately is available for expenditure from own-resource income. Seven commercial semi-State bodies also come under the aegis of D/CE&NR. The details for each body are set out in the attached Appendix to this paper.

Outcome of the Group's deliberations

The Group is recommending a reduction of €22.1m current expenditure and €43.5m in capital expenditure. A further once-off reduction of €125m in capital expenditure has not been included in the table below as it is a cash flow saving due to the deferment of expenditure on the rollout of the Metropolitan Area Networks over a three year period and does not recur thereafter.

In line with its focus on structural change, the Group is recommending that:

- the research funding under this Vote Group be switched to the single funding stream model (as outlined in the Detailed Paper No. 7 on Enterprise, Trade & Employment); and

- responsibility for inland fisheries be transferred to the Department of the Environment, Heritage & Local Government.

The proposed savings by Programme area are set out in the table 3.3.

Table 3.3 D/CE&NR - Total measures identified by Programme

	Annualised savings identified	Recommended staffing reductions
A. Communications	€3.2m [a]	16
B. Broadcasting	€10.0m	10
C. Energy	€1.0m €43.5m (capital)	10
D. Natural resources	€1.4m	10
E. Inland fisheries	€4.8m	30
F. Administration	€1.7m	30
Total Current Savings	**€22.1m**	
Total Capital Savings	**€43.5m**	
Total Identified Savings	**€65.6m**	**106**

a. Some €1.4m of this relates to entities funded by industry levies, the saving will not accrue to the Exchequer

Shared services

The Group notes and endorses, in principle, D/CE&NR's call for the sharing of all back-office functions of all Departments, possibly on a regional basis. The Group's views on this issue are set out in Chapter 2.

Programme A – Communications

D/CE&NR observes that this Programme has the objective of underpinning growth, competitiveness and innovation by ensuring that Ireland is to the forefront in availing of the opportunities afforded by the electronic communications and postal sectors. The Programme has a

2009 allocation of €46.8m made up of €3.5m in current expenditure and €43.3m in capital and employs 65 staff.

D/CE&NR sets out three options for savings in its evaluation paper. The first is to defer the rollout of Phase II and Phase III Metropolitan Area Networks (MANs), where work has not commenced, to save €125m over three years. While capital expenditure is not the primary focus of its deliberations, the Group supports the D/CE&NR proposal. As this is a cash-flow saving that will not recur, it is not included in the table.

The second option concerns the *Digital Hub Development Agency* and this is included in the table.

The third option falls outside the direct remit of the Group as it concerns the allocation of radio spectrum. The Group is concerned that D/CE&NR, while stating it is necessary for the State to receive a fair return for spectrum, views it as critical that *ComReg* should take innovation and enterprise value into account for the development of new digital services. It is important that all State assets, including radio spectrum, secure the best possible return and be subject to auction. Clear safeguards should be in place to ensure the return of spectrum to the State if the business fails or is sold to an entity without State approval.

Table 3.4 D/CE&NR - Measures identified for Programme A

	Annual Savings
A.1 Merge the *Digital Hub Development Agency* with EI/IDA	€1.8m
A.2 Merge *ComReg* and *the new Broadcasting Authority of Ireland.*	€1.4m[a]
Total Current Savings	**€3.2m**
Associated staffing reductions	16

[a] As these entities are funded by industry levies, this saving will not accrue to the Exchequer

A.1 Merge the *Digital Hub Development Agency* with EI/IDA

D/CE&NR has suggested a review of the operation of the *Digital Hub Development Agency* (DHDA) with a view to eliminating the Exchequer subvention of €1.8m in a year. The Group recommends that an early review be undertaken with a view to deciding how the subvention may be eliminated and identifying an appropriate organisation with which the DHDA can be merged.

A.2 Merge *ComReg* and the *Broadcasting Authority of Ireland.*

The Group recommends that the *Communications Regulator* (*ComReg*) and the new *Broadcasting Authority of Ireland* (BAI) be merged. It is inefficient for two regulators to operate in the communications and broadcasting sector given the growing convergence between these industries.

Programme B – Broadcasting

This Programme has a total Exchequer allocation in 2009 of €270.5m. Only €0.9m is capital with the bulk of the current expenditure being funded from TV Licence receipts. This accounts for €230m of the €269.6m current expenditure on broadcasting. The Programme has 134 staff.

D/CE&NR note that the new *Broadcasting Authority of Ireland* (BAI) will be funded by an industry levy and this will save the Exchequer over €6m each year compared to the existing arrangement. As this is a pre-existing Government decision, it is not included in the table. Furthermore, the Group is recommending the merger of *ComReg* and the new BAI (see Communications Programme above).

D/CE&NR puts forward two other options for consideration. The first is the amalgamation of the new *Broadcasting Authority of Ireland* and the *Irish Film Classification Office* (IFCO). The Group agrees with this proposal and has included it in the table below, with provision for a more rational treatment of surplus revenues arising i.e. preservation of the existing revenue stream to the Exchequer from IFCO fees.

The second option calls for a study of the interrelationship of the RTÉ Group, TG4 and other broadcasters to see what efficiencies and strategic benefits could arise from greater cooperation between broadcasters. While the Group has no objection to such a study, it does not see a connection to savings in Exchequer allocations. The Group's recommendation is set out below.

Table 3.5 D/CE&NR - Measures identified for Programme B

	Annual Savings
B.1 Transfer the *Irish Film Classification Office* into the *Broadcasting Authority of Ireland* [a]	-
B.2 Partially Fund TG4 directly from TV Licence and reduce the direct Exchequer subvention	€10.0m
Total Current Savings	**€10.0m**
Associated staffing reductions	***10***

[a] The Group has already recommended that BAI should merge with ComReg in the Communications Programme above.

B.1 Transfer the *Irish Film Classification Office* into the *Broadcasting Authority of Ireland*

The Group sees clear merit in centralising media content classification in a single operation. The Department of Justice, Equality & Law Reform has already transferred the work of the *Censorship of Publications Board* to the *Irish Film Classification Office*. As the merged *ComReg*/BAI will be funded from industry levies, D/CE&NR must ensure that the excess income accruing to IFCO and currently taken in as an Appropriation-in-Aid to the Justice Vote is returned to the Exchequer.

B.2 Partially Fund TG4 directly from TV Licence and reduce the direct Exchequer subvention

On a phased basis, over a period of 2 to 3 years, TG4 should move towards receiving a significant contribution to funding its public service remit from the TV Licence. There should be no consequential increase in the TV Licence fee. Instead, both RTÉ and TG4 should, in the first instance, identify and implement cost savings, including potential for sharing facilities. The Exchequer subvention to TG4 should be reduced from €36m in 2009 to achieve savings to the Exchequer of €10m, at a minimum, when fully implemented.

Programme C – Energy

The Energy Programme has a 2009 Exchequer allocation of €115m made up of €105m in capital expenditure and €10m in current expenditure. There are 116 civil and public servants involved in the delivery of this Programme which seeks to ensure a fully sustainable, secure and competitive energy market with diverse energy sources, energy efficiency and robust infrastructure while also addressing climate change through reductions in the emission of greenhouse gases.

D/CE&NR outlined four options for this Programme in its evaluation paper. The first suggests establishing back office support operations for *Sustainable Energy Ireland* (SEI) in Dundalk and a new HQ in Dublin with interagency teams. This would appear to be an expansion of service, which would not be appropriate in the current economic climate.

The second option of introducing an allocation of an overhead charge from capital budgets to cover the current costs for key SEI programmes is not accepted by the Group as this is not consistent with accounting norms in funding State agencies and their programmes. It would further remove transparency regarding the staffing and overhead costs of SEI programmes.

The third option of cutting back on expenditure when the expenditure has reached its goals and is no longer needed is not relevant to this exercise.

The fourth option, which the Group has not adopted, suggests transferring responsibility for *Coillte* from the Department of Agriculture, Forestry & Food to D/CE&NR.

Table 3.6 D/CE&NR - Measures identified for Programme C

	Annual Savings
C.1 Terminate energy awareness programmes run by D/CE&NR or *Sustainable Energy Ireland*	€1.0m
C.2 Rationalise multiplicity of energy efficiency schemes run by SEI	€40.0m(capital)
C.3 Transfer energy research funding to new single funding stream for all research	€3.5m(capital)
C.4 Review the operations of *Bord na Móna* to achieve optimal value	-
Total Current Savings	**€1.0m**
Total Capital Savings	**€43.5m**
Total Identified Savings	**€44.5m**
Associated staffing reductions	10

<u>C.1 Terminate energy awareness programmes run by D/CE&NR or *Sustainable Energy Ireland*</u>

The benefits of prudent management of energy costs should now be well-appreciated by consumers, particularly when costs are high, and this means that the benefits of expenditure on national energy awareness programmes are uncertain. Energy awareness should instead be promoted routinely by the energy companies and the *Commission for Energy Regulation* should impose a requirement on them to do so.

C.2 Rationalise multiplicity of sustainable energy schemes.

At present, there are some 12 sustainable energy schemes run by D/CE&NR including the *Greener Homes Scheme*, the *Home Energy Savings Scheme* and the *Low Income Housing/Warmer Homes Scheme*. In total, these schemes will cost €100m of capital expenditure in 2009, up from €44m in 2008. In light of current economic circumstances, this large increase should be substantially unwound to realise Exchequer savings of at least €40m.

Energy efficiency schemes should only be funded in the future if the cost of achieving the reduction in carbon output is equal to or less than the market price for carbon credits. Furthermore, the introduction of a carbon tax, in due course, should obviate in economic terms the need for any such schemes.

The scope to transfer responsibility for appropriate schemes, such the *Home Energy Savings Scheme* and the *Warmer Homes Scheme*, to the energy companies should be explored taking the implications for energy costs to consumers into account. Some other countries require energy suppliers to operate schemes like the *Home Energy Savings Scheme* and the *Warmer Homes Scheme* as part of their licence obligations.

C.3 Transfer energy research funding to new single funding stream for all research

In line with the Group's general recommendation on the funding of research, energy research funding should be transferred to the new single funding stream mechanism proposed in Chapter 2 and in recommendation A.1 of Detailed Paper No. 7 on Enterprise, Trade & Employment. Energy research would then compete with other areas of research on the basis of likely economic returns over a fixed period of 3 to 5 years. The general recommendation also proposed total savings of €100m from total research. This translates on a pro-rata basis to a cut of €3.5m in energy research.

C.4 Review the operations and scope of *Bord na Móna* to achieve optimal value.

Bord na Móna is a commercial semi-State company with large landholdings and dispersed rural operations. It is expanding beyond its original mandate into other areas including non peat-related energy generation and waste management. The Group recommends that the operations of *Bord na Móna* should be reviewed with a view to realising the optimal return through rationalisation, asset disposal and, possibly, privatisation.

Programme C - Associated Staff Reduction

The staff reduction that would result from the implementation of the recommendations above is expected to be 10 posts.

Programme D – Natural resources

This Programme has a total 2009 allocation of €18m and 394 staff. €10.5m of the expenditure is capital. The Programme covers the management of Ireland's mineral, hydrocarbon and other geological resources.

In addition to the recommendations set out in the table, the Group recommends that the current system[2] for the allocation of mineral and oil/gas exploration rights should be discontinued. It should be replaced with a simple auction system that would give the winning bidders the right to explore and drill fixed blocks of territory for a fixed period of 5 years.

Table 3.7 D/CE&NR - Measures identified for Programme D

	Annual Savings
D.1 Merge the OSI and the *Valuation Office* with the *Property Registration Authority* *	€0.6m
D.2 Secure efficiencies/ increased revenue worth 20% of Geological Survey of Ireland's operating costs.	€0.8m
Total Current Savings	**€1.4m**
Associated staffing reduction	10

* Additional savings from this measure are shown in Detailed Papers Nos. 9 (Finance) and 13 (Justice)

D.1 Merge the OSI and the *Valuation Office* with the *Property Registration Authority*

The Group supports D/CE&NR's recommendation that the *Ordnance Survey of Ireland* (OSI) should be merged with the *Property Registration Authority* (PRA) because there are clearly complementarities between the two organisations, not least that the PRA is one of the OSI's major customers. It is a model that has worked elsewhere. The Group also concluded that the *Valuation Office*'s operations would fit with the merged PRA/OSI with strong potential for efficiencies and synergies.

D.2 Secure efficiencies/increased revenue worth 20% of *Geological Survey of Ireland*'s operating costs.

The Group agrees with the proposal to review the *Geological Survey of Ireland* to identify cost savings and increase revenue generation.

Programme D - Associated Staff Reduction

The anticipated staff reduction that would result from implementation of the recommendations above is expected to be 10 posts.

Programme E – Inland fisheries

The 2009 Exchequer allocation for this Programme is €38m with some 487 staff. Capital expenditure accounts for €3m of this total.

€30m of the expenditure in this Programme relates to the Central and seven Regional Fisheries Boards. The merger of these eight regional fisheries Boards into a single national authority with regional operations was announced in the Budget in October 2008. The Group has not included any savings for the *Foyle, Carlingford and Irish Lights Commission*, the North South Body that

[2] Under current arrangements, exploration licences are allocated by the Minister for CENR for minimum periods of 6, 9 or 12 years, depending on the depth and nature of the sea bed. The successful applicants are required to undertake certain exploration activities at certain stages during the period, such as seismic testing and drilling of wells.

manages the Foyle and Carlingford fisheries. This issue is being considered in any event under the efficiency savings proposal put forward by the Minister for Finance and the Minister for Finance and Personnel and should be discussed at North South Ministerial Council level.

Table 3.8 D/CE&NR - Measures identified for Programme E

	Annual Savings
E.1 Secure additional savings from the merger of the fishery boards	€4.0m
E.2 Transfer responsibility for inland fisheries from D/CE&NR to the Department of the Environment, Heritage & Local Government	€0.8m
Total Current Savings	**€4.8m**
Associated staff reductions	30

E.1 Secure additional savings from the merger of the fishery boards

The Group considers the travel and subsistence savings of €300,000 identified by D/CE&NR arising from the merger of the fishery boards to be too low. The Group recommends that a minimum savings target of €4m should be adopted. This should be realised through savings in administration and management posts as well as opportunities for operational synergies (particularly in conjunction with recommendation E.2 below). The Group also considers that the operations and activities of the fishery boards lend themselves to provision through outsourcing. The Group recommends that this should be investigated thoroughly.

E.2 Transfer responsibility for inland fisheries to the Department of the Environment, Heritage & Local Government

Responsibility for Inland Fisheries remained with D/CE&NR when the Marine function was transferred to the Department of Agriculture, Forestry & Food. This policy area has little in common with the core Departmental responsibilities and it should be transferred to a more appropriate Department. Arguments can be made for transfer to the Department of Agriculture, Forestry & Food or to the Department of Arts, Sports & Tourism. However, because of the increasing significance of water quality issues across national and local government, the Group recommends that it should be transferred to the Department of the Environment, Heritage & Local Government. Much of the work in this area arises from requirements driven by EU Directives on habitats and water quality, responsibilities of the Department of the Environment, Heritage & Local Government. This would give the greatest opportunity for efficiencies and synergies.

Programme E - Associated Staff Reduction

The anticipated staff reduction that would result from the implementation of the recommendations above is expected to be 30 posts.

Programme F – Corporate Management

D/CE&NR has a 2009 allocation of €30m and 119 staff for Corporate Management. The Group considers that a corporate management/administrative tail of 119 staff is excessive for a total of 307 civil servants, some 39%. Consequently, the Group welcomes D/CE&NR's proposal to pursue a shared services solution with other Departments.

Table 3.9 D/CE&NR - Measures identified for Programme F

	Annual Savings
F.1 Reduce D/CENR authorised number of Civil Servants by 30 posts	€1.7m
Total Current Savings	**€1.7m**
Associated staffing reduction	30

F.1 Reduce D/CE&NR administrative posts by 30

The Group recommends that corporate services staff in D/CE&NR be reduced by 30 posts.

Appendix to Detailed Paper No. 3

Table 1 Non-commercial State agencies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. Central Fisheries Board and Regional Fisheries Boards				
Gross Expenditure	€1.3m	€32.9m	€19.5m	394
of which: Exchequer	€1.3m	€28.7m	€19.5m	
2. Foyle, Carlingford and Irish Lights Commission[a]				
Gross Expenditure	€3.4m	€4.8m	€3.1m	54
of which: Exchequer	€1.7m	€2.4m	€1.5m	
3. Sustainable Energy Ireland				
Gross Expenditure	€113.8m	€9.7m	€5.7m	73
of which: Exchequer	€111.6m	€9.4m	€5.7m	
4. Digital Hub Development Agency				
Gross Expenditure	-	€4.9m	€2.0m	21
of which: Exchequer	-	€1.8m	€0.6m	
5. Broadcasting Commission of Ireland				
Gross Expenditure	€0.2m	€4.6	€2.7m	36
of which: Exchequer	-	€4.6	€2.7m	
6. TG4				
Gross Expenditure	€0.9m	€43.0m	€6.6m	87
of which: Exchequer	€0.9m	€32.9m	€5.4m	
7. Commission for Communication Regulation				
Gross Expenditure	-	€19.2m	€8.7m	110
of which: Exchequer	-	-	-	
8. Commission for Energy Regulation[a]				
Gross Expenditure	-	€10.8m	€4.8m	68
of which: Exchequer	-	-	-	
9. National Oil Reserves Agency[a]				
Gross Expenditure	-	€32.9m	€0.4m	4
of which: Exchequer	-	-	-	

[a] Foyle, Carlingford and Irish Lights Commission is a cross border body and jointly funded by the Exchequer and by the Department of Agriculture and Rural Development in the North.

Table 2 Commercial semi-State agencies/companies [b]

2009 (unless where otherwise specified)	Expenditure	of which – Pay	Staff Nos.
1. Ordnance Survey of Ireland			
Gross Expenditure	€28.4m	€2.2m	316
of which: Exchequer	€6.3m	-	
2. Electricity Supply Board			
Gross Expenditure	€3,274.1m	€576.5m	7,870
of which: Exchequer	-	-	
3. EirGrid			
Gross Expenditure	€227.2m	€18.5m	225
of which: Exchequer	-	-	
4. Bord Gáis Éireann			
Gross Expenditure	€880.8m	€73.6m	911
of which: Exchequer	-	-	
4. Bord na Móna			
Gross Expenditure	€348.8m	€99.4m	2,035
of which: Exchequer	-	-	
5. An Post			
Gross Expenditure	€818.8m	€599.0m	10,970
of which: Exchequer	-	-	
6. Radio Teilifis Éireann			
Gross Expenditure	€430.2m	€169.6m	2,106
of which: Exchequer	€195.7m	-	
7. Irish National Petroleum Company			
Gross Expenditure	€0.2m	-	-
of which: Exchequer	-	-	

[b] Based on most recent published accounts.

Detailed Paper No. 4 – Community, Rural & Gaeltacht Affairs

Table 4.1 Community, Rural & Gaeltacht Affairs expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€372.1m	€343.0m	-7.8%	€96.2m	-28.0%
Gross Capital	€148.8m	€133.2m	-10.5%	€54.9m	-41.2%
Gross Total	**€520.9m**	**€476.2m**	**-8.6%**	**€151.1m**	**-31.7%**
Staff numbers	812	846	+4.2%	196	-23.2%

Introduction

The Community, Rural & Gaeltacht Affairs (CR&GA) Vote group includes the Department of Community, Rural & Gaeltacht Affairs (D/CR&GA) as well as Vote 24 – Charitable Donations and Bequests (CDBO). The aims of this vote group are to promote and support the sustainable and inclusive development of communities, both urban and rural, including Gaeltacht and island communities, thereby fostering better regional balance and alleviating disadvantage, and to advance the use of the Irish language.

The CR&GA vote group accounts for €476.2m of gross voted expenditure in 2009, distributed into the Programme areas outlined in the table below.

Table 4.2 CR&GA resource allocation by Programme

Programme Area	*2009 Capital* [a]	*2009 Current* [a]	*of which Pay* [b]	*Staff Numbers* [b, c]
A. Corporate services / administration	€0.6m	€18.3m	€5.6m	95 [d]
B. Community (including CBDO)	€13.4m	€150.5m	€2.5m	42
C. Drugs	€4.6m	€36.0m	€1.4m	23
D. Rural	€48.0m	€55.4m	€3.5m	58
E. Gaeltacht and islands	€55.3m	€30.6m	€11.0m	160
F. Irish language	€0.6m	€7.8m	€1.0m	15
G. North-South bodies	€10.7m	€44.4m	€17.8m	405
Totals	**€133.2m**	**€343m**	**€42.8m**	**798**

a *Revised Estimates Volume 2009*
b The Departmental staff and their estimated pay are divided across the various programme areas
c Includes Departmental and Office Civil Servants and Agency Public Servants – end Dec08
d Refers to corporate services staff only

At present, there are 5 State agencies operating under the aegis of D/CR&GA. The total Exchequer funding available to these bodies in 2009 is €93.5m, and they employ 529 staff. Further details set out in the Appendix to this Paper.

Outcome of the Group's deliberations

On the basis of information and analyses provided to it by D/CRA&GA, the relevant vote section and the Central Expenditure Evaluation Unit (CEEU) in the Department of Finance, as well its meetings with officials of D/CR&GA, the Special Group recommends savings and staff reductions as set out in table 4.3 below. The Group's core recommendation, as detailed under Programme A, is that this Department be closed and its functions re-distributed to other areas. In total, the Group recommends savings of €151.1m. This includes annual current savings of €96.2m or 28% of 2009 current expenditure. Analogous to its current spending measures, the Group also identified capital efficiency proposals amounting to €54.9m. These capital proposals are generally related to equivalent current spending measures under similar Programme headings.

Table 4.3 CR&GA - Total measures by Programme

	Annualised savings identified	Recommended staffing reductions
A. Administration	€4.8m	74
B. Community	€67.5m €6.1m (capital)	8
C. Drugs	€2.6m	12
D. Rural	€2.6m €16.9m (capital)	26
E. Gaeltacht and islands	€17.7m €31.9m (capital)	76
F. Irish language	€1.0m	
Total Current Savings	**€96.2m**	**196**
Total Capital Savings	**€54.9m**	
Total Identified Savings	**€151.1m**	**196**

Programme A – Administration

The 2009 allocation for this Programme is €18.9m and the total staff allocation is 260 of which 95 are involved in administration.

D/CR&GA was established in 2002, assuming responsibilities from six other Government Departments. The Special Group concludes that the wide variety of functions administered by this Department would be better located in other Government Departments. The Group notes that most of these functions originated in other Departments prior to the creation of D/CR&GA. At present, some Programmes appear similar in scope and intent to those of other Departments. With this in mind, the Group considers that the Department itself should be closed. A suggested reallocation of functions and programmes is set out in table 4.4 below, although the exact relocation of responsibilities – which may be dependant on a refocusing and/or refining of responsibilities in the various destination Departments – is a matter for political decision.

Table 4.4 Proposed relocation of CR&GA functions

Programme Area	***Destination Department***
B. Community	Environment, Heritage & Local Government / Local Authorities
(i) Community Services Programme	Enterprise, Trade & Employment
(ii) Charities Regulation, Community & Voluntary Programmes	Social & Family Affairs
C. Drugs	Health & Children
D. Rural	
(i) LEADER / Rural Development / Farm Relief/ Farm Electrification Scheme	Agriculture, Food & Fisheries
(ii) Rural Recreation	Arts, Sports & Tourism [a]
(iii) Rural Social Scheme	Social & Family Affairs
E. Gaeltacht and Islands	
(i) Gaeltacht	Education & Science
(ii) Islands	Environment, Heritage & Local Government / Local Authorities
F. Irish Language	Education & Science
G. North-South Bodies	
(i) Waterways Ireland	Arts, Sports & Tourism [a]
(ii) An Foras Teanga	Education & Science
(iii) Peace Programme	Environment, Heritage & Local Government

[a] Or successor Department, if relevant

The savings recommended by the Group for this Programme are set out in table 4.5 below.

Table 4.5 CR&GA - Measures identified for Programme A

	Annual savings
A.1 Reduction in staffing for corporate services	€3.6m
A.2 Reduction in senior management	€0.8m
A.3 Other non pay administrative efficiencies	€0.4m
Total Current Savings	**€4.8m**
Associated staff reductions	74

A.1 Reduction in staffing for corporate services

The Special Group considers that the proposed closure of the Department should lead to major reductions in support costs such as human resources, finance and IT as staff relocate to other Departments and Agencies. The proportion of overall staff allocated to corporate services is already quite high at 95 or 35% of total staffing. The Group envisages savings of €3.6m with a reduction of 67 corporate services staff.

A.2 Reduction in senior management

Even if no re-structuring were to take place, the Special Group considers that the proportion of Assistant Secretaries and Principal Officers in the Department is too high, particularly given that much of the work of the Department involves grant Programmes. The Group considers that such staffing could be reduced by 7 (from 3 Assistant Secretaries to 2 Assistant Secretaries and from 17 Principal Officers to 11 Principal Officers).

A.3 Non-pay administrative efficiencies

The proposed closure of D/CR&GA would also give rise to savings in non pay administrative costs. The Group estimates savings in incidental expenses, consultancy and other costs of €0.4m a year.

Programme B – Community

This Programme has a 2009 allocation of €164m and employs 42 staff. The Special Group's proposals for efficiencies are provided below in table 4.6.

Table 4.6 CR&GA - Measures identified for Programme B

	Annual savings
B.1 Discontinuation of *Dormant Accounts Fund Board*	€1.7m
B.2 Discontinuation of RAPID scheme	€1.4m €6.1m(capital)
B.3 Reduction in allocation for community and voluntary sector supports	€10.0m
B.4 Reduction in allocation for Community Services Programme	€10.0m
B.5 Reduction in allocation for local & community development programmes	€44.0m
B.6 Savings arising from reductions in Departmental civil servant numbers associated with recommendations B1 to B5 above	€0.4m
Total Current Savings	**€67.5m**
Total Capital Savings	**€6.1m**
Total Identified Savings	**€73.6m**
Associated staff reductions	8

B.1 Discontinuation of *Dormant Accounts Fund Board*

The Dormant Accounts Fund Acts provide for an annual transfer by credit institutions and insurance undertakings of monies in accounts determined to be dormant into the *Dormant Accounts Fund. The Dormant Accounts Board* is responsible for drawing up a disbursement plan for the distribution of these funds. Given that the level of funds transferred into the fund has declined in recent years, the Group concludes that the *Dormant Accounts Board* should be discontinued. Remaining projects funded by the Board should be processed to their conclusion. Any remaining incoming dormant accounts funds should instead be transferred to the Exchequer.

B.2. Discontinuation of the *Revitalising Areas by Planning Investment and Development* scheme

The *Revitalising Areas by Planning Investment and Development* scheme (RAPID) is an initiative which targets 51 of the most disadvantaged areas in the country. The programme aims to ensure that priority attention is given to designated areas by focusing State resources available under the *National Development Plan*. The Special Group is of the view that these RAPID funded projects are minor interventions to address social inclusion when compared to other major State funded measures such as schemes to address educational disadvantage. For this reason, the Group recommends that this scheme be discontinued, subject to contractual commitments, leading to an annual saving of €7.5m. This proposal will also have consequences for other departments which co-fund RAPID measures. These are set out as appropriate in the other detailed papers.

B.3 Reduction in allocation for community and voluntary sector supports

The Government provides a range of supports for the community and voluntary sector. These supports include such schemes as the *Local Community Grants Scheme* (currently suspended), *Contracts for the National Community and Voluntary Organisations*, the *Community Scheme for Older people* (currently suspended) and *Supports for Volunteering*. Given the severe pressure on the public finances, and the traditional reliance of these groups on donations as well as the contribution of unpaid volunteers, the Special Group is of the view that the allocation for this Programme should be substantially decreased by €10m annually.

B.4 Reduction in allocation for *Community Services Programme*

The *Community Services Programme* aims to support local community activity which addresses disadvantage, while at the same time providing employment opportunities for people from the following target groups: people with disabilities, the long-term unemployed, travellers, stabilised and recovering drug misusers and ex-prisoners. There is little information available on the outcomes achieved through the scheme. The scheme also has similarities with the community employment schemes administered by FÁS. For these reasons, the Group recommends that the allocation for this Programme be reduced by €10m.

B.5 Reduction in allocation for Local & Community Development Programmes

These programmes include the *Local Development Social Inclusion Programme* (LDSIP) and the *Community Development Programme*. Both of these programmes aim to counter disadvantage. Projects funded include adult education courses, support for local enterprise initiatives and information provision for target groups.

There is little evidence of positive outcomes for these initiatives. Furthermore, the current delivery structure for these Programmes is not optimal. The Group recommends that Partnerships and Volunteer Centre structures (both funded mainly by D/CR&GA) be merged with County Childcare Committees (funded by Department of Health & Children). Significant savings for D/CR&GA should accrue from the merger of these local delivery mechanisms. Overall, the Group targets total savings of €44m attributable to a re-structuring of delivery mechanisms and a reduction in the number of funded projects.

B.6 Associated Departmental staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 8 civil servants in the Department.

Programme C – Drugs

This Programme has a 2009 allocation of €40.6m and employs 23 staff.

Table 4.7 CR&GA - Measures identified for Programme C

	Annual savings
C.1 Better targeting of funds to drugs task forces projects	€2.0m
C.2 Provision of shared services by local county structures	€0.6m
Total Current Savings	**€2.6m**
Associated staff reductions	12

C.1 Better targeting of funds to drugs task forces projects

There are currently 14 local drug task forces and 10 regional drugs task forces in the country. These partnerships between statutory, voluntary and community organisations are responsible for the design and delivery of community-based initiatives or projects to address drugs-related issues in areas experiencing severe drugs misuse. The Group considers that funding should be allocated in a more targeted manner to those projects with an evidence-based track record of delivery. This should lead to discontinuation of certain projects. Overall, the Group targets €2m savings for this area. Further, there should be scope to deliver community-based initiatives more efficiently given the pay correction currently taking place in the wider economy.

C.2 Provision of shared services by local county structures

The shared services for the drugs task forces should be provided by Local Authorities which would also support the Partnerships structures, the County Childcare Committees and the Volunteer Centres. This should yield a reduction in secretarial and co-ordination staff of around 12 positions and an overall annual saving of €0.6m

Programme C - Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 12 posts.

Programme D – Rural

This programme has a 2009 allocation of €103.4m and employs 58 staff.

Table 4.8 CR&GA - Measures identified for Programme D

	Annual savings
D.1 Transfer the *Western Development Commission's* enterprise development functions to *Enterprise Ireland*	€2.2m
D.2 Phase out *Ceantair Laga Árd-Riachtanais* (CLÁR)	€16.9m (capital)
D.3 Savings arising from Departmental civil servant reductions outlined under D.2	€0.4m
Total Current Savings	**€2.6m**
Total Capital Savings	**€16.9m**
Total identified savings	**€19.5m**
Associated staff reductions	26

D.1 Transfer the *Western Development Commission's* enterprise development functions to *Enterprise Ireland*

The *Western Development Commission* (WDC) is a statutory body promoting economic and social development in counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare. The Group recommends a more efficient delivery of enterprise development services through a single indigenous industry enterprise support agency, such as a revamped *Enterprise Ireland.* Accordingly, the Group recommends that the WDC be merged with a range of other enterprise development agencies including *Enterprise Ireland* (for further information, see Detailed Paper No. 7 – Enterprise, Trade & Employment). This should lead to a saving of €2.2m in the allocation to the *Western Development Commission*. The remaining cost base (including the *Western Investment Fund*) and underlying sets of activities should be transferred to the new enterprise agency.

D.2 Phase out CLÁR

This programme provides co-funding to Government Departments, State agencies and Local Authorities for accelerated investment in rural areas. Over €100m has been allocated under the scheme to date. Subsidised schemes of this sort are of a lower order of priority given the pressure on the Exchequer finances. Accordingly, the Group recommends phasing out the CLÁR programme over three years to facilitate the fulfilment of existing contractual commitments.

D.3 Associated Departmental staffing reductions

Overall staff numbers associated with this Programme could be reduced by approximately 26, consisting of 17 public servants and 9 civil servants.

Programme E – Gaeltacht and islands

The 2009 allocation for this Programme is €85.9m. The total number of staff assigned to the Programme is 160.

Table 4.9 CR&GA - Measures identified for Programme E

	Annual savings
E.1 *Gaeltacht Housing Grant Scheme* should not be resumed	€2.9m (capital)
E.2 Discontinuation of various Gaeltacht schemes	€8.9m €9.0m (capital)
E.3 Reduce allocation for island infrastructure	€20.0m (capital)
E.4 Transfer *Údarás na Gaeltachta's* enterprise development functions to *Enterprise Ireland*	€6.9m
E.5 Savings due to departmental civil servant reductions arising from measures E1 to E4	€1.9m
Total Current Savings	**€17.7m**
Total Capital Savings	**€31.9m**
Total Identified Savings	**€49.6m**
Associated Staff Reductions	76

In examining this Programme, the Group notes that substantial resources have been invested in various incentive schemes to develop Gaeltacht areas. The Group is of the view that resources should be targeted at those most in need and that differential schemes aimed at Gaeltacht areas are not justifiable. This consideration has informed the proposals set out below.

E.1. Gaeltacht Housing Grant Scheme should not be resumed

Under the Housings Acts (Gaeltacht) 1929 to 2001, D/CR&GA can award grants of up to €15,000 to claimants in Gaeltacht areas seeking to build new houses or improve existing houses. The main aim of the scheme is to promote the Irish language. The grants are not means tested. The Group notes that this scheme was suspended on 7 April 2009 until further notice and it recommends that the scheme is not resumed.

E.2. Discontinuation of specific Gaeltacht schemes.

- Gaeltacht Culture and Social Schemes

  These schemes include *Scéim Labhairt na Gaeilge* which is an income support to Irish-speaking households in Gaeltacht areas, and *Scéim na bhFoghlaimeoirí Gaeilge* which funds Gaeltacht households supporting students attending Irish courses. Both schemes aim to incentivise inhabitants to remain in Gaeltacht areas. The Group recommends that these schemes should be wound down over the next two years.

- Gaeltacht Community and Recreational Schemes

  This scheme funds facilities such as community centres and playing pitches in Gaeltacht areas. It has been in operation since 1990. Similar schemes which operate at a national level are no longer accepting new applications e.g. the *Sports Capital Scheme*. Accordingly, the Group recommends discontinuation of the scheme to be implemented over a two year period.

- Gaeltacht Improvement Schemes

  The aim of this scheme is to promote the physical and economic development in Gaeltacht areas. The scheme has funded marine works, road improvement and group water schemes. The Group observes that substantial funds have already been spent on this scheme to date (€70m since 2005) and that the most pressing needs are likely to have been met by now. Accordingly, it recommends that the scheme be wound down over a two year period.

E.3 Reduce allocation for island infrastructure

The State aims to support the heritage of the islands. It is a central objective of D/CR&GA that sustainable vibrant communities will continue to settle on the islands. To this end, it subsidises transport links (€5.7m) and funds a number of capital projects to support the social, cultural and economic development of the islands. The quality of life of island dwellers has been improved significantly in recent years. However, the Group considers that the rationale for future capital investment is insufficient given the limited Exchequer resources available. Accordingly, it recommends that no new capital projects are contracted at this time. This will generate €5m savings in 2010 rising to €20m thereafter, once Cill Rónáin harbour on the Aran Islands is completed.

E.4 Transfer *Údarás na Gaeltachta's enterprise development functions to Enterprise Ireland*

The Group notes the high cost per job created for *Údarás na Gaeltachta* and responsibility for enterprise development functions across a range of related agencies. Therefore, as mentioned under proposal D1, the Group proposes to merge the enterprise development function of *Údarás na Gaeltachta* with a new enterprise agency comprising *Enterprise Ireland*, the *County Enterprise Boards* and others. The Group envisages current savings of €6.9m relating to the enterprise function of *Údarás na Gaeltachta* arising from this amalgamation exercise. This includes anticipated staff reductions of approximately 40 positions.

E.5 Associated Departmental staffing reductions

Numbers associated with this Programme could be reduced by 76, 36 civil servants and 40 public servants.

Programme F – Irish language

This Programme has an allocation of €8.4m for 2009 and is staffed by 15 employees.

Table 4.10 CR&GA - Measures identified for Programme F

	Annual savings
F.1. Reduction in allocation to *Ciste na Gaeilge*	€1.0m
Total Current Savings	**€1.0m**

In examining this Programme, the Special Group notes the absence of objective studies to assess the Irish speaking abilities of the populace by age, gender, location etc. The Group recommends a cross programme analysis of all expenditure on the Irish language.

The requirement under the *Official Languages Act 2003* to translate all official publications into Irish entails very significant additional costs across all areas of public administration that is in our view out of proportion to the benefit actually being delivered to the public. We recommend that the requirement under the *Official Languages Act 2003* to translate all official publications into Irish should be amended to apply to a more limited range of cases.

<u>F.1 Reduction in allocation to *Ciste na Gaeilge*</u>

Ciste na Gaeilge is a fund which provides funding for a range of Irish language organisations such as *Comhaltas Ceoltóirí Éireann* and *Taibhdhearc na Gaillimhe.* The activities funded range from Irish language theatre to place names research. It is part financed by the *National Lottery*. The total allocation for the Fund has increased by 132% since 2002. The Group is of the view that the allocation for the funds should be reduced by €1m consistent with its recommendations for similar reductions in other cultural programmes.

Programme G – North South

The total 2009 allocation for the North South Programme is €55.1m and 405 staff are employed.

The Special Group notes that this Programme involves funding of two North/South bodies, *An Foras Teanga* (€16.8m in 2009) and *Waterways Ireland* (€36.5m). The Group understands that the question of securing efficiency savings in respect of all North/South bodies is being addressed separately by the Minister for Finance and his Northern Ireland counterpart, the Minister for Finance and Personnel, in liaison with their relevant authorities and via the North South Ministerial Council.

Appendix to Detailed Paper No. 4

Table 1 Resource allocation for non-commercial State agencies

2009 (unless where otherwise specified)	Capital [a]	Current [a]	of which – Pay [a]	Staff Nos. [b]
1. An Foras Teanga - Foras na Gaeilge (North/South Body)				
Gross Expenditure	€0.1m	€21.8m	€3.4m	42 [c]
of which: Exchequer	€0.1m	€15.7m	€2.3m	
2. An Foras Teanga – Ulster Scots Agency (North/South Body)				
Gross Expenditure		€3.8m	€0.7m	16 [c]
of which: Exchequer		€1.0m	€0.2m	
3. Údarás na Gaeltachta				
Gross Expenditure	€23.7m	€21.6m	€8.5m	112
of which: Exchequer	€19.7m	€16.0m	€8.2m	
4. Waterways Ireland (North/South Body)				
Gross Expenditure	€11.8m	€31.8m	€17.8m	343 [c]
of which: Exchequer	€10.3m	€26.2m	€15.1m	
5. Western Development Commission				
Gross Expenditure	€3.0m	€2.2m	€1.1m	16.5
of which: Exchequer	€2.3m	€2.2m	€1.1m	

a *Revised Estimates Volume 2009*
b Staffing as at end 2008 per Department of Finance
c The staff numbers for the North/South bodies are the total staff complement at the end of 2008 funded by both the Exchequer and by the Department of Culture, Arts & Leisure in the North

Table 2 Civil service offices

2009 (unless where otherwise specified)	Capital [a]	Current [a]	of which – Pay [a]	Staff Nos. [b]
1. An Coimisineir Teanga				
Gross Expenditure	-	€1.0m	€0.6m	8
of which: Exchequer	-	€1.0m	€0.6m	

a *Revised Estimates Volume 2009*
b Staffing as at end 2008 per Department of Finance

Detailed Paper No.5 – Defence

Table 5.1 Defence expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Defence					
Gross Current	€849.9m	€804.2m	-5.4%	€53.4m	-6.7%
Gross Capital	€27.0m	€18.4m	-31.9%	-	
Gross Total	**€876.9m**	**€822.6m**	**-6.2%**	**€53.4m**	**-6.5%**
Staff numbers	11,652	11,482	-1.5%	520	-4.5%
Army Pensions					
Gross Current	€203.7m	€209.0m	2.6%	-	-
Gross Capital	-	-	-	-	-
Gross Total	**€203.7m**	**€209.0m**	**2.6%**	**-**	**-**
Pension numbers [a]	11,671	11,640	-	-	-

[a] Includes 2 civil servants who work on Vote 37.

Introduction

The Defence Group of Votes consists of the Votes for the Department of Defence (D/Defence) and for Army Pensions.

The primary role of the D/Defence is to support the Minister and to provide policy advice and support on Defence matters, including assistance with policy formulation and the implementation of policy as directed by the Minister. The roles of the Defence Forces are to defend the State against armed aggression, to aid the civil power, to participate in multinational peace support, crisis management and humanitarian relief operations in support of the *United Nations*, to provide a fisheries protection service in accordance with the State's obligations as a member of the EU and to carry out other duties that may be assigned to them from time to time, e.g. search and rescue, air ambulance service, Ministerial air transport service, assistance on the occasion of natural or other disasters, assistance in connection with the maintenance of essential services, and assistance in combating oil pollution at sea.

Table 5.2 Defence resource allocation by Programme

	2009 Capital [a]	*2009 Current*	*of which - pay*	*staff numbers* [b]
A. Contingent capabilities	€19.4m	€465.4m	€362.2m	7,420
B. On-Island security and support to other agencies	€0.3m	€138.6m	€78.1m	1,600
C. International peace and security	€0.5m	€161.1m	€92.2m	1,888
D. Defence policy, military advice and corporate services	€1.2m	€39.1m	€28.0m	574
E. Military pensions and gratuities	-	€209.0m	€0.1m	2
TOTAL	**€21.4m**	**€1,013.2m**	**€560.6m**	**11,484**

[a] It should be noted that Programme allocation include €3m capital carryover in addition to the 2009 *Revised Estimates Volume* capital allocation of €18.4m.
[b] Includes Departmental and Office Civil Servants, Agency Public Servants and members of the Permanent Defence Forces – Estimate 2009 as provided by D/Defence

At present there is one body in receipt of Exchequer funding operating under the aegis of the D/Defence, *Coiste an Asgard*. Exchequer funding available to this body in 2009 is €0.8m, and it employs 2 staff seconded from the D/Defence, the details of which are set out in the Appendix to this Paper.

Outcome of the Group's deliberations

In deciding the recommendations for the Defence Group of Votes, the Special Group has taken into consideration the detailed evaluation papers prepared by the D/Defence and by the Defence Vote Section in the Department of Finance. It has also taken into account that gross current Exchequer expenditure for this Vote has increased by about 26% since 2001 compared to an increase of over 115% in total gross current Exchequer expenditure over the same period. This is primarily due to ongoing reforms in the Defence Forces over this period, including a reduction of over 900 personnel.

On the basis of the information and analyses made available to it and following its interaction with the D/Defence, the Group has identified proposals to save €53.4m. The Group has identified scope for a structural reduction of at least 20 staff across the Department.

The Group is cognisant of the interdependency between all elements of Defence expenditure, which militates against determining savings in the Defence area on a programme-by-programme basis. Accordingly, the Programme allocation of savings given in Table 5.3 below is broadly indicative in nature. More generally, on the basis of the information and analyses made available to it and following its interaction with the D/Defence, the Group recommends gross reductions across the board of around €25m in pay and €20m in non-pay in a full year on the basis of a number of specific measures detailed below, as well as savings of about €8.5m elsewhere on the Vote.

<u>Personnel Reductions</u>

It should be possible to reorganise the Defence sector over a period of time so as to achieve a reduction of 500 personnel. The Group is conscious that delivering such a reduction in numbers while preserving operational capability will require considerable planning and redesign of the organisation including consolidation of the command structure. Notwithstanding the reduction in numbers, the increased efficiency of the organisation should allow for the preservation of the existing 3 brigade structure. The Group recommends, accordingly, that the D/Defence should bring forward proposals for approval by the Government by the end of 2009 to allow a reduction of 500. This reduction could be achieved, within a 2 to 3 year period as operational requirements allow. Based on a proportionate reduction in the 2009 net pay provision in the Defence vote, the resultant saving in the pay provision should, over the 3 year period, rise to approximately €25m per annum in 2009 prices.

The Group has also identified scope for a structural change in the Reserve Defence Force involving a reduction of at least 4,900 members.

The proposed indicative savings by Programme area are set out in the table below.

Table 5.3 Defence - Total measures identified by Programme

	Annualised savings identified	Recommended staffing reductions
A. Contingent capabilities	€36.5m	325
B. On-Island security and support to other agencies	€6.3m	70
C. International peace and security	€7.5m	90
D. Defence policy, military advice and corporate services	€3.1m	35
Total Current Savings	**€53.4m**	**520**

Programme A – Contingent capabilities

The purpose of this Programme is to provide for the defence of the State against armed aggression by maintaining and developing military capabilities. This Programme accounts for total gross expenditure of €484.8m in 2009 and 6,638 members of the Permanent Defence Forces, 76 civil servants and 706 civilian employees.

In addition to the Group' recommendations for reductions in current expenditure under this Programme, set out in table 5.4, it has also identified a number of proposals that will yield once-off receipts as well as deliver the potential for further operational savings in the future.

Rationalise the army barracks

While 10 barracks have closed over the past decade, 24 permanently occupied barracks remain. The dispersal of personnel over a large number of locations is a major impediment to essential collective training as well as imposing increased and unnecessary overheads on the Permanent Defence Forces in terms of barrack management, administration, maintenance and security.

There are further opportunities to consolidate Defence Forces units into a smaller number of locations and to dispose of the surplus properties. While some up-front expenditure on infrastructural works will be needed in advance of any further consolidation into these barracks, there may be immediate opportunities in some locations to close and dispose of properties. The Special Group recommends that the D/Defence bring forward detailed proposals for closure of such additional barracks in the shortest possible timeframe and for the disposal of surplus properties so as to maximise the return having regard to market conditions.

Cathal Brugha Barracks

In particular, the Special Group considers that there is no need for two large Army barracks in Dublin and the future of Cathal Brugha Barracks should be reviewed with a view to possible sale. Given the scale of any relocation, the provision of alternative accommodation would entail a significant up-front cost and a lead-time of some years. It is recommended that, as part of an overall consolidation programme, the D/Defence should bring forward a detailed feasibility study for the disposal of Cathal Brugha Barracks and the relocation of the personnel stationed there to other sites within the Defence Forces portfolio. This rationalisation of premises will contribute to the reduction in numbers in the Permanent Defence Forces.

Rationalise property portfolio

As well as barracks, the Defence property portfolio consists of a diverse range of facilities including 8 training facilities (accounting for 16,800 acres), 7 firing ranges (1,091 acres) and 26 Reserve Defence Force premises (22 acres) as well as renting 51 properties for the Reserve Defence Forces. The D/Defence has identified 33 properties for disposal at an aggregated estimated value of €51.2m. Although these valuations were prior to the recent correction in the property market it is reasonable to assume that rationalising the property portfolio should lead to a substantial once off benefit to the Exchequer. The Group recommends that the rationalisation of the Defence property portfolio be commenced by preparing for sale property that is not fully and economically utilised by the Defence Sector.

Table 5.4 Defence - Measures identified for Programme A

	Annual savings
Indicative Share of Pay Savings	€16.5m
Indicative Share of Non-Pay Savings	€13.3m
A.1 Charge full value of rent to 'overholders' of married quarters	€0.1m
A.2 Discontinue the *Army Equestrian Team*	€1.0m
A.3 Reduce the *Reserve Defence Force* by two-thirds	€5.6m
Total Current Savings	**€36.6m**
Associated Defence personnel reductions	325

A.1 Charge full value of rent to 'overholders' of married quarters

Nearly a third of the 150 married quarters are occupied by 'overholders' (army personnel who do not vacate their quarters following their discharge) and these are charged the standard rent plus 10%. While the D/Defence policy is to discontinue the provision of married quarters in a managed and orderly way, the Special Group recommends that the full market value of rent should be paid by 'overholders'. This will yield savings of approximately €0.1m a year.

A.2 Discontinue the Army Equestrian Team

The Group sees no justification for the Army Equitation School as part of a modern professional defence force or for its funding through the Defence Vote, or public funds, and recommends that the State funding be discontinued and doing so should yield savings of €1m a year.

A.3 Reduce the Reserve Defence Force by two-thirds

There is scope to find additional savings from the Reserve Defence Force (RDF) and there is emerging evidence that the direction set for the RDF in the Defence White Paper (which was published in 2000) is not providing the desired result. It may be that a smaller more focused Reserve could deliver more usable capability to the Defence Forces for less expenditure. The D/Defence is seeking to prioritise a Value for Money and Policy Review of the Reserve Defence Force in order to critically examine the Reserve and make recommendations for its future development. A review of the contribution of the Reserve and a reduction in strength could result in additional savings on expenditure. It is recommended that the allocation for the Reserve Defence Force be reduced by two-thirds which will yield savings of €5.6m and a reduction in the overall numbers associated with the RDF of 4,900.

Programme B – On-Island security and support to other agencies

The purpose of this Programme is to contribute to on-island security and stability by providing, on request, aid to the civil power (ATCP), aid to the civil authority (ACA) and other emergency and non-emergency services. The extent of output under this Programme is demand-driven from year-to-year. This Programme accounts for total gross expenditure of €138.9m in 2009 and 1,452 members of the Permanent Defence Forces, 15 civil servants, 28 staff of the *Civil Defence Board* and 105 civilian employees .

Table 5.5 Defence - Measures identified for Programme B

	Annual savings
Indicative Share of Pay Savings	€3.5m
Indicative Share of Non-Pay Savings	€2.8m
Total Current Savings	**€6.3m**
Associated Defence personnel reductions	70

Extend the time-frame of the vessel replacement programme

The D/Defence notes that there is a ‘requirement’ to initiate a vessel replacement programme to sustain the Naval Service flotilla as certain ships reach the end of their operational lifespan. In the current budgetary crisis, the Group recommends that this replacement programme be extended over a longer timeframe than initially envisaged.

Charge the full economic cost of aid-to-civil power, aid-to-the-civil-authority and non-emergency services

The bulk of outputs under this Programme are provided to and in support of other Departments and Agencies (e.g. Departments of Agriculture, Food & Fisheries and Justice, Equality & Law Reform as well as *An Garda Síochána*). The deployment of the Defence Forces in these activities minimises the requirement to duplicate State services and utilises defence resources to achieve maximum value for money. In order to enhance transparency in costs for the Defence Forces of these activities, it is recommended that the full-economic cost of these services be charged to the relevant agency.

Charge full economic cost of Ministerial Air Transport Service to Departments

The Air Corps also provides the *Ministerial Air Transport Service* (MATS). In 2007, these accounted for 15% of missions by the Air Corps but 24% of flight hours. It is recommended that Departments be charged the full economic cost of this service in the interests of transparency, and to provide opportunities for these services to be procured from private sector providers where this is more economical.

Programme C – International peace and security

The purpose of this Programme is to contribute to the maintenance of international peace and security through participation in approved United Nations mandated peace support, crisis management and humanitarian relief operations. It accounts for total gross expenditure of €161.6m in 2009 and 1,865 members of the Permanent Defence Forces and 23 civil servants.

Table 5.6 Defence - Measures identified for Programme C

	Annual savings
Indicative Share of Pay Savings	€4.2m
Indicative Share of Non-Pay Savings	€3.3m
Total Current Savings	**€7.5m**
Associated Defence personnel reductions	90

Overseas peacekeeping expenditure to be counted as part of Ireland’s expenditure on foreign aid

Given the significant contribution that this Programme is making to overseas development by guaranteeing the security of people and property, it is recommended that this expenditure count as part of Ireland’s expenditure on foreign aid. While the Group is aware that such a recommendation is inconsistent with the OECD’s *Development Assistance Committee* rules and that military expenditure (even for humanitarian purposes) does not come within the standard international accounting treatment of ODA, the Group considers that Irish commitments in this regard should be reflected within Government accounts by reference to the totality of humanitarian related expenditure, thereby fully recording Ireland’s distinctive tradition of whole hearted engagement in peacekeeping operations.

Rationalise Ireland's overseas commitments

While participation in overseas missions helps to maintain the readiness of the Defence Forces these missions involve the commitment of significant resources, both in terms of supplying forces abroad and the domestic costs associated with this. At the end of 2008, 31 members of the Permanent Defence Forces were involved in 7 UN-led peacekeeping operations, 469 personnel were serving in two EU-led crisis management operations (425 in Chad and 44 in Bosnia and Herzegovina), 247 personnel were deployed in two NATO/PfP-led peace support operations (240 in Kosovo and 7 in Afghanistan) and 5 personnel were serving in four OSCE led missions.

Until March 2009, when Ireland's mission to Chad became a UN-led mission rather than an EUFOR mission, Ireland paid all its own costs. As a UN operation, the UN will take over the direct supply of certain goods and services and will reimburse Ireland in respect of certain troop and equipment costs. It is estimated that the UN reimbursement will be some €8.5m a year; the corresponding cost of these goods and services to the D/Defence is some €16.2m a year (the total mission cost is considerably higher). The Minister for Defence has indicated to the UN the possibility that the state of the public finances may not permit the extension of Ireland's participation in the mission beyond March 2010.

The Group recommends that Ireland end its participation in Chad in March 2010 and rationalise its overseas commitments to a smaller number of key missions.

Programme D – Defence Policy, military advice and corporate services

The purpose of this Programme is to provide the best possible defence policy advice and military advice to the Minister in order to support management of all aspects of defence provision and facilitate planning for future needs. This Programme accounts for total gross expenditure of €40.3m in 2009 and 296 members of the Permanent Defence Forces, 266 civil servants and 12 civilian employees.

As part of the Department's ongoing management review process, an external evaluation is underway of the staffing and operation of the Defence finance function (currently located in Renmore, Co. Galway).

Table 5.7 Defence- Measures identified for Programme D

	Annual savings
Indicative Share of Pay Savings	€0.7m
Indicative Share of non-Pay Savings	€0.6m
D.1 Reduce staff numbers in D/Defence in proportion to the reduction in the Permanent Defence Forces	€1.0m
D.2 Close the sail training scheme (*Asgard II*)	€0.8m
Total Current Savings	**€3.1m**
Associated staff savings	20
Associated Defence personnel reductions	15

D.1 Reduce staff numbers in D/Defence in proportion to the reduction in the Permanent Defence Forces

In line with the reduction in the numbers of Permanent Defence Force personnel, the Group recommends that there be a proportionate reduction in the number of D/Defence staff. This recommendation would reduce the number of staff by 20 and yield savings of €1m a year.

D.2 Close the sail training scheme (*Asgard II*)

In 2008, the sail training vessel, *Asgard II*, sank off the French coast. It is understood that the terms of the insurance policy allow the proceeds to be credited to the Exchequer. The Group recommends that any plans to build a replacement be deferred indefinitely. This will yield a once-off saving of €3.8m as well as ongoing savings of €0.8m a year from the termination of the training scheme.

Programme E – Military Pensions and Gratuities

Various pensions, gratuities and other benefits are paid out of Vote 37 Army Pensions. This Programme accounts for total gross expenditure of €209m in 2009 and 2 civil servants.

There are no proposals for savings in this Programme.

Appendix to Detailed Paper No. 5

Table 1 Non-commercial semi-State body

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. Coiste an Asgard				
Gross Expenditure	-	€0.8m	€0.5m	2
of which: Exchequer	-	€0.8m	€0.5m	

Table 2 Civil service offices

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. Office of the Ombudsman for the Defence Forces				
Gross Expenditure	-	€0.6m	€0.3m	4
of which: Exchequer	-	€0.6m	€0.3m	
2. Civil Defence Board				
Gross Expenditure	-	€6.2m	€1.3m	28
of which: Exchequer	-	€6.2m [a]	€1.3m	

[a] appropriations-in-aid

Detailed Paper No. 6 - Education & Science

Table 6.1 Education & Science expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€8,411.7m	€8,641.8m	2.7%	€735.7m	-8.5%
Gross Capital	€829.6m	€849.9m	2.4%	€10.2m	-1.2%
Gross Total	**€9,241.3m**	**€9,491.7m**	**2.7%**	**€745.9m**	**-7.9%**
Staff numbers	92,483	95,415	3.2%	6,930	-7.3%

Introduction

The mission of the Department of Education & Science (D/E&S) is "to provide high-quality education which will (a) enable individuals to achieve their full potential and to participate fully as members of society; and (b) contribute to Ireland's social, cultural and economic development. The D/E&S's priorities also include the promotion of equity and inclusion, quality outcomes and lifelong learning; planning for education that is relevant to personal, social, cultural and economic needs; and enhancement of the capacity of the Department for service delivery, policy formulation, research and evaluation".

D/E&S accounts for €9.5bn of voted expenditure in 2009. This consists of €849.9m capital investment (9%) and €8,641.8m current spending (91%). Pay and pension costs account for 77% of total current expenditure.

Table 6.2 Education & Science resource allocation by Programme

	2009 Capital [a]	*2009 Current* [a]	*of which: Pay* [a]	*Staff numbers* [b]
A. Administration	€3.5m	€104.3m	€87.8m	1,691
B First Level Education.	€431.8m	€3,145.3m	€2,858.1m	39,991
C. Second Level Education	€201.1m	€3,032.9m	€2,633.0m	32,545
D. Third level Education	€201.5m	€1,813.1m	€1,061.2m	20,873
E. Other Services	€12.1m	€546.0m	€29.8m	315
TOTAL	**€849.9m**	**€8,641.8m**	**€6,669.9m**	**95,415**

a *Revised Estimates Volume 2009*
b Includes Departmental and Office Civil Servants and Agency Public Servants – end December 2008

At present, there are 12 State agencies operating under the aegis of D/E&S. The total Exchequer funding available to these bodies in 2009 is €86.6m, and they employ 554 staff. Further details are contained in the Appendix to this paper.

Outcome of Group's Deliberations

In deciding the expenditure recommendations for the D/E&S vote group, the Special Group has taken into consideration the detailed evaluation papers prepared by D/E&S and by the Department of Finance and the cross cutting papers prepared by the Central Expenditure Evaluation Unit (CEEU), also in the Department of Finance.

In outline, the Group has identified proposals to save €746m (7.9%) of total expenditure in this area. The Group has identified scope for a structural reduction of at least 6,930 staff across the Department and its agencies.

Table 6.3 D/E&S - Total measures by Programme

	Annualised savings identified	Recommended staffing reductions
A Administration	€9.9m	170
B First Level Education	€311.0m	3,400
C Second Level Education	€114.2m	1,240
D Third level Education	€261.0m €10.2m (capital)	2,000
E. Other Services	€39.6m	120
Total Current Savings	**€735.7m**	
Total Capital Savings	**€10.2m**	
Total Identified Savings	**€745.9m**	**6,930**

Programme A – Administration

The 2009 allocation for this Programme is €107.8m and there are 1,691 staff involved in its delivery. The Group proposes the following savings for this Programme.

Table 6.4 D/E&S - Measures identified for Programme A

	Annual savings
A.1 Outsourcing payroll function	€2.3m
A.2 Suspend additional recruitment to the *National Education Psychological Service*	€1.4m
A.3 Reduction in allocation for Inspectorate	€1.2m
A.4 Reduction in administrative staff	€5.0m
Total Current Savings	**€9.9m**
Associated staff reductions	170

<u>A.1 Outsourcing payroll function</u>

There are 132 staff employed in the teacher payroll unit in Athlone. Given that this activity involves routine transactions which are often carried out by shared services operations in the private sector, the Group considers that there is scope to achieve efficiencies by outsourcing payroll processing activities to an external service provider. The Group believes that minimum savings of 30% are to be expected from outsourcing of this nature and that €2.3m could be saved annually in payroll costs. The outsourcing of these activities should also be considered in the wider context of similar proposals for other Government Departments and agencies.

A.2 Suspend additional recruitment to the *National Education Psychological Service* (NEPS)

The *National Education Psychological Service* (NEPS) is an office of D/E&S which offers the services of psychologists to schools. The NEPS psychologists work with primary and post-primary schools in the areas of learning, behaviour, social and emotional development. They help identify educational needs and offer services to meet these needs. The Group considers that the planned recruitment of additional psychologists to provide a D/E&S psychological service to all schools should be slowed down considerably in light of the budget circumstances that currently pertain.

A.3 Reduction in allocation to inspectorate

The Inspectorate has statutory responsibility for the evaluation of primary and post-primary schools and centres. The Group recommends a reduction in the allocation to the Inspectorate of €1.2m in view of higher budgetary priorities elsewhere in the education system. The consequent decrease in inspectors should be addressed by re-focussing inspection outputs, using risk assessment frameworks and aligning the frequency of inspections according to the performance risks associated with discrete groupings of schools. The thematic outputs could also be re-prioritised in line with reduced resources.

A.4 Reduction in administrative staff

The number of staff in the main body of the Department has not changed to any significant extent in the last five years (9% increase) and the work of the Department is largely driven by the needs of the school system which is the main 'customer' in this instance.

The Group considers that there is scope to reduce total staffing numbers at the D/E&S by at least 100 in line with the reductions being proposed elsewhere. For example, full implementation of the *Education Special for People with Special Educational Needs* (EPSEN) and Disability Acts has been deferred due to the economic circumstances and this may free up some resources in line divisions. Also tribunals such as the *Residential Institutions Redress Unit* and the *Commission to Inquire into Child Abuse* are winding up this year, which again should free up staff for redeployment. It will be a matter for the Department to prioritise work accordingly in order to minimise the impact on front line service delivery as far as possible.

Programme A - Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by up to 170 posts.

Programme B – First Level Education

This Programme has a 2009 current allocation of €3,145.3m and there are approximately 40,000 staff involved in implementing the Programme.

Table 6.5 D/E&S - Measures identified for Programme B

	Annual savings
B.1 Increase the staffing schedule at primary level	€30.0m
B.2 Amalgamation of smaller primary schools	€25.0m
B.3 Staffing efficiencies in the primary/post-primary sectors	€150.0m
B.4 Reduction in the number of Special Needs Assistants	€60.0m
B.5 Progressive further reductions in the number of English language support teachers	€21.0m
B.6 Decrease in the main capitation grant	€25.0m
Total Current Savings	**€311.0m**
Associated staffing reductions	3,400

B.1 Increase the staffing schedule at primary level

There are currently 31,134 teachers for 500,000 pupils at primary level. This gives a Pupil Teacher Ratio (PTR) of 16:1. However, while the PTR is 16.1:1, average class size (the ratio of pupils to classroom teachers) is higher at 24:1. This is because about one-third of all teachers (over 10,500) are not assigned as classroom teachers, but support the work in the classroom through their role in areas such as special needs, resource, disadvantage, language support, etc. These 10,500 teachers, including some 1,100 non-teaching principals in larger schools, are therefore excluded when the average class size statistic is calculated, resulting in a ratio that differs significantly from the PTR (which includes all teachers).

Table 6.6 D/E&S Primary Education Ratios

Primary Pupils	500,000	Ratio	Comment
Classroom Teachers	20,634	24:1	**Average class size**
Other Teachers	10,500		
Total Teachers	**31,134**	**16:1**	**Pupil/teacher ratio**
Special Needs Assistants, etc.	8,500		
Total Teacher/other classroom staff	39,634	12.6:1	

Teacher allocations, however, are not made on the basis of the pupil teacher ratio or average class size, but on the basis of a Staffing Schedule (the number of pupils required to qualify for an additional teacher). This staffing schedule is currently 27 to 1, i.e. one teacher for every 27 students. This is set to increase to 28 to 1 from September 2009, arising from decisions taken in the context of the 2009 Estimates, (which will have the effect of increasing the PTR from 16.1:1 to 16.5:1). However, the Group considers that the staffing schedule should be further increased by one point to 29, which was the level that applied prior to September 2006, yielding a saving of up to €10m in the year the change is introduced and an annual saving of up to €30m. It is estimated that the impact of this change on the PTR would be to increase it to 16.8:1, which is still lower than it was in 2006.

B.2 Amalgamation of smaller primary schools

There are 3,200 primary schools in the State. Many of these schools (47%) are small with five teachers or fewer often located in rural areas. Given the size of the country and the total number of primary school pupils (500,000 at end 2008) the Group believes that there is scope to reduce the overall number of schools.

At present, there are 659 schools with fewer than 50 pupils, an average of 2.4 teachers per school and an average pupil teacher ratio (PTR) of 13.1:1. If these schools were amalgamated with other schools so that the average PTR increased to that applicable in the next category of school size (50-100 pupils), i.e. 16.2:1, this would save about 300 teachers, or about €18m per annum in salary costs. Further mergers of the existing 851 schools in the 50-100 pupil category, to achieve the average PTR applicable to schools with 100-200 pupils (i.e. 17.1:1) would facilitate a reduction of a further 200 teachers, saving another €9m annually. Such a consolidation of schools would also give rise to savings in other support staff such as caretakers, secretarial etc., while running costs such as maintenance, insurance and heating should also be reduced.

The Group notes that the necessary flexibility must be delivered to ensure that teachers can be re-assigned to amalgamated schools as appropriate. The Group also acknowledges that savings would be achieved over the medium term given the implementation issues involved and the need to develop proposals on an area by area basis, and that there would be offsetting costs involved in terms of implications for additional accommodation, school transport, etc. Nevertheless, the Group envisages that current savings of €25m should be targeted to be delivered from the amalgamation process over a period of three to four years.

B.3 Staffing Efficiencies in the Primary/Post Primary Sector

The Group is of the view that a high level of inefficiencies exists in the primary and post primary sector resulting in a significant under-utilisation of resources. The Group considers that these inefficiencies arise in large part from a set of working terms, conditions and practices for teachers which are very restrictive by reference to norms elsewhere within both the public and private sectors, and by reference to common sense requirements that should apply in the school context. This all has to be viewed in the context of the very short working day, and working year, of teachers. Examples of these restrictive practices are set out below:-

- *Supervision and substitution* cover amounts to over €300m a year. This is made up of two elements:

  (i) the cost of replacing teachers absent on sick leave and other approved absences, such as in-career development, in primary and all second level schools, which is estimated to cost €189m in 2009; and

  (ii) the cost of the "supervision and substitution scheme" whereby teachers are paid additional amounts to be available to provide supervision cover for break times and also to provide some substitution cover for absent colleagues. This is estimated to cost €115m in 2009. The agreement concluded in relation to payments to teachers for supervision and substitution duties provides additional and pensionable remuneration to those teachers contracting for those duties. At primary level this means that teachers are now paid an additional amount for performing duties that they previously carried out without additional compensation. At second level, it means that teachers are now paid additional amounts for supervision and substitution duties which they perform while they are not timetabled for tuition.

- *Sick leave arrangements:* Teachers' sick leave arrangements are more generous than the norm in the public sector, with an entitlement to 31 days uncertified sick leave each year at primary level, and no requirement for a medical certificate unless the absence exceeds 3 consecutive days. At post-primary level, the allowance is 30 days uncertified, with a certificate only being required for absences of more than 4 consecutive days.

- *In-service provision:* In 2008, over 100,000 teaching days were devoted instead to in-service teacher training, which had to be covered by substitution arrangements. In addition, over 3,300 instances of full school closure were recorded in primary schools due to "whole staff training" days during term time.

- *Teaching hours:* The teaching contract for teachers in Ireland focuses primarily (if not exclusively) on teaching time, rather than on total time spent on school premises engaged in education-related work, including school planning, parent-teacher meetings, in-service training and development, supervision of students and any appropriate middle management duties. The OECD average 'total statutory working time' of teachers is more than double the average 'teaching time' of teachers in Irish primary or second-level schools[3].

- *'Management allowances':* Some 52% of all teachers are in receipt of what are termed 'management allowances'. That means that over 30,000 teachers are in receipt of allowances, costing €236m a year. €167m of this relates to allowances paid to principals, deputy principals and assistant principals (of which there are 15,000) to carry out administrative duties.

  The remaining €69m relates to the payment of an allowance of almost €4,000 to 17,400 teachers to carry out further administrative duties. Some of the duties for which allowances are paid are Year Heads, Assistant Year Heads, Class Tutor, Responsibility for time-tabling arrangements, Responsibility for enrolment and monitoring of Absenteeism, Co-ordinator of school plan, Subject Co-ordinators, Curricular Programme Co-ordinators, Co-ordinator of Staff Development Programmes, Co-ordination and implementation of school policies, e.g. discipline, Co-ordinator of Work Experience Programmes, including placement duties, Organisation/promotion of cultural activities, Organisation/promotion of sporting activities, Budgetary/Financial Administration Assistant, Organiser/Co-ordinator of external school visits, Examinations Secretary, State Examinations co-ordinator, School Examinations co-ordinator, Administration of School Library, First Aid and Safety Officer (Fire Drills, etc.) Liaison with Parents' Associations, Liaison with Department of Education & Science, Liaison with local community/press, Supervising the maintenance of and availability of school equipment, Supervising the maintenance and availability of facilities such as laboratories, P.E. halls, etc., Stock Control, Co-ordination of school transport, Administration of special assistance schemes, e.g. free books (the above list is not exhaustive).

[3] OECD Education at a Glance, 2008, 2005/2006 school year – ref table D4.1

Details in relation to the number of allowances paid for specific duties are not available, as each school is allocated a fixed number of allowance posts, based on its size, and it is then a matter for the management body of each individual school to decide what administrative duties require to be performed by the allowance-holders in order to meet the needs of the school.

- *Summer Courses:* Primary teachers can attend approved courses during the summer break and secure additional annual leave (extra personal vacation days). The amount of leave depends on the length of the course (e.g. 3 days annual leave for a 5 day course). The Exchequer funds the courses through the D/E&S. D/E&S resources are also used in approving and inspecting the courses. The courses generally run from 9.30am to 2pm with a break for lunch.

In summary, the current teacher contract appears to be unduly restrictive, and this means that activities such as teacher in-service development and school planning have tended to erode teaching time. Additional duties such as supervision and substitution have necessitated payment of additional remuneration.

A basic requirement of any revised contract for teachers would be that the total statutory working time be sufficiently increased to provide for activities such as school planning, parent teacher meetings, in-service training and development, supervision of students and middle-management duties where and when appropriate as defined by school management. This increased time would be subject to management scrutiny.

There is a need to revise the above outdated and restrictive arrangements, which do not serve the educational interests of children and are no longer affordable in light of the budgetary crisis facing the country. In particular, activities such as in-service training and school planning should be routinely scheduled so as not to erode school teaching time, and sick leave arrangements should be brought back to a sensible position. Official involvement in the Summer Courses for teachers should be discontinued as should the annual leave benefits.

The Group targets an initial saving of €100m a year in the cost of substitution/supervision arrangements. The Group also targets savings of €50m a year by reviewing the issue of payment of management allowances to teachers.

B.4 Reduction in the number of Special Needs Assistants

There are currently about 10,500 Special Needs Assistants (SNA's) working in primary and post primary schools around the country, compared with less than 6,000 in 2004/05. Expenditure in this area has grown from about €130m in 2004 to €350m in 2009. The main duties of the assistants are to provide necessary non–teaching services to pupils with assessed educational needs. Some SNA's are required for a specified period of time but in some cases schools have retained SNA's even after the requirement no longer exists due for example to progression of children. It should also be possible to achieve efficiencies through greater sharing of resources and more effective time management. The Group considers there is scope to reduce the number of SNA's by up to 2,000 (20%) which should generate savings of up to €60m a year and still leave about 8,500 SNA's in the system to provide support for students with special needs; this would still be higher than the numbers in place in 2006.

B.5 Progressive further reduction in the number of English language support teachers

There are currently almost 2,200 language support teachers providing services to non-English speaking children requiring additional tuition in the English language. This is due to reduce to about 1,500 from September 2009, arising from policy changes being introduced in the context of the 2009 Estimates decisions. The Group is of the view that the allocation for this service should still be reduced further in 2010 because of the decreasing levels of immigration, the increasing trend of immigrants leaving the country due to the current economic difficulties, and the length of time that most existing immigrants have now been in the country. The Group recommends a progressive reduction of 1,000 in the number of teachers to a reduced complement of 500 in this area from September 2010, saving an estimated €7m in 2010 rising to over €21m in a full year. This proposed reduction would return the number of language support teachers to long term trend requirements based on estimated immigration and labour market parameters.

B.6 Decrease in the main capitation grant

The capitation grants provided to primary schools fund the costs of running the schools. The capitation rate has been increased by 10% each year on average over the last four years (53% in total). This compares to annual increases in inflation over the last four years of 3.9% on average. Schools should also be incurring lower running costs due to recent price reductions in heating and lighting costs. For these reasons, the Group considers that the capitation should be reduced by 10% in 2010 followed by a similar reduction in 2011. These reductions would bring capitation back to 2007 levels, saving the Exchequer approximately €25m on an annual basis.

Programme B - Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by up to 3,400 public servants.

Programme C – Second Level and Further Education

This Programme has a 2009 allocation of €3,032.9m and there are 32,545 staff involved in implementing the Programme.

Table 6.7 D/E&S - Measures identified for Programme C

	Annual savings
C.1 Rationalisation of VEC’s	€3.0m
C.2 Reduction in the capitation grants	€10.0m
C.3 Increase in the staffing schedule for non fee paying schools	€50.0m
C.4 Reduce support for fee paying schools	€25.0m
C.5 Integration of Senior Traveller Training	€25.0m
C.6 Discontinuation of *Comhairle um Oideachas Gaeltachta agus Gaelscolaíochta (COGG)*	€1.2m
Total Current Savings	**€114.2m**
Associated staff reductions	1,240

C.1 Rationalisation of VEC's

There are 33 Vocational Educational Committee's (VEC's). In some counties there are both city and county VEC's (e.g. Cork and Galway). The Group considers that the number of VEC's should be reduced. This should involve the amalgamation of city and county VEC's as well as amalgamation of certain VEC's on a regional basis. Overall, the Group considers that the number of VEC's can be reduced from 33 to 22 and aligned with the functional areas of the Local Authorities (which the Group is recommending be reduced to 22 in number - see Detailed Paper No. 8). This should lead to savings in administration costs and efficiencies in service delivery. While there will be some offsetting costs, there will also be once-off revenue generated through disposal of property. Overall, the Group targets €3m in savings for this measure. This should also include reductions in administrative staff.

The possibility of amalgamating the VECs with the local authorities could also be considered.

C.2 Reduction in the capitation grants

Post-primary schools currently receive grants for general running costs such as heating and cleaning. Grants are also provided to fund the cost of support services such as caretakers and secretaries. Given the ongoing economy-wide reductions in salaries, decreases in the rate of inflation and the substantial increase in these grants above inflation in recent years, the Group considers that capitation grants should be reduced by €10m which is approximately 10% of the 2009 allocation.

C.3 Increase in the staffing schedule for non–fee-paying schools

Teachers' pay comprises the most significant element of the budget for second level education. The Group holds the view that efficiencies must be obtained under this expenditure heading to reduce the size of the Exchequer deficit. The staffing schedule should be increased from 19 to 20 in September 2010 to generate full year savings of €50m (achieved after two years). (The Staffing Schedule at Post Primary level varied between 19 and 20 from 1972 until 2000, when it was reduced to 18. It will increase to 19 with effect from September 2009). Given the scale of our second level schools, this proposal could have implications for some schools in relation to their ability to continue to provide the range of subject choices currently on offer. However, in order to overcome this difficulty in the longer term, consideration could be given to moving towards larger average school size at second level.

C.4 Reduce State support for fee-charging schools

The State currently pays €101m towards the salaries of teachers in private fee-charging schools. The income raised from fees is €119m, while the schools also have other sources of income from religious orders, investments, etc. These schools should, in principle, be required to meet a greater proportion of their own costs, with a 25% reduction in the State subvention proposed in the first instance. This could be achieved by increasing the staffing schedule for private schools from 18 (as at present – increasing to 20 from September 2009) to 28 in respect of Exchequer-funded staff. This would yield savings of about €25m when fully implemented, but would have to be phased in over a number of years. It is estimated that this would require an average increase of 21% in the level of fees charged by the schools over the period, if the reduction in Exchequer funding is to be met in full. While this may prove to be an issue for some of the smaller, less-viable private schools, which may seek to dispense with fees and transfer to the free education scheme, it is not considered that the level of increase in fees required would result in a significant change in the sector overall.

C.5 Integration of Senior Traveller Training

Senior Traveller Training Centres (SSTC) are full-time, one or two year second chance education options for Travellers aged 18 or upwards who left school with little or no educational qualifications. The SSTC operates from a network of 33 VEC centres nationwide, with just under 1,000 places available and with a staff of 240 across the centres. Travellers in VEC areas where there is no STTC are already accessing other integrated community programmes run by the Department of Education & Science such as adult literacy, *Back to Education Initiative*, Youthreach and others.

The Minister for Education & Science published the 'Report and Recommendations for a Traveller Education Strategy' in November, 2006 and this recommended that Travellers should have equality of access, equality of participation and equality of outcome in a fully inclusive further education system. It also recommended that the STTC programme should be reviewed and its future clarified. A Value-for-Money Report published in April, 2008, evaluated the STTC programme and found that progression rates (either to employment or further education and training) are low at 37% compared to other programmes. It recommended that this separate Traveller provision should be phased out over 10-15 years and that Travellers should be mainstreamed into the other Adult and Further Education programmes. This process is commencing in September 2009, with the number of STTC places being reduced by 100.

It is recommended that the provision for the *Senior Traveller Training Centres* (€25m) be wound down over the next 2 to 3 years with participants being integrated into mainstream adult and further education programmes run by the Department of Education & Science.

C.6 Discontinuation of *Comhairle um Oideachas Gaeltachta agus Gaelscolaíochta* (COGG)

This body was established in 2002 to provide functions relating to policy advice, research, provision of support services and provision of text/resources to support the teaching and learning of Irish in schools. The existence of a separate agency to carry out these functions is unwarranted. The Group recommends that this body be absorbed into existing D/E&S units. This would save €0.3m in terms of the administration costs of COGG, and up to a further €0.9m in terms of the funding for provision of texts/resources for Irish medium schools.

Programme C - Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 1,240. This does not include the impact of VEC rationalisation.

Programme D – Third Level Education

This Programme has a 2009 allocation of €1,813m and there are 20,873 staff involved in implementing the Programme.

Table 6.8 D/E&S - Measures identified for Programme D

	Annual savings
D.1 Staffing efficiencies across third level sector	€140.0m
D.2 Rationalisation of third level institutions	€9.2m
D.3 Merge the Higher Education Authority and D/E&S	€1.0m
D.4 Reduction in the allocation for teacher training colleges	€5.0m
D.5 Reduction in the allocation for research and development	€17.3m €10.2m (capital)
D.6 Reduction in the allocation to the Strategic Innovation Fund	€10.0m
D.7 Rationalisation research administration structures at third level institutions	€4.0m
D.8 Reduction in the allocation to Student Support Grant	€70.0m
D.9 Discontinue funding for Grangegorman	€1.5m
D.10 Discontinue the National University of Ireland	€3.0m
Total Current Savings	**€261.0m**
Total Capital Savings	**€10.2m**
Total Identified Savings	**€271.2m**
Associated staff reductions	2,000

D.1 Staffing efficiencies across the third level sector

The Group considers that there is scope for greater productivity at third level institutions in the case of both the universities and the institutes of technology (IoT's). The problems arise in the case of both academic and administrative staff. Some of the drivers of problems are set out below.

Institutes of Technology

Academic staff

(i) Contracted time

The academic contract provides for an annual commitment of 560 hours, a weekly norm of 16 hours for lecturers (630 hours and a weekly norm of 18 hours for assistant lecturers). The contract also provides for an academic year that runs from 1 September to 20 June only, during which all work including exam boards and appeals must be done. The changing nature of academic institutions through semesterisation, modularisation, work placement and remote delivery has meant that the annual commitment is never delivered because of the weekly restriction. Some lecturers end up delivering less than half of their annual contractual commitment with the majority delivering in or around two-thirds. For example, in some cases a lecturer may have no further work from March until September because of student work placements. An annualised contract would address this problem.

(ii) Other contractual issues

There is no contractual requirement to be on campus other than for delivering lectures and there is no system of accountability for the performance of non-lecturing duties. These issues are even more problematic when dealing with part-time staff in the context of part-time legislation. Other difficulties arise because of contractual provisions such as:

- extra payments for work forming part of normal duties (i.e. correcting exams);
- weighting allowance for hours worked after 6pm of 1.5 (which is greater than any premium payment elsewhere in the public sector);
- rates of pay in music schools for one-to-one tuition.

Non-academic staff

(i) Terms and conditions

Non-academic staff in the IoT sector generally have more favourable conditions than their civil service counterparts as follows:

- shorter working weeks (as low as 32.5 hours);
- longer annual leave (up to 34 for Assistant Principal equivalent grades);
- with IoT's closing for longer periods at Christmas and Easter, there are greater numbers of privilege/concession days (as well as entitlements to religious holidays in the case of some staff).

Absorption of concession days into annual leave and harmonisation of annual leave/working week with other areas of the public sector would provide greater productivity within the sector and generate savings. Entitlements to religious holidays are also considered an out-dated concession and should be abolished.

(ii) Other inefficiencies

Redeployment of non-academic staff within the IoTs is difficult due to a variety of factors, including specific job titles (FOI Officer, Assistant Buildings Officer, Health and Safety Officer) rather than generic ones, as well as rigid job descriptions and union demarcation. This should be addressed.

University sector

The position in the university sector is also problematic. The Group understands that the current academic contract at the universities makes no specific provision in relation to teaching hours. This must be addressed in the interests of improving efficiencies in the universities and improving the service to students. Other issues which require to be addressed in the university sector are as follows:

(a) the introduction of a formal academic workload management system across the sector;

(b) agreement on increased teaching hours for non-research active staff and minimum undergraduate teaching commitments for senior academic staff;

(c) implementation of performance management across the system;

(d) more flexible staff transfer arrangements to enable redeployment of staff to areas of priority;

(e) under-utilisation of resources, both human and infrastructure, over the extended holiday period.

Recommendation

These issues need to be addressed urgently in order to increase the number of teaching hours delivered as required in the interests of promoting productivity and competitiveness in our critical third level infrastructure. Initiatives in this area should significantly reduce overall staffing requirements. The Group recommends that third level institutions take concrete steps to increase service delivery using existing resources and that routine monitoring of improvements in service delivery be carried out. In this context, outsourcing of appropriate activities such as facilities maintenance, receptions and libraries should be actively explored.

In light of the analysis outlined above, the Group estimates that overall staff numbers, including non-academic staff, across the third level sector could be reduced by up to 10% or 2,000 over the medium term. This would lead to savings of €140m a year.

<u>D.2 Rationalisation of third level institutions</u>

At present, Ireland has 7 universities, 14 institutes of technology and over 20 other third level educational institutions feeding into the CAO, many of which are comparatively small by international standards. Given the size and population of the country, there is scope to reduce the number of third level institutions. The Group proposes the following rationalisation measures:

1. Abolition of the *Tipperary Rural and Business Development Institute* (TRBDI)

   The case for the continued existence of TRBDI is weak. The institute is located near two other IoT's and has a high complement of staff (100) compared to the number of full-time students (338). The Group recommends that the institution be closed with existing students re-assigned to nearby IoT's. The campus should be disposed of for the benefit of the Exchequer.

2. Amalgamation of the *Dublin Institute of Advanced Studies* (DIAS) with UCD or TCD

   The Group notes that DIAS operates under legislation dating from the 1940's. The Group concludes that it should be amalgamated with either University College Dublin (UCD) or Trinity College Dublin (TCD) to achieve efficiency savings.

3. Amalgamation of DIT and two Dublin-based IoT's

   The Group is of the view that two IoTs based in Dublin (*Tallaght* and *Blanchardstown)* should be amalgamated with the existing *Dublin Institute of Technology* to achieve economies of scale. A single large IoT in Dublin would reduce the risk of duplicate investments in research infrastructure and teaching staff. The amalgamation would also offer the opportunity of restructuring the delivery of teaching Programmes and promote specialisation of high-quality teaching.

   The cost of central administration and services for a sample number of IoT's amounts to between 10% and 11% of overall costs. The Group targets a 50% saving in the administration costs of the two smaller institutes involved, which would yield savings of €2m annually.

The more efficient use of infrastructure as a result of the amalgamation of the institutions e.g. using the surplus lands at Tallaght (which is well-served with transport links) would lead to additional savings.

4. Amalgamation of *National College of Art & Design (NCAD)* and the *Dún Laoghaire Institute of Art, Design & Technology*

The Group notes that the number of students attending the NCAD is quite low and concludes that a single third level institution for art and design could deliver savings in back office and programme delivery costs. There should also be capital savings arising from the likely cancellation of the planned capital re-development of NCAD. Savings on the same basis as 3 and 4 above are estimated at €700,000.

5. More generally, there should be a rationalisation of the remaining smaller institutions, including institutes of technology outside Dublin in favour of having fewer institutions, which would benefit from operating on a larger scale (ideally with a minimum of 1,000 students). The Group proposes that such rationalisation could be pursued to produce a regional rather than a county approach. Amalgamation offers administrative efficiency and also provides increased scale for delivery of services to students e.g. improved choice in terms of subjects and courses and improved quality through the development of "centres of excellence" in particular areas of specialisation.

The Group envisages that the rationalisation of institutions as outlined above should lead to the following benefits:

- Decrease in management and administration/support costs, such as IT, Finance and HR;
- Increased scale for delivery of services to students should lead to improved choice in terms of subjects and courses and improved quality through the development of "centres of excellence";
- Reduced risk of duplicate investments in research infrastructure and teaching staff;
- Synergies in delivery of teaching programmes; and
- Greater scope for consistency in conditions of employment such as required teaching hours per week.

Overall, the Group targets €9.2m savings for this measure (not including TRBDI or DIAS savings).

D. 3 Merge HEA with D/E&S

There is duplication in the number of staff carrying out administrative supervision work for the third level education institutions across D/E&S and the *Higher Education Authority* (HEA). There are 44 staff in the D/E&S supervising the third level institutions[4]. The Special Group is of the view that this staffing level is too high considering that the HEA (staff of 59) already carries out similar activities. The Group considers that the HEA should be merged with the D/E&S to generate

[4] Some of these staff also work on the student support costs programme

efficiencies in staffing and administrative expenditure. The Group envisages savings of €1m and associated staffing reductions of 15.

D. 4 Reduce allocation for the teacher training colleges

There are currently 5 teacher training colleges, two State institutions (St Patrick's and Mary Immaculate) which receive combined funding of €35m and three private colleges (Froebel College, Colaiste Mhuire and Church of Ireland College of Education) which together receive over €11m in Exchequer funding annually. Almost 1,900 primary school teachers graduate annually, whether on the basis of Bachelor of Education courses or post-graduate courses. 500 of those teachers graduate from Hibernia College, a private institution, at no cost to the Exchequer. Given the fact that the Government has decided to impose a ceiling on teacher numbers and the fact that the staffing schedule is now moving in an upward direction the Group considers that the graduation of 1,900 teachers every year is too high a figure and that the State subvention of teacher training colleges should be reduced accordingly.

Pupil numbers in primary schools are projected to increase by 8,600 in 2010, 11,500 in 2011 and 12,000 in 2012. If the Government allows the ceiling on teacher numbers to increase to accommodate the increase in pupil numbers this will require about 300 additional teachers in September 2010, 400 in 2011 and another 400 in 2012. The estimated rate of teacher retirements is about 800 each year (the *Incentivised Scheme for Early Retirement* does not apply to teachers), so the requirement for additional teachers over the coming years is likely to be about 1,100 to 1,200 each year.

As an initial step in re-evaluating the supply of teachers, the Group recommends that the allocation to D/E&S for the training of teachers should be reduced by €5m in 2010. It can then decide on how best to manage the supply of teachers, whether each of the 5 existing teacher training colleges should continue to be funded to a lesser extent or whether it would be more efficient to concentrate resources on a smaller number of colleges.

D. 5 More efficient allocations for research and development

Research and development (R&D) funding for the third level sector is provided through the Programme for Research in Third-Level Institutions (PRTLI) and the research councils. An allocation is made to *HEAnet*. In general, the Group is strongly of the view that substantial reductions in funding are warranted given the significant amounts invested to date, the lack of verifiable economic benefits resulting from these investments and the inflationary impact of funding on research and administration salaries.

The two research councils, *Irish Research Council for the Humanities and Social Science* (IRCHSS) and *Irish Research Council for Science, Engineering and Technology* (IRCSET) provide funding for researchers in the form of post graduate scholarships, post doctoral fellowships, research fellowships and project based research. The Group supports the CEEU recommendation that the industry co-funding ratio should be increased for IRCSET's enterprise partnership awards. Further, the Group is of the view that the allocation to the research councils to increase Ph.D. outputs should be reduced because of the uncertainty about the absorptive capacity of industry to employ fourth level graduates and the propensity of Ph.D. graduates to emigrate.

The fifth cycle of the PRTLI scheme is due to run over the period 2010 to 2014. This scheme has been in operation since 1998 and there is insufficient evidence of the positive economic impact of the programme to date. Subject to any contractual commitments, this cycle should be cancelled. This will lead to savings in future years as spending on earlier cycles of PRTLI winds down without any new funding requirements arising in their place. The cancellation should also have implications for SFI funding given that SFI researchers are housed in PRTLI funded infrastructure.

HEAnet is Ireland's National Education and Research Network, providing high quality internet services to Irish universities, IoT's and the research and educational community, including all Irish primary and secondary schools. Due to the likely reduction in allocations for R&D activities, the Group considers that further savings should also be possible in *HEAnet's* allocation.

In a separate, wider recommendation on science, technology and innovation, the Group has recommended that all STI funding be brought into a single funding stream, managed by a single funding agency. In this context, the Group has also recommended that the overall level of State funding for STI should be reduced by €100m across all sectors. The amount of this overall reduction that should apply in the Education area is €27.5m - €10.2m capital and €17.3m current. In addition to this, the cancellation of Cycle 5 of PRTLI as proposed above should give rise to further savings in future years. The Group also recommends that future R&D allocations are targeted at projects with commercial potential.

D. 6 Reduction in the allocation to the *Strategic Innovation Fund*

The Group is of the view that the activities funded by the *Strategic Innovation Fund* are no longer an affordable priority in the current economic climate. The fact that drawdown of available funds has been slow further strengthens the argument for the scheme to be wound down. Accordingly, the Group recommends that there should be no further funding rounds and that the fund be abolished. However there are legal contractual commitments in place which must be met before abolition can take place. As spending under the SIF was €16m of the €40m allocated in 2008 and the 2009 allocation is €26m, the Group proposes a reduction in the annual allocation of €10m.

D. 7 Rationalise research administration at the third level institutions

The Group notes that many third level institutions have built up substantial research administration staffing in recent years as R&D funding increased significantly. Over 200 staff are involved in the administration of research and research budgets in the 7 universities at a cost of over €16m per annum. A total of 67 of those staff are employed in UCD at an annual cost of €5.3m while 40 are employed by Trinity College costing €3.2m per annum. There is scope for staff savings in this area given the likely future reductions in R&D allocations and the excess staffing employed which have not led to any sizeable increases in private funding for R&D at the institutions. Overall, savings of €4m are targeted.

D. 8 Reduction in the allocation to the *Student Support Scheme*

At present, €297m is spent on supports for students attending third level institutions. The support is means tested and is available in respect of all third level courses. In order to reduce the cost of this scheme while continuing to target those most in need of support, the Group recommends that an asset test be introduced as one of the criteria to be used in the means testing under the scheme. In addition, the Group considers that the current situation whereby unemployed students who return to full-time education under the Department of Social & Family Affairs funded *Back to Education Allowance* (BTEA) are also eligible to apply for a D/E&S student maintenance grant under this scheme should be changed. The Group considers that students should be entitled to apply for either a BTEA allowance or a student maintenance grant, but not both. It is therefore recommended that BTEA recipients should not be eligible for further support under the D/E&S *Student Maintenance Grant Scheme*. Finally, consideration could be given to targeting this scheme in support of priority educational areas (e.g. science & technology). It is estimated that the combination of these two changes would yield annual savings of up to €70m. More generally, the Group considers that grant schemes of this nature should be cash limited each year so that the allocation is fixed and determinate in line with overall funding priorities.

D. 9 Discontinue funding for *Grangegorman Development Agency*

The *Grangegorman Development Agency* is a statutory agency established in 2006 by the Government to redevelop the former St. Brendan's Hospital grounds in Dublin city centre as a new campus for the *Dublin Institute of Technology* (DIT) and to provide community health facilities on behalf of the *Health Services Executive.* Given the current uncertainty in relation to this project, the Group proposes to discontinue all current funding (€1.5m) for the agency. This measure could also avoid further capital expenditure on the planned €1.5bn capital development Programme associated with Grangegorman. The Group further recommends that the State dispose of land associated with this project to generate revenue for the Exchequer and that the option be explored of consolidating DIT on alternative lands, e.g. at *Tallaght Institute of Technology* as suggested at D.2.3 above.

D. 10 Abolition of *National University of Ireland*

Progress is being made towards the amalgamation of *Higher Education & Training Awards Council* (HETAC), *Further Education & Training Awards Council* (FETAC) and the *National Qualifications Authority of Ireland* (NQAI) into one body. It is likely that the qualifications functions of the NUI in relation to its constituent universities and recognised colleges will also be amalgamated into the new qualifications body. Once these functions are removed from the NUI, its remaining functions would consist of the following:

- Printing parchment for the making of awards itself and for the making of NUI awards by the constituent universities;
- Bestowing prizes and bursaries across the constituent universities of the recognised colleges;
- Maintaining a register of NUI graduates and undertaking the elections for the NUI seats on Seanad Éireann; and
- Supporting Convocation of the NUI.

It is not considered that the remaining functions of the NUI would sustain the existence of the body. It is recommended accordingly that the NUI be abolished and its remaining functions transferred to another existing body as necessary. This should result in savings of the order of €3m a year.

Other measures

Re-Introduction of Third Level Fees

In addition to the efficiency actions outlined above, the Group is of the view that third level fees should be re-introduced to provide a sustainable funding stream for third level education which would relieve the existing burden on the Exchequer. The existing free fees scheme subsidises the education of students from high earning socio-economic groups e.g. it is estimated that 28% of free fees covers students from households with income in excess of €80,000. The continued rationale for this subsidy to be payable to those households which have the ability to pay for third level education is open to question. Furthermore, the scale of the budgetary crisis facing the Exchequer points to the need for tuition fees to help fund third level institutions.

Programme E – Other services

This Programme has a 2009 allocation of €536.5m and there are 315 staff involved in implementing the Programme.

Table 6.9 D/E&S - Measures identified for Programme E

	Annual savings
E.1 Reduce allocation to school transport	€25.0m
E.2 Reduce allocation for teacher training & funding for Education Centres	€12.0m
E.3 Absorb *National Education Welfare Board* (*NEWB*) into D/E&S	€0.5m
E.4 Absorb *National Council for Special Education* (*NCSE*) into D/E&S	€0.3m
E.5 Reduce allocation to certain Local Drugs Task Force (LDTF) Projects	€1.0m
E.6 Reduction in allocation for *National Council for Curriculum and Assessment (NCCA)*	€0.8m
Total Current Savings	**€39.6m**
Associated staff reductions	120

E.1 Reduce allocation to school transport

The *School Transport Scheme* is a major transport operation which runs every school day over a large number routes carrying 135,000 pupils to primary and post primary schools. The scheme is administered by *Bus Éireann*. The allocation for the scheme has more than trebled in the last 10 years, increasing from €60m in 1999 to €192m in 2009, while the number of pupils carried has fallen from 145,000 to 135,000 over the same period. The scheme originated in a period when car ownership was much lower and when the provision of transport was seen as a necessity in order to encourage parents to send their children to school. Car ownership rates in rural Ireland exceeded 90% in most counties at the 2006 Census.

The average unit cost per pupil transported in 2008 was €1,438. If Special Needs pupils are excluded, the average cost per pupil carried is estimated to be closer to €1,000 per annum. The charge for post-primary pupils transported will be €300 per annum from September 2009, while primary pupils will continue to be carried free of charge. The Group considers that there should be a much greater contribution paid towards the cost of providing the school transport service. Also, charges should be introduced in respect of the primary school transport system. The Group recommends that a charge should be levied, at both primary and post-primary level, at a rate of 50% of the full economic cost of providing the service. This would be likely to be of the order of €500 per annum per child. (An exemption for social welfare recipients would continue to apply). This charge could be increased over time to improve the rate of cost recovery for the service.

There is also scope to charge some limited fee for special needs school transport. About 8,000 such pupils avail of free school transport services, at an average cost of €6,000 per annum per pupil, which reflects the widespread use of taxi services. This represents a total cost of about €48m per annum on the basis of a 42-week school year. In addition to this transport cost, many special needs students may need help embarking on and disembarking from the bus and may need help during the journey. The Department currently pays for escorts to accompany children in such circumstances, which costs a further €15m per annum. The Group does not propose that such special needs students should be charged 50% of the full economic cost of providing the service, but the same charge in money terms as that recommended for other pupils could be applied, which could yield up to €4m a year. Also, a change in policy in relation to the provision of escorts would significantly reduce the overall cost of the service for special needs pupils. For example, if the duties of an SNA were to be expanded to include escort duty, this would have a significant beneficial impact on the cost of transporting special needs students.

Overall, the Group estimates that the levying of school transport charges as outlined above could reduce the Exchequer subsidy by up to €29m annually. However, if a new maximum family charge were to apply, this level could reduce to about €25m.

There is also scope to change the eligibility conditions for the general scheme by providing transport only to the nearest schools instead of the nearest school of choice. The Group also concludes that consideration be given to an eligibility means test to determine those customers who can/should pay the <u>full</u> economic cost, rather than only 50% of that cost.

<u>E.2 Reduce allocation for teacher training & funding for Education Centres</u>

This programme covers in-career development for teachers and the running costs of Education Centres, of which there are 21 full time and 9 part time. The allocation for 2009 is €30m. This still represents an increase of 175% over the 1997 level of €11m at a time when inflation increased by 50%. The main reason for the increase in that period was that a new primary curriculum was introduced in 1999 which had to be delivered to all teachers in 3,200 schools. That curriculum has long since been rolled out but D/E&S have retained the high level of training. Training is now focussed on general support for the primary and post primary sectors and specific targeting of areas such as special needs support and whole school evaluation.

The Group is of the view that the Exchequer cannot sustain this level of expenditure at this time and recommends that expenditure on this Programme should be significantly reduced. It notes that the number of teachers requiring in career development should decrease as a result of budgetary cutbacks and that there have not been significant changes in curricula in recent years. There should also be scope to rationalise the network of education centres in line with the reduced allocation to in-career development training. This could involve closure of part time centres and/or amalgamation of centres. Overall, the Group recommends an estimated reduction of €12m.

<u>E.3 Absorb *National Education Welfare Board* (NEWB) into D/E&S</u>

The *National Education Welfare Board* (NEWB) is the national body responsible for school attendance. It employs up to 90 service delivery staff around the country to support school attendance and to discharge the NEWB's functions locally. The Group considers that the work of the NEWB is central to the mission of the D/E&S and should be more closely aligned with the Department. There is scope for the NEWB to work more closely with other units within D/E&S such as the NEPS, the Social Inclusion Unit and other staff working on educational disadvantage Programmes, particularly on a regional basis. Therefore, the Group recommends that the NEWB be absorbed into the D/E&S. This measure should also lead to efficiencies in board membership fees, professional fees and support costs which are estimated to save €0.5m a year.

E.4 Absorb *National Council for Special Education* into D/E&S

The *National Council for Special Education* (NCSE) aims to improve the delivery of education services to persons with special education needs arising from disabilities with particular emphasis on children. The Group considers that the NCSE should be subsumed into D/E&S to achieve efficiencies in back office costs of approximately €0.3m a year and to allow for the closer co-ordination of its work with the NEPS.

E.5 Reduce allocation to certain Local Drugs Task Force (LDTF) Projects

D/E&S retains responsibility for funding education projects delivered through LDTF's. The Group concludes that the allocation for these projects should be curtailed in line with the likely reduction in the overall number of LDTF projects funded by the Department of Community, Rural & Gaeltacht Affairs. The Group also notes that there is a general lack of evidence regarding the effectiveness of projects funded through local delivery mechanisms such as the LDTF's. A reduction of at least €1m is recommended for this Programme.

E.6 Reduction in allocation for *National Council for Curriculum and Assessment* (NCCA)

The NCCA advises the Minister in matters relating to the curriculum for early childhood education, primary and post-primary schools, and the assessment procedures employed in schools and examinations on subjects that are part of the curriculum. There is scope to achieve efficiencies in the non-pay budget of the NCCA by reducing expenditure on research, publications and staff development costs. The Group targets €0.8m savings overall.

Appendix to Detailed Paper No. 6

Table 1 Resource allocation for non-commercial State agencies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. Dublin Institute for Advanced Studies				
Gross Expenditure	-	€12.6m	€6.7m	79
of which: Exchequer	-	€8.0m	€6.7m	
2. Further Education and Training Awards Council				
Gross Expenditure	€1.5m	€8.0m	€3.5m	46
of which: Exchequer	-	€7.0m	€3.5m	
3. Higher Education and Training Awards				
Gross Expenditure	-	€4.0m	€2.6m	30
of which: Exchequer	-	€2.8m	€2.6m	
4. National Qualifications Authority of Ireland				
Gross Expenditure	-	€2.9m	€1.6m	24
of which: Exchequer	-	€2.7m	€1.6m	
5. Higher Education Authority				
Gross Expenditure	-	€6.2m	€4.2m	59
of which: Exchequer	-	€6.2m	€4.2m	
6. Irish Research Council for Science, Technology and Engineering				
Gross Expenditure	-	€26.1m		5
of which: Exchequer	-	€26.1m		
7. Irish Research Council for the Humanities and Social Sciences				
Gross Expenditure	-	€14.4m		6
of which: Exchequer	-	€14.4m		
8. Grangegorman Development Agency				
Gross Expenditure	-	€1.5m	€0.8m	6
of which: Exchequer	-	€1.5m	€0.8m	
9. National Education Welfare Board				
Gross Expenditure	-	€9.9m	€6.6m	100
of which: Exchequer	-	€9.9m	€6.6m	
10. Royal Irish Academy				
Gross Expenditure	-			90
of which: Exchequer	-	€3.9m		
11. Royal Irish Academy of Music				
Gross Expenditure		€7.3m	€5.7m	69
of which: Exchequer		€4.1m		
12. The Teaching Council				
Gross Expenditure		€6.6m		40
of which: Exchequer		-		

Table 2 Civil service offices

2009 (unless where otherwise specified)	**Capital**	**Current**	**of which – Pay**	**Staff Nos.**
1. Commission of Inquiry into Child Abuse				
Gross Expenditure		€19.0m	€1.0m	14
of which: Exchequer		€19.0m	€1.0m	
2. Education Finance Board				
Gross Expenditure		€1.8	€0.2m	0
of which: Exchequer		-	-	
3. Commission on School Accommodation				
Gross Expenditure		€0.1m	€0.1m	0
of which: Exchequer		€0.1m	€0.1m	
4. National Council for Curriculum and Assessment				
Gross Expenditure		€4.6m	€1.7m	36
of which: Exchequer		€4.6m		
5. National Educational Psychological Service				
Gross Expenditure		€21.7m	€18.6m	174
of which: Exchequer		€21.7m		
6. National Council for Special Education				
Gross Expenditure		€11.0m	€8.0m	109
of which: Exchequer		€11.0m	€8.0m	
7. Residential Institution Redress Board				
Gross Expenditure		€150.7m	€1.6m	29
of which: Exchequer		€150.7m		
8. State Exam Commission				
Gross Expenditure		€69.3m	€35.1m	170
of which: Exchequer		€59.5m	€35.1m	

Detailed Paper No. 7 – Enterprise, Trade & Employment

Table 7.1 Enterprise, Trade & Employment expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€1,462m	€1,450m	-0.8%	€169.7m	-11.7%
Gross Capital	€451m	€488m	8.2%	€68.0m	-13.9%
Gross Total	**€1,913m**	**€1,938m**	**1.3%**	**€237.7m**	**-12.3%**
Staff numbers	5,475	5,465	0.0%	594	-10.9%

*Includes National Training Fund

Introduction

Enterprise, Trade & Employment (ET&E) accounts for €1,938m of voted expenditure in 2009, including the *National Training Fund*. This expenditure is broken down into the following key Programme areas:-

Table 7.2 Enterprise, Trade & Employment resource allocation by Programme

	2009 [a] Capital	*2009 [a] Current*	*of which - Pay*	*staff numbers [b]*
A. Science, technology & innovation	€290m	€28m	€19m	234
B. Enterprise development & competitiveness	€191m	€212m	€126m	1,770
C. Labour force development [c]	€7.5m	€1,087m	€130m	2,317
D. Employment rights, industrial relations & occupational safety		€51m	€31m	517
E. Commerce, consumers and competition		€33m	€22m	396
F. Delivery of strategic goals		€18m	€11m	231
G. Other services		€21m	€0m	0
Total	***€488m***	***€1,450m***	***€339m***	***5,465***

[a] Based *on Revised Estimates Volume* 2009
[b] Includes Departmental and Office Civil Servants and Agency Public Servants – end-Dec '08
[c] Includes *National Training Fund* expenditure

At present there are 14 non-commercial State agencies operating under the aegis of D/ET&E. The total Exchequer funding available to these organisations in 2009 is €1,821m, and they employ 4,435 staff. In addition to this Exchequer funding, a further €237m is available for expenditure from own-resource income. Details for each agency and the Civil Service Offices under the aegis of the Department are set out in Appendix to this paper.

Outcome of the Group's deliberations

The Group has, in reaching the conclusions set out below, had regard to the cross-cutting analysis papers prepared by the *Central Expenditure Evaluation Unit* (CEEU) of the Department of Finance on Science, Technology and Innovation; Enterprise Support; Activation Measures; and Regulators/Ombudsman Offices.

The Group has identified proposals to save almost €238m comprising €170m in current savings (nearly 12% of total current expenditure) and savings in the capital budget that would yield €68m. While capital expenditure is beyond the core remit of the Group, in the case of D/ET&E capital expenditure is integral to the overall financing of areas such as science, technology and innovation and enterprise development, and is, therefore, considered alongside related current expenditure.

The Group has identified scope for a structural reduction of at least 594 staff across the Department and its agencies

The proposed savings by Programme area are set out in the table below.

Table 7.3 ET&E - Total measures by Programme

	Annualised savings identified	Recommended staffing reductions
A. Science, technology and innovation (STI)	€6.0m €48.0m (capital)	23
B. Enterprise development and competitiveness	€71.2m €20.0m (capital)	329
C. Labour force development	€78.0m	109
D. Employment rights, industrial relations and occupational safety	€8.4m	58
E. Commerce, consumers and competition	€3.2m	37
F. Delivery of strategic goals	€2.9m	38
Total Current Savings	**€169.7m**	
Total Capital Savings	**€68.0m**	
Total Identified Savings	**€237.7m**	**594**

The Group also supports using the *National Training Fund* surplus to substitute for voted expenditure on training resulting in savings of a further €100m. Because of the once off nature of this proposal it is not included in the table above.

Shared Services

While there are some examples of shared services in this Vote Group, e.g. in relation to *Forfás* which is responsible for pension arrangements for itself, *Enterprise Ireland* and *IDA Ireland*, there is great scope for further progress in this area. As noted above in the overall expenditure table, there are 5,465 civil and public servants employed in delivering the programmes of the Enterprise Votes. The Group recommends that the Department of Enterprise, Trade & Employment take steps to develop a single shared services operation for payroll and pensions, accounting services and general payments for all areas within its remit, and this should be outsourced to an external provider.

Other General Issues

The Department and its agencies should not be in the business of accumulating surplus property assets; in principle, such surplus properties should be realised for the benefit of the Exchequer wherever possible. The Group makes a specific recommendation regarding *Shannon Development*; this issue also arises in other agencies such as *IDA Ireland* and *Udarás na Gaeltachta*. Property that is not central to the core activity of any agency should be realised for the benefit of the Exchequer, although property that has a clear strategic rationale (e.g. productive plant capacity maintained by IDA) should be considered separately. D/ET&E and the Department of Finance should pursue this general matter on a joint basis.

Given the far reaching nature of some of the structural proposals put forward by the Group in Chapter 2 and the detailed Departmental papers, including this one, the potential restructuring of Government Departmental responsibilities will fall to be considered by the Government.

Programme A – Science, technology and innovation (STI)

Under this Programme, which has a 2009 Exchequer allocation of €318m and 234 staff, D/ET&E implements the *Strategy for Science, Technology and Innovation 2007 - 2013*. It directly funds the activities delivered by *Science Foundation Ireland* (SFI), *Enterprise Ireland* (EI) and a range of smaller programmes implemented by, *inter alia*, *Forfás* and the *Tyndall National Institute*.

In addition to the proposed saving of €0.4m identified by D/ET&E for the Programme, the Group has identified additional significant savings and these are included in the list of measures set out in the table below.

Table 7.4 ET&E - Measures identified for Programme A

	Annual savings
A.1 Reduce grant support and secure efficiency cuts in the context of creating a single funding stream for all STI activities across all Departments	€4.9m €48.0m (capital)
A.2 Discontinuation of funding for the *Irish Council for Bioethics*	€0.4m
A.3 Reduction in number of Departmental civil servants serving this Programme	€0.7m
Total Current Savings	**€6.0m**
Total Capital Savings	**€48.0m**
Total Identified Savings	**€54.0m**
Associated staffing reductions	23

<u>A.1 Reduce grant support and secure efficiency cuts in the context of creating a single funding stream for all STI activities across all Departments</u>

Responsibility for science, technology and innovation (STI) is spread across a number of Departments with the majority of the expenditure falling under the remit of the D/ET&E and the Department of Education & Science. There has been a proliferation in the number of bodies involved in the formulation and delivery of STI in addition to the involvement of six Government Departments. Overall, there are in excess of 90 schemes and some 60 of these involve the funding of PhDs. This approach is resulting in some displacement of private-sector funding and deadweight costs, and the production line of PhDs is outpacing industry's absorptive capacity. The largest verifiable output to date appears to be the publication of articles as opposed to more concrete measures of economic returns.

The Group has reached the conclusion that there should be radical rationalisation of the delivery of STI starting with the allocation of total responsibility to a single Government Department and the streaming of all funding through a single agency under that Department's remit. Furthermore, all STI expenditure should be prioritised on the basis of likely commercial return over a 3 to 5 year period.

Rigorous targeting of STI will permit savings through the removal of duplication in both administration and research, the logical prioritisation of resources and the measurement of outputs and outcomes.

The Group recommends that total STI expenditure be reduced by €100m. This saving has been allocated to relevant Departments on a pro-rata basis for the purposes of this report. This translates, for D/ET&E, into a saving of €48m of expenditure that is classified as capital but which should be considered alongside current expenditure. The allocation of the remaining monies between *Science Foundation* Ireland (SFI) and *Enterprise Ireland* (EI), prior to the transfer of all STI funding to the new single agency would be a matter for the D/ET&E to determine. The Group also recommends an efficiency cut of €4.9m in associated current expenditure related to administration.

The question of whether the single funding stream for STI should be located in D/ET&E, as currently constituted, is a matter for Government to consider.

<u>A.2 Discontinuation of funding for the *Irish Council for Bioethics*</u>

D/ET&E proposed a saving of €0.4m through discontinuing the funding of the *Irish Council for Bioethics* and this is accepted by the Special Group. The further issue of assigning some of its functions to the health sector would have to be considered, if necessary, by the Department of Health & Children within existing expenditure and staff resources.

<u>A.3 Associated Departmental staffing reductions</u>

Overall staff numbers associated with this Programme could be reduced by 23 including 13 civil servants in the Department, having regard in particular to the major rationalisation of organisations associated with STI funding and delivery. This should achieve a saving of €0.7m.

Programme B – Enterprise development and competitiveness

The Enterprise Development and Competitiveness Programme has a 2009 allocation of over €403m and employs 1,770 staff. The majority of the staff are employed by State Agencies. These agencies include *Forfás, IDA Ireland, Enterprise Ireland,* the *City and County Enterprise Boards*, the *National Standards Authority of Ireland* and Inter*Trade*Ireland.

Table 7.5 ET&E - Measures identified for Programme B

	Annual savings
B.1 Consolidate all indigenous enterprise support and sector marketing functions in *Enterprise Ireland* and rationalise the organisations losing functions as appropriate e.g. close down the *County Enterprise Boards*	€10.0m
B.2 IDA • Reduce IDA capital • Reduce administrative cost including: o Rationalise regional offices in Ireland o Share services	€10.0m (capital) €16.0m
B.3 Enterprise Ireland • Impose an efficiency cut in administration • Review range of programmes, grants and supports offered and prioritise	€36.0m €10.0m (capital)
B.4 IDA & Enterprise Overseas Offices • The 15 overseas offices of the IDA and the 32 of EI should be merged when in the same location (*An Bord Bia's* offices should be part of this process). • The overall network should be reduced by between 20% on economic return and importance and any gaps covered through Irish diplomatic missions, if possible.	to contribute to B.2 and B.3 above
B.5 Discontinuation of *Shannon Development*	€2.0m
B.6 *Forfás* – transfer shared services to a wider shared services operation and cut the remaining operation by 20%	€2.0m
B.7 *National Standards Authority of Ireland* • Privatise Certification service • Implement Organisational Renewal and Opportunities Programme	€3.5m €1.0m
B.8 Reduction in number of Departmental civil servants serving this Programme	€0.7m
Total Current Savings	**€71.2m**
Total Capital Savings	**€20.0m**
Total Identified Savings	**€91.2m**
Associated staffing reductions	329

D/ET&E identified a number of savings options for this Programme. These included €10m in capital expenditure and a further €3m in measures on the current expenditure side. Further measures identified by the Group are in the table above.

Both D/ET&E and the Department of Finance identified the privatisation of the certification business of the *National Standards Authority of Ireland* as a proposal. The Group supports this proposal with estimated savings of €3.5m.

The Group also concludes that, in principle, Inter*Trade* Ireland could contribute an efficiency gain to the savings. This issue is being considered in any event under the efficiency savings proposal put forward by the Minister for Finance and the Minister for Finance and Personnel and should be discussed at North South Ministerial Council level given that Inter*Trade* Ireland is a cross border body. Accordingly, the Group makes no estimate of savings under this heading.

B.1 Consolidate all indigenous enterprise support and sector marketing functions in *Enterprise Ireland*

The Group recommends that all enterprise and marketing support to indigenous enterprises be delivered through *Enterprise Ireland*. The implication of this is that the indigenous enterprise and marketing support functions of all other State-funded organisations should be transferred into EI. This includes the *County Enterprise Boards, Údarás na Gaeltachta,* the *LEADER Companies, the Partnership Companies, An Bord Bia, Bord Iascaigh Mhara, Teagasc,* the *Western Development Commission* and the *Irish Film Board*. The Group recommends that EI delivers its services through a network of offices based in the Gateways identified under the *National Spatial Strategy*.

The Group's approach would permit the elimination of duplication in schemes, structure and administration and encourage the logical prioritisation of resources on activities that would deliver the best economic return.

B.2 Rationalisation within the *Industrial Development Authority* (IDA)

The Group agrees with the reduction in IDA capital expenditure proposed by D/ET&E and has also reached the conclusion that there is scope for significant reductions in the administrative cost base of IDA Ireland through rationalisation and further sharing of services with other agencies. Reductions of this level of expenditure should also result in a headcount reduction.

B.3 Rationalisation within EI

Enterprise Ireland (EI) has a large administration-to-grants ratio. Much of this administration appears to relate to a variety of schemes and measures that the Group concluded should be reviewed and rationalised. Substantial headcount reductions of at least 200 in its existing complement should be implemented as the staffing numbers have been inflated by past mergers with associated legacy issues.

B.4 Rationalisation of IDA & EI overseas offices

The Group concludes that the large network of overseas offices under the aegis of both the IDA and EI is more extensive than needed, particularly if the *An Bord Bia* network is taken into account. The Group recommends that overlaps in any given location should be eliminated and that the overall network should be reduced by 20% based on economic return and importance. Any gaps, that do have an economic justification, should be covered, where possible, by Irish diplomatic missions in the most cost effective way possible. Furthermore, the overseas office network should be reviewed every two years to ensure that the justification for any particular location still makes sense based on the prevailing economic geography. The Group notes that the marketing/ promotion functions of *Bord Iascaigh Mhara* are already being merged with those of *An Bord Bia.* The savings that will arise will contribute to the savings set out for each organisation in B.1 and B.2 respectively.

B.5 Discontinuation of *Shannon Development*

The Group does not consider that there is an objective justification for the continued independent existence of *Shannon Development*. While *Shannon Development* receives only a modest amount of voted money, the Group recommends that it be discontinued and its functions in the enterprise areas be transferred to *IDA Ireland* (IDA) and *Enterprise Ireland* (EI) as appropriate. The Group recommends that the assets of *Shannon Development* not required by EI or the IDA for their core activities should be sold and the receipts accrue to the Exchequer. The Group also expects this recommendation to realise operational efficiencies and synergies worth at least €2m each year.

B.6 Transfer of shared services from *Forfás* and cut remaining Exchequer allocation by 20%

The Group recommends that the shared services operation in *Forfás* should be relocated to a wider shared service operation that would service the entire Vote Group. Furthermore, the Group considers that the remaining operation, after moving out the shared service operation, should be cut by 20% with savings to be realised through efficiencies and prioritisation of resources.

B.8 Associated Departmental staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 329. This figure includes 13 civil servants in the Department.

Programme C – Labour force development

This Programme has a 2009 allocation of €1,095m including the *National Training Fund*. Overall, some 2,317 staff are involved in the implementation of the Programme, the great majority of these being employed by FÁS.

The Group has included savings worth €77m in the table below. A further saving, estimated to be €100m in a full year, related to duplicate payments to certain categories of social welfare claimants when they take up places on the *Community Employment Scheme*, will be taken into account in the Social & Family Affairs Detailed Paper.

The Group supports a recommendation from the Department of Finance to substitute €100m of the surplus in the *National Training Fund* in 2010 thereby reducing the allocation of voted funds for the same purpose. As this will only have a once off benefit, it is not included in the table below.

The Group also notes the wide variation in the unit cost of relatively similar training provided in Community Training Centres compared to training provided under the *Vocational Training Opportunities Scheme* by the VECs. It raises questions about effective and cost efficient delivery of training that requires an in-depth investigation that the Group was unable to pursue in the time available. It recommends that this, and similar issues, should be the subject of a VFM review by the *Central Expenditure Evaluation Unit* of the Department of Finance.

Table 7.6 ET&E - Measures identified for Programme C

	Annual savings
C.1 Rationalisation of all employment services provided/funded by the State into a single operation offering a consistent nationwide service	€1.0m
C.2 End the dual entitlement of certain social welfare claimants (such as recipients of *One Parent Family Payment* and disability related payments) to both social welfare payments and *Community Employment* allowances. This measure should only apply to existing participants on the renewal of their existing placements and to new entrants to CE.	(€100m Saving included in the Social & Family Affairs Vote)
C.3 Cease funding: - FÁS Services to Business and - Skillnets	 €13.0m €14.0m
C.4 Impose a 10% efficiency cut on FÁS administration	€15.0m
C.5 Close down the *Jobs Initiative Scheme*	€10.0m
C.6 Savings on Training for the Unemployed: - Abolish FÁS training allowances for participants who do not qualify for *Jobseekers Benefit/Allowance* - Replace *supplementary allowances* with a standard cost of training allowance - Abolish the higher training bonus of €31.80 per week payable to the long-term unemployed	 €19.5m €2.0m €3.0m
C.7 Reduction in number of Departmental civil servants serving this Programme	€0.5m
Total Current Savings	**€78.0m**
Associated staffing reductions	109

C.1 Rationalisation of all employment services under FÁS

The Group notes that while FÁS provides employment services through some 70 offices, it funds the provision of the *Local Employment Service* (LES) in 25 disadvantaged areas through Partnership Companies and, through the *Community Employment Scheme*, it pays some of the staff in the Congress Centres (under the direction of ICTU) which provide similar employment services. In addition, the other Partnership Companies not involved in the LES provide similar services under the *Local Development Social Inclusion Programme* funded by the Department of Community, Rural & Gaeltacht Affairs. The fragmentation of State-funded employment services is not justified and the Group recommends that all such services be consolidated because a unified and consolidated employment service will be better placed to pursue a strong agenda of activation measures for the unemployed.

At a more general level, the Group accepts the Department of Finance proposal that an in-depth organisational review of FÁS be undertaken to ascertain the most efficient and effective establishment arrangements for FÁS in the context of the above proposal.

C.2 End the dual entitlement of certain social welfare claimants to both social welfare payments and to Community Employment allowances.

Certain social welfare claimants, mainly those on the *One Parent Family Allowance* and disability related payments, retain most of these payments in addition to the allowances paid by FÁS when they join the *Community Employment Scheme*. The Group recommends that this issue of double payments should be tackled for a number of reasons. The first is that this feature significantly adds to the cost of operating schemes. The second is that the continued existence of this feature acts as a disincentive to progression to the normal labour market because equivalent remuneration is not generally available. Accordingly, the Group recommends that new entrants to *Community Employment schemes* should only receive the relevant scheme payment from FÁS and cease to receive any payment from the Department of Social & Family Affairs. Existing beneficiaries should not be affected by the withdrawal of double payments during their current placements. However, the new regime would apply to renewal of existing participants on the *Community Employment Scheme*. The expected saving of €100m, once this is fully implemented, is not included in the savings for D/ET&E above because the saving will accrue to the Department of Social & Family Affairs. The estimated saving in the first year of implementation is expected to be about €38m.

C.3 Cease funding FÁS Services to Business and Skillnets

The Group was not convinced by the argument that the funding of €27m provided through FÁS Services to Business and Skillnets is a necessary catalyst in the provision of training by businesses to their own employees. The Group is not convinced that any market failure exists and recommends that these activities be stopped as employers can provide for their own requirements.

C.4 Impose a 10% efficiency cut on FÁS administration

FÁS should be able to find efficiencies annually worth €15m in the first instance from within its administrative budget. This represents an initial reduction of 10%. The Organisational Review referred to under C.1 will identify scope for rationalisation of numbers and more efficient use of resources to realise these efficiencies.

C.5 Close down the *Jobs Initiative Scheme*

Although recruitment to the *Jobs Initiative Scheme* ceased in November 2004, the rate of decline in numbers on the scheme is extremely slow. There are currently just over 1,400 participants at an annual cost of €35m in 2009. The Group has concluded that this Scheme should be wound up as soon as possible. A saving of €10m has been calculated by offsetting the cost of accommodating the existing 1,400 participants on alternative schemes against the gross saving of €35m arising from full closure.

C.6 Savings on Training for the Unemployed

With regard to FÁS Training for the Unemployed, the Group recommends a number of measures. Ceasing payment of the training allowance to participants who do not qualify for *Jobseekers Allowance* or *Benefit* will save an estimated €19.5m in a full year. Replacing the range of supplementary allowances with a single training grant will result in direct and indirect savings through reduced administration. Finally, the Group considers that the higher training bonus of €31.80 per week payable to the long-term unemployed is not justified. Removing this bonus will save €1.65m per 1,000 participants each year.

C.7 Associated Departmental staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 109 including 9 civil servant posts.

Programme D – Employment rights, industrial relations and occupational safety

The area covered by this Programme, which has a 2009 allocation of €51m and involves some 517 staff**,** has greatly expanded over the years and increased in complexity. In relation to the latter point, the Group notes that the already complex situation within the ambit of D/ET&E is further complicated by the use of partnership structures / organisations under the ambit of the Department of the Taoiseach in the resolution of many industrial relations disputes.

Table 7.7 ET&E - Measures identified for Programme D

	Annual savings
D.1 Relocate all IR institutions to a single location with increased potential for shared services and efficiencies (projected savings of €1.5m – 15%). Then: Rationalise the industrial relations institutions (*Labour Court*, LRC, EAT, etc.) – This should be tackled over the medium term due to the complexity of institutions and legislation	€3.0m
D.2 Merge the *Health and Safety Authority* and the *National Employment Rights Authority* into one *Work Place Inspectorate.* Co-operative efficiencies should yield €2m a year in the meantime.	€5.0m
D.3 Reduction in number of Departmental civil servants serving this Programme	€0.4m
Total Current Savings	**€8.4 m**
Associated staffing reductions	58

<u>D.1 Relocate all IR Institutions to a single location to maximise efficiencies and synergies, then rationalise them.</u>

The very complex structure for industrial relations institutions has to be simplified and streamlined. As this process will need to be pursued over a medium term period, the Group recommends in the first instance that the institutions should all be relocated to one site where efficiencies and synergies can be realised with immediate effect. Target savings from the initial process should be €1.5m each year, including staff reductions of 15. Following rationalisation of the structures, target savings should be in the region of €3m each year.

The rationalisation should include:

- the merger of the Labour Court and the Labour Relations Commission;
- the transfer of activities such as the administration for Joint Labour Committees and the Rights Commissioners to the National Employment Rights Authority;
- whether the role of other bodies, such as the National Implementation Body, is needed;
- consideration of the merits of merging the Equality Tribunal into the rationalised IR structure, given that many of its cases occur in the workplace; and
- discontinuing functions such as the Industrial Relations Advisory Service, the Workplace Mediation Service, industrial relations research, public relations, etc.

D.2 Merge the *Health & Safety Authority* and the *National Employment Rights Authority* into a single Work Place Inspectorate.

The Group recommends that the *Health & Safety Authority* and the *National Employment Rights Authority* be merged to realise operational efficiencies and synergies worth at least €5m each year. Staff reductions of 10% should be targeted to reduce the number of posts by 33 In the meantime, the various shorter-term recommendations made by D/ET&E in relation to efficiencies, reduction in inspectors, clustering of inspections and reductions in awareness campaigns should be implemented. These should save some €2m a year.

D.3 Associated Departmental staffing reductions

Overall staff numbers associated with this Programme could be reduced by 58. The number includes 10 posts in the Department itself. This should save €0.4m a year.

Programme E – Commerce, consumers and competition

The 2009 allocation for this Programme is €33m and involves 396 staff. The Programme promotes competition, the protection of consumers and the regulation of companies. The delivery of this Programme has, until the recent establishment of the *National Consumer Agency,* been primarily done by D/ET&E itself and the *Competition Authority*.

The Group notes that there is already progress in pursuing rationalisations in this area arising from the Government's decision in *Budget 2009* to merge the *National Consumer Agency* and the *Competition Authority.* The savings expected to arise from this decision are not included in the table below.

Table 7.8 ET&E - Measures identified for Programme E

	Annual savings
E.1 Formally merge the functions of the *Registrar of Friendly Societies* and *Companies Registration Office* and secure additional efficiencies	€0.5m
E.2 The *Irish Auditing and Accounting Supervisory Authority* should maximise the use of shared services and efficiencies to reduce the Exchequer's subvention from its current level of 40% to 20%	€0.8m
E.3 Reduction in number of Departmental civil servants serving this Programme	€1.9m
Total Current Savings	**€3.2m**
Associated staffing reductions	37

E.1 Formally merge the *Registrar of Friendly Societies* and the *Companies Registration Office*

The *Registrar of Companies* was assigned the non-credit union functions of the *Registrar of Friendly Societies* on an interim basis in May 2003. More than sufficient time has passed for decisions on the future of the *Registrar of Friendly Societies* and the Group recommends that the offices should be formally merged.

E.3 Associated Departmental staffing reductions

The Group estimates that Departmental staff numbers associated with this Programme could be reduced by 37. This should save €1.9m a year.

Programme F – Delivery of strategic goals

D/ET&E informed the Group in their evaluation paper that the 2009 allocation for this Programme is €18m and that it employs 231 staff. The Programme is primarily concerned with corporate services including the HR function, ICT support, maintenance, financial management, central policy planning and internal audit. It also includes the staff of the Offices of the Minister and of the Ministers of State.

Table 7.9 ET&E - Measures identified for Programme F

	Annual savings
F.1 Savings in corporate services - Reduction in administrative budget - Transfer of foreign posts to Brussels to reduce travel & subsistence expenditure	€1.0m
F.2 Reduction in number of Departmental civil servants serving this Programme	€1.9m
Total Current Savings	**€2.9m**
Associated staffing reductions	38

The Group considers the number of staff involved in the delivery of this Programme to be higher than is reasonable and it recommends the introduction of efficiencies and a reduction of 38 posts.

Programme G – Other services

The Special Group notes that the vast bulk of the expenditure, some €17.4m out of €21m, under this Programme consists of subscriptions to international organisations. €14.5m of the €17.4m goes to the *European Space Agency* (ESA). D/ET&E report that Irish companies and research groups secured ESA contracts worth €8.1m in 2008 and they estimate these companies had commercial sales of €16m as well. The Group recommends that a rigorous analysis of the benefits accruing to Ireland from membership of the ESA should be carried out to determine if it represents value for money.

The Group also noted that the decline in our GDP/GNP should be reflected in lower subscriptions in coming years.

Cross-cutting proposal

In its consideration of regulators/ombudsman offices in Chapter 2 (see section 2.8), the Special Group reached the conclusion that the *Irish Takeover Panel* should merge with the *Competition Authority*.

Appendix to Detailed Paper No. 7

Table 1 Non commercial semi-State agencies

2009 (unless where otherwise specified)	Capital	Current	of which - Pay	Staff Nos.
1. City and County Enterprise Boards (there are 35 CEBs)				
Gross Expenditure	€20.2m	€13.6	€8.8m	146
of which: Exchequer	€20.2m	€13.6	€8.8m	
2. Competition Authority				
Gross Expenditure		€5.6m	€4.4m	59
of which: Exchequer		€5.6m	€4.4m	
3. Enterprise Ireland				
Gross Expenditure	€285.2m	€118.9m	€103.5m	907
of which: Exchequer	€224.2m	€110m	€72m	
4. Foras Áiseanna Saothair (including National Training Fund expenditure)				
Gross Expenditure	€10m	€1,070.1m	€137m	2,241
of which: Exchequer*	€10m	€1,058.4m	€127m	
* The Exchequer allocation includes €354m from the National Training Fund				
5. Forfás				
Gross Expenditure		€37.8m	€30m	115
of which: Exchequer		€36.5m	€30m	
6. Health and Safety Authority				
Gross Expenditure		€22.9m	€13.7m	197
of which: Exchequer		€22.6m	€13.7m	
7. IDA Ireland				
Gross Expenditure	€153.4m	€52.3m	€29.8m	275
of which: Exchequer	€73.6m	€41.9m	€27.1m	
8. InterTrade Ireland				
Gross Expenditure	€9m	€3.9m	€2.4m	28
of which: Exchequer	€6m	€2.5m	€1.5m	
9. Irish Auditing and Accounting Supervisory Authority				
Gross Expenditure		€2.7m	€1.5m	6
of which: Exchequer		€1.3m	€1.3m	
10. National Consumer Agency				
Gross Expenditure		€8.6m	€4.7m	42
of which: Exchequer		€8.6m	€4.7m	
11. National Standards Authority of Ireland				
Gross Expenditure	€0.6m	€23.1m	€14.5m	161
of which: Exchequer	€0.6m	€8m	€7.9m	
12. Personal Injuries Assessment Board				
Gross Expenditure		€12	€6m	75
of which: Exchequer				
13. Science Foundation Ireland				
Gross Expenditure	€165.4m	€10.6.m	€5.1m	54
of which: Exchequer	€165.4m	€10.6m	€5.1m	
14. SFADCo Ltd (Industrial)				
Gross Expenditure	€14m	€16.3m	€8.5m	129
of which: Exchequer	€0.7m			

Table 2 Civil service offices

2009 (unless where otherwise specified)	Capital	Current	of which - Pay	Staff Nos.
1. Office of the Director of Corporate Enforcement				
Gross Expenditure		€5.5m	€2.7	36
of which: Exchequer		€5.5m	€2.7m	
2. Labour Court				
Gross Expenditure		€3.1m	€2.7m	38
of which: Exchequer		€3.1m	€2.7m	
3. National Employment Rights Authority				
Gross Expenditure		€8.7m	€6.4m	128
of which: Exchequer		€8.7m	€6.4m	
4. Labour Relations Commission				
Gross Expenditure		€6.3m	€4.5m	48
of which: Exchequer		€6.3m	€4.5m	
5. Companies Registration Office & Registrar of Friendly Societies				
Gross Expenditure				125
of which: Exchequer		€8.9m	€5.7	

Detailed Paper No. 8 – Environment, Heritage & Local Government

Table 8.1 Environment Heritage & Local Government expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€954m	€876m	-8.3%	€130.0m	-14.9%
Gross Capital	€2,215m	€1,807m	-18.4%	-	-
Gross Total	**€3,169m**	**€2,683m**	**-15.3%**	**€130.0m**	**-4.9%**
Staff numbers	1,200	1,172	-2.3%	30	-2.6%

Introduction

The Department of the Environment, Heritage & Local Government (D/EH&LG) is central to the delivery of a number of important policy objectives in the areas of social housing, provision of water services and environmental and heritage protection. The Department's total spending accounts for over €2.6bn of expenditure in 2009. This is an 8.3% reduction on current expenditure in 2008 with an 18.4% reduction in capital expenditure giving an overall reduction of just over €486m. Total current spending by local authorities amounts to €5bn (including Exchequer subvention)

It should be noted that the major part of the Environment, Heritage & Local Government Vote (EH&LG) is capital expenditure which accounts for €1.8bn of the total while current expenditure accounts for €876m. While this detailed paper primarily addresses current expenditure, it also contains relevant views on some capital expenditure lines.

The current expenditure allocation, which contains a significant pay amount, is divided across a number of individual programme areas within the Department, as illustrated in table 8.2. Expenditure on the Administration Programme area is primarily on departmental staff pay, while the current expenditure allocated across other programme areas is mostly in support of service provision.

D/EH&LG has an important role in the interaction between Central and Local Government. While the Special Group has addressed the areas of potential savings that could be achieved in relation to Exchequer spending on these programmes, and suggested rationalisation of agencies, it recognises that the Local Government layer of public administration is not specifically within its remit. The Group's relevant views on the Local Government Sector are in Section E of this paper.

The following pages deal with the Group's views on the D/EH&LG Voted Expenditure. The Group's suggestions relate to policy direction, structural reform, programme adjustments and administrative and other efficiencies.

Table 8.2 Environment, Heritage & Local Government resource allocation by Programme

	2009 Capital [a]	*2009 Current* [a]	*of which: pay* [a e]	*Staff Numbers* [b]
A. Administration	€2.3m	€92.9m	€75.3m	459 [c d]
B. Housing	€1,160.5m	€254.5m	€5.7m	129
C. Water	€500m	0	0	40
D. Environment	€54.3m	€40.9m	€18.4m	74
E. Waste management	€12m	0	0	47
F. Local government	€39.5m	€428.5m	0	90
G. Heritage	€31.5m	€32.6m	€6.8m	284
H. Planning	€0.9m	€22.5m	€11.3m	34
I. Other services[g]	€6.3m	€3.5m	€0.4m	[f]
TOTAL	**€1,807.3m**	**€875.4m**	**€117.9m**	**1,157**

[a] *Revised Estimates Volume* 2009
[b] Includes Departmental and Office Civil Servants – end of April 2009.
[c] Includes 118 staff in Ministers Office, Minister of State's Offices, Secretary General's Office, Legal Adviser, Press & Information Office, *Local Government Audit Service*, Services Staff, Staff on Secondment (3)
[d] Includes 131 CSD Administration staff in the D/EHLG and 210 *Met Éireann* staff.
[e] Departmental staff involved in the delivery of all other Programmes are paid out of Programme A: Administration
[f] Staff numbers included under Programme A: Administration
[g] Other Services includes the *Irish Water Safety Association, Irish Architectural Archive,* Pension payments for former employees of the Environmental Research Unit, Legal expenses, dog control, e-procurement etc

Apart from the Local Authorities, there are at present a range of State agencies operating under the aegis of D/EH&LG, including 14 non commercial agencies. The total exchequer funding available to these bodies in 2009 is €58.8m. The details for each body are set out in the attached Appendix.

Outcome of the Group's deliberations

Following on from the savings of €486m achieved in the 2009 budget, the evaluation paper submitted by the D/EH&LG identified a further €7m in possible savings[5]. The Group supports most of these proposals and has come forward with further proposals for savings of an additional €123m leading to a recommended total saving of €130m as detailed in table 8.3.

Most of the measures will result in current expenditure savings that can be realised in 2010, while those that focus on organisational restructuring or streamlining of service delivery will provide savings over the medium term. In addition, there are measures that will require further analysis by the D/EH&LG to ascertain the full financial benefit; accordingly these are not costed at this stage because it is not possible to be accurate in any meaningful way. The total target savings outlined below, therefore, should be considered as the least that can be achieved. While the Exchequer contribution to the *Local Government Fund* (LGF) is dealt with separately as part of the annual Estimates process the Group is recommending a targeted reduction of €100m in a full year. In 2009, the LGF accounts for approximately 48% of D/EH&LG current expenditure.

[5] D/EH&LG also recommended streamlining and efficiencies that were not costed but should achieve further savings.

Table 8.3 sets out the value of the savings identified by the Group that can be costed at this juncture.

Table 8.3: EH&LG - Total measures by Programme [a]

	Annualised savings identified	Recommended staffing reductions
A. Corporate services	€5.0m	4
B. Housing	€8.2m	0
C. Water and natural heritage	-	-
D. Environment	€11.6m	25
E. Local government	€103.2m	1
F. Heritage and planning	€2m	-
Total Current Savings	**€130m**	**30**

[a] This is a breakdown by D/EH&LG Division

In the following pages these savings are outlined on a Programme basis.

Programme A - Corporate services

The D/EH&LG 2009 current expenditure allocation for Corporate Services Division is €92.9m of which €75.3m is for departmental pay. This represents a reduction of €0.9m on 2008. This Division employs 131 staff.

The Group proposes that further administrative savings of at least €5m of the 2009 allocation be achieved by a range of measures such as:
- actively working to implement energy efficiency measures;
- rationalising the number of Departmental and agency locations;
- introducing a single unit for procurement, logistics, stock control across the local authorities; and
- seeking additional payroll savings from the administrative budget.

Table 8.4 EH&LG – Measures identified for Programme A

	Annual Savings
A Range of administration efficiencies	€5.0m
Total Current Savings	**€5.0m**
Associated staffing reductions	4

Programme B - Housing

Housing has a 2009 current expenditure allocation of €255m of which €5.7m is pay. This represents an increase of €59.9m on 2008 expenditure due to a reorientation of housing policy from construction to leasing (construction is capital spending while leasing is current spending) to take advantage of current market circumstances and achieve housing targets within a reduced capital allocation. In 2009, €20m was allocated for leasing. This Division employs a complement of 129 staff. The D/EH&LG's capital expenditure housing allocation for 2009 is €1,160.5m representing a €355m decrease on 2008 expenditure.

Housing is the largest item of expenditure in the D/EH&LG budget. It covers a large number of activities and programmes from the social housing investment programme, the regeneration/remediation of social housing, provision of accommodation for travellers, provision of accommodation for the homeless, support for social housing provided through the voluntary and co-operative sector, support for affordable housing, and the provision of housing adaptation grants for the elderly and the disabled.

The Group notes:

- a €355m cut in the capital housing budget for 2009;
- the reorientation of housing policy from construction to acquisition and leasing to achieve greater value for money in a tightening budgetary situation;
- the utilisation of unsold affordable housing for social housing purposes to achieve greater efficiencies and value for money in the current market;
- the rationalisation of agencies through the amalgamation of the *Rent Tribunal* into the *Private Residential Tenancies Board* (PRTB) which will save an estimated €70,000 per year; and
- the restructuring exercise in the Housing Division to streamline and rationalise the resources of the Division.

A summary of the Group's views appears in table 8.5 below.

Table 8.5 EH&LG – Measures identified for Programme B

	Annual Savings
B.1 Rationalise housing policies	n/a
B.2. Rationalise housing agencies and schemes	€8.2m
Total Current Savings	€8.2m

The Group supports the following policy measures:

<u>B.1 Rationalise Housing policies</u>

- Promote rental leasing/acquisition instead of traditional construction

  The Group supports the D/EH&LG's policy of directing local authorities to move funding from construction of dwellings to acquiring them via leasing, rental, or purchasing of already built dwellings. In the current housing market it is possible to achieve greater value by leasing or purchasing on the market. This will increase current expenditure but will yield better value for money in the current conditions and achieve capital savings. It is noted that in exceptional circumstances local authorities may need the flexibility to construct dwellings to meet the needs of some individuals.

- Review the Local Authority tenancy system and amend the criteria for local authority housing lists

The Group considers that housing stock should be fully utilised by those with a long term housing need. The definition of housing need should be amended and the link to rent supplement should be removed to ensure that local authority housing lists cater for those with long term housing needs. There should be minimum delays between lettings of the housing stock.

Tenancies should be reviewed periodically, at a minimum at 5 year intervals, and the housing needs of tenants reassessed, regardless of income or family circumstances. Local Authority tenants should not have the right to hold a tenancy for a particular abode for their lifetime or be able to pass on a tenancy to a family member. As family circumstances change, the accommodation provided should match the circumstances, e.g. as a household reduces in size a smaller alternative should be provided.

- Reconsider the policy of selling existing local authority housing stock

The Group is of the opinion that discounts for tenant purchase should be withdrawn and local authorities should maintain a housing stock. In line with the Group's view on reviewing the local authority tenancy system, tenant purchase of local authority housing stock should be confined to existing tenants.

- Part V of the Planning and Development Act

The purchase option in Part V of the *Planning and Development Act 2000* is too rigid in its requirement that the Local Authorities must purchase a proportion of the units in each development. The Group recommends that Part V be amended to provide greater flexibility in implementation and protect the position of the Exchequer.

The Group recommends the following structural reform measure:

B.2 Rationalise Housing Agencies and Schemes

- Rationalising Housing agencies

The Group suggests that the D/EH&LG actively promote the merging of the housing agencies (*National Building Agency*, the *Homeless Agency* and the *Centre for Housing Research*) into one body. This would provide a more flexible support service for D/EH&LG and individual housing authorities and could be deployed in a more flexible manner as housing priorities evolve. It would also achieve expenditure and staff efficiency savings.

- Discontinue *Affordable Housing Schemes*

Due to the sharp improvement in housing affordability, all affordable housing schemes should come to an end and the *Affordable Homes Partnership* should be discontinued. The above measures together could save in the order of €6.2m.

- *Capital Loan and Subsidy Scheme* (CLSS)

The CLSS scheme provides finance for the voluntary housing activity of a variety of bodies. There are over 20,000 units owned and operated by these organisations. Under the CLSS, voluntary groups borrow from the Local Authority who access finance from the *Housing*

Finance Agency (HFA). The repayment of the loans is recouped annually from current Exchequer funding. The system should be reviewed to see if opportunities exist for a reduction in Exchequer support for voluntary housing bodies. This may entail the scheme being replaced in its current form. It may be that more can be done by the housing bodies to raise some of their own financing based on their current portfolio of houses with a reduction in Exchequer support.

- *Rental Accommodation Scheme* (RAS)

  With residential market rents declining (The latest CSO *CPI Detailed Sub Indices Release* of June 2009 shows that rents decreased by 16.4% over the previous 12 months), local authorities are in a position to negotiate better contracts with landlords participating in RAS. While existing contracts are fixed, every effort should be made to seek reductions in line with the reduction in market rates. New contracts should take advantage of greater value for money available in the current market. This will enable greater numbers to be accommodated for the monies provided.

  The current rent supplement scheme impacts on the size of the housing needs list inflating actual need. Cross checking on studies of need is necessary. A robust figure for housing need is required for planning the number of dwellings to purchase, lease or construct.

- Discontinue the *Home Choice Loan Scheme*

  The take-up on this scheme to date seems to be sluggish. Given the sharp fall in house prices and the fall in mortgage interest rates, conditions are more favourable for first-time buyers. It is recommended that this scheme be discontinued. There would be no saving directly from this.

- Maximise efficiencies in homeless services

  The Group recommends the full implementation of the Government's *Integrated Homelessness Strategy* which streamlines and coordinates funding arrangements to ensure a clear overview of the range of services and activities in the sector and facilitate more effective and efficient use of public resources. This could generate savings of €2m.

- Data collection

  The Group recommends that D/EH&LG in conjunction with local authorities rigorously assess the collection of data on housing need in a timely manner to ensure that the data reflects the reality and nuances of the situation.

Consistent with the Group's recommendation on the reduction in the number of local authorities in Section E, the number of housing authorities will correspondingly reduce from 34 to 22.

Programme C - Water & natural heritage

This Programme has a 2009 current expenditure allocation of €20.9m representing a €1.3m reduction since 2008 on natural heritage expenditure. The water allocation consists solely of capital expenditure. The Department employs 254 staff in this Division.

The objective of the Division is to protect and improve water resources, water-dependent eco-systems and the quality of drinking water; and to promote the conservation, appreciation and sustainable use of natural heritage and biodiversity. Effluent from farms, residential use, and industry can impact on the quality of water in springs, rivers, lakes, and underground sources. Different aspects of the regulatory matrix are the responsibility of local authorities, D/EH&LG, Department of Agriculture, Fisheries & Food, and Department of Communications, Energy & Natural Resources.

The provision of water and sewerage services is the responsibility of the 34 sanitary authorities. The D/EH&LG is responsible for:

- implementing Government policy in this area;
- ensuring that the required funding is secured to finance the schemes;
- allocating funding to the sanitary authorities for the provision of services; and
- monitoring physical and financial progress on schemes.

Water services infrastructure improvements are being delivered through a rolling three-year *Water Services Investment Programme* (WSIP) and the *Rural Water Programme*.

The wide range of activities required to fulfil Natural Heritage objectives and commitments are carried out by the *National Parks & Wildlife Service* (NPWS). D/EH&LG provides the funding for the maintenance, development, management and operations of the NPWS including the running of six national parks and sixty six State owned nature reserves, securing conservation of designated areas, development of visitor facilities, and conservation management and research.

The D/EH&LG is undertaking a Value-For-Money review (2009 - 2011) of the *Water Services Investment Programme* and an organisational review of the *National Parks and Wildlife Service*.

C.1 Delivery of water services through a single national authority

The Group recommends that, in line with the EU Strategy of river basin planning, the administrative structure should follow this approach and move away from a city/county basis. The existing administrative structures should be reduced from 34 local authorities and replaced with one national authority with an ability to plan and manage on the basis of river basins. Currently plans are being prepared under the *Water Services Framework Directive* with one Local Authority in each basin being given the lead role in co-ordinating plans.

- Extend water charges for domestic customers

  Potable water is a product that is costly to provide and by providing it, in general, free to domestic customers there is no incentive for these consumers to manage supplies. To encourage domestic management a charge should be introduced for the provision of water services. Charging is already a norm in some domestic situations, such as in group water schemes where it is in operation. In the absence of widespread water metering of dwellings, a flat rate fee could be introduced pending the installation of metering. When metering systems are in place a pay for usage can be introduced.

While this is not strictly an expenditure saving it will open up a new and sustainable source of revenue and encourage better use of an expensively provided resource. In time it should allow for a reduction in the Exchequer support for the provision of water services.

C. 2 Administrative streamlining

The Group also identified administrative efficiencies, namely, that the D/AF&F would assume the cost of the *National Parks & Wildlife Service*'s *Farm Plan Scheme* and the Inland Fisheries section in the D/CE&NR would be transferred to the D/EH&LG.

Programme D - Environment

The current allocation is €40.9m. The Department employs 74 staff in the Division.

The Division's remit involves a wide range of spending on aspects such as environmental regulation and enforcement (e.g. EPA), providing environmental information (e.g. ENFO), environmental research, and waste prevention and recovery.

Table 8.6 EH&LG – Measures identified for Programme D

	Annual savings
D.1 *Environment Fund* • Amend the legislative basis of the *Environment Fund* to return the proceeds directly to the Exchequer • A number of savings can be generated through programmes currently funded through the *Environment Fund* such as *ENFO*, the *Farm Plastics Schemes* and waste prevention and recovery	€9.6m
D.2 *Environmental Protection Agency* (EPA) • Review to be carried out • Rationalise the number of office locations	€2.0m
Total Current Savings	**€11.6m**
Associated staffing reductions	25

The Group has identified the following programme adjustments which will generate savings:

D.1 *Environment Fund*

The *Environment Fund* sources revenue from the plastic bag levy and waste facility fees. In 2007, the majority of the *Environment Fund* income of €57.7m was spent on waste management and recycling projects, EPA research and development, local authority enforcement initiatives, the *Office of Environmental Enforcement*, anti-litter initiatives and environmental awareness campaigns. The Group is of the view that it is inappropriate fiscal policy to have separate funds derived from charges or levies where the spending decisions are not made in the context of the Government's overall spending plans each year. Legislative amendments should be introduced to ensure that the current sources of income to the Fund should be returned to the Exchequer. There is also potential for savings on items currently funded from the *Environment Fund*.

- The Group recommends (in Detailed Paper No. 7) the creation of a single funding stream for science, technology & innovation (STI) and that STI funding should be reduced. Currently, EPA research is funded through the *Environment Fund*. A €1.7m saving should be made in the funding provided for *Environmental Protection Agency* research as part of the overall €100m saving on STI expenditure.

- There should be savings of €1m in 2010 from delivering the *ENFO* service through a web based facility rather than through a public office. Approximately 8 staff will be redeployed to priority areas in the D/EH&LG.

- The cessation of Exchequer/local authority funding support from the *Environmental Fund* for the *Farm Plastics Scheme* will generate a saving of €4m from 2010.

- The scaling back of the *Environmental Awareness Programme* will generate a saving of €2.15m and will allow for redeployment of 7 staff to prioritised areas in D/EH&LG.

- The Group considers that the funds allotted to the *Climate Change Awareness Campaign* are no longer required at the current level. The existing contract for the climate change awareness campaign has been renegotiated beyond its initial contract to spend €4.08m in 2009 and defer about 50% of remaining costs to 2010 (€3.75m). This contract should be renegotiated again with the view to reducing costs and the campaign should not be extended for the present beyond the initial contract. This will allow for redeployment of 7 staff to priority areas in the Department.

- In accordance with streamlining of the funding for research as mentioned in the D/ET&E detailed paper (see Detailed Paper No.7), the *Environmental Protection Agency* should compete for funding for research along with other research institutes. The Group agrees that, to maximise the funding available, increasing cooperation with Northern Ireland, should be explored. There could also be further potential for enhanced co-operation with private sector organisations and at EU level.

- The Group considers that the time is opportune for merging the functions of *Comhar* into D/EH&LG generating a saving of €0.7m and a saving of the salary costs for 3 permanent staff and accommodation costs.

D.2 *Environmental Protection Agency*

The D/EH&LG advises that a review of the *Environmental Protection Agency* is to be carried out in 2009. It is important that this review consider the scope for organisational change and development in light of current economic conditions while ensuring that Ireland continues to meet international commitments and obligations. The Group recommends a target of €2m in savings.

The headquarters of the EPA is in Wexford. It has 5 regional inspectorates (Dublin, Cork, Castlebar, Kilkenny and Monaghan) and 4 regional offices (Cork, Athlone, Limerick and Letterkenny). D/EH&LG has offices in Dublin, Wexford and Ballina. The Group considers that there is scope for rationalisation here.

Programme E - Local government

This Division has a 2009 current allocation of €428.5m representing a reduction of €132m on the 2008 allocation. This reduction was achieved through a reduction in the Exchequer contribution to the *Local Government Fund* to reflect general and administrative savings and revenue secured through the introduction of the pension levy in local authorities. This Division has 90 staff.

Local government is a central element of the mandate of the D/EH&LG. The Department works in partnership with local authorities to deliver on the various policy and service objectives. The Department oversees the operation of the local government system and implements policy in relation to local government structures, functions, human resources and financing. Local authorities deliver most of the frontline services promoted by the Department.

The expenditure of this Division covers the Exchequer contribution to the *Local Government Fund* (LGF), investment in the fire services capital programme, grants to the *Fire Services Council*, Fire Safety Promotion, funding to local authorities and *An Comhairle Leabharlanna* for the development of libraries, assistance to the local authorities in the delivery of the *National Disability Strategy*, and funding for community and social inclusion.

Table 8.7 EH&LG – Measures identified for Programme E

	Annual savings
E.1 Reduce Exchequer contribution to the *Local Government Fund*	€100.0m
E.2 End funding of Rapid coordinators	€3.2m
Total Current Savings	**€103.2m**
Associated Staffing reductions	1

The Group proposes that further policy and administrative savings could be generated by, respectively:

E.1 Reduce Exchequer contribution to the *Local Government Fund*

The Group proposes that a replacement of the Exchequer support currently given through the *Local Government Fund* be advanced. It considers that alternative sources of income for the local authorities should be explored. Wider self financing will improve the long term sustainability of local government finance and will release much needed expenditure for Government priorities. The Group notes the publication of the *White Paper on Local Government* and that the *Commission on Taxation*'s views on Local Government financing are due to be published shortly. Any suggestions made here should be taken in the context of the proposals emerging from these reports.

The Group considers that local authorities should be self financing in the long term and that Exchequer support should be replaced with the scope for increased revenue generation within the Local Authority sector.

The Group recommends a reduction of €100m in Exchequer contributions to the *Local Government Fund* should be applied.

E.2 End Funding of RAPID co-ordinators

The Group recommends that funding of salary and superannuation costs of RAPID co-ordinators who were recruited by the local authorities on a specified purpose contract basis should be ended generating a saving of €3.2m in a full year.

Local government sector

Given the devolved nature of local authority government in Ireland, the Special Group was not in a position to make detailed recommendations on local authorities' expenditure without engaging with individual authorities and this was outside of its remit. The Group notes that the structure of local government is under active consideration by the Government through the *White Paper on Local Government Reform* which is expected to be completed by the end of 2009. However, the Group has some general comments to make.

Local authorities spend over €5bn per annum on current items (total current and capital budgeted expenditure by the local Government sector in 2008 amounted to some €12bn representing some 6.3% of GDP). Given the scale of the spending and the current challenging budgetary situation there is scope to reduce current expenditure by at least 10%. Local authority revenue is decreasing and local authorities should take this opportunity to trim expenditure and generate efficiencies in programmes and administration. The Group recommends at least a three year freeze on commercial rates to alleviate pressure on business in the current economic climate. The evaluation of all rateable properties in Dublin local authority areas is ongoing and regard will have to be had to the outcome of that process. Local authorities must manage within the reduced allocation by streamlining their operations.

There is also potential for savings from new policy directions:

- ***Rationalise the number of local authority structures***

  The Group is of the view that there should be rationalisation of the number of local authority structures, including regional, county, and town structures, and local authority agencies, to take account of modern circumstances and to better deliver Government at the local level. It is expected that the *White Paper on Local Government* will consider how local community based programmes and services can be co-ordinated and managed while taking account of democratic mandates and necessary accountability. The rationalisation of local authority agencies should be considered in this context. The Group recommends a move to a single tier of local government through the abolition of regional authorities and town councils. It proposes a reduction in the 34 Local Authorities, in the remaining single tier of local government, to a maximum number of 22. There should also be an equivalent reduction in corresponding local authority agencies/authorities.

- ***Explore opportunities for outsourcing and shared services***

  Outsourcing and the use of shared services are possible methods of reducing overhead costs in the Local Government Sector. Some shared services are already in operation in the Local Government Sector such as the *Local Government Computer Services Board* and the *Local Government Management Services Board* which are due to merge into the *Local Government Services Board*. The Group is of the view that all State agencies should seek to identify areas of work which could be achieved more cost effectively by outsourcing to the private sector. State agencies should also explore the possibility for shared services.

- ***Strategic Management of Land/Property Portfolio***

  There is a need to ensure that the Local Authorities get best value for money for their property holdings. The Group recommends the extension of the *National Property Register* to all State owned properties and the vesting of all State owned property in the *Office of Public Works* (OPW).

- ***Eliminate all bonus payments to local Government staff***

  Bonuses for staff should be stopped as is the case in other parts of the public service.

The above proposals will have implications for the Exchequer contributions to the *Local Government Fund*.

Programme F - Heritage and planning

This Programme has a 2009 current expenditure allocation of €34m and employs 284 staff.

The expenditure of this Division covers funding for the administration of the *Heritage Council* and the *Irish Heritage Trust*, grants for heritage projects, funding for architectural protection, funding for the staffing and administration of *An Bord Pleanála*, the operational costs of the *Planning Tribunal*, grants for renewal works in cities, towns and villages, and funding associated with the costs of implementing the *National Spatial Strategy*.

The Group has identified a number of administrative efficiencies which could provide savings:

Table 8.8 D/EH&LG – Measures identified for Programme F

	Annual savings
F.1 Administrative savings from *An Bord Pleanála*	€0.5m
F.2 Postponing part or prioritising some of the inventory work on the *National Inventory of Architectural Heritage* could be examined together with a new time frame	-
F.3 Create efficiencies in *Heritage Council* administration and expenditure	€1.5m
Total Current Savings	**€2.0m**

<u>F.1 Administrative savings from *An Bord Pleanála*</u>

An Bord Pleanála has traditionally applied flexible resources in the form of part-time fee per case and external planning consultants to report on case work allowing a corresponding decrease in staffing resources when casework decreases. The Group recommends that a further 5% reduction in payroll costs be sought from *An Bord Pleanála* generating a saving of approximately €0.5m as planning activity reduces. In addition, an alternative way to tackle backlogs and maximise staffing resources in planning should be explored. Secondment of local authority planning staff to *An Bord Pleanala* already under way is one such option.

The funding of *An Bord Pleanála* from fees received and the possibility of removing the need for Exchequer funding should be explored.

F.2 Postpone/ Prioritise Work on the *National Inventory of Architectural Heritage*

The question of postponing part or prioritising some of the inventory work on the *National Inventory of Architectural Heritage* until resources are available should be undertaken with a new time frame set.

F.3 Efficiencies in the *Heritage Council*

The 2009 total allocation for the *Heritage Council* has been reduced from €13.4m to €10.1m. Further cost savings are envisaged through rationalisation of storage costs, energy efficiency savings in the *Heritage Council*'s new headquarters, use of telecommunications/conference calls to facilitate meetings, capping the level of payments, and a 10% reduction in travel and subsistence levels.

Appendix to Detailed Paper No. 8

Table 1: Non-commercial State agencies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – pay*	*Staff nos.*
1. Environmental Protection Agency				
Gross Expenditure	€3.9m	€61.4m	€25.4m	340
of which: Exchequer	€3.9m	€30.2m	€16.6m	
2. Radiological Protection Institute of Ireland				
Gross Expenditure	€0.4m	€5.2m	€3.2m	52
of which: Exchequer	€0.4m	€3.6m	€1.8m	
3. An Bord Pleanála				
Gross Expenditure	-	€20.2m	€11.8m	169
of which: Exchequer	-	€13.6m	€10.9m	
4. Affordable Homes Partnership				
Gross Expenditure	-	€2.7m	€1.2m	21
of which: Exchequer	-	€2.7m	€1.2m	
5. Private Residential Tenancies Board [a]				
Gross Expenditure	€0.3m	€7.0m	€3.7m	40
of which: Exchequer	-	€1.0m	€1.0m	
6. Heritage Council				
Gross Expenditure	€5.0m	€5.1m	€1.3m	15
of which: Exchequer	€0.3m	€0.1m	-	
7. Irish Water Safety Association				
Gross Expenditure	-	€0.9m	€0.4m	5
of which: Exchequer	-	€0.6m	€0.3m	
8. Limerick Northside Regeneration Agency *b*				
Gross Expenditure	€2.4m	-	€1.6m	8
f which: Exchequer	€2.4m	-	€1.6m	
9. Limerick Southside Regeneration Agency *b*				
Gross Expenditure				
of which: Exchequer				
10. Dublin Docklands Development Authority [c]				
Gross Expenditure	€37m	€26.9m	€3.9m	54
of which: Exchequer	-	-	-	
11. National Building Agency				
Gross Expenditure	€0.06m	€4.8m	€3.7m	68
of which: Exchequer	-	-	-	
12. Housing Finance Agency *d*				
Gross Expenditure				12
of which: Exchequer	-	-	-	
13. Local Government Computer Services Board *e*				
Gross Expenditure	€0.3m	€14.6m	€8.1m	98
of which: Exchequer	-	-	-	

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – pay*	*Staff nos.*
14. Local Government Management Services Board [e]				
Gross Expenditure	-	€4.2m	€2.6m	34
of which: Exchequer				

[a] The Rent Tribunal is to be merged in the *Private Residential Tenancies Board*. This was announced in Budget 2009 on 14 October 2008

[b] Limerick Northside and Southside Regeneration Agencies work in tandem with costs and staff shared.

[c] The *Dublin Docklands Development Authority* (DDDA) will be abolished once the physical regeneration within the docklands area is essentially completed. This will take at least five more years. The functions of the Authority will then revert to *Dublin City Council.* The DDDA does not receive State funding but the abolition of the Authority once its work is complete will rationalise provision of services in the area.

[d] The HFA is not in receipt of a subvention from the State. It pays its own way by taking a small margin from its lending.

[e] The *Local Government Management Services Board* and the *Local Government Computer Services Board* are to merge into the *Local Government Services Board*. This was announced in Budget 2009 on 14 October 2008.

Detailed Paper No. 9 - Finance Group of Votes

Table 9.1 Finance Group of Votes expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€1,265m	€1,242m	-1.8%	€82.8m	-6.7%
Gross Capital	€317m	€209m	-34.0%		
Gross Total	**€1,582m**	**€1,451m**	**-8.3%**	**€82.8m**	**-5.7%**
Staff Numbers	9,860	10,133	2.8%	660	-6.5%

Introduction

The Finance Group of Votes accounts for €1,451m expenditure in 2009. Table 9.2 presents a breakdown of spending among the different elements within the Finance Group of Votes.

Table 9.2 Finance Group of Votes resource allocation by Vote

	2009 Capital	*2009 Current*[a]	*of which - Pay*	*Staff numbers* [a]
A. President's Establishment		€3.5m	€1.7m	25
B. Office of the Comptroller & Auditor		€13.3m	€11.4m	156
C. Office of the Minister for Finance	€1.4m	€82.0m	€43.1m	650
D. Superannuation & Retired Allowance		€347.0m	-	-
E. Office of the Appeal Commissioners		€0.6m	€0.5m	4
F. Office of the Revenue Commissioners	€5.2m	€455.6m	€338.0m	6,599
G. Office of Public Works	€203m	€293.1m	€105.0m	2,196[b]
H. State Laboratory		€10.0m	€6.1m	93
I. Secret Service		€0.7m	-	n/a [c]
J. Valuation Office		€13.6m	€9.9m	161
K. Public Appointments Service		€13.1m	€7.1m	147
L. Office of the Commission for Public Service Appointments		€1.2m	€0.7m	11
M. Office of the Ombudsman		€8.3m	€6.6m	91
TOTAL	*€210m*	*€1,242.0m*	*€530.1m*	*10,133*

[a] Figures sourced from Finance Vote Group Paper and includes Departmental and Office Civil Servants and Agency Public Servants,
[b] This includes 730 staff in OPW and 1,467 industrial staff, which brings total to 2,196
[c] Total does not include staffing associated with the Secret Service.

While the above table includes the principal offices operating within the Finance Group of Votes there are also a number of other State organisations operating under the aegis of Department of Finance, details of which are listed in the Appendix to this paper.

Outcome of the Group's deliberations

In deciding the recommendations for the Finance Group of Votes, the Special Group has taken full account of the separate assessments presented to it by the Vote Sections within the Department of Finance, and the relevant submissions from the Offices concerned. In addition, the Group has had regard to the cross-cutting analysis papers prepared by the Central Expenditure Evaluation Unit (CEEU) of the Department of Finance - particularly the paper on the Regulators and Ombudsman Offices.

The Group has identified savings worth at least €82.8m or approximately 6.7% of total current expenditure in the Finance Group of Votes. In addition, there are some measures that will require further analysis by the relevant Offices to ascertain the full financial benefit. The total target savings outlined in table 9.3, therefore, should be considered the minimum that can be achieved.

The Group has identified scope for a structural reduction of at least 660 staff across the Department and its agencies.

In addition to the measures suggested below, the Group is urging the Department of Finance and Offices under its aegis to explore avenues such as the sale of surplus property that could provide once-off receipts for the Exchequer.

The proposed savings by Vote within the Finance Group are set out in table 9.3 below.

Table 9.3 Finance Group of Votes – Total measures identified by Vote

	Annualised savings identified	Recommended staffing reductions
C. Office of the Minister for Finance	€5.0m	30
F. Office of the Revenue Commissioners	€26.6m	350
G. Office of Public Works	€41.0m	214
J. Valuation Office	€2.0m	-
K. Public Appointments Service	€7.9m	60
L. Office of the Commission for Public Service Appointments	€0.3m	6
Total Current Savings	**€82.8m**	**660**

Further details of the Special Group's proposed adjustments for each Vote within the Finance Group of Votes are set out in the following section.

Shared services

The Department of Finance is already a provider of shared services notably in respect of the provision of pensions to ex-civil servants and operating the payroll on behalf of the *President's Establishment*, Attorney General's Office, the Director of Public Prosecutions (DPP), the Chief State Solicitor's Office (CSSO), the State Laboratory, the *Public Appointment Service* (PAS), The *Office of the Ombudsman*, Judges, the President, and the Central Fund. The Department also provides a banking clearance and money transfer service to Government Departments/ Offices, on a shared service basis, including clearance of payable orders and funding of Departmental accounts in the *Office of the Paymaster General* (PMGs) and at commercial banks.

The Department provides a shared platform for JDEdwards Financial System and CORE Expense for itself as well as the *President's Establishment*, *Office of the Ombudsman* and the Exchequer (Financial System only in the case of the latter). It also provides support to users of both systems.

The Department also provides Government Networks as a shared resource for voice, data and video communications across the public service and for consolidated access to the Internet. In addition, it provides a range of centralised procurement frameworks for ICT commodities and telecommunications services which are available for use by all public bodies.

The *Office of the Revenue Commissioners* currently provides printing services on an outsourced arrangement for the Department of Social & Family Affairs. A central HR system is housed in the Revenue Computer Centre and Departments and Offices have access to this through Government networks. The system is managed centrally by the *Centre for Management Organisation and Development (CMOD)*, a division of the Department of Finance, with helpdesk and support services provided by CMOD staff. Revenue is considering proposals to house an operational system for the Department of Education & Science and also to offer their computer room facilities as a disaster recovery site for the Prisons infrastructure.

A *National Public Procurement Operations Unit* (NPPOU) has been established recently in the *Office of Public Works*. The Unit will manage the purchase of goods and services common to all areas of the public service, e.g. office equipment, furniture and fittings, energy, printing, stationery and office supplies. By establishing national framework arrangements, the Unit will allow public service bodies to acquire such goods and services more effectively, efficiently and with better value for money.

The Group recommends that further steps be taken to build upon and develop shared services in the interests of driving cost efficiencies on a service wide basis. The question of ensuring that Human Resource Management Systems interact with payroll systems should also be pursued in this context.

Programme A – President’s Establishment

The role of the President’s Establishment is to support the President in the execution of her constitutional duties. The President’s Establishment has a 2009 allocation of €3.5m and 25 staff. Most of the spending in this Vote - €2.4m - is associated with administration of the Establishment, while slightly over €1m is spent on the payment of the Centenarians’ Bounty.

The Group does not consider that there is scope for significant savings in this area.

Programme B – Office of the Comptroller & Auditor General

The role of the Office of the Comptroller and Auditor General (C&AG) is to provide independent assurance that public money is properly managed and spent to good effect and to contribute to improvements in public administration, by auditing and reporting on the accounts of public bodies, to establish that transactions of public bodies are in accordance with the legal authorities governing them and that funds are applied for the purposes intended. The C&AG is required to provide assurance on the system of internal financial control put in place by each body, to examine whether each body administers its resources economically and efficiently and has mechanisms in place to evaluate the effectiveness of operations, and to authorise the release of funds from the Exchequer for purposes permitted by law.

The Office has a 2009 allocation of over €13.3m and employs 156 staff.

The Group is conscious of the distinct constitutional role of the C&AG, which is a central tool for the Dáil in accounting for the effective and efficient use of public funds. Bearing in mind the Group's own assessment of the scope for further critical evaluation of spending across all areas, there is little scope for scaling back the resources of the C&AG's Office and we are not making specific recommendations in this area. The Group is making the following recommendations.

B.1 Merge the *Local Government Audit Service* within the aegis of the C&AG

The Group notes that the C&AG currently has no role in auditing expenditure by local authorities (LAs); this work is handled separately by the *Local Government Audit Service* (LGAS). Given the scale of LA spending funded directly or indirectly from the Exchequer, the Group considers that there is a case for merging the LGAS within the aegis of the C&AG. This approach would have a number of advantages, including:

- Introducing greater coherence and uniformity in the auditing standards that are applied nationally and regionally; and
- Synergies in the deployment of staff with potential cost savings in areas such as travel and subsistence.

B.2 Make legislative changes to ensure significant public expenditure is audited by the C&AG

The Group has also noted that the current remit of the C&AG means that a great deal of public expenditure falls outside the organisations and bodies that the Office currently audits, notwithstanding the C&AG powers of inspection where a body receives more than half of its resources from the State. There are many examples but the most compelling one that illustrates the inconsistency of this approach is in the area of health expenditure. The C&AG audits the accounts of public hospitals but does not audit voluntary hospitals. This means that large sums of public expenditure are not subjected to a consistent approach that pays particular attention to issues such as value for money and waste. The Group recommends that this anomaly be corrected through making any necessary legislative changes so that all significant public expenditure is audited by the C&AG.

Programme C – Department of Finance

The Department of Finance has a central role in implementing Government policy, in particular the Programme for Government, and in advising and supporting the Minister for Finance and the Government on the economic and financial management of the State and the overall management and development of the public sector. The mission of the Department is to support the achievement of the Government's economic and social objectives by promoting a sound, sustainable economic and budgetary environment, continuing improvements in the efficiency of public services, and an effective framework for financial services.

The Department of Finance has a 2009 Revised Estimates Volume current allocation of €82m and some 650 staff.

The proposed saving for the Department of Finance is set out in the table below.

Table 9.4 Finance Group of Votes - Measures identified for the Department of Finance

	Annual savings
C.1 General administration and programme efficiencies	€5.0m
Total Gross Current Savings	**€5.0m**
Associated staffing reductions	30

C.1 General administration and programme efficiencies

There is some scope for reductions across the Finance Vote in areas such as the administration budget, staff numbers and subventions for the *Institute of Public Administration* and the *Economic and Social Research Institute* to reflect the efficiency contribution from these areas.

As regards staff numbers, the Group considers that over the next four years to 2012 it should be possible to reduce the number of sanctioned posts by 10% or 60 posts. As the Department currently is operating with less than its sanctioned complement of staff, this translates into an actual reduction of 30 posts and a saving of at least €1.4m towards the overall target saving of €5m. This can be achieved in the main through non replacement of staff who retire over the period to 2012, given the age profile of staff in the Department. Some of this reduction may need to be achieved through reprioritising and curtailment of some functions, and streamlining/rationalisation of internal functions. A greater focus on delegation of administrative responsibilities to line Departments, with associated consolidation of central controls and parameters in the area of staff numbers and expenditure would facilitate this rationalisation.

Programme D – Superannuation and Retired Allowance

The scale of the 2009 allocation to superannuation was noted by the Group. While the Group understands the sensitivity and importance of pensions, it considers that pensions policy needs to be adjusted to take account of the scale of future pension liabilities for the State. In this regard, consideration should be given to breaking the link between the salaries of serving officers and those of retired staff and index linking of pensions (see chapter 2 for discussion on the high cost of funding pension provisions).

Programme E – Office of the Appeal Commissioners

The principal function of the Office of the Appeal Commissioners assigned to it under Taxes Consolidation legislation is to hear appeals by taxpayers against decisions by the Revenue Commissioners. The 2009 allocation for this Office is €0.6m and involves 4 staff.

While the Group is not proposing any reductions within existing allocations in staffing or current expenditure, it recommends that all decisions of the Appeal Commissioners are published electronically, without undue delay and no later than one month after a decision is made. In addition, the Commissioners should develop and publish timelines for the conduct of the various stages of the appeal process. This will ensure the transparency of the appeals system.

Programme F – Office of the Revenue Commissioners

The 2009 current allocation for the *Office of the Revenue Commissioners* is €456m and it employs 6,599 staff. The work of the Office includes assessing, collection and managing taxes and duties, that account for over 93% of Exchequer revenue, as well as administering the customs regime for the control of imports and exports and collection of duties and levies on behalf of the EU, carrying out agency work for other Departments, collection of PRSI for the Department of Social and Family Affairs and policy advice on taxation issues.

Table 9.5 Finance Group of Votes - Measures identified for the Office of the Revenue Commissioners

	Annual savings
F.1 Examine scope for further efficiencies	€10.0m
F.2 IT Efficiencies	€8.6m
F.3 Efficient use of consumables	€5.0m
F.4 Savings in legal services	€1.0m
F.5 Review the number of regional office locations	€2.0m
Total Current Savings	**€26.6m**
Associated staffing reductions	350

<u>F.1 Examine scope for further efficiencies</u>

The Group considers that there should be a general organisational efficiency review throughout Revenue to take account of the recommendations which will be made by the *Commission on Taxation*, and the efficiency savings that should arise from the continued development and roll out of the *Revenue On-Line System* (ROS). The capacity of the Revenue Commissioners to achieve further efficiencies should be examined by the Department of Finance and reported on during 2010. It should identify further suggestions for among other things usage of resources and more effective scheduling and processing of work throughout the organisation.

As part of a review, Revenue should identify core business functions and non-core functions. The Group agrees that the non core functions such as running of the *State Warehouse* could be outsourced as planned by the Revenue Commissioners.

<u>F.2 IT efficiencies</u>

Given the IT developments in recent years, the Group considers that there is further potential for savings through more effective use of IT including the development of e-stamping to modernise the administration of stamp duty. While Revenue is well-regarded for its progress to date in e-Government delivery, the Group recommends further use be made of IT for electronic payments and self assessments.

F.3 Efficient use of consumables

More effective use of procurement and efficient use of consumables could generate savings for the Exchequer. The Group is encouraged by the initiatives taken by Revenue to review areas of contracting such as cleaning, security, IT contractors and maintenance to seek better value for money.

The most economically advantageous method of solving a business need should be identified before a decision is made on the usage of consumables. Savings can be achieved from reducing costs associated with printing, postage and travelling expenses and overtime. Although the precise costings are not available the scale of the savings could be worthwhile; Revenue has indicated to the Department of Finance that it would be possible to generate savings from reductions in the level of overtime in 2009 by up to 30%.

F.4 Savings in legal services

The possibility of tendering for legal services and in conjunction with other Departments and Offices should be pursued. Tendering in bulk for such services would generate some savings.

F.5 Review the number of office locations

There is potential for more efficient use of office accommodation. Occupancy rates in each of the premises occupied by Revenue should be calculated and compared to organisations with similar office needs: this will provide information to highlight underutilised space. Savings could be made through the closure of some office locations and by merging offices, particularly in regional areas.

Programme F - Associated staffing reductions

The Group considers that it is possible to reduce staffing numbers by 350 while maintaining effective service, including through natural wastage as staff retire/ move from the organisation. The Group notes that in order for Revenue to manage within current budget constraints for 2009 and onwards on their pay subhead, they already have to reduce their staffing level by 350. They envisage that they will reduce staffing levels by this amount by end 2009/early 2010.

Programme G – Office of Public Works

The 2009 current allocation for the *Office of Public Works* is €293m and it employs 2,196 staff. The OPW is an internal service provider to Government Departments. Its core services are property maintenance, property management and architectural services, project management and procurement services. Its external services to the public include flood risk management and engineering services, as well as heritage services.

The centralisation and rationalising of procurement within the Civil Service is seen by the Group as a positive development, in principle, in terms of creating a professional procurement unit within the service and generating more efficient procurement. However, for this to be an effective approach, the unit will have to be managed proactively, with strong result-focused oversight from the Department of Finance. The value for money of the current arrangements for the maintenance of buildings could also be explored as it may be possible to make further savings in maintenance costs by enabling OPW to outsource in bulk on behalf of Departments, thus creating larger contracts, and to get better value from maintenance funds by concentrating spending on the highest priority areas looking at the portfolio as a whole. The OPW's energy savings activities should be continued; the energy efficiency of buildings should be monitored and where cost effective improved.

Commercial property is an opaque market and headline rents are often masked by below the line considerations such as rent free periods, the primary purpose of which appears to be to manage rent reviews. Against this background, rents paid by the State should be compared to the discounted rental value taking all concessions into account. In the interests of transparency and value for money, the OPW should publish, on a website, details of all lease contracts it has entered into. Given the uniquely desirable status of the State as a tenant, the Group does not consider that commercial confidentiality should be accepted as a bar to such publication.

The Group's suggestions for savings from the OPW lie under both capital and current headings. The table below highlights savings on the current side.

Table 9.6 Finance Group of Votes - Measures identified for the Office of Public Works

	Annual savings
G.1 Spare capacity should be reduced	€20.0m
G.2 Benchmark rents & occupancy levels with private sector rates	€20.0m
G.3 Introduce a moratorium on the State providing car parking spaces in urban areas	-
G.4 Identify the State's real estate portfolio	-
G.5 Outsource engineering and architectural activities	€1.0m
Total Current Savings	**€41.0m**
Associated staffing reductions	214

<u>G.1 Reduce spare capacity</u>

The slowdown in the Decentralisation Programme will create spare capacity within the OPW. This should free up both administrative and professional staff resources involved in the management and oversight of the programme. The Group agrees that it will be possible to suppress 5 posts in 2009 and a further 5 posts in 2010 from this area within the OPW.

Likewise the slow down in non-decentralisation capital projects should result in spare capacity within engineering and architectural areas and the associated administrative support requirement.

There is scope for a CSD (Corporate Services Division) reduction in numbers by 14: there are 135 staff (aside from the 37 staff working in the *Government Supplies Agency*) in the area. The Group considers that a 23% expansion in the area since 2006 appears excessive and that efficiencies should be made.

The Group estimates that civil service staff numbers could be reduced by 50 by reducing spare capacity in engineering and architectural activities, and maintenance of previous flood relief investment. A pro-rata reduction in industrial staff numbers 140 should also be undertaken.

G.2 Benchmark rents & occupancy levels with private sector rates

There is an obvious need to maximise space usage in buildings occupied by the State. The Group considered that the OPW should compare occupancy levels with comparable private sector organisations in Ireland and abroad. The OPW should make every effort to maximise usage of space to limit the requirement to rent office accommodation. Maximising usage should save €2m in 2010 rising over time to €20m a year.

Rents paid for office accommodation should be compared to rents paid by business rather than headline rents quoted by the property industry. Service to the public and value for money should be prime considerations in decisions about location. OPW should ensure that Departments and Offices vacate offices in an orderly fashion when they are being sub-optimally utilised or when leases are finishing, and it should have the authority to specify to Departments and Offices the location for relocated offices.

G.3 Introduce a moratorium on the State providing car parking spaces in urban areas

The Group considers that there should be a moratorium on the rental of additional or replacement car parking spaces in prime central urban areas.

G.4 Identify real estate portfolio

The OPW should, as a matter of priority, identify all real estate assets held by the State. The Group is of the view that real estate assets could be more efficiently managed by one organisation rather than having ownership of assets vested in a range of different Departments and agencies (commercial and non commercial).

G.5 Outsource engineering and architectural activities

The potential for outsourcing should be reviewed. There would seem to be further potential for staff savings through the outsourcing of engineering and architectural activities and maintenance of previous flood relief investment.

Once-off measures etc.

Sell surplus Property Assets

Surplus property assets should be identified and readied for sale. Considerable funds were released at the height of the property market and while the same price levels will not be achieved again, it should be possible to realise some funds in the coming years.

Re-tendering for flood relief contracts

Given the downturn in the construction industry there could be value in re-tendering and re-phasing of some contracts.

Programme H – State Laboratory

The 2009 current allocation for the *State Laboratory* is €10m and it employs a staff of 93. It provides an analytical and advisory service to Government Departments and Offices to support their policies, regulatory programmes and strategic objectives thereby enabling them to implement and formulate the technical aspects of national and EU legislation. Staff are actively involved in EU and international analytical affairs. The *State Laboratory* is an EU National Reference Laboratory for residues in food of animal origin.

There may scope for shared services, better procurement practices and outsourcing. The Group understands that a review of HSE laboratories, which is under consideration, considered the considerable costs involved in opening a wide range of medical laboratories, and keeping them operating or on call in the evening, at night, and at weekends. It should be possible to consolidate functions, with fewer labs undertaking tasks e.g. one lab in the greater Dublin area may be sufficient to undertake all necessary tasks. If the State labs take on additional tasks there may be some staffing implications for increased numbers in the State labs but with larger savings in staffing and overtime and overheads in other HSE and hospital labs.

Programme J – Valuation Office

The 2009 current allocation for the *Valuation Office* is €14m and it employs 161 staff. The core business of the Office is the provision of accurate valuations of commercial and industrial properties to ratepayers and rating authorities as laid down by statute.

The Group is recommending the savings set out in the table below.

Table 9.7 Finance Group of Votes - Measures identified for the Valuation Office

	Annual savings
J.1 Administrative efficiencies	€0.5m
J.2 Merge the *Valuation Office* and the *Ordnance Survey of Ireland* (OSI) with the *Property Registration Authority* (PRA) *	€1.5m
Total Current Savings	**€2.0m**

* Additional savings from this measure are shown in Detailed Papers Nos. 3 (Communications, Energy and Natural Resources) and 13 (Justice)

J.1 Administrative efficiencies

Administrative savings should be sought through shared services, better procurement practices, outsourcing, and re-scheduling of activities. More efficient use of valuation resources such as by sampling typical properties in an area and valuing these as a standard rather than valuing each property could speed up the valuations system.

J.2 Merge the *Valuation Office* and the *Ordnance Survey of Ireland* (OSI) with the *Property Registration Authority* (PRA)

There are synergies in the activities carried out by the *Valuation Office* with the PRA and OSI and as a result there would be efficiencies by merging these organisations. The Group therefore recommends that these organisations be merged under the aegis of the Department of Justice, Equality & Law Reform. This measure is discussed further in the Detailed Paper No. 12 on the Justice Group of Votes

Programme K – Public Appointments Service

The 2009 current allocation for this Office is €13m and employs 147 staff. The *Public Appointments Service* (PAS) is the central recruitment, assessment and selection body for the Irish Public Service. It also provides consultancy and recruitment services to local authorities, health bodies, *An Garda Síochána* and other public bodies.

The proposed savings within the *Public Appointments Service* are set out in the table below.

Table 9.8 Finance Group of Votes - Measures identified for the Public Appointments Service

	Annual savings
K.1 Reduce expenditure on recruitment	
• Reduce large volume recruitment	€2.4m
• Rationalise senior executive recruitment	€1.6m
• Deferral of selected research projects	€0.5m
• Improve the efficiency of recruitment	€0.4m
K.2 Staff reductions	€3.0m
Total Current Savings	**€7.9m**
Associated staffing reductions	60

K.1 Reduce expenditure on recruitment

Due to the moratorium on recruitment, savings will be made in recruitment of staff in the civil and public sector. It is proposed to reduce expenditure by 2010 via reduction in the expenditure on recruitment advertising, selection, board members' fees, and third party supplier costs.

The PAS should undertake a review for efficiency of recruitment in line with international norms. The review should encompass the cost of recruitment, the cost per vacancy, and the number of full time working days employed to fill vacancies with a view to securing savings of 15% in this area.

K.2 Staff reductions

With the moratorium on recruitment and given the economic situation, the work undertaken by the PAS should decrease, and the PAS could manage an additional task of implementing a system transfer and the reallocations/redeployment of surplus staff for the civil and public sector. Even taking on board this possible new function, it is considered by the Group that staff numbers in PAS could be lowered by some 60.

The Group is also of the view that the moratorium on recruitment should remain in place until surplus staff are transferred laterally within the civil and public services.

Programme L – Office of the Commission for Public Service Appointments

The 2009 current allocation for this Office is €1.2m and employs 11 staff. The Office is responsible for regulating and monitoring the recruitment of personnel to public service organisations to which the *Public Service Management (Recruitment and Appointments) Act 2004* applies.

The proposed savings within the *Office of the Commission for Public Service Appointments* are set out in the table below.

Table 9.9 Finance Group of Votes - Measures identified for the Office of the Commission for Public Service Appointments

	Annual savings
L.1 Potential to merge the *Office of the Commission for Public Service Appointments* with the *Office of the Ombudsman*	-
L.2 Reduce staff numbers	€0.3m
Total Current Savings	**€0.3m**
Associated staffing reductions	6

<u>L.1 Potential to merge the *Office of the Commission for Public Service Appointments* with the *Office of the Ombudsman*</u>

It is considered by the Group that some efficiencies could be achieved by merging the *Office of the Commission for Public Service Appointments* with the *Office of the Ombudsman*.

<u>L.2 Reduce staff numbers</u>

The Group consider that there is scope for a reduction in 6 staff by 2012.

Programme M – Office of the Ombudsman

The 2009 current allocation for this Office is €8m and employs 91 staff. The Ombudsman's staff examine complaints about the administrative actions of Government Departments, the HSE, local authorities and *An Post*.

The proposed recommendations within the *Office of the Ombudsman* are set out below. Savings from these recommendations are included in Detailed Paper No. 11 Health and Detailed Paper No. 13 for Justice, Equality & Law Reform.

M.1 Consider undertaking investigative functions at lower grading levels

Given the likely extra demands on the Office through the expansion of its remit to a wider range of bodies in the *Ombudsman (Amendment) Bill 2008* all measures for increasing the effective capacity of the office within the existing level of finance and allocated staffing should be explored.

The Group considers that routine investigative functions of the Office are preformed at too high a staff grading level (typically at AP level). There is scope for this work to be undertaken at lower grading levels without prejudicing service.

M.2 Amalgamate Ombudsmen/Regulators Offices into an Ombudsman Commission

The Group has considered the multiplicity of agencies set up to provide ombudsman/regulators offices, and recommends that these should be rationalised within a single Ombudsman Commission. The bodies concerned are the *Office of the Ombudsman / Information Commissioner,* the *Children's Ombudsman,* the *Office of the Data Protection Commissioner* and the *Office of the Commission for Public Service Appointments.* With regard to the *Data Protection Commissioner,* the Group notes that it is the practice in other jurisdictions that this body also exercises Freedom of Information functions as is now proposed although there would be limited efficiency savings in the short-term, having regard to the successful decentralisation of the DPO to Portarlington, where it operates with full back-office support from the Department of Justice, Equality and Law Reform.

Apart from the efficiencies arising from having all of these broadly cognate regulatory functions subsisting within a single office, the Group also sees advantages in terms of the scope for streamlining of the various legal and regulatory tasks undertaken by these bodies, which should lead to a more efficient and coherent regulatory framework for citizens and businesses.

A three- or four-person Commission, with a single Chairperson, would avoid the difficulties arising from the concentration of complex and weighty regulatory powers in a single individual, and would allow for the existing skills and expertise to be brought together in the short term. However, the Group considers that it is timely to re-visit the staff grading of these appointments, and that it would be appropriate to fix the Chairperson / senior Ombudsman role at Assistant Secretary level, with the other Commission members / assistant Ombudsman role set at Principal Officer level.

Appendix to Detailed Paper No. 9

Table 1: Non-commercial State agencies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff nos.*
1. Special EU Programmes Body				41[a]
Gross Expenditure	€34m	€46m	Not available	
of which: Exchequer		€2m	€1m	

The SEUPB have a very long list of Funders on the Programme side.
[a] This represents the authorised number. There are some 25 temporary staff also employed.
Exchange rate used €1=£0.78

Table 2: Civil Service Offices

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff nos.*
1. Commission on Taxation				
Gross Expenditure	-	€0.55m	- [a]	
of which: Exchequer	-	€0.55m	- [a]	

[a] The staff costs of the *Commission on Taxation* are borne by the Departments who have seconded staff to the Body and are reported under pay costs in other sections of the report.

Table 3: Other bodies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff nos.*
1. Medical Board of Appeal for Disabled Drivers Scheme				
Gross Expenditure	-	€0.3m [a]	€0.3m	
of which: Exchequer	-	€0.3m [a]	€0.3m	
2. Review Body on Higher Remuneration in the Public Service.				
Gross Expenditure	-	€0.3m	-	
of which: Exchequer	-	€0.3m	-	
3. Gaelagras				
Gross Expenditure	-	€0.5m	€0.4m	
of which: Exchequer	-	€0.5m	€0.4m	
4. Interim Board of the Civil Service Childcare Initiative [b]				
Gross Expenditure	-	€0.03m	-	
of which: Exchequer	-	€0.03m	-	
5. Decentralisation Implementation Group				
Gross Expenditure	-	€0.04m	-	
of which: Exchequer	-	€0.04m	-	
6. Committee for Performance Awards 2001				
Gross Expenditure	-	€0.06m	-	
of which: Exchequer	-	€0.06m	-	

There are a range of other Bodies not included in the above table operating under the Finance Group or the Minister for Finance. These include: *Credit Union Advisory Committee* (Exchequer provision less than €0.05m in 2009) ; *Public Service Benchmarking Body* (Exchequer provision of €0.005m the 2009 but the work of the body is basically suspended at present); the *NDP/CSF Technical Assistance* Unit Staff; *Top Levels Appointments Committee* (Exchequer provision €0.004m in 2009); the *Outside Appointments Board* (Exchequer provision €0.02m in 2009); *Independent Mediator for the Civil Service*; *Civil Service Disciplinary Code Appeal Board*; *Civil Service Arbitration Board*; *Investor Compensation Company*; *Financial Services Consultative Industry Panel*; *Financial Services Consultative Consumer Panel; and Sealúchais Árachais Teoranta*

See Detailed Paper No. 14 NTMA for details of NTMA, NDFA, *State Claims Agency*. The *State Claims Agency Policy Committee* is appointed by the Minister for Finance and it advises the *State Claims Agency* on policy and procedures relating to the functions delegated to it. The *National Pensions Reserve Fund Commission* is part of NTMA.

[a] This refers to fees of Board members. It does not include the amount of grants awarded under the scheme which is likely to be in the region of €76m in 2009.
[b] Funding from the Finance Vote

Table 4: Other entities receiving funding from the Exchequer

2009 (unless where otherwise specified)	*Capital*	*Current* [a]	*of which – Pay*	*Staff nos.*
1. ESRI				
Gross Expenditure	€0.06m	€15.26m	€9.80m	114
of which: Exchequer (Vote 6 Grant In Aid)		€3.30m		
of which: Exchequer (Research & Other Work)		€9.55m		
2. Institute of Public Administration				
Gross Expenditure	€0.10m	€19.43m	€10.97m	118
of which: Exchequer (Vote 6 Grant in Aid)		€3.70m		
of which: Exchequer (Other income to the IPA)		€9.73m		

[a] The "Additional Own Income" figures have been provided by the respective organisations. A capital/current split has not been provided but the assumption is that it should be classified as current.

Detailed Paper No.10 – Foreign Affairs

Table 10.1 Foreign Affairs expenditure allocations

	2008 Provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed savings*	*% saving*
Foreign Affairs					
Gross Current	€240.5m	€235.0m	-2.3%	€26.9m	-11.5%
Gross Capital	€14.9m	€12.1m	-18.8%	-	-
Gross Total	**€255.4m**	**€247.1m**	**-3.2%**	**€26.9m**	**-10.9%**
Staff numbers	1,377	1,379	-	65	-4.7%
International Co-Operation					
Gross Current	€766.7m	€570.1m	-25.6%	€14.8m	-2.6%
Gross Capital	€1.2m	€1.0m	-16.7%	-	-
Gross Total	**€767.9m**	**€571.1m**	**-25.6%**	**€14.8m**	**-2.6%**
Staff numbers	199	200	-	-	-

Introduction

The Department of Foreign Affairs advises the Minister for Foreign Affairs and the Government on all aspects of foreign policy and coordinates Ireland's response to international developments. It also provides advice and support on all issues relevant to the pursuit of peace, partnership and reconciliation in Northern Ireland, and between North and South of the island, and to deepening Ireland's relationship with Britain. The D/FA is also responsible for managing Ireland's Overseas Development Aid (ODA) expenditure. The Special Group notes that expenditure by D/FA on ODA has already been reduced by €196.8m in 2009 in response to the budgetary situation.

The Foreign Affairs Group consists of two Votes, Foreign Affairs, and International Co-operation which together account for €818.2m and break down into the following Programme areas:-

Table 10.2 Foreign Affairs resource allocation by Programme

Programme area	*2009 Capital*	*2009 Current*	*of which - Pay*	*staff numbers* [a]
A. Northern Ireland	€1.5m	€26.7m	€12.9m	181
B. International foreign policy	€2.5m	€77.1m	€18.7m	274
C. European Union	€2.1m	€33.1m	€15.5m	206
D. Promoting trade, investment and culture	€1.8m	€24.3m	€11.2m	169
E. Irish Aid (Vote 29)	€1.0m	€570.1m	€17.4m	200
F. Citizens abroad	€4.2m	€73.8m	€29.1m	549
TOTAL	**€13.1m**	**€805.1m**	**€104.8m**	**1,579**

[a] Includes Departmental and Office Civil Servants – end Dec '08

Outcome of the Group's deliberations

On the basis of the information and analyses made available to it and following its interaction with the D/FA, the Group has identified proposals to save €41.7m. The Group has identified scope for a structural reduction of at least 65 staff across the Department. The proposed savings by Programme area are set out in the table below.

Table 10.3 Foreign Affairs - Total measures identified by Programme

	Annualised savings identified	Recommended staffing reductions
Overseas missions	€15.0m	65
A – Northern Ireland	-	
B – International foreign policy	€5.3m	
C – European Union	€1.0m	
D – Promoting trade, investment and culture	-	
E – Irish Aid	€14.8m	
F – Citizens abroad	€5.6m	
Total Current Savings	**€41.7m**	**65**

Overseas Missions

<u>Rationalise Ireland's network of overseas missions</u>

A significant proportion of the Department's expenditure is in respect of its overseas missions. There are approximately 300 D/FA officials working in the 76 Irish embassies and consulates. In addition, 46 officials are assigned from other Government departments. Approximately 300 staff are recruited locally by the missions to work as drivers, household staff, porters, etc. This totals 646 and contrasts with the situation in 1989 when there were 40 missions abroad employing some 200 Irish staff and some 200 locally recruited staff.

The five largest missions have staff complements in excess of 10 staff each (Beijing, Moscow, London, New York and Paris). Most of the other Irish missions are small - two to four/six/eight person operations. Under Programme D – Promoting Trade, Investment and Culture – the D/FA and several non-commercial semi-State bodies have staff located abroad who are involved in promoting the Irish economy and Ireland as a tourist and cultural location. Since the smaller operations have little scope for achieving efficiencies and economies of scale and the potential for developing synergies between D/FA and the agencies, the Group recommends that the embassy network be rationalised and that the process be driven by reducing the number of embassies and consulates to 55 with a consequent reduction in staff of 65 posts between HQ and missions, with the aim of realising, over time, savings of up to €14m in a full year. The Group also notes the relative seniority of D/FA staff in its overseas missions (4 Second Secretaries General, 5 Deputy Secretaries General and 32 Assistant Secretaries) and recommends that in conjunction with the rationalisation of the network of missions all Ambassadors posts be graded in future at Principal Officer level with only the three or four largest missions graded at Assistant Secretary level.

In the event of the successful ratification of the *Treaty of Lisbon*, the Group notes that this will lead to the establishment of a *European External Action Service*. This will not affect the responsibilities of the Member States for the formulation and conduct of their foreign policy nor of their national representation in third countries and international organisations. The Group recommends that the D/FA, in the event of a successful ratification process, embrace the opportunity that this supranational service will present to further rationalise Ireland's network of overseas missions and to achieve significant savings.

Officials from the D/FA, and other Departments, who are assigned abroad, are paid a *Foreign Service Allowance*. The allowance is not taxable nor is it subject to the recently introduced pension levy and the income levy. The Group therefore recommends that the *Foreign Service Allowance* payable be reduced by 12½% to yield savings of €1m a year.

The Group recognises that investment over the years in Embassy buildings in key partner countries can have significant reputational and prestige benefits for Ireland, which may be of particular relevance in current circumstances in terms of promoting positive international perceptions of the country. However, as a general principle, the Group recommends that those lower priority Embassy buildings that have accumulated a significant capital value be disposed of for the benefit of the Exchequer in favour of less expensive leased premises.

Programme A – Northern Ireland

The purpose of the Northern Ireland programme is to promote the full implementation of the *Good Friday Agreement* by supporting the effective operation of its institutions, strengthening North/South co-operation and working for lasting reconciliation. This Programme accounts for total gross expenditure of €28.2m in 2009 and 181 staff. While the Group does not put forward any particular recommendations under this Programme, it is concerned about the duplication of tasks by North/South agencies that mirror Irish non-commercial semi-state bodies and is of the view that the effect of this should be examined.

Programme B – International foreign policy

This Programme contributes to international peace and security, promotes conflict resolution, respect for human rights and the rule of law, and support for effective common strategies to address global challenges. It accounts for total gross expenditure of €79.6m in 2009 and 274 staff.

Table 10.5 Foreign Affairs - Measures identified for Programme B

	Annual savings
B.1 Cease funding the European Movement in Ireland and the Ireland United Nations Association	€0.3m
B.2 Reduce allocation for Contributions to International Organisations	€5.0m
Total Current Savings	**€5.3m**

B.1 Cease funding the *European Movement in Ireland* and the *Ireland United Nations Association*

D/FA proposed ending funding to the *Ireland United Nations Association* in 2010 to yield savings of €0.06m a year. D/FA also proposed to stop funding the *European Movement in Ireland* in 2011 but the Group recommends that this be implemented in 2010, to yield a saving of €0.25m.

B.2 Reduce allocation for contributions to international organisations

While there is little scope for reductions in expenditure on contributions to international organisations, to the extent that they are governed by international agreements, it is worth noting that the 2008 Provisional Outturn of €38.1m is significantly less than the 2008 Estimate of €44.5m. Given the current budgetary circumstances the Group recommends that the allocation for this heading be reduced by €5m in 2010.

Programme C – European Union

The purpose of the European Union programme is to secure Ireland's interests in the EU and to contribute fully to the EU's future development. This Programme accounts for total gross expenditure of €35.2m in 2009 and 206 staff. The bulk of expenditure under this Programme is related to staff costs particularly those in the European Union Division at headquarters, the Permanent Representation in Brussels and in the network of European bilateral missions. Any reduction in the number of missions in the EU Member States would overlap with the reductions in missions and numbers recommended above.

Table 10.6 Foreign Affairs - Measures identified for Programme C

	Annual savings
C.1 Cease expenditure to EU and other European States under Subhead K	€1.0m
Total Current Savings	**€1.0m**

C.1 Cease expenditure to EU and other European States

Expenditure on assistance to EU and other European States (Subhead K) contributes to multilateral funds to transform the Chernobyl nuclear plant into a safe and environmentally stable system and to decommission three Soviet-era nuclear reactors and to support an EU bilateral assistance training programme. This expenditure cannot be sustained in the current budgetary climate and should cease. This will yield a saving of €1m a year.

Programme D – Promoting trade, investment and culture

This Programme accounts for total gross expenditure of €26.1m in 2009 and 169 staff. The Group notes that there is a significant cohort of bodies located overseas (e.g. *Enterprise Ireland*, *Tourism Ireland*, *An Bord Bia*) involved in promoting trade, investment and culture. Given the overlapping roles of the D/FA and such agencies, the recommendation with regard to the rationalisation of the overseas missions will have an effect on expenditure under this Programme.

The Group also recommends that those non-commercial semi-State bodies with overseas missions enter into agreements with D/FA to share services and buildings overseas to promote efficiency, inter-agency communication and to reduce duplication of costs and tasks.

Programme E – Irish Aid

The objective of the *Irish Aid* programme is to deliver on Ireland's commitments in the *White Paper on Irish Aid* through reducing poverty, supporting sustainable development and promoting development co-operation as an integral part of Ireland's foreign policy. This Programme accounts for total gross expenditure of €571.1m in 2009 and 200 staff.

Table 10.7 Foreign Affairs - Measures identified for Programme E

	Annual savings
E.1. Maintain allocation for ODA at 0.39% GNP in 2010 and extend timeframe for reaching UN target until 2015	€14.8m
Total Current Savings	**€14.8m**

<u>E.1 Hold the Programme allocation under Vote 29 constant as a % GNP and converge on UN target of 0.7% of GNP in line with the EU timetable</u>

Ireland has made a clear public commitment to achieving the UN target of spending 0.7% of GNP on Overseas Development Aid and, currently, Ireland's total ODA contribution is 0.48% of GNP. The Government has stated that even in the context of the current economic situation, it is continuing to work toward achieving the target in 2012. The EU has made an overall commitment to reaching the target by 2015. In the current unprecedented period of economic recession, there is a compelling case for suspending the achievement of this target until the worst of the recession has abated and a more realistic timeframe can be assessed. This proposal should be seen alongside the Group's proposal in the Defence paper that Ireland's considerable expenditure on peacekeeping be brought to account as part of our overall commitment to the international community. The Group is anxious that due regard be given to all of Ireland's expenditure toward promoting economic development and welfare and international peace and security in developing countries. This will include expenditure that is not included in the OECD's definition, such as the substantial cost of some €161m a year associated with Ireland's participation in international peacekeeping operations. It is recommended that the Government maintain the allocation to ODA under the International Co-Operation Vote (Vote 29) at 0.39% of GNP in 2010 and extend the timeframe for reaching the UN target until 2015, in line with the collective EU commitment in this area.

Programme F – Citizens abroad

The purpose of the *Citizens Abroad Programme* is to provide a high quality passport and consular service to all Irish citizens and actively engage with our *diaspora*. This Programme accounts for total gross expenditure of €78m in 2009 and 549 staff.

Table 10.8 Foreign Affairs - Measures identified for Programme F

	Annual savings
F.1 Reduce expenditure on *Support for Irish Emigrant Services*	€1.0m
F.2 Remove free passport scheme for those aged-65 years and older	€4.6m
Total Current Savings	**€5.6m**

F.1 Reduce expenditure on S*upport for Irish Emigrant Services*

Expenditure on *Support for Irish Emigrant Services* is in the form of grants to organisations in the voluntary sector engaged in the delivery of a broad range of community outreach and advisory services of benefit to Irish emigrants, particularly to the more vulnerable and marginalised members of the Irish community abroad. The estimates for 2009 allocated €15.2m for expenditure in this area. The Group recommends that this allocation be reduced by €1m a year.

F.2 Remove free passport scheme for those aged 65 years and over

People aged 65 years and older are not charged for passports. The Group recommends that those aged 65 years and older should henceforth pay the full charge for passports, to yield a saving of €4.6m a year.

Greater use of low-cost passport service delivery methods

Over the last number of years, income from passports has fallen short of expenditure. The Group recommends that the D/FA introduce incentives to promote the use of lower-cost service delivery methods, with discounted charges for the on-line service, and relatively higher charges for people turning-up in person to apply for their passport.

Detailed Paper No.11 – Health & Children

Table 11.1 Health expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Health & Children and Office of the Minister for Children & Youth Affairs					
Gross Current	€1,112m	€869m	-21.9%	€41.2m	-4.8%
Gross Capital	€104m	€78m	-24.7%	-	-
Gross Total	**€1,216m**	**€947m**	**-22.1%**	**€41.2m**	**-4.4%**
Staff numbers	1,623	1,689	4.1%	168	-10.0%
Health Services Executive					
Gross Current	€14,353m	€14,600m	1.7%	€1,188.3m	-8.1%
Gross Capital	€575m	€410m	-28.7%	-	-
Gross Total	**€14,928m**	**€15,010m**	**0.6%**	**€1,188.3m**	**-7.9%**
Staff numbers	111,493	111,800	0.3%	6,000	-5.4%

Introduction

The Exchequer funds Irish health care services through the Department of Health & Children (D/H&C), the *Heath Service Executive* (HSE) and the *Office of the Minister for Children and Youth Affairs* (OMCYA). The role of the D/H&C is to advise the Minister for Health & Children and the Government on the strategic development of the health system including policy and legislation, and to be accountable to parliament in this regard. It also supports statutory and international functions of the Government and the Ministers, evaluates the performance of the health and social services and works with other sectors to enhance people's health and well-being. The role of the OMCYA is to develop policy in relation to the well-being and protection of youth and to promote the implementation of the *Children Act 2001*, the *National Children's Strategy* and the *National Childcare Investment Programme*. The HSE is the national body responsible for actual provision and delivery of health and personal social services.

While the Votes for the D/H&C and the OMCYA have subheads that generally correspond to a functional Programme, the HSE is not yet in a position to account for voted expenditure on this basis. The proposals for the HSE in this report are structured around the care group programmes in the HSE's Service Plan and Performance Management Reports.

The D/H&C and the OMCYA together account for €947m of voted expenditure in 2009, while the HSE accounts for €15,010m. Expenditure by these bodies is broken down into the following key areas:-

Table 11.2 Health resource allocation by Programme

	2009 Capital	*2009 Current*	*of which - Pay*[a]	*staff numbers*[b]
D/H&C and OMCYA				
A. Administration	€0.4m	€43m	€35m	
B. Grants to health bodies	€15m	€295m		
C. Hepatitis C Tribunal and other inquiries	-	€138m		
D. Early Childcare Supplement	-	€231m		
E. *National Childcare Investment Programme* and youth affairs	€63m	€158m		
Miscellaneous[c]		€5m		
Sub-total	**€78m**	**€869m**	**€35m**	**1,689**
HSE				
F. Administration – HSE	-	€740m		
G. Children and families	-	€582m		
H. Primary care	-	€3,461m		
I. Acute hospitals, including cancer care	-	€4,495m		
J. Disability and mental health	-	€2,530m		
K. Care of older people	-	€1,516m		
L. Capital	€410m	-		
Miscellaneous[d]		€1,275m		
Sub-total	**€410m**	**€14,600m**	**€8,065m**	**111,800**
TOTAL	**€488m**	**€15,469m**	**€8,100m**	**113,489**

[a] 2008 pay figures
[b] Includes Civil Servants and Public Servants – end December 2008
[c] Includes subheads not allocated to particular Programmes.
[d] Relates to the netting-off by the HSE of certain receipts of hospitals and other bodies funded.

At present there are 19 non-commercial semi-State bodies in receipt of Exchequer funds operating under the aegis of D/H&C. The total Exchequer funding available to these 19 bodies in 2009 is €281.4m, and they employ 1,055 staff. The *Office of the Disability Appeals Officer* and the *Office of the Ombudsman for Children,* which employ civil servants, account for €2.8m of overall funding. Furthermore, €6.4m is allocated to other bodies, including the *Institute for Public Health,* and €15m is provided in grants in respect of buildings and equipment for organisations funded by the D/H&C. In addition to this Exchequer funding, a further €12.6m is available for expenditure in own-resource income. The details for each body are set out in the Appendix to this Paper.

Outcome of the Group's deliberations

In deciding the recommendations for the Health Group of Votes, the Special Group has taken into consideration the detailed evaluation papers prepared by the D/H&C and HSE and by the Health Vote Section in the Department of Finance. In addition, the Group has had regard to the cross-cutting analysis papers prepared by the Department of Finance's *Central Expenditure Evaluation Unit* (CEEU) – particularly those relating to Science, Technology and Innovation and Local Delivery Mechanisms.

On the basis of the information and analyses made available to the Group and following interaction with the D/H&C and the HSE, the Group has put forward recommendations for savings up to €1,230m a year.

The Group has identified scope for a structural reduction of at least 168 staff across the Department and its agencies. The distribution of this reduction across its Programmes is a matter for the D/H&C to determine. The Group also notes that the efficiency measures introduced by the Government in July 2008, the *2009 Employment Control Framework for the Health Sector* and the *Incentivised Scheme of Early Retirement* have the potential over the next few years to help deliver a reduction, in mainly health administration and support numbers in the HSE, of at least 6,000 staff.

The proposed savings by Programme area are set out in the table below. Significant savings have already been made in the Health Capital Budget, which is set at €488.3m in the 2009 Revised Estimates compared to the €678.6m outturn for 2008.

Table 11.3 Health - Total measures identified by Programme

	Annualised savings identified	**Recommended staffing reductions**
Health & Children and the Office of the Minister for Children & Youth Affairs		
A. Administration	€11.0m	148
B. Grants to health bodies	€20.2m	20
C. Hepatitis C Tribunal and other inquiries	-	
D. Early Childcare Supplement	-	
E. National Childcare Investment Programme	€10.0m	
Health Service Executive		
F. HSE administration	€391.3m	6,000
G. Children and families	-	
H. Primary care	€577.0m	
I. Acute hospitals, including cancer care	€96.0m	
J. Disability and mental health	€50.0m	
K. Care of older people	€74.0m	
Total Current Savings	**€1,229.5m**	**6,168**

DEPARTMENT OF HEALTH & CHILDREN AND OFFICE FOR THE MINISTER OF CHILDREN & YOUTH AFFAIRS

Programme A – Administration

The Department of Health & Children has one Minister and three Ministers of State. Each of the Ministers of State heads up a dedicated office or has been assigned a particular policy responsibility. The Department of Health & Children employs 526 staff and has overall responsibility for the development of health policy and holding the HSE to account in this regard. This Programme accounts for total gross expenditure of €43.1m in 2009.

Table 11.4 Health & Children - Measures identified for Programme A

	Annual savings
A.1 Reduce the size of the D/H&C by 10% a year for three years	€11.0m
Total Current Savings	**€11.0m**
Associated staffing reductions	148

<u>A.1 Reduce the size of the D/H&C</u>

The core business of D/H&C is formulating policy and advice. Over the last few years, significant responsibilities have transferred from the D/H&C to the HSE and the Department of Social & Family Affairs. Responsibility for managing and allocating financial resources to the health boards and voluntary bodies, holding them to account for their delivery of health services, and managing the functions now carried out by the *National Hospital Office* have transferred to the HSE while executive functions such as the *General Register Office* have transferred to the Department of Social & Family Affairs. However, the D/H&C has taken on additional responsibility for co-ordinating children and youth affairs policy. It has also had to deal with a greatly increased volume of parliamentary enquiries and oversight of the HSE. Nonetheless, it should be possible over time to reduce the size of the Department and a target reduction of 10% a year should be set for the next three years as demands allow. Such a reduction will require an increase in the effectiveness of the HSE which is dealt with below.

Programme B – Grants to health bodies

The Department of Health & Children provides funding for a large number of health related non-commercial organisations that are involved in a wide range of activities, including regulatory and supervisory functions, research, investigations and procuring health care services. This Programme accounts for total gross expenditure of €310m in 2009. While a significant programme of agency rationalisation was announced by the Minister for Finance in Budget 2009 and this will reduce the number of non-commercial semi-State bodies under the aegis of the D/H&C, further savings can be achieved through additional rationalisation of agencies.

Table 11.5 Health & Children - Measures identified for Programme B

	Annual savings
B.1 Merge the *Ombudsman for Children* with the *Office of the Ombudsman* *	€0.3m
B.2 Merge the *Health Research Board* with single stream of science funding **	€10.6m
B.3 Integrate the *Health Insurance Authority* into the *Financial Regulator*	-
B.4 Restrict the *National Treatment Purchase Fund* to private facilities in Ireland and abroad	€7.5m
B.5 Remove the Exchequer element of agencies part funded by the *National Lottery*	€1.8m
Total Current Savings	**€20.2 m**
Associated staffing reductions	20

* Assumes a 10% saving from the rationalisation.
** Includes the assumption of a 10% saving from the rationalisation.

B.1 Merge the *Ombudsman for Children* with the *Office of the Ombudsman*

The *Ombudsman for Children* has a budget of €2.3m in 2009 and a staff complement of 15. It is recommended that this office be merged with the *Office of the Ombudsman* along with other bodies as outlined in Detailed Paper No. 9 on Finance.

B.2 Merge the *Health Research Board* within the single stream of science funding

The Special Group concluded in Detailed Paper No.7 on Enterprise, Trade and Employment that there should be radical rationalisation of the delivery of STI funding, in particular the allocation of total responsibility for this to a single Government Department and the streaming of all funding through a single agency under that Department's remit. The Group estimates that potential savings of up to €100m a year are achievable across the relevant Departments.

The *Health Research Board* (HRB) supports and funds health research in Ireland and has a 2009 allocation of €35.2m. The Group recommends that the funding for health research in Ireland is transferred to the new single stream of science funding (as set out in Detailed Paper No.7 on Enterprise, Trade & Employment), with the focus on health research within the new arrangement remaining on patient focussed research so as to improve the cost effectiveness and quality of services as well as the opportunities for commercialisation. Health research's pro-rata share of the €100m reduction recommended in all STI funding by the Group is €7.1m. The Group also recommends further efficiency savings in the HRB of €3.5m in the short-term followed by its closure and the transfer of its functions as appropriate.

B.3 Integrate the *Health Insurance Authority* into the *Financial Regulator*

The *Health Insurance Authority (HIA)* is an independent regulator for the private health insurance market in Ireland and its functions include licensing private health insurers under the *Health Insurance Acts*, monitoring the health insurance market and advising the Minister for Health & Children accordingly. The HIA will also manage and administer any Risk Equalisation Scheme that might be established under the *Health Insurance Acts* and provide information and assistance to consumers of the private health insurance market. The Group recommends that the HIA should be integrated into the *Financial Regulator*.

B.4 Restrict the *National Treatment Purchase Fund* to private facilities in Ireland and abroad

Concerns have been raised about the *National Treatment Purchase Fund* (NTPF), in particular that it is an expensive means of purchasing procedures privately that could be delivered by better utilisation of capacity in the public system. The *Comptroller and Auditor General* (2004) found that, of the NTPF cases he examined in detail, 44% of procedures had been carried out in public hospitals and 36% in the same public hospital from which the referral had come in the first place. The Minister for Health & Children recently set a limit of 10% on use of public facilities. The Special Group recommends further that the NTPF be required to use private facilities in Ireland and abroad, where these are available, yielding savings of €7.5m in a full year.

B.5 Remove the Exchequer co-financing of Lottery funded bodies

A number of voluntary organisations that are involved in delivering personal and social services have traditionally been funded from the proceeds of the *National Lottery*. In recent years, the Exchequer has contributed to this funding so that in 2008, 44% of all part-funded Lottery subheads were funded by the Exchequer. It is recommended that, in light of the current budgetary crisis, the Exchequer element of *National Lottery* funding should be removed, saving €1.8m.

Programme B – Associated Staffing reductions

The Group estimates that overall staff numbers associated with this Programme could be reduced by 20, having regard, in particular, to the non-renewal of temporary contracts following the merger of the *Health Research Board* and the restrictions placed on the NTPF.

Programme C – Hepatitis C Tribunal and other inquiries

Exchequer expenditure in this area arises out of general awards and settlements due to various inquiries ongoing under the aegis of the Department of Health & Children. This Programme accounts for total gross expenditure of €137.7m in 2009. The options for achieving savings in this area are limited unless these inquiries are wound-up.

Introduce incentives to promote better risk management by hospitals

This Programme also includes a contribution of €60m in 2009 to the *State Claims Agency* in respect of costs relating to clinical negligence. At present, hospitals do not contribute to the costs of awards resulting from mistakes and negligence arising from health care services carried out and delivered under their aegis. To improve incentives for risk management by hospitals, the Special Group recommends that the cost of claims and the number of claims against each hospital be charged to the hospital concerned and taken into account by the HSE in deciding on financial allocations to individual hospitals based on best performance. While this recommendation is put forward as a matter of good risk management practice, and should promote structural savings over time, it is not possible to calculate a specific saving that is likely to accrue in the medium term.

Review rules relating to compensation

By the end of 2008, some €900m had been spent in awards under the *Hepatitis C/HIV Compensation Tribunal*. Provision for this purpose has been declining reflecting the awards made and the declining number of claims. The 2009 provision under these subheads is some €75m. The Special Group recommends that at this stage an assessment be carried out of the need for the continued operation of the compensation scheme and tribunal in the light of awards made to date and possible demand into the future.

Programme D – Early Childcare Supplement

The *Early Childcare Supplement* (ECS) is a universal non-means tested scheme introduced to assist parents with the cost of childcare for younger children. This Programme accounts for total gross expenditure of €231m in 2009. In the April 2009 Supplementary Budget, the Minister for Finance announced the Government's decision that the monthly payment under the ECS be halved with effect from 1 May 2009 and abolished at end-2009 and replaced with a pre-school *Early Childcare and Education Scheme*. The Group notes that this measure will contribute toward overall staff savings in the Department of Social & Family Affairs who administer the ECS on an agency basis.

Programme E – National Childcare Investment Programme

The objective of the *National Childcare Investment Programme* (NCIP) is to create a supply of affordable childcare through the provision of capital grants and also by subventing community not-for-profit childcare services to enable them to provide care to disadvantaged families. The total gross allocation for the NCIP in 2009 is €137.6m. The total gross allocation outlined in Table 11.2 for Programme E of €220.4m includes a further €82.8m of expenditure by OMCYA on the *Early Intervention Programme for Children,* the *National Children's Strategy* and *Youth Affairs*.

Table 11.6 Health & Children - Measures identified for Programme E

	Annual savings
E.1 Abolish the transitional provisions for the NCIP	€2.0m
E.2 Alter the means test by eliminating Band C	€5.0m
E.3 Rationalise the administrative structures	€3.0m
Total Current Savings	**€10.0m**

E.1 Abolish the transitional provisions for the *National Childcare Investment Programme*

When the original scheme was altered in 2007 it was decided to shift the focus of supports to children rather than crèches. Supports and transitional arrangements were put in place to ensure that existing participating crèches did not suffer a sudden loss of income. It is recommended that these transitional arrangements now be abolished yielding savings of €2m in a full year.

E.2 Alter the means test by eliminating Band C

Funding under the scheme is allocated across three bands depending on parents' circumstances. Bands A and B are for children whose parents are on social welfare or in receipt of *Family Income Supplement* or childcare supplements. Band C is for children whose parents are on low incomes but are not encompassed by Bands A and B. It is recommended that the third band, Band C, be eliminated as the first two are sufficient, yielding savings of €5m in a full year.

E.3 Rationalise the administrative structures

The 33 *City and County Childcare Committees* are the first point of contact for the public in applying for grant assistance under the NCIP and offer a wide variety of services locally, including advice on setting up a childcare business, training courses for those considering a career in childcare and advice and support on applying for a grant under the NCIP. In Chapter 2, the Group outlined its view that the number of local organisation types and the number of individual bodies should initially be reduced by merging some functions into a single county/local authority level organisation to reduce the administration overheads associated with local delivery. In this context, it is recommended that the administrative structures for the NCIP, at a cost of €13.3m in 2008, be rationalised to yield savings of €3m in a full year.

HEALTH SERVICE EXECUTIVE

Programme F – Administration

HSE Corporate is responsible for corporate planning and overall management of the HSE. Population Health is responsible for maintaining and improving the health of the population through health promotion and dissemination of information on health. There are some 540 people employed in HSE Corporate and Population Health and its budget is over €740m.

Table 11.7 Health Service Executive - Measures identified for Programme F

	Annual savings
F.1 Health sector efficiencies	€90.0m
F.2 Health sector staffing	€300.0m
F.3 Eliminate all bonus payments to HSE staff	€1.3m
Total Current Savings	**€391.3m**
Associated staffing reductions in health sector	6,000

<u>F.1 Health sector efficiencies</u>

The primary role of the HSE is the operational delivery of health and social care services. The Group notes that in recent years the HSE has taken a number of efficiency and VFM measures to try to deliver its service plan within budget. These attempts have only met with partial success. This year planned efficiency and VFM measures total over €540m in savings, and include some €280m in carryover savings from 2008 and additional measures, covering areas such as overtime, agency staff travel & subsistence, telephony, procurement and contracts management, education & training, IT, grants to agencies, maintenance, income measures from car parks and private insurance, laboratory costs, catering, temporary contracts etc.

There are two linked agreements between the trade union IMPACT and the then interim HSE that are now affecting very significantly the HSE's capacity to reconfigure services and to redeploy its workforce in line with best practice in integrated healthcare. In addition, there are other agreements with the *Psychiatric Nurses Association* that are having a similar impact on mental health services. While some flexibility in regard to an extended working day has been agreed with unions in relation to new staff recruited after December 2008, this does not apply to existing staff, who form the big majority of employees. The Group recommends, therefore, that these arrangements be ended, and replaced with new arrangements which allow for optimum deployment of resources in the best interests of patients and which take account of the budgetary realities.

In particular, it is recommend that:

- all staff should be required to work the weekly basic contracted hours for their grade within the span of 8am to 8pm on a five-day over seven-day basis (i.e. Saturday and Sunday form part of the normal working week);
- no premium payment be made to hours worked within the span of 8am to 8pm;
- the T+1/6th be ended, (a payment introduced as part settlement of the 1999 nurses strike, on the basis that the principle of an 8am to 8pm extended working day) which is now agreed

with the trade unions (albeit for new entrants and those appointed to promotional posts from 16 December 2008);

- payments which are add-ons to basic pay e.g. overtime rates be reviewed;
- the IMPACT agreement's Common Recruitment Pool restrictions on open recruitment competitions be ended;
- unnecessary demarcation between grades that prevents nurses from carrying out routine medical procedures performed by Non-Consultant Hospital Doctors and Heath Care Assistants carrying out routine nursing duties be removed; and
- allowances that are a result of third party agreements or custom and practice with the services (e.g. location allowances and specialist qualification allowances) be withdrawn.

In addition, the Group recommends that the HSE accelerates its efforts to achieve better operational performances, without as far as possible impacting on patient care, by setting specific cost saving or expenditure reduction targets for each budget holder (e.g. local health office and hospital manager) within the HSE system, including organisations funded by the HSE. This would require the delivery of additional economies in expenditure on non-clinical costs (such as food and laundry), activity related costs (such as surgical supplies, laboratory consumables, blood, gas and X-rays) and other costs like energy, legal costs, insurance, advertising, travel and subsistence, consultancy and public relations. Such economies should be achieved through a combination of reductions in price (better procurement) and usage (e.g. better travel management systems). The Group recommends that a target reduction of 2% in the 2009 budgets be set for each of the years 2010 to 2012 giving a cumulative saving of €275m by end 2012, or €90m on average a year.

F.2 Health sector Staffing

In March 2009, the Government decided to introduce a general moratorium on recruitment and promotion. The *2009 Employment Control Framework* for the Health Sector provides for flexible implementation of the moratorium in the health sector to allow for the continued development of integrated health care, particularly primary and community care, care of the elderly and people with disabilities. It provides for limited exceptions, mainly for key specified frontline grades and for redeployment of staff from the Hospital pillar to the Primary, Community and Continuing Care pillar and within the pillars to fill high priority frontline posts. The Group recommends that the Employment Control Framework should be utilised to bring the Health sector's skill-mix into line with international norms.

The Framework is designed to achieve a structural reduction in Health sector employment levels over 2 years, including a 500 reduction in management / administrative staff on the basis of the 3% payroll reduction announced as part of the Government's administrative efficiencies in July 2008.

While the package of measures introduced by the Government (including the moratorium on public service recruitment and promotion and *Incentivised Scheme of Early Retirement*) should contribute to this objective, the Group considers that, for maximum effectiveness, the Employment Control Framework for the Health sector should be accompanied by strengthened implementation measures including compulsory redeployment and, if necessary, redundancy. The latter would be necessary to facilitate outsourcing of non-routine services, where these can be delivered on a more cost effective basis.

On this basis, the *Employment Control Framework* for the Health Sector incorporating compulsory redeployment should at minimum lead to a reduction of at least 6,000, mainly in Health administration and support numbers by the end of 2010. This would entail savings of some €300m in a full year.

F.3 Eliminate all bonus payments to HSE staff

In February 2008, the HSE informed the *Committee on Public Accounts* that in 2006 bonus payments totalling €1.24m had been paid to 111 management staff. It is recommended that all bonus payments to HSE staff be eliminated.

Programme G – Children and families

The aim of the HSE's children and families programme is to promote and protect the well-being of children and families, particularly those at risk of abuse and neglect, by having children cared for in appropriate care settings. Care requirements for children involve a high level of legal and administrative compliance at all stages of the process. The opportunity costs of not responding appropriately could be significantly higher over the medium/long term (through possible legal action and through societal costs). This Programme accounts for total gross expenditure of €582m in 2009 but it would be a false economy to seek savings in an area where the financial requirements stem from legal obligations that the courts can impose.

Programme H – Primary care

The main expenditure components of the Primary Care programme are demand led schemes such as the *Medical Card Scheme*, the *Long-Term Illness Scheme* and the *Drugs Payment Scheme*. The basic objective of these schemes is to provide access to health and personal social services based on medical need while mitigating undue financial hardship. This Programme accounts for total gross expenditure of €3,461m in 2009.

There are more than 1.3 million people covered by medical cards (including some 95,000 GP Visit only cards). Increasing unemployment is contributing to an unsustainable rate of growth in medical card coverage; the number is increasing by around 9,000 per month for the first 5 months of 2009. The average annual cost of a medical card is €1,650 (including capitation fee and drug costs). The Group has identified savings of €577m in a full year.

Table 11.8 Health Service Executive - Measures identified for Programme H

	Annual savings
H.1 Revise the income guidelines to the basic rate of social welfare (*Jobseekers Allowance*), so that all existing non-medical allowances and HSE discretion are removed and replaced with a variable allowance based on medical needs	€100.0m
H.2 Increase the threshold for the *Drugs Payment Scheme*	€37.0m
H.3 Introduce co-payment of €5 for each prescription under the GMS and LTI	€70.0m
H.4 Invite tenders by open competition to provide services under the GMS	€370.0m
Total Current Savings	**€577.0m**

H.1 Revise the income guidelines for Medical Card eligibility

Apart from recent adjustments in respect of the over-70s medical card, the Income Guidelines set by the Minister for Health & Children have not been revised since June 2006. The operation of the income guidelines under the existing scheme is resulting in medical cards being granted on grounds that are not transparent, equitable and in many instances not based on medical need and affordability. In the view of the Special Group, this is at odds with the original objectives of the scheme. In particular there is now a wide range of income allowances and income 'disregards' that apply in the means-testing of applications for the medical card, including:

- rent and mortgage payments;
- mortgage protection premia;
- life assurance premia in relation to mortgage protection;
- fire and contents insurance premia;
- childcare costs;
- travel to work costs; and
- income support payments from:
    - *Child Benefit*,
    - education opportunity schemes,
    - employment incentive schemes, and
    - third level education maintenance grants.

Furthermore, the holding of a medical card provides an exemption from the Health Levy and the Income Levy and has in practice become an automatic 'passport' to accessing a range of other social supports, including:

- exemption from State exam fees in second level schools;
- free transport to school for post-primary children who live 3 miles or more from the nearest school;
- assistance with the purchase of school books;
- eligibility for the *Early Childcare Subvention Scheme*; and
- funding under the third level *Student Assistance Fund*.

The complexity of non-medical criteria and accumulation of access to other social services around the core Medical Card scheme are, in the view of the Group, quite inappropriate and contribute to an unwarranted escalation in the costs of other public services.

There has also been a significant increase in Exchequer outlay associated with the rising cost of the Medical Card (which has doubled in cost to €2,183.9m since 2004). The Group considers that it is necessary to restructure the scheme so that eligibility is determined by reference to medical need in a fair and transparent manner and to secure savings to put the funding of the medical card system on a more sustainable basis.

A review of medical card eligibility is currently underway with an Exchequer-neutral mandate in regard to cost. The Group recommends that the income guidelines for the medical card be revised to the basic rate of social welfare (*Jobseekers Allowance*) and that all existing non-medical allowances and HSE discretion be removed and replaced with a set of clearly defined factors based on medical needs. Finally in this regard, the Group recommends that the existing entitlement of a person who has been unemployed for a minimum of 12 months to retain their medical card for 3 years after commencing employment (irrespective of means or medical need) be reduced to 1 year. Taken together, these measures should be designed to achieve savings of over €100m a year, at least some of which could be made available to address acute funding difficulties elsewhere in the Health sector.

The Group also recommends that the HSE intensifies and maintains its recent efforts to improve the accuracy of its GMS medical card database register in order to avoid any overpayment of GP capitation fees and to improve its overall control processes governing the accuracy and probity of payments made to GPs, community pharmacists and other independent contractors. This should help reduce the cost pressures in respect of the demand for new medical cards arising in the current economic climate. The potential outsourcing of this work should also be examined actively along with the potential to link the database to the Death Register database.

H.2 Increase the threshold for the *Drugs Payment Scheme*

The *Drugs Payment Scheme* (DPS) is a non-means-tested scheme that meets the cost of approved prescribed drugs, medicines and certain appliances for use by a person or family, other than medical card holders, over and above a threshold of €100 a month. This is a demand-led scheme with costs being driven by population growth, the incidence of illness as well as the costs of drugs and appliances. Expenditure under the DPS has increased significantly from €223m in 2004 to an estimated €344m in 2009. The Special Group recommends that the monthly threshold be increased to €125 so as to yield savings of €37m a year. Consideration should also be given to reverting to the previous arrangement of a quarterly rather than a monthly payment threshold; as was the case until July 1999 when the *Drugs Payment Scheme* replaced the *Drugs Refund Scheme*. This would focus the DPS more directly on those with chronic illnesses and associated ongoing drugs costs, as distinct from temporary costs associated with once-off or short-term conditions.

H.3 Introduce a co-payment of €5 for each prescription under the GMS and *Long-Term Illness Scheme*

At present, medical card holders are entitled to avail of prescription drugs without charge. The *Long-Term Illness Scheme* allows people with certain prescribed morbidities, other than those people with medical cards, to obtain, without charge, necessary drugs, medicine, medical and surgical appliances for the treatment of that condition. The Group considers it appropriate that a co-payment charge of €5 be applied in respect of all prescriptions where items are dispensed under the GMS and LTI scheme and doing so should save €70m a year.

H.4 Invite tenders by open competition to provide service under the GMS

Any reduction in eligibility coverage will have implications for the income of service providers (GPs, pharmacists, dentists and opticians). There are some 5,700 such health care service providers and these are generally remunerated through a contract encompassing a fees framework essentially based, as appropriate, on capitation rates or fee per item dispensed. Furthermore, the medical professional representative bodies have been successful at restricting entry to professional practice (although there has been some limited progress in terms of increasing access to medical education in recent years, including the introduction of graduate entry to medical schools). The representative bodies enjoy a veto-like power over the introduction of new services or expansion of existing services, even though the contracts are based on commercial agreements with individual undertakings. The existing contracts favour the supplier more than the purchaser. The Special Group notes that the *Competition Authority* is expected to finalise its report on General Practitioners by the end of 2009.

It also notes that the Minister for Health & Children now has the power under the *Financial Emergency Contributions in the Public Interest Act 2009* to determine payments to health professionals by regulation following a 30-day consultation process.

The Group recommends that the HSE phase out existing contracts with GPs and pharmacists as quickly as possible and fashion their own specific contracts enabling the HSE to specify the services they require and to set a price acceptable and affordable in the light of the dramatically changed budgetary situation as well as enabling suppliers to compete to provide these services. The Group anticipates that, properly structured, savings of up to €370m could be achieved from such an approach.

Programme I – Acute hospitals, including cancer care

The objective of this Programme is to provide pre-hospital emergency care and a wide range of services including assessment, diagnosis, treatment and rehabilitation for people in need of acute care. The provision of existing services and the allocation of resources to the different hospitals are heavily influenced by historical conditions. This Programme accounts for total gross expenditure of €4,495m in 2009.

The main approach of the HSE to date to securing efficiencies in hospital services has focussed on working with individual hospitals to develop and implement better patient-management and discharge-planning by identifying and disseminating best domestic and international practices. A report on acute bed needs for 2020 concluded that, instead of providing an estimated 19,800 under current practice, there could be a reduction in beds to around 8,800, less than the current 12,778, if integrated health care were implemented in Ireland. Reform of the acute hospital sector will be influenced by the HSE's ability to deliver an integrated health care strategy. The HSE regards *Primary Care Teams* and *Health and Social Care Networks* as an essential prerequisite to the rationalisation of acute hospitals and freeing up resources for the hospital sector.

The Group recommends that the HSE accelerate significantly the levels and timeliness of hospital charge income collection, improve its collection arrangements and set a target of reducing these arrears to no more than €50m by end 2011. At the end of 2008 nearly €200m in hospital charges was unpaid (excluding HSE-funded institutions) and the amounts outstanding have increased by over €80m in three years, although it should be noted that an agreement has been reached with the VHI that it will make a payment this year of €50m on account in respect of amounts outstanding from it. As the anticipated saving of €100m results from cash flow effects, it has not been included in the table below.

Table 11.9 Health Service Executive - Measures identified for Programme I

	Annual savings
I.1 Increase hospital charges	€6.0m
I.2 Increase charges for private facilities in public hospitals by 20%	€50.0m
I.3 Introduce mandatory protocols requiring hospitals and clinicians to prescribe generic medicines, off-patent drugs and value-for-money high-tech treatments as well as centralised procurement and better management of stocks	€30.0m
I.4 Secure 20% efficiencies in non-emergency patient transport services	€10.0m
Total Current Savings	**€96.0m**

I.1 Increase hospital charges

In order to reduce inappropriate demand for health care services at A&E Departments and in public acute hospitals, it is recommended that the standard charge for those presenting at A&E Departments without a letter from their General Practitioner be increased to €125 and that public hospital inpatient charges be increased by 20%. Both of these increases should result in an increase in revenues of some €6m.

I.2 Increase charge for private facilities in public hospitals by 20%

The Group recommends that the charge for private facilities in public hospitals be increased by 20% to reflect economic costs and this should generate estimated Exchequer savings of €50m.

I.3 Introduce mandatory protocols requiring hospitals and clinicians to prescribe generic medicines, off-patent drugs and value-for-money high-technological treatments

The Group recommends that, consistent with good patient care, the HSE introduce mandatory protocols requiring publicly funded hospitals and clinicians to prescribe generic medicines, off-patent drugs which also take into account the knock-on impact on prescribing of drugs by GPs, who are generally reluctant to change hospital consultant prescriptions. The Group considers that these actions in conjunction with a combination of centralised procurement and better management of stock, its use and wastage, should yield savings of €30m a year.

I. 4 Patient transport services

The Group notes that a detailed review of ambulance services in Dublin is underway and the D/H&C considers that more work is required before the Government can reach a conclusion about how best to provide services in the Dublin region.

The HSE currently spends €50m on non-emergency patient transport services (this does not include other client transport services provided by voluntary disability and other organisations that are funded by the HSE). The Group recommends that a review of the continued provision of this service be carried out with a view to securing efficiencies of at least 20%.

Programme J – Disability and mental health

Services to people with disabilities are provided either by the HSE directly, or by the HSE in partnership with non-statutory voluntary service providers. Mental health services span all life stages and are provided through a range of primary and community based services as well as specialised services for children and adolescents, adults and older persons. This Programme accounts for total gross expenditure of €2,530m in 2009.

The Comptroller & Auditor General (2005) found that in excess of 600 community and voluntary agencies were funded by the State and that there was no proper audit of money spent, services provided or measurement of outcomes achieved. The C&AG also found that the funding of these agencies was based on incremental increases and the cost of new placements rather than a contested procurement of services.

Table 11.10 Health Service Executive - Measures identified for Programme J

	Annual savings
J.1 Introduce measures to achieve greater efficiencies in the non-government agencies and organisations in receipt of State funding	€50.0m
Total Current Savings	**€50.0m**

The Group notes that a Value for Money Policy Review of Disability Services is currently underway. Unnecessary duplication of corporate and other services cannot be maintained in a budgetary environment where services are being curtailed and service developments are being deferred. The Group recommends therefore that there should be greater use of shared services, improved administrative efficiency and sharing of professional and clinical staffing resources by such voluntary bodies. There should also be robust and appropriate service level agreements in place with non-profit service providers which contain clear specifications of services to be provided for the resources being made available. There should be close monitoring of performance against the specified service levels and financial and staffing penalties for failure to achieve them. The Group anticipates that the introduction of these measures should yield at least €50m savings a year.

Programme K – Care of older people

The objective of the *Care of Older People Programme* is to enable older people to maintain their health and well-being, as well as live active and full lives, in an independent way in their homes and communities for as long as possible. The primary driver of expenditure in this area is an ageing population. This Programme accounts for total gross expenditure of €1,516m in 2009.

Table 11.11 Health Service Executive - Measures identified for Programme K

	Annual savings
K.1 Increase the percentage of care costs under the '*Fair Deal*' contributed by an individual from their residence	€50.0m
K.2 Introduce a means test for Homecare packages	€24.0m
Total Current Savings	**€74.0m**

K.1 Increase the percentage of care costs under the '*Fair Deal*' contributed by an individual from their residence

Long-term care is delivered through public and private health care providers. While the supply of, and demand for, long-term care beds vary by region, the indications are that the shortage of supply is most acute on the east coast. The introduction of nursing home standards in 2009 is expected to put further pressure on the supply of beds in both the public and private sectors with consequent knock-on demands on capital budgets.

Under the '*Fair Deal*' the State agrees to underwrite the complete cost of care with individuals required to make a contribution in line with their means and assets. Based on an individual's means and assets the State will loan individuals the portion of their contribution to care costs that arise up to a certain limit. It is recommended that the percentage of care costs under the *Fair Deal* contributed by an individual from their residence be increased to a maximum of 22.5% over three years. The savings from this measure are estimated at €50m a year (the *Fair Deal* has not yet been implemented). However, it is expected that this proposal may not result in immediate savings for the Exchequer due to upfront cash flow costs.

K.2 Introduce a means test for Homecare packages

Home Services and *Homecare Packages* are community-based care systems that are important to reducing the percentage of individuals inappropriately placed in long-term care beds by providing individuals with support in their home and in the community. Practices in regard to their provision may vary as a result of the legacy of the former health boards. Home-help hours usually assist people with impairments to carry out normal household tasks. Generally, home-help hours are means tested (even for those on a medical card) and individuals may have to make a contribution/pay for the costs of care. *Homecare packages* supplement other community services and provide a range of services, including nurses and therapists. There is no charge for homecare packages with individuals referred by health professionals and a needs assessment is completed with appropriate services being provided. Problems have been raised about the lack of agreed guidelines for delivery of home packages, the lack of a standardised application form and the lack of management information regarding the delivery and content of these packages. The Group recommends that these shortcomings be addressed as a matter of urgency in a way which is fair and takes account of the ability of the recipient to pay for the services based on their means. It is therefore recommended that a means test be introduced for *Homecare packages* to restrict eligibility, in line with the practice that applies to home-help hours, to yield savings of €24m a year and the necessary legislation be introduced to give effect to the change.

Appendix to Detailed Paper No. 11

Table 1 Non-commercial semi-State bodies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay (2008)	Staff Nos.
1. Children's Act Advisory Board				
Gross Expenditure		€2.2m	€1.14m	16
of which: Exchequer		€2.2m		
2. Crisis Pregnancy Agency				
Gross Expenditure		€8.3m	€0.94m	15
of which: Exchequer		€8.3m		
3. Food Safety Authority of Ireland				
Gross Expenditure		€18.0m	€5.9m	92
of which: Exchequer		€18.0m	€5.9m	
4. Food Safety Promotion Board (North/South Body)[a]				
Gross Expenditure		€7.0m	€1.8m	27
of which: Exchequer		€7.0m	€1.3m	
5. Health Information & Quality Authority				
Gross Expenditure	€0.4m	€13.6m	€3.9m	78
of which: Exchequer	€0.4m	€13.6m		
6. Health Research Board				
Gross Expenditure	€12.4m	€35.2m	€5.2m	84
of which: Exchequer	€12.4m	€35.2m		
7. Irish Medicines Board				
Gross Expenditure		€4.8m	€15.3m	245
of which: Exchequer		€4.8m	€3.2m	
8. Mental Health Commission				
Gross Expenditure		€19.0m	€4.2m	40
of which: Exchequer		€19.0m		
9. National Cancer Registry Board				
Gross Expenditure	€0.1m	€3.4m	€2.1m	47
of which: Exchequer	€0.1m	€3.4m		
10. National Cancer Screening Service				
Gross Expenditure	€1.7m	€67.5m	€17.5m	253
of which: Exchequer	€1.7m	€67.5m		
11. National Council for the Professional Development of Nursing & Midwifery				
Gross Expenditure		€4.3m	€0.9m	12
of which: Exchequer		€4.3m		
12. National Council on Ageing & Older People				
Gross Expenditure		€1.0m	€0.5m	8
of which: Exchequer		€1.0m		
13. National Social Work Qualifications Board				
Gross Expenditure		€0.6m	€0.4m	7
of which: Exchequer		€0.6m		
14. National Treatment Purchase Fund				
Gross Expenditure		€90.3m	€2.6m	46
of which: Exchequer		€90.3m	€2.6m	

2009 (unless where otherwise specified)	**Capital**	**Current**	**of which – Pay (2008)**	**Staff Nos.**
15. Office of Tobacco Control				
Gross Expenditure	€0.194m	€2.3m	€0.4m	13
of which: Exchequer	€0.194m	€2.3m		
16. Postgraduate Medical & Dental Board				
Gross Expenditure			Transferred to HSE	16
Of which: Exchequer				
17. Pre-Hospital Emergency Care Council				
Gross Expenditure		€3.3m	€1.1m	16
of which: Exchequer		€3.3m		
18. Women's Health Council				
Gross Expenditure		€0.6m	€0.4m	5
of which: Exchequer		€0.6m		
19. An Bord Altranais – The Nursing Board				
Gross Expenditure		€6.9m	€3.2m	49
of which: Exchequer		€0.6m		
20. Dental Council				
Gross Expenditure				5
of which: Exchequer				
21. Health & Social Care Professionals Council				
Gross Expenditure	€0.075m	€1.0m	€0.1m	2
of which: Exchequer	€0.075m	€1.0m		
22. Health Insurance Authority (Funded by levy on industry) (2007 figure)				
Gross Expenditure		€1.9m		9
of which: Exchequer				
23. National Paediatric Hospital Development Board (Funded through HSE)				
Gross Expenditure				2
of which: Exchequer				
24. Pharmaceutical Society of Ireland (2008 figure)				
Gross Expenditure		€4.2m		20
of which: Exchequer				
25. Opticians Board				
Gross Expenditure				2
of which: Exchequer				

[a] The Food Safety Promotion Board is a cross border body and jointly funded by the Exchequer and by the Department of Health, Social Services and Public Safety in the North

Table 2 Commercial agencies

2009 (unless where otherwise specified)	**Capital**	**Current**	**of which – Pay (2008)**	**Staff Nos.**
1. Voluntary Health Insurance (2008 figure)				
Gross Expenditure		€1,032m		945
Of which: Exchequer				

Table 3 Civil service offices

2009 (unless where otherwise specified)	**Capital**	**Current**	**of which – Pay (2008)**	**Staff Nos.**
1. Office of the Disability Appeals Officer				
Gross Expenditure		€0.5m		5
of which: Exchequer		€0.5m		
2. Office of the Ombudsman for Children				
Gross Expenditure		€2.3m	€1.1m	15
of which: Exchequer		€2.3m	€1.1m	
3. Adoption Board				
Gross Expenditure			Part of DOHC	34
of which: Exchequer				

Detailed Paper No. 12 – Houses of the Oireachtas Commission

Table 12.1 Houses of the Oireachtas Commission expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current [a]	**€122.8m**	**€137.2m**	**11.7%**	**€7.8m**	**-5.7%**
Staff numbers	804	840	4.5%	42	-5.0%

[a] All Oireachtas expenditure is regarded as current

Introduction

The Houses of the Oireachtas Commission is established under the *Houses of the Oireachtas Commission Act 2003*. The Commission provides for the running of the Houses of the Oireachtas and administers and manages the Office of the Houses of the Oireachtas. The 2003 Act gives the Commission the power to determine its staff requirements and to appoint staff up to and including the grade of Principal Officer (Standard scale). Apart from minor maintenance costs (c.€0.5m) paid by the Oireachtas Commission, the upkeep of Leinster House is the responsibility of the Office of Public Works (OPW) and charged to the OPW vote.

The *Houses of the Oireachtas Commission (Amendment) Act 2006* provides for funding of €393m for the three years 2007 to 2009 inclusive. The current allocation (averaging €131m a year) compares to the gross outturn for the Oireachtas Vote for 2000 of €60.7m. It has a staffing allocation of 840, excluding TDs and Senators. A further Act will be required towards the end of 2009 in order to ensure continued funding from 2010.

The provisional outturn for expenditure in 2008 by Houses of the Oireachtas is €122.8m and the allocation for 2009 is €137.2m, broken down into the following key areas:-

Table 12.2 Houses of the Oireachtas Commission resource allocation by Programme

	2009 allocation	of which - Pay	Staff numbers [a]
A. Administration	€59.5m	€26.1m	490
B. Other Services [a]	€19.0m	€1.8m	
C. Salaries of members of the *Houses of the Oireachtas* and the *European Parliament*	€24.7m	€24.7m	
D. Payments in respect of secretarial assistance for non-office holding members of the *Houses of the Oireachtas*	€18.8m	€18.8m	350
E. Travel Expenses of members of the *Houses of the Oireachtas*	€6.4m		
F. Other allowances and expenses of members of the *Houses of the Oireachtas*	€8.8m		
TOTAL	**€137.2m**	**€71.4m**	**840**

[a] Staff numbers do not include the 166 TDs and 60 Senators.

Outcome of the Group's deliberations

On the basis of the information and analyses made available to it and following its interaction with the Clerk of the Dáil and Secretary General of the Office of the Houses of the Oireachtas, the Special Group has identified savings of €7.8m a year. The Group has identified scope for structural reduction of at least 42 staff.

In order to realise more substantive savings in this area, significant structural reforms would need to be considered with major political, legislative and indeed constitutional implications. These reform options are outlined under Programme A below.

The proposed savings are set out in table 12.3 below.

Table 12.3 Houses of the Oireachtas Commission - Total measures identified by Programme

	Annualised savings identified	Recommended staffing reductions
A. Administration	€6.0m	42
B. Other services	€0.3m	-
F. Other allowances and expenses of members of the *Houses of the Oireachtas*	€1.5m	-
Total Current Savings	**€7.8 m**	**42**

Programme A – Administration

This Programme has a 2009 allocation of €59.5m and is largely involved with the general administration of the Houses of the Oireachtas. The largest area of spending from this Programme is spending on salaries, wages and allowances in respect of members of staff of the Houses of the Oireachtas followed by expenditure on office machinery and other office supplies.

Table 12.4 Houses of the Oireachtas Commission - Measures identified for Programme A

	Annual savings
A.1 Complete an efficiency review of operations	€5.2m
A.2 Rationalise overtime for ushers and merge service officer/porter grade	€0.1m
A.3 Provide for electronic laying of documents	€0.1m
A.4 Reduce the number of Oireachtas Committees	€0.6m
Total Current Savings	**€6.0m**
Associated staffing reductions	42

A.1 Complete an efficiency review of operations

The suggestion by the Houses of the Oireachtas that they would complete an efficiency review of operations was welcomed by the Group. The Group recommends a number of efficiencies including:

- Rationalisation of various approaches to funding of research, including the Library Research Service and funding for Party Researchers;

- Televising of Committees – target services for meetings on Bills, Estimates and other key business delegated by the Houses;

- Move towards web-based publication as the norm for Committee debates and Replies to Written Questions; and

- Reduce Committee travel to realise savings of at least €0.1m a year.

A.2 Rationalise overtime for ushers and merge services officer/porter grades

Ushers are the key providers of security and visitor management in the Leinster House complex. There are 58 ushers in place to manage the orderly business of House and Committee sittings and to provide basic security functions. They are rostered to provide cover from early morning opening until late night closing of the complex and to meet widely variable levels of demand as between sitting and non-sitting periods. The Group recommends that work flow in the usher grade be examined in detail with a view to realising savings by reducing the incidence of overtime and/or moving to a system of annualised hours.

There are 18 service officers who provide messenger services for the complex and security/access services for Kildare House and Agriculture House. There are 4 porters who provide bulk carrying assistance for the members of both Houses. The Group recommends that the grade of porter be merged with that of services officer with a view to achieving economies.

These measures taken together could realise savings of around €0.1m a year.

A.3 Provide for electronic submission of documents

At present a large number of documents are required to be laid before the Oireachtas each year. This includes annual reports of State bodies and a range of Bills and Statutory Instruments. Having regard to the costs involved, it should be sufficient to lay all such documentation before the Houses electronically. This change may be able to be introduced through Dáil Standing Orders or may require enabling legislation. To illustrate the savings potential it is included as a saving for the Oireachtas Commission, however, a range of smaller savings would be generated across the system by Departments and Bodies rather than from the Houses of the Oireachtas. Saving could be of the order of €0.1m a year.

A.4 Reduce the number of Oireachtas Committees

In the current Dáil there are 24 Oireachtas Committees and 4 subcommittees for which allowances are paid. Over recent years the number of Committees has ranged from 19 to 24. The Minister for Finance referred in his April *2009 Supplementary Budget* speech to proposals for reductions in the number of Committees and indicated that he was leaving this matter to the House. The Group considers that there is an overlap in the remit of some Committees, such as the *Joint Committee on Finance and the Public Service* and the *Joint Committee on Economic Regulatory Affairs* who are both discussing the Financial Regulator. The Group considers that the numbers of Oireachtas

Committees could be reduced substantially while still maintaining the required oversight of the activities of Government.

Potential for structural changes

Apart from the above efficiency proposals, the Group observes that in order to realise substantive savings in expenditure within the Houses of the Oireachtas, it would be necessary to bring about major structural changes with considerable political, legislative and constitutional implications. These potential changes centre upon the possible reduction in the number of political representatives serving within the Houses, and the possible re-configuration of the legislative chambers to operate on a unicameral basis. Given the constitutional import of these options and that the implications of such options go beyond the expenditure savings that would arise, the Group is not making a specific recommendation in this area, but the issues involved are set out below for information and consideration as appropriate.

Possible reduction in the number of TDs

Article 16.2.2 of the Constitution states: "*The number of members shall from time to time be fixed by law, but the total number of members of Dáil Éireann shall not be fixed at less than one member for each thirty thousand of the population, or at more than one member for each twenty thousand of the population*". The most recent population estimate from the *Central Statistics Office* put the April 2008 population at 4,422,100. On this basis, the number of TDs could be no fewer than 148, but could be as many as 222. The number of TDs could be reconsidered when the results of the April *2011 Census* become available, probably in the Autumn of 2011, and there could be scope to decide on a reduction in the numbers. For illustrative purposes, a reduction of 12 in the number of TDs would lead to savings of around €3m a year, including savings on the numbers of personal assistants and secretarial staff.

Possible move to a unicameral system

The Group notes that among EU members, many (Bulgaria, Cyprus, Denmark, Estonia, Finland, Greece, Hungary, Latvia, Lithuania, Portugal and Sweden) have unicameral parliaments. Bicameral parliaments are in the main found in larger countries and in smaller states with a federal structure e.g. Austria. Countries similar in size and population to Ireland, such as New Zealand (which shares with Ireland a Westminster-style tradition of parliamentary democracy) and Israel also have a unicameral parliament.

The Group is also cognisant of the 1996 *Report of the Constitution Review Group*, which concluded that if the two main criteria for retention of Seanad Éireann – namely the desirability of a system of checks and balances and of representation of as wide a cross-section of society as possible – could not be satisfied, then the case for the Seanad would fail and it should be abolished. There is an arguable case that the first criterion is not satisfied, since Dáil Éireann can overrule any amendments; and as regards the second criterion, the vast majority of the electorate in Seanad elections are local government councillors, generally of one or other of the three main political parties. Furthermore, no action has been taken on foot of the *Report on Seanad Reform* (2004) and successive Governments have declined to legislate to take account of the Seventh Amendment to *Bunreacht na hÉireann,* which allowed for broader representation from the third-level institutions.

Accordingly, the Group considers that there is at least an arguable case for the option of moving to a unicameral legislative system and discontinuing Seanad Éireann. This would give rise to savings of around €25m a year: as well as salary savings from Senators and their personal staff, there would be lower cost overheads for the running of Leinster House and fewer ushers required. Any such proposition would require careful and extended consideration, taking into account issues of democratic accountability and constitutional settlement that go beyond the remit of the Group.

Programme B - Other services

This Programme has a 2009 allocation of €19.0m and includes televising of proceedings of Dáil Éireann and Seanad Éireann, grant-in-aids in respect of inter-parliamentary activities, payment for catering and bar staff, allowances for former members of the Houses of the Oireachtas, Grant-in-aid in respect of 'Ciste Pinsean Thithe an Oireachtas', and the pension scheme for secretarial assistants, and expenses of Oireachtas Committees.

The Group notes the Government decision to: remove the long service increments in the next Dail and Seanad and that no others will qualify for them in the current Dáil or Seanad; provide a 25% reduction in Ministerial pensions of members sitting in the current Dáil or Seanad; and to provide abolition of entitlement to receive Ministerial pensions for sitting members in the next Dáil, Seanad, or the next European Parliament.

Table 12.5 Houses of the Oireachtas Commission - Measures identified for Programme B

	Annual savings
B.1 Review the pension arrangements for Oireachtas Members	0 [in 2010]
B.2 Charge for media rights and facilities	€0.3m
Total Current Savings	**€0.3m**

<u>B.1 Review the pension arrangements for Oireachtas Members</u>

The Members of the Oireachtas accrue a pension of 1/40th of salary per year of service compared to 1/80th of salary per year in the public service generally. The maximum pension is payable after 20 years of service compared with 40 years. While pay and pension levels are beyond the core remit of the Group, we recommend that these pension arrangements be examined to see how appropriate they are to current circumstances bearing in mind the decisions already announced by Government.

<u>B.2 Charge for media rights and facilities</u>

Facilities including office accommodation, equipment and parking are provided by the Oireachtas free of charge to accredited media. The Group considers that some of the costs of providing these facilities should be borne by the commercial media outlets.

Programme C - Salaries of members of the *Houses of the Oireachtas* and the *European Parliament*

The 2009 allocation for this Programme is €24.7m.

In line with the legal advice received, the Government has decided that no further long service increments will be awarded to Members of the Oireachtas but existing members who are currently in receipt of long service increments will retain them for the duration of the current Dáil / Seanad as appropriate. Long service increments will not be paid to any members of the Oireachtas in the next Dáil and Seanad.

The current cost to the Exchequer of funding salaries for MEPs is €1.2m. The implementation of a European Parliament Decision will involve that Parliament assuming the cost of funding of salaries for MEPs from July 2009. This will potentially provide a reduction of €1.2m a year in costs to the Exchequer. However, this sum may be reduced somewhat depending on the number of re-elected MEPs who decide to avail of the option to maintain their existing salary provisions which are funded by the Houses of the Oireachtas, from the new parliamentary term in July 2009. Newly elected (i.e. first time) MEPs from July 2009 will be paid directly by the European Parliament.

Current funding of MEP pensions which amount to €0.6m a year will continue in the short term but will decrease over time as existing liabilities under the pension scheme are discharged and the future liabilities for MEP pensions are met by the European Parliament.

Ultimately, over time, all liability for salary and pension benefits for Ireland's MEPs will fall on the European Parliament - amounting to a saving of €1.8m (in 2009 terms) on costs to the national Exchequer. Legislation to implement the relevant terms of the European Parliament decision is expected to be published shortly.

Programme D - Payments in respect of secretarial assistance for non-office holding members of the *Houses of the Oireachtas*

The overall cost in 2009 of providing secretarial and parliamentary assistance for members of the Houses of the Oireachtas is €18.8m.

Each non-office-holding TD is entitled to one secretarial assistant working full-time and either one parliamentary assistant working full-time or one higher parliamentary assistant working half-time (a TD choosing the latter option must share the higher parliamentary assistant with another TD) employed by the Commission.

Each non-office-holding Senator is entitled to one secretarial assistant working half-time and one secretarial assistant working either quarter-time or up to half-time, employed by the Commission.

In addition, each qualifying party in the Dáil is entitled to a number of secretarial assistants. The total number of positions under these schemes is now 350.

It is noted that there are four options available for employing parliamentary assistants or temporary staff or buying in equipment and services. Only two options are available to office-holders.

The four options are as follows:

- Each TD may have a parliamentary assistant employed and paid for through the Oireachtas Commission.

- Two TDs may combine their allowances to engage and pay for a higher member of staff through the Commission (although none has done so to date); Senators may employ a secretary.
- TDs and Ministers may spend up to €41,092 (€20,546 in the case if a Senator) vouched for the purchase of secretarial equipment and services or employing a temporary staff member, or
- TDs and Ministers may receive an un-vouched allowance of €8,888 a year and vouched allowance of €11,591 a year for work/service done or the employment of a temporary person. Senators may receive an un-vouched allowance of €6,666.12 a year and 75% of the cost of a Secretary.

See Measure F1 for the Group's proposals in this area.

Programme E - Travel Expenses of members of the *Houses of the Oireachtas*

There are a number of expense allowances for members attending Leinster House. These include mileage payable for members travelling to the House, Overnights and the Daily Travel Allowance for members who live within 24.14km (15 miles) of Leinster House. There are also three rates of Constituency Travel Allowance for Deputies only. This Programme has a 2009 allocation of €6.4m.

The Group notes the 25% reduction in civil service mileage rates which came into effect earlier this year and that this reduction also applies to the mileage to Leinster House by members of the Oireachtas. However, it is also understood by the Group that members of the Oireachtas get reimbursed at the highest rate no matter how they travel to Leinster House. The Group considers that there is scope for significant savings under the Travel Expenses heading, and its proposals in this regard are set out under measure F.1 below.

Programme F - Other allowances and expenses of members of the *Houses of the Oireachtas*

This Programme has a 2009 allocation of €8.8m. There are a range of allowances that Members of the Oireachtas may be entitled to. These would include payments towards constituency work, office maintenance allowance, telephone costs and travel within the constituency.

Table 12.6 Houses of the Oireachtas Commission - Measures identified for Programme F

	Annual savings
F.1 Reform of Oireachtas allowances and benefits	€1.5m
Total Current Savings	**€1.5m**

The Group notes the proposed reforms of allowances and expenses for members of the Oireachtas including, as announced in *Supplementary Budget 2009*, the proposed 10% reduction in all expenses (25% in the case of mileage payments), the halving of allowances paid to Oireachtas Committee chairs and the abolition of payments to committee whips and vice chairs.

In addition to these changes, the Group sees scope for further savings in this area, as outlined below.

F.1 Reform of Oireachtas Allowances and Benefits

(i) All expenses and allowances to be subject to verification
(ii) Curtail overnight expense allowance
(iii) Limit parking rights to serving members and staff
(iv) Efficiencies in use of pre-paid envelopes
(v) Review the secretarial allowance for Ministers and Ministers of State
(vi) Remove the entitlement for independent TDs and senators to obtain a party leaders allowance

F.1 (i) Expenses and allowances to be subject to verification

TDs and Senators are entitled to claim a range of expenses and allowances. At present, these entitlements are not subject to any systematic or routine process of checking and verification such as is the case in other areas. The Group recommends that greater verification and vouching of allowances be introduced as the norm, in line with practice generally in the public and private sectors.

F.1 (ii) Curtail overnight expense allowance

An overnight allowance is payable to members of the Oireachtas provided they live more than 24.14km (15 miles) from Leinster House, have to stay overnight in Dublin in order to attend the House and do not receive flat rate travel allowance. Significant improvements have been introduced in the road network and public transport system over recent years, which facilitates around a third of commuters in the greater Leinster region (outside of Dublin) travelling 25 or more kilometres to work each day. Accordingly, the Group recommends that the qualifying distance for the overnight allowance for TDs and Senators should now be increased in line with the limits that apply in respect of the civil service. At present, that limit is 48km or 30 miles; in the Group’s view, there is now a clear case for increasing that limit to 80km or 50 miles to achieve considerable savings.

F.1 (iii) Limit parking rights to serving members and staff

Former TDs and Senators retain indefinitely an entitlement to park free of charge at Leinster House. The Group considers that this entitlement should be removed, bearing in mind the significant capital and other costs associated with this facility, and that parking should be available to Members and staff only.

F.1 (iv) Efficiencies in use of pre-paid envelopes

TDs and senators are entitled to receive 1,750 pre-paid envelopes each month, which is equivalent to 21,000 a year for each TD or Senator if the maximum monthly allocation is claimed. With the widespread use of IT, members should be able to answer a considerable amount of their correspondence *via* e-mail although it is understood envelopes are used for communicating local and/or national developments. The Group considers that there is scope for efficiencies in the use of pre-paid envelopes and incentives for members to use IT for their correspondence to encourage a saving on postage. One option would be to introduce bar-coding to help with monitoring appropriate draw-down and usage. The cost of prepaid envelopes in 2008 was €2.7m and a saving of €0.5m a year is not unreasonable.

F.1 (v) Review the secretarial allowance for Ministers and Ministers of State

As noted above, Ministers and Ministers of State receive an allowance in respect of secretarial assistance. The Government has already decided to reduce these allowances. The Group considers that the ongoing need for such allowances should be reviewed as the office holders concerned also have Departmental secretarial assistance.

F.1 (vi) Remove the entitlement for independent TDs and senators to obtain a party leaders allowance

Independent TDs are entitled to a Party Leader's Allowance and the current rate is €41,152 a year. Independent senators are entitled to obtain half of this allowance. The Group can see no justification for these payments and recommends that they be removed. The savings from this measure will accrue to the Central Fund rather than the Houses of the Oireachtas.

Detailed Paper No. 13 – Justice Group of Votes

Table 13.1 Justice Group of Vote expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€2,565m	€2,440m	-4.8%	€136.4m	-5.6%
Gross Capital	€149m	€136m	-9.0%	-	-
Gross Total	**€2,714m**	**€2,576m**	**-5.1%**	**€136.4m**	**-5.3%**
Staff numbers	25,242	25,839	2.4%	540	-2.1%

Introduction

The Justice Group of Votes is comprised of the Department of Justice, Equality & Law Reform (D/JE&LR), *An Garda Síochána*, Prisons, Courts, and the *Property Registration Authority*. The Justice Group accounts for €2,576m of expenditure in 2009. Table 13.2 presents a breakdown of spending in the different areas.

Table 13.2: Justice Group of Votes resource allocation by Programme

	2009 Capital	*2009 Current*	*of which - Pay*	*Staff numbers* [a]
A. Community security, law enforcement, crime prevention by support for *An Garda Síochána*	€51.6m	€1,570.6m	€1,402.0m	17,766[b]
B. The maintenance of safe and secure custody for offenders by support for the *Prisons Service*	€38.7m	€342.9m	€284.7m	3,649[c]
C. Management of the courts and supporting the Judiciary	€28.8m	€163.1m	€72.6m	1,336[c]
D. The promotion of a safe society through the provision of a wide range of justice services	-	€33.8m	€9.3m	129[b]
E. The promotion of a tolerant and equitable society	-	€40.0m	€12.0m	302[c]
F. The provision of immigration and related services	-	€142.9m	€43.6m	740[c]
G. The provision of probation services	€4.5m	€57.1m	€34.0m	461[c]
H. The Youth Justice Service	€8.7m	€49.8m	€22.3m	362[b]
I. The provision of property registration services	€3.2m	€39.7m	€31.7m	676[c]
Administration				355[d]
TOTAL	**€135.5m**	**€2,439.9m**	**€1,912.2m**	**25,776**

a 2009 estimate
b includes civil servants and public servants
c civil servants
d expenditure distributed across Programmes

At present there are 2 non-commercial semi-State bodies, the *National Disability Authority* and the *Human Rights Commission*, in receipt of Exchequer funds operating under the aegis of D/JE&LR. The total Exchequer funding available to these bodies in 2009 is €7.8m, and they employ 59 staff. There are also 20 other national agencies that employ civil service staff under the D/JE&LR Vote and these employ 2,385 staff. The total allocation in 2009 to these is €261m.

Outcome of the Group's deliberations

In deciding the recommendations for the Justice Group of Votes, the Special Group has taken into consideration the detailed evaluation papers prepared by the D/JE&LR and by the Justice Vote Section of the Department of Finance.

The Group has identified savings worth at least €136m in a full year. In addition, there are a few measures that will require further analysis by the relevant Offices to ascertain the full financial benefit. The total target savings outlined in Table 13.3, therefore, should be considered as the least that can be achieved.

There are approximately 10,000 civil service staff spread across this group, this accounts for a quarter of the total civil service and includes over 3,500 in the Prison Service and over 1,000 in the Courts Service. The Group has identified scope for a structural reduction of at least 540 staff across the Department and its agencies. As all of these staff are civil servants, savings will be achieved through natural wastage in the medium term.

In addition to the measures suggested below, the Group is urging the D/JE&LR and Offices under its aegis to explore avenues that could provide once-off windfalls. The proposed savings by Vote within the Justice Group are set out in table 13.3 below.

Table 13.3. Justice Group: Total measures by Programme

	Annualised savings identified	**Recommended staffing reductions**
A. Community security, law enforcement, crime prevention by support for *An Garda Síochána*	€63.2m	0
B. The maintenance of safe and secure custody for offenders by support for the *Prisons Service*	€15.5m	0
C. Management of the courts and supporting the Judiciary	€23.2m	130
D. The promotion of a safe society through the provision of a wide range of justice services	€2.8m	10
E. The promotion of a tolerant and equitable society	€7.5m	30
F. The provision of immigration and related services	€12.0m	240
G. Probation services	€2.4m	0
H. The Youth Justice Service	€6.1m	60
I. The provision of property registration services	€3.7m	70
Total Current Savings	**€136.4m**	**540**

Shared services

The Group observes that there are already some well-developed examples of the use of shared services across the Justice Group, notably in respect of the *Financial Shared Services Centre* (FSS) of D/JE&LR operating the payroll and other financial services to D/JE&LR, the Department of the Taoiseach and the Department of Arts Sport & Tourism as well as *An Garda Síochána*, the *Irish Prisons Service*, the *Courts Service*, the *Property Registration Authority*, the *National Museum of Ireland*, and the *National Library of Ireland*. The Group also notes that D/JE&LR has in place IT shared services for the D/JE&LR and 17 sectoral agencies. The Group recommends that the cost and benefits of outsourcing the processing function of the FSS Centre to the private sector should be examined with a view to removing this aspect from the Department's operations..

Programme A – Community security, law enforcement, crime prevention by support for *An Garda Síochána*

This Programme centres upon the activities of *An Garda Síochána* and their responsibilities with regard to community security, law enforcement and crime prevention. It has a 2009 current allocation of €1,571m and 17,766 staff. In addition to the allocation on the Garda Vote there is spending from the D/JE&LR Vote which is utilised to assist and support *An Garda Síochána*. Supports range from direct activities such as forensic science to indirect activities such as financial services.

The Garda/Policing area of the D/JE&LR is the link between the Garda Commissioner on the one hand and the Minister, Government and legislature on the other. Responsibilities include the following areas:

- human resources and industrial relations: administration of policy on recruitment, senior promotions, retirement and discipline;
- standards and accountability: monitoring of ethics and conduct, tribunals and enquiries, civil proceedings and compensation;
- resources and infrastructure: development and maintenance of Garda buildings and all other equipment, including radios and vehicles;
- police co-operation; and
- reform and modernisation: review of structures and arrangements for dealing with administration and management of *An Garda Síochána*.

The proposed savings for Programme A are set out in table 13.4.

Table 13.4 Justice Group of Votes - Measures identified for Programme A

	Annual savings
A.1 Reduce incidental expenses and utility costs	€2.1m
A.2 Slow down replacement of Garda vehicle fleet	€2.0m
A.3 Better co-ordination to reduce time spend by Gardaí in court	€0.1m
A.4 Rationalise the Garda station network	€1.0m
A.5 Shelve new urban CCTV placements	€5.0m
A.6 Transfer responsibility of immigration control at entry point to INIS	€1.0m
A.7 Review of Garda pay and allowances	€50.0m
A.8 Reduce the non-pay baseline of civil service offices under this Programme	€2.0m
Total Current Savings	**€63.2m**

A.1 Reduce incidental expenses and utility costs

The incidental expenses subhead deals with a number of diverse matters, including entertainment, expenses in relation to Road Traffic Acts and expenses of persons detained. Items in this subhead such as entertainment and staff training and development may have some scope for savings in the order of 10%. This should provide savings of €1.1m.

Given the substantial property holdings of *An Garda Síochána* and the utility costs associated with these, the Group recommends that *An Garda Síochána* use its market size to minimise these costs. The Group notes that *An Garda Síochána* are currently out to tender for an aggregated agreement in relation to the supply of electricity and that previously they have achieved savings in the region of 5-12% against the ESB price. The Group anticipates that *An Garda Síochána* should deliver savings of at least €1m a year. The Group also recommends that an efficiency review be undertaken to ensure that energy saving measures are introduced to their property holdings.

A.2 Slow down replacement of Garda vehicle fleet

Given the large number of purchases of vehicles made in December 2006, some of which were not delivered until early 2008, the fleet is relatively new and the replacement and maintenance requirement should be lower. Therefore, the Group considers that it is appropriate at this time to slow down fleet replacement and this should yield savings of €2m a year.

A.3 Better co-ordination to reduce time spent by Gardaí in court

A considerable amount of Garda time is spent in courts waiting to be called to give evidence in cases. It is understood that 25% of Garda overtime is associated with court attendance. The D/JE&LR should take the lead in seeking greater cooperation between the *Courts Service*, *Irish Prison Service* and *An Garda Síochána* and the prosecuting barristers in the Office of the Director of Public Prosecutions to minimise time spent attending Court sittings by Gardaí and Prison Officers. The chain of evidence should be agreed at the start of cases, thus freeing up many officers involved in taking the initial telephone call, arrest, caution, chain of evidence, and processing the defendant, to resume their duties. Under Programme C, the Group makes a number of related proposals that should make the operation of the courts, in particular the District and Circuit Courts, more efficient.

A.4 Rationalise the Garda station network

At present there are 703 Garda stations located around the country and a considerable number of these are in need of refurbishment. Given the age of the accommodation portfolio, this would require significant capital expenditure to modernise. Overall the number of stations is very high when compared to the "branch" coverage of other organisations with a national presence and within the Divisions there appear to be potential overlaps and inconsistencies in the number of Garda stations. The Group recommends that the number of Garda stations should be rationalised to around half the current number. Any reduction will ensure that remaining numbers are sufficient for the operational needs of *An Garda Síochána* and the communities they serve. This proposal should yield savings of at least €1m a year. The Group recommends that part of the proceeds from the disposal of surplus assets should contribute toward the refurbishment of the remaining Garda stations. The closure of Garda stations is currently a matter for the Minister for Justice, Equality & Law Reform. The Group recommends that such decisions should be an operational matter for Garda management as it would be more appropriate.

A.5 Shelve new urban CCTV placements

The primary (critical) sites for CCTV coverage are now covered and future plans are for areas that would not be deemed vital from a security perspective. These plans should be shelved in light of budgetary constraints. Savings of some €5m a year should be achieved on this basis.

A.6 Transfer responsibility of immigration control at entry point to INIS.

At present, members of *An Garda Síochána* are responsible for conducting passport control checks at Dublin Airport. The manning of passport control points is an inappropriate use of Garda operational resources and that greater overall efficiencies would be achieved by outsourcing this responsibility. In the first instance, responsibility of immigration control at Dublin Airport, and later, the major points of entry into the State, should be transferred to the *Irish Naturalisation and Immigration Service* (INIS) of the D/JE&LR who will manage the outsourcing arrangements of this work, with a view to securing initial Exchequer savings of the order of €1m a year – including through the release of Garda resources to other, more appropriate duties.

A.7 Review of Garda pay and allowances

The overall Garda pay bill is around €940m a year (excluding employers PRSI contribution) of which €643m (or 68%) is regular pay with €217m on allowances and €80m on overtime. The overall Garda pay bill has increased from €530m in 2000. The Group notes the large number of allowances available to members of *An Garda Síochána* and that the majority of the allowances are pensionable. The wide range of pensionable allowances adds to the pay of Gardaí and increase the pension base for retirees. As a result of a general rule change, on retirement, Garda members can now select the most favourable 3 year period in the last 10 years, for the purpose of establishing a salary base for pension calculation rather than the final 3 years of service as has been the position.

There are some 57 allowances in total, including the following:

- Rent Allowance (€58.9m in 2008): whatever about the historical origins of this allowance, it is essentially treated as part of pay and is paid to every member up to and including Chief Superintendent;
- Premium Payments (€9.07m in 2008): to members who are on leave, etc, and would ordinarily be entitled to claim unsocial hours allowance if they were not on leave;
- Clerical Allowance (€2.07m in 2008): to officers engaged in clerical duties to compensate for loss of other allowances, particularly unsocial hours;
- Gaeltacht Allowance and Aran Island Allowance (€1.2m in 2008): for members serving in defined Gaeltacht areas who perform their duties through the medium of Irish and whose knowledge of the language is certified as adequate for that purpose and to compensate members stationed on the Aran Islands for the special costs of travel to and from the mainland;
- Change Management Allowance (€0.1m in 2008): paid to Garda Sergeants and Inspectors appointed to the Garda Change Management Unit for application of their policing knowledge and skills and to ensure retention of skilled police officers in this area;
- Uniform Grant and Allowance and Boot Allowance (€50.4m in 2008): paid to members of *An Garda Síochána* for the maintenance of uniform;
- Plain Clothes Allowance (€1.9m): paid in lieu of the uniform allowance for maintenance of plain clothes – clothes not provided; and
- Non-Public Duty Allowances (€1.7m in 2008): to members of *An Garda Síochána* who perform a duty of a non-public nature (e.g. inside sports stadiums, race meetings).

This liberal system of allowances on top of basic salary and a high overtime bill, is not in the public interest and should be revised with the aim of securing efficiencies in the delivery of policing services.

The Group notes that consideration is being given to carrying out a VFM review of all payments made to members of *An Garda Síochána* 'excluding salary' in the next year or so. The Group urges that the Government carry out such a Review as soon as possible and examine the ongoing rationale for these allowances and their relevance at this time and to achieve greater transparency in pay costs. Against the background of the crisis in the national finances, the Group recommends that the review be conducted on a more thorough basis (to address all areas of Garda pay and related working conditions) and that a reduction of €50m a year be targeted as a minimum outcome from this exercise.

<u>A.8 Reduce the non-pay baseline of civil service offices under this Programme</u>

There are five civil service offices under this Programme that are funded through the D/JE&LR Vote: the *Criminal Assets Bureau*, the *Forensic Science Laboratory*, *State Pathology*, the *Garda Ombudsman Commission* and the *Office of the Garda Inspectorate*. Between them these offices have a non-pay allocation of €20.4m in 2009. The Group recommends that in the light of the current budgetary difficulties that the non-pay element of their allocation be reduced by 10% to yield a saving of €2m in a full year.

Programme B – The maintenance of safe and secure custody for offenders by support for the *Prisons Service*

The high level goal for this Programme is developing justice services and it has a 2009 current allocation of €343m and employs 3,649 staff. This Programme centres on the activities of the *Prisons Service* in its remit to provide safe and secure custody to offenders. Support expenditure from D/JE&LR (Vote 19) covers such areas as the prisons Inspectorate, Parole Board, Policy and Financial Services.

The proposed savings for this Programme are set out in table 13.5 below.

Table 13.5 Justice Group - Measures identified for Programme B

	Annual savings
B.1 Reduce utility costs	€0.5m
B.2 Generation of pay efficiencies	€15.0m
Total Current Savings	**€15.5m**

B.1 Reduce utility costs

Given the substantial property holdings of the *Prisons Service* and the utility costs associated with these, the Group recommends that they use their buying power to minimise these costs. The Group considers that the *Prisons Service* should be able to realise savings in the region of 5-12% against the ESB price and anticipates that they should deliver savings of at least €0.5m a year. The Group also recommends that an efficiency review be undertaken to ensure energy saving measures are introduced to their property holdings.

B.2 Generation of pay efficiencies

The *Prison Service* pay provision for 2009 (excluding employer PRSI contribution) is €181.5m and a further €88.6m is associated with allowances and extra attendance. Having regard to the numbers leaving the *Prison Service* and the public service moratorium, the Group considers that there is limited scope at present for staffing reductions in this area. Furthermore, there is likely to be increased pressure on the *Prison Service* in the coming years as the numbers of persons in custody are increasing. However, there is a need to further overhaul the existing working practices within the *Prison Service* in relation to manning levels, shift details, etc. This is in addition to the improvements achieved from the new organisational working arrangements introduced in 2005. As regards allowances, similar issues arise as in the case of *An Garda Síochána* (see A.7 above) and similar reforms are needed. It is the Group's view that with tighter control of prison services and reforms of operational procedures an annual saving of €15m is achievable on the pay provision and allowances for the service.

Prisons

The Group considers that subject to economic and value-for-money considerations, the capital investment in modern prison facilities should proceed in a cost-efficient manner as soon as possible. When these facilities are complete the asset value of the Mountjoy and Cork Prisons sites can be realised. The running costs of new prisons should be lower than older prisons and the staffing complement should be less labour intensive.

Programme C – Management of the courts and supporting the Judiciary

This Programme focuses on the core activities of the *Courts Service* including its role in support of the Judiciary. It also involves the Courts Policy Division within D/JE&LR. The role of Courts Policy Division in D/JE&LR is to discharge ministerial functions in relation to the Courts. The division is also responsible for all aspects of policy, secondary legislation, financing and management of the *Criminal Legal Aid Scheme*. Support expenditure also covers Financial Services. Programme C has a 2009 current allocation of €163m and some 1,336 staff.

The *Courts Service* was established as an independent organisation in 1999 following the enactment of the *Courts Service Act 1998*. The function of the *Courts Service* is to manage the courts, provide support services for the judges, provide information on the courts system to the public, provide, manage and maintain court buildings, and to provide facilities for users of the Courts.

The proposed savings for Programme C are set out in table 13.6 below.

Table 13.6 Justice Group - Measures identified for Programme C

	Annual savings
C.1 Rationalise the District and Circuit court network	€2.0m
C.2 Reduce the numbers of County registrars	€2.0m
C.3 The Tipstaffs grade should be abolished	€2.5m
C.4 Reduce surplus security personnel at the Four Courts	€2.0m
C.5 Review charging system for civil and commercial courts	€5.0m
C.6 Reduce the non-pay baseline of civil service offices under this Programme	€1.3m
C.7 Introduce a limited means testing system for criminal legal aid	€8.4m
Total Current Savings	**€23.2m**
Associated staffing reductions	130

C.1 Rationalise the network and operations of the District and Circuit Courts

In the Circuit Court, the country is divided into 8 circuits and there are 26 Circuit Court offices around Ireland with a County Registrar in charge of the work of each office. The circuit court sits in venues in each circuit, they are generally held every two to four months in each venue. Dublin and Cork have continual sittings corresponding to legal 'terms'. In the case of District courts, the country is divided into 24 districts and judges are assigned permanently to each district.

There are 129 District Court venues and 56 Circuit Court venues many of which are within a relatively short distance of each other. With the improvements in infrastructure over the last number of years, particularly the improvements in the road network, the Group considers that these numbers can be reduced. Venues which are within a reasonable travelling distance of each other should be rationalised. This would save on costs of serving and upgrading and restoring venues. It is estimated that it would produce savings of €2m a year.

The Group also notes that Judicial Reviews of decisions of the District and Circuit Courts are heard in the High Court and while these are often uncontested, the Taxing Master awards significant costs. Given the current budgetary context, the Group recommends that the District and Circuit Courts should be given the necessary powers to correct themselves with the consent of both parties. Furthermore, those involved in the case should not be awarded costs if they insist on Judicial Review without initially engaging with the original court in its efforts to correct its decision.

More generally, the Group notes that the efficient operation of the Courts is hampered by a range of out-dated practices which are sharply at odds with what is expected throughout other areas of the public and private sectors. In particular, the Group recommends that the Courts should:

- provide for Monday sittings;
- open the Courts for the full year (rather than closing for prolonged periods of time);
- introduce pre-trial hearings to deal with technical matters in advance of jury selection;
- streamline the selection of Juries (for example by providing the Defence an opportunity to object for stated reasons to individuals on a long panel of potential jurors, before jurors are called to serve); and
- use court real estate more efficiently (e.g. using a court room to hear one case in the morning and one in the afternoon rather than one a day).

The efficiency of the Courts system could be improved by providing prospective judges with judicial training prior to going on the bench and ongoing professional development, by providing the Presidents of the Courts with meaningful powers and functions in the area of discipline and the issuing of practice directions, by establishing a Judicial Council to address serious disciplinary issues and by strengthening the independent role of the *Judicial Appointments Board* in the appointment of judges.

C.2 Reduce the number of County Registrars

Currently there are 26 County Registrars each of whom are remunerated at Assistant Secretary level and appointed on a full time basis. The role is defined in the *Court Officers Act* of 1926; the post requires that the holders be a qualified solicitor or barrister of 8 years standing. Duties are a mixture of management and quasi-judicial functions.

This number of very senior staff is too high. While taking into account the practicalities of their work and the functions they must undertake, the Group recommends reducing the number of Registrars to 15. The reduction should be possible through regional amalgamation and more efficient usage of the total management structure available nationally within the courts existing staffing cohort. Recruitment should be conducted transparently through the *Public Appointments Commission*, at a grading that is more appropriate given the responsibilities of the Registrar function. This proposal will require enabling legislation and should yield savings of €2m a year.

C.3 The Tipstaffs grade should be abolished

There are 91 Tipstaffs working in the *Courts Service,* 39 in the Circuit Court and 47 in the Supreme and High Courts plus a further 5 on secondment with judges to various agencies/tribunals. The official grades/titles for these staff are Ushers and Criers. There is statutory provision for these grades (*Officers of the Court Act 1926*). Ushers and Criers are required to be at the service of the judge at all reasonable times and to perform any duties to which they may be assigned. The duties consist generally of ushering the judge to Court, and performing tasks such as receiving visitors to the judge's chambers, filing judgements or obtaining law books. Other duties include driving the judge's car.

In a modern justice system the justification for these grades is questionable. The Group recommends that these grades be abolished and replaced with clerical and other staff from within the Courts Service who can provide the necessary stewarding and support functions to the judiciary. Their role for members of the judiciary on secondment to detached duty should be discontinued. This measure would require enabling legislation and would save some €2.5m a year having regard, in particular, to the overtime and travel and subsistence associated with these grades.

The feasibility of introducing a limited number of short-term non-pensionable law graduate internship placements contracts of 1 to 2 years clerking for a group of judges to assist judges with research should be explored.

C.4 Reduce surplus security personnel at the Four Courts

At present, Gardaí perform security functions at the Four Courts and there is airport-style security screening outsourced to the private sector. The Group recommends that when Court sittings for criminal cases are transferred to the new complex at Parkgate Street at the end of this year, these high levels of security should not be continued and it is anticipated that this should yield savings of up to €2m a year.

C.5 Review charging system

At present, court fees are collected through a variety of charges for 'stamping' documents used in the legal process. The Group acknowledges that there is a right of access to the courts, and that charges can impact on demand for Court services. Nevertheless, it considers that there should be a review of the charging system in commercial court situations: the *Courts Service* should, in principle, try to get as close as possible to applying in a uniform way charges that reflect the actual economic cost, especially in commercial cases.

C.6 Reduce the non-pay baseline of civil service offices under this Programme

There is one civil service office under this Programme that is funded through the D/JE&LR Vote, the *Legal Aid Board*, and this has a non-pay allocation of €13m in 2009. The Group recommends that in the light of the current budgetary difficulties the non-pay element of their allocation be reduced by 10% to yield a saving of €1.3m in a full year.

C.7 Introduce a limited means testing system for criminal legal aid

The expenditure on criminal legal aid has risen from €25m in 2001 to €55.3m in 2008 and is estimated to be €42m in 2009. Expenditure on legal aid is demand-driven, and the judiciary appear to grant it to the majority of defendants in criminal cases. The allocation of cases by the courts to particular law firms/practitioners is not transparent to the Group and it is unclear if account is taken of cost-effectiveness. The Group considers that there is a need to control the growth of spending in this area and recommends that the D/JE&LR should actively manage the escalating costs of criminal legal aid and that the provision of legal services in respect of the *Legal Aid Scheme* should routinely be put out to tender and managed by the *Legal Aid Board*.

The Group recommends that those convicted of a criminal offence, who received legal aid and were later discovered to have had significant assets that could have been to provide for their defence, should be pursued for the full costs of the defence provided through legal aid. This recommendation should be seen as separate from a referral to the *Criminal Assets Bureau*, who deal with the proceeds of crime from serious criminals, but rather for the *Courts Service* to pursue. Enabling legislation should be introduced to facilitate this recommendation if necessary.

It may be possible to control spending on criminal legal aid by the introduction of certain measures which would include (i) a compulsory means test where the Gardai/DPP object to the granting of legal aid (ii) require the solicitor for every applicant for legal aid to produce his client's PPSN (iii) require those with some means to make a contribution towards the cost of the defence (iv) give the court power to withdraw legal aid in certain circumstances (v) increase the penalty for fraud and devise clear procedures for such proceedings and (vi) restrict power to grant Senior Counsel to the Circuit and Higher courts.

The Group also understands that when judges of the District and Circuit Courts certify the number of counsel under the Legal Aid system that it is not unusual for the defence-side to be provided with two, one of whom is a Senior Counsel, notwithstanding the prosecution-side only using one counsel. The Group recommends that the Legal Aid system should provide for one counsel for the defence side (matching the level on the prosecution side), except in the most exceptional of cases, and that enabling legislation should be introduced to facilitate this recommendation if necessary. Furthermore, the Group also recommends that in those cases where a retrial has been ordered and the defendant, who relied on Legal Aid in the original trial but who at a time before or during the retrial opts to provide for their own defence, should, if awarded costs, be awarded costs on the basis of the Legal Aid cost, to prevent any "windfall gains" that may result from fees being awarded to the Defence. The Group recommends that savings of €8.4m should be targeted in the area of Legal Aid.

<u>Extend digital audio recording to the Civil Courts</u>

Digital Audio Recording is now operational in the Central Criminal and Circuit Courts. This facility should be extended to the Civil Courts. The availability of recordings should reduce the number of cases brought for judicial review, hence should result in savings in court time which could be used to speed up the throughput of cases.

<u>Programme C - Associated staffing reduction</u>

Overall staff numbers associated with this Programme could be reduced by 130, having regard, in particular, to the reduction in the number of county registrars, the rationalisation of the District and Circuit Court network, and the reduction in the level of security required at the Four Courts.

Programme D – The promotion of a safe society through the provision of a wide range of justice services

The high level goal for Programme D is the Promotion of a secure and peaceful society. Programme D has a 2009 current allocation of €34m and some 129 staff. Spending covers services and support areas such as policy and financial services.

This Programme focuses on a diverse range of activities which do not fall naturally into other core activity areas. Such activities include the *Human Rights Commission* and the *Mental Health Review Board*. The area also supports the enactment of the legislation to establish the *Property Services Regulatory Authority* on a statutory basis, the commencement of licensing for CCTV installers, implication of licensing for the providers of protected forms of transport for cash in transit and the *Irish Film Classification Office* (IFCO).

The proposed savings for the Programme are set out in table 13.7.

Table 13.7 Justice Group - Measures identified for Programme D

	Annual savings
D.1. Amalgamate *Data Protection Commissioner* into an Ombudsman Commission	€0.2m
D.2. Improve value for money in the Coroners service	€0.2m
D.3. Graffiti removal operations to be part of Community Service Orders	€1.0m
D.4. Merge the *Property Services Regulatory Authority* with the *Private Residential Tenancies Board*	€0.5m
D.5. Transfer the functions of IFCO into *Broadcasting Authority of Ireland*	€0.5m
D.6. Reduce the non-pay baseline of civil service offices under this Programme	€0.4m
Total Current Savings	**€2.8m**
Associated staffing reductions	10

D.1 Amalgamate *Data Protection Commissioner* into an *Ombudsman Commission*

As already mentioned in Detailed Paper No.9 on the Finance Group of Votes, the Group recommends that the *Office of the Data Protection Commissioner* should in principle be amalgamated into the *Office of the Ombudsman*. This should lead to net savings of around €0.2m. The Group notes that this proposal would need to be put into effect on a medium-term basis, bearing in mind (a) the need for legislative amendments that respect the EU Directives in this area, and (b) the practical reality that the *Data Protection Commissioner's* office has recently de-centralised to Portarlington and the office currently operates with full back-office support from D/JE&LR.

D.2 Improve Value for Money in the *Coroners Service*

There are 48 Coroner districts in Ireland and each local authority appoints a Coroner to those districts within its own area (a deputy Coroner fills in if the Coroner is absent or ill). All Coroners work on a part-time basis and are paid a basic fee based on the size category of their district and they are also paid expenses relating to the operation of their office. The *Coroners Service* is currently being reformed by the *Coroners Bill 2007* which is going through the Oireachtas. The intention is to bring about greater consistency of practice and service by Coroners on a national basis in order to meet all the demands of a modern society. Once the Bill has been enacted, it is the intention to bring in the new system in as cost neutral/low-cost a way as possible. The Special Group recommends that improved value-for-money should be obtained in terms of the fees paid to the Coroners when the new system becomes operational.

D.3 The Graffiti removal operation should be included as part of *Community Service Orders*

The graffiti removal operations project was established in 2006 with contributions of €1m from D/JE&LR and Department of Community, Rural & Gaeltacht Affairs. While providing a useful service, this is not a core activity of D/JE&LR and the Group recommends the funding for this project be ended. In its place the Group recommends that graffiti removal should be included as a designated task under Community Service Orders. This recommendation would yield savings of €1m a year.

D.4 Merge the *Property Services Regulatory Authority* with the *Private Residential Tenancies Board*

The *Property Services Regulatory Authority*, which is not yet established on a statutory footing, is intended to regulate the property services providers. These are persons involved either as corporate bodies, partnerships, sole traders or employees in:

- the purchase or sale, by whatever means, of any estate or interest in land (including buildings) wherever situated;
- the auction of private property other than land;
- the letting of any estate or interest in land wherever situated;
- the provision of property management services.

Auctioneers, Estate Agents, Letting Agents and Property Management Agents will be regulated by the Authority. This will apply not only to property located in the State, but also to transactions in Ireland which relate to property located abroad. The Group considers that there would be synergies from merging the *Property Services Regulatory Authority* with the *Private Residential Tenancies Board*. This would create a single body responsible for the broad area of tenancy rights, and the associated obligations of estate agents/property management companies, operating under the aegis of the Department of the Environment, Heritage & Local Government, and this should yield savings of approximately €0.5m.

D.5 Transfer the functions of the *Irish Film Classification Office* into the *Broadcasting Authority of Ireland (BAI)*

The Group sees clear merit in centralising media content classification in a single operation. The D/JE&LR has already transferred the work of the *Censorship of Publications Board* to the *Irish Film Classification Office* (IFCO). The Group recommends that the IFCO be merged into the BAI (along with *ComReg* as proposed in Detail Paper No.3); to realise efficiency savings of at least €0.5m a year. As the merged *ComReg*/BAI will be funded from industry levies, the Department of Communications, Energy & Natural Resources should ensure that the excess income accruing to IFCO and currently taken in as an Appropriation-in-Aid to the Justice Vote is returned to the Exchequer.

D.6 Reduce the non-pay baseline of civil service offices under this Programme

There are six civil service offices under this Programme that are funded through the D/JE&LR Vote: the *Remembrance Commission*, the *Independent International Commission*, the *Independent Monitoring Commission*, the *Office of Data Protection Commissioner*, the *Private Security Authority* and the *Irish Film Classification Office*. Between them these offices have a non-pay allocation of €4m in 2009. In the light of the current budgetary difficulties that the non-pay element of their allocation be reduced by 10% to yield a saving of €0.4m in a full year, in addition to the savings identified separately above for some of the bodies.

Programme D - Associated staffing reduction

The Group estimates that overall staff numbers associated with this Programme could be reduced by 10, having regard, in particular, to the amalgamation of the *Data Protection Commissioner* into the *Ombudsman Commission* and the merger of *Property Service Regulatory Authority* with the *Private Residential Tenancies Board* and the transfer of the functions of the IFCO into the BAI.

Programme E – The promotion of a tolerant and equitable society

Programme E which focuses on the areas of Equality, Disability and Civil Law Reform within D/JE&LR has a 2009 current allocation of €40m and some 302 staff. Expenditure for these areas includes support expenditure including Financial Services.

This area includes programmes that develop a more caring and tolerant society, where equality of opportunity is promoted and advanced. It addresses issues of equality, discrimination, tolerance and diversity in terms of gender, employment, racism, disability and any other sphere requiring attention.

The proposed savings for Programme E are set out in table 13.8.

Table 13.8 Justice Group - Measures identified for Programme E

	Annual savings
E.1 Reallocate the statutory employment and occupational benefits responsibilities of the *Equality Tribunal* to the *Employment Appeals Tribunal*	€0.6m
E.2 Transfer the disability functions of D/JE&LR to the *Office for Mental Health and Disability* in the Department of Health & Children	€2.6m
E.3 Reduce expenditure on the gender mainstreaming [and integration] and transfer the function to the Department of Enterprise, Trade & Employment	€1.0m
E.4 Reduce the allocation to equality organisations and projects	€1.0m
E.5 Abolish the Office of the Minister for Integration	€1.5m
E.6 Reduce the non-pay allocation to civil service offices in this Programme	€0.8m
Total Current Savings	**€7.5m**
Associated staffing reductions	30

E.1 Reallocate the statutory employment and occupational benefits responsibilities of the *Equality Tribunal* to the *Employment Appeals Tribunal*

The *Equality Tribunal* is a statutory body that mediates and/or investigates claims of unlawful discrimination in relation to employment, occupational benefits (e.g. pensions) and equal status (access to goods and provisions of services). While the *Equality Tribunal* was established under the *Employment Equality Act 1998*, various legislative changes since then mean that it now has responsibility for mediating and investigating complaints of unlawful discrimination (having regard to the nine statutory grounds of discrimination) under the *Employment Equality Acts 1998-2008*, the *Equal Status Acts 2000-2008* and the *Pensions Acts 1990-2008*.

The Group considers that there is merit in having all employment-related hearings dealt with under the State's industrial relations machinery, including the *Employment Appeals Tribunal*. The *Equality Tribunal* should retain responsibility for non-employment-related issues. The removal of duplication and staffing efficiencies should lead to savings of up to €0.6m a year.

E.2 Transfer the disability functions of D/JE&LR to the *Office for Mental Health & Disability* in the Department of Health & Children

Expenditure on the disability area by D/JE&LR has increased significantly from €4.3m in 2000 to €12.8m in 2009. Since services with people with disabilities are provided by the HSE directly, or by the HSE in partnership with non-statutory voluntary service providers and there is an *Office for Mental Health & Disability* under the aegis of the Department of Health & Children, responsibility for this, as well as the necessary resources, should transfer to the *Office for Mental Health and Disability*. The removal of duplication and staffing efficiencies should lead to savings of up to €2.6m a year.

E.3 Transfer the gender mainstreaming functions of D/JE&LR to the Department of Enterprise, Trade & Employment

Gender mainstreaming aims, inter alia, to improve equality between men and women, to tackle educational and social barriers to women entering and progressing within the workforce and to support the advancement of women to decision-making levels in employment and in civil society. The Group recommends that, in light of the current budgetary difficulties, and the pressures that this is placing on delivery of services across the all public services, expenditure in this area be reduced by €1m i.e. to the level of EU co-funding. The Group also considers that, given their strong labour market emphasis, these roles are more fitting to the remit of the Department of Enterprise, Trade & Employment and as such should be transferred to that Department.

E.4 Reduce the allocation to equality organisations and projects

Under Programme E, the D/JE&LR provides funding for a variety of organisations and projects, in particular, national women's organisations, equality proofing, *Cosc – Domestic, Sexual and Gender-based Violence* and equality monitoring and associated consultative committees. The 2009 allocation in this area is €4.7m. Given the significant resources that have been devoted to equality issues over recent years, and in light of the current budgetary difficulties, expenditure should be reduced to yield savings of €1m a year. Furthermore, the Group recommends that as the *Equality Proofing* and *Gender Mainstreaming and Positive Action for Women* subheads are *European Social Fund* co-funded until 2013 funding be phased out by the end of 2013.

E.5 Abolish the *Office of the Minister for Integration*

As the functions now carried out by the *Office of the Minister for Integration* were previously dealt with within D/JE&LR and the Office was created to improve the perception of the importance of integration in the new multi-cultural Ireland, the Group recommends that this Office be abolished; this should yield a saving of €1.5m. Furthermore, the Group recommends that it is up to each Department to report on an annual basis, for example, as part of their Annual Output Statement, how they have contributed to the promotion of cultural integration.

E.6 Reduce the non-pay baseline of civil service offices under this Programme

There are three civil service offices under this Programme that are funded through the D/JE&LR Vote: the *Equality Authority*, the *Equality Tribunal* and the *Office of the Minister for Integration*. Between them these offices have a non-pay allocation of €8m in 2009. The Special Group recommends that, prior to the implementation of its recommendations with regard to these offices, and in the light of the current budgetary difficulties, the non-pay element of their allocation be reduced by 10% to yield a saving of €0.8m in a full year.

Programme E - Associated staffing reduction

The Group estimates that overall staff numbers associated with this Programme could be reduced by 30, having regard, in particular, to the reallocation of responsibilities currently with the Equality Tribunal, the transfer of disability functions to the Department of Health & Children and the abolition of the Office of the Minister for Integration.

Programme F – The provision of immigration and related services

The high level goal for this Programme is the provision of immigration and related services. Programme F has a 2009 current allocation of €143m and some 740 staff. Spending includes the provision of services and the support functions including financial services.

Much of the spending is on the Irish Naturalisation and Immigration Service (INIS) which was established in 2005 in order to provide a 'one stop shop' in relation to asylum, immigration, citizenship and visas. INIS is responsible for administering the functions of the Minister for Justice, Equality & Law Reform in relation to asylum, immigration (including visas) and citizenship matters. INIS also facilitates a whole of government approach to immigration and asylum issues which enables a more efficient service to be provided in these areas.

The Service is structured around a number of key areas – asylum, visa, immigration and citizenship processing, asylum and immigration policy, repatriation, and reception and integration. They also maintain close contact with the *Garda National Immigration Bureau* in relation to many aspects of work.

The proposed savings for Programme F are set out in table 13.9.

Table 13.9 Justice Group - Measures identified for Programme F

	Annual savings
F.1 Reduce the number of staff in INIS	€10.0m
F.2 Reduce the non-pay allocation to civil service offices under this Programme	€2.0m
Total Current Savings	**€12.0m**
Associated staffing reductions	240

F.1 Reduce the number of staff in the *Irish Naturalisation and Immigration Service* (INIS)

The numbers of staff in INIS has grown from 580 to the current level of over 750 staff since 2006. The extra staff were sanctioned on a temporary basis to address various issues that arose in the area such as applications for renewal of leave to remain from non-national parents of Irish born children following revised arrangements in December 2006. In the current climate of reducing immigration as well as asylum applications an initial reduction to the 2006 level of core staff (i.e. 580) should be delivered in the short term, with a follow-up management review to investigate how quickly staffing levels can be got down to between 450 and 500 staff. When this reduction in staff numbers is fully realised it should yield savings of some €10m a year.

Within this context, it should be possible to consolidate all immigration-related actions, including the implementation of policy on work permits, and that INIS should be given responsibility for this. However, the Group is cognisant of the crucial link between immigration and meeting the needs of the labour market and recommends that the Department of Enterprise, Trade & Employment retain its role in shaping policy in this area

F.2 Reduce the non-pay baseline of civil service offices under this Programme

The INIS is the only civil service office under this Programme that is funded through the D/JE&LR Vote and has a non-pay allocation of €20m in 2009. The Group recommends that in the light of the current budgetary difficulties, the non-pay element of their allocation be reduced by 10% to yield a saving of €2m in a full year.

Programme G - The Probation Service

Programme G has a 2009 current allocation of €57m and some 461 staff, mostly probation and welfare operational staff.

The Probation Policy section in D/JE&LR is responsible for providing strategic direction and guidance to the *Probation Service* in line with agreed policy objectives. The *Probation Service* assesses and manages offenders in the community on behalf of the *Courts Service* and the *Prisons Service*, and in the process helps to make society safer. The *Probation Service* also works in prisons and detention centres.

Table 13.10 Justice Group – Measures identified for Programme G

	Annual savings
G.1 Reduce the non-pay allocation to civil service offices under this Programme	€2.4m
Total Current Savings	**€2.4m**

G.1 Reduce the non-pay baseline of civil service offices under this Programme

The Probation Service is the only civil service office under this Programme that is funded through the D/JE&LR Vote and has a non-pay allocation of €24m in 2009. The Group recommends that in the light of the current budgetary difficulties, the non-pay element of the allocation be reduced by 10% to yield a saving of €2.4m in a full year.

Programme H – The Youth Justice Service

The work of the Programme stretches across a wide range of social concerns in the area of Youth Justice. The responsibilities include implementing policy to support a comprehensive and effective youth justice system for young people who are in trouble with the law, develop a unified youth justice policy, devise and develop a national strategy to deliver this policy and service, link this strategy where appropriate with other child related strategies, manage and develop children's detention facilities, manage the implementation of the provisions of the *Children Act 2001* which relate to community sanctions, restorative justice conferencing and diversion, coordinating of service delivery at both national level. Programme H has a 2009 current allocation of €49.8m and some 362 staff.

The proposed savings for Programme H are set out in table 13.11.

Table 13.11 Justice Group - Measures identified for Programme H

	Annual savings
H.1 Staffing levels in the youth detention centres should be reduced	€2.5m
H.2 Reduce the non-pay allocation to civil service offices under this Programme	€3.6m
Total Current Savings	**€6.1m**
Associated staffing reductions	60

H.1 Staffing levels in the youth detention centres should be reduced

The staffing levels in Youth Detention Centres appear to be excessive, with approximately 7 staff employed for every offender. At present there are a large number of differing staff contracts across the various centres on the same campus, and staff cannot be redeployed efficiently among the different centres. There is scope for centralised administration and more flexible deployment of resources across the schools in accordance with the needs of schools along with a unified management structure, which does not exist at present. The Group considers that these issues need to be tackled and recommends a 20% reduction in staff numbers, 60 staff, across the entire IYJS (and specifically in the detention centres), to yield savings of around €2.5m a year.

H.2 Reduce the non-pay baseline of civil service offices under this Programme

The *Irish Youth Justice Service* has a non-pay allocation of €36m in 2009. The Group recommends that in the light of the current budgetary difficulties, the non-pay element of their allocation be reduced by 10% to yield a saving of €3.6m in a full year.

Programme I – The provision of property registration services

The main functions of the *Property Registration Agency* (PRA) are to manage and control the *Registry of Deeds* and the *Land Registry* and to promote and extend the registration of title to land. The core business of the organisation involves examining legal documents and related maps and recording their legal impact on the registers and maps. It includes the registration of title for the first time, the registration of subsequent transactions, the recording of deeds and the supply of evidence of title and a comprehensive range of associated services. Programme I has a 2009 current allocation of €40m and some 676 staff.

The proposed savings for Programme I are set out in table 13.12 below.

Table 13.12 Justice Group - Measures identified for Programme I

	Annual savings
I.1. Merge the *Valuation Office* and the *Ordnance Survey of Ireland* (OSI)* with the *Property Registration Authority*	€3.7m
Total Current Savings	**€3.7m**
Associated staffing reductions	70

* Additional savings from this measure are shown in Detailed Papers Nos. 3 (Communications, Energy and Natural Resources) and 9 (Finance)

I.1 Merge the *Valuation Office* and the *Ordnance Survey of Ireland* (OSI) with the *Property Registration Authority* (PRA)

The Group considers that there are synergies in the activities carried out by the *Valuation Office* with the PRA and OSI and that there is a close match between the work of these offices. As a result there would be efficiencies by merging these organisations. The Group therefore recommends that these organisations be merged under the aegis of the D/JE&LR.

The PRA has a close working relationship with the OSI and common interests with OSI and the *Valuation Office* in relation to technical skills map production. The PRA estimate that it will pay €2.5m in copyright charges to OSI in 2009 as part of its major digitalisation project underway. A precedent for amalgamation exists in Northern Ireland, where the Ordnance Survey, the Land Registers, the Rate Collection Agency and the Land and Valuation Agency have recently been merged to form a new *Land Property Agency*.

The Group considers that there could be a reduction of at least 70 staff in Programme I. The efficiency savings resulting from the merger and the reduction in staff numbers should yield savings of €3.7m a year.

Appendix to Detailed Paper No. 13

Table 1: Non-commercial State agencies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff Nos.*
1. Human Rights Commission				
Gross Expenditure		€1.6m	€1.1m	17
of Which Exchequer		€1.6m	€1.1m	
2. National Disability Authority				
Gross Expenditure		€6.2m	€3.3m	42
of Which Exchequer		€6.2m	€3.3m	

It should be noted that most of the above State Organisations have some own income. In some cases it can represent a significant percentage of their revenue.

Table 2: Civil service offices

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff Nos.*
1. Cosc				
Gross Expenditure		€2.7m	€0.5m	11
of which: Exchequer		€2.7m	€0.5m	
2. Criminal Injuries Compensation Tribunal				
Gross Expenditure		€4.4m	€0.2m	4
of which: Exchequer		€4.4m	€0.2m	
3. Equality Authority				
Gross Expenditure		€3.3m	€2.2m	46
of which: Exchequer		€3.3m	€2.2m	
4. Equality Tribunal				
Gross Expenditure		€2.6m	€1.7m	35
of which: Exchequer		€2.6m	€1.7m	
5. Financial Shared Services				
Gross Expenditure	€0.2m	€11.3m	€7.4m	188
of which: Exchequer	€0.2m	€11.3m	€7.4m	
6. Forensic Science Laboratory				
Gross Expenditure		€8.9m	€5.6m	87
of which: Exchequer		€8.9m	€5.6m	
7. Garda Inspectorate				
Gross Expenditure		€2.0m	€1.3m	10
of which: Exchequer		€2.0m	€1.3m	
8. Garda Ombudsman Commission				
Gross Expenditure		€11.1m	€4.8m	92
of which: Exchequer		€11.1m	€4.8m	
9. Inspector of Prisons and Places of Detention				
Gross Expenditure		€0.4m	€0.3m	3
of which: Exchequer		€0.4m	€0.3m	

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
10. Internet Advisory Board 2000				
Gross Expenditure				
of which: Exchequer				
11. Irish Film Classification Office [a]				
Gross Expenditure		€1.3m	€0.6m	4
of which: Exchequer		€1.3m	€0.6m	
12. Irish Naturalisation and Immigration Service [c]				
Gross Expenditure		€49.1m	€29.1m	692
of which: Exchequer		€49.1m	€29.1m	
13. Irish Youth Justice Service				
Gross Expenditure	€8.7m	€48.9m	€21.3m	437
of which: Exchequer	€8.7m	€48.9m	€21.3m	
14. Legal Aid Board				
Gross Expenditure		€26.6m	€13.6m	271
of which: Exchequer		€26.6m	€13.6m	
15. Commissions and Special Inquiries [b]				
Gross Expenditure		€17.9m	€2.9m	18
of which: Exchequer		€17.9m	€2.9m	
16. Office of the Data Protection Commissioner				
Gross Expenditure		€1.3m	€1.1m	23
of which: Exchequer		€1.3m	€1.1m	
17. Parole Board				
Gross Expenditure		€0.3m	€0.2m	4
of which: Exchequer		€0.3m	€0.2m	
18. Private Security Authority				
Gross Expenditure		€2.3m	€1.5m	31
of which: Exchequer		€2.3m	€1.5m	
19. Probation and Welfare Service				
Gross Expenditure	€4.5m	€44.9m	€25.4m	423
of which: Exchequer	€4.5m	€44.9m	€25.4m	
20. Remembrance Commission (Commission for the Victims of the Northern Ireland Conflict)				
Gross Expenditure		€0.4m		0
of which: Exchequer		€0.4m		
21. State Pathology Service				
Gross Expenditure	€6.5m	€1.1m	€1.0m	6
of which: Exchequer	€6.5m	€1.1m	€1.0m	

[a] Entries for *Censorship of Publications Board* and *Censorship of Publications Appeal Board* are amalgamated under *Irish Film Classification* heading.
[b] Entries for the *Morris Tribunal*, the *Smithwick Tribunal* and the *Independent Commission for the Location of Victims Remains* [other body operating under JE&LR] are amalgamated under the *Commissions & Special Inquiries* heading.
[c] Entries for the Office of the Refugee Applications Commission and the Refugee Appeals Tribunal have been amalgamated under the INIS heading.
[d] National crime council no longer in place during 2009

Table 3 Other bodies

2009 (unless where otherwise specified)	*Capital*	*Current*	*of which – Pay*	*Staff Nos.*
1. Coroners Service				
Gross Expenditure		€0.4m	€0.3m	4
of which: Exchequer		€0.4m	€0.3m	
2. Criminal Assets Bureau				
Gross Expenditure		€8.7m	€4.9m	69
of which: Exchequer		€8.7m	€4.9m	
3. Independent Commission on Decommissioning 1997				
Gross Expenditure		€0.9m		0
of which: Exchequer		€0.9m		
4. Independent Monitoring Commission 2004				
Gross Expenditure		€1.0m		0
of which: Exchequer		€1.0m		
5. Mental Health (Criminal Law) Review Board 2006				
Gross Expenditure		€0.4m	€0.3m	
of which: Exchequer		€0.4m	€0.3m	
6. National Property Service Regulatory Authority				
Gross Expenditure		€1.0m	€0.2m	8
Of which: Exchequer		€1.0m	€0.2m	
7. Prisons Authority Interim Board 1999				
Gross Expenditure		€0.05m	€0.05m	12
Of which: Exchequer		€0.05m	€0.05m	
The following bodies are also associated with the Justice Group of Votes				
8. Criminal Law Codification Advisory Committee - See Text below				
9. Private Security Appeals Board 2006				
10. Local Registration of Deeds and Title Rules Committee 2006 [a]				
11. Irish Legal Terms Advisory Committee 1946				
12. Prison Visiting Committees [e] **Arbour Hill** **Castlerea** **Cloverhill** **Cork** **Limerick** **Loughan House** **Midlands** **Mountjoy** **Portlaoise** **Shelton Abbey Place of Detention** **St Patrick's Institution** **Training Unit Place of Detention** **Wheatfield**				
13. Circuit Court Rules Committee 1936 [b]				
14. District Court Rules Committee 1936 [b]				
15. Superior Court Rules Committee 1936 [b]				
16. Committee on Court Practice and Procedure 1962 [c]				

[a] A rules committee is in operation, however, the Rules Committee does not have any staff or budget specifically assigned and there is in effect no additional costs involved in maintaining this committee

[b] These committees are part of the *Courts Service* and none of these committees have any staff assigned. None of these committees has a budget. The only expenditure would be in relation to legal advice and a small amount of travel and subsistence and this is met within the D/JE&LR allocation

[c] The Committee on Court Practice and Procedure is a non-statutory body which was established in 1962. The Minister for Justice, Equality & Law Reform appoints the members and the chairperson of the Committee. The 29th report of the Committee was published in January 2005 but there has been no activity or expenditure since then. The Committee still exists but is not active at present.

[d.] *National Consultative Committee on Racism* no longer in place during 2009.

[e] These Prison Visiting Committees are a small charge on the Prison Vote and have no staff assigned.

Detailed Paper No. 14 – National Treasury Management Agency

Table 14.1 National Treasury Management Agency expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€35m	€43m	22.8%	€5.3m	12.3%
Gross Capital	€0m	€0m			
Gross Total	**€35m**	**€43m**	**22.8%**	**€5.3m**	**12.3%**
Staff numbers	170	217	47%	40	18.4%

[a] Additional savings of €20.5m have been identified under Programme B with savings across a range of Departments/ Agencies.

Introduction

The *National Treasury Management Agency* (NTMA), established in 1990, is charged with borrowing money for the Exchequer and managing the National Debt on behalf of the Minister for Finance. The NTMA also manages other Government funds such as the *Social Insurance Fund* and the *Dormant Accounts Fund* and it borrows on behalf of the *Housing Finance Agency.* In addition, it makes available a Central Treasury Service for health, education and local government bodies and for non-commercial semi-state bodies. It acts as Ireland's agent for the purchase of carbon credits. The NTMA is also:

1. the *State Claims Agency* (SCA), in which role it manages claims to ensure that the State's liability for personal injury litigation is contained at the lowest achievable level and provides a risk management advisory service with the aim of minimising future litigation;

2. the body through which the *National Development Finance Agency* (NDFA) performs its functions. The NDFA provides financial advice to State authorities for all major infrastructure projects and undertakes the procurement and delivery of PPP's in the Central Government area;

3. the Manager of the *National Pensions Reserve Fund* (NPRF) until at least 2011. The role of the NPRF is to invest the Exchequer's annual contribution of 1% of GNP so as to part pre-fund social welfare and public service pension liabilities from 2025 on.

The proposed *National Asset Management Agency* (NAMA) announced by the Government in April 2009, which is due to operate under the aegis of the NTMA, and any associated resource implications have not been considered for the purposes of this exercise.

The NTMA accounts for €43m of Exchequer expenditure in 2009, distributed into the Programme areas outlined in the table below.

Table 14.2 NTMA resource allocation by Programme

	2009 Capital	*2009 Current*	*of which - Pay*	*Staff numbers* [a]
A. Core NTMA	-	€14m	€8.0m	60
B. State Claims Agency	-	€9m	€6.0m	60
C. National Development Finance Agency	-	€13m	€9.0m	73
D. National Pensions Reserve Fund	-	€7m	€6.0m	24
E. National Asset Management Agency	-	-	-	-
Totals	**-**	**€43m**	**€29.0m**	**217**

a NTMA Budget 2009
b Estimated staff numbers based on NTMA Budget 2009

There are no other State agencies operating under the aegis of the NTMA.

Outcome of the Group's deliberations

Following discussions with the NTMA and taking into account its submission, the Special Group proposes a set of measures to generate €5.3m annual savings for the Exchequer.

The Group is also putting forward a number of other general policy recommendations in relation to legal costs, periodic payment orders and the State indemnity scheme, which it considers have the potential to generate additional Exchequer savings in future years. The Group estimates that over €20m could be saved annually across a range of State bodies as a result of implementing the proposals on reducing legal, insurance and risk management costs. The remainder of these proposals are not quantifiable at this stage.

The proposed savings by Programme area and the related staff reductions are set out in the table below.

Table 14.3 NTMA Total Measures by Programme

	Annualised savings identified	**Recommended staffing reductions**
A. Core NTMA	€0.6m	0
B. State Claims Agency[a]	€20.5m	0
C. National Development Finance Agency	€4.4m	36
D. National Pensions Reserve Fund	€0.3m	4
Total Current Savings[a]	**€25.8m**	**40**

[a] This saving will not accrue to the NTMA as it will accrue across a range of Departments/Agencies. Total savings accruing to the NTMA will be €5.3m.

Programme A – Core NTMA

The core NTMA (the debt management unit of the overall NTMA structure) has a 2009 Programme allocation of €14m and budgeted staffing of 60.

A. Administrative savings

The Group supports the proposals submitted by the NTMA to achieve efficiencies of €0.6m in non-pay administrative costs. This includes IT cost savings of €0.4m and reductions in other overhead costs of €0.2m.

Programme B – State Claims Agency

The 2009 programme allocation for the *State Claims Agency* (SCA) is €9m with a budgeted staff allocation of 60.

The savings proposals below will not yield savings for the allocation to the NTMA itself but should generate efficiencies for a range of other vote groups.

Table 14.4 Measures identified for Programme B

	Annual savings
B.1 Managing litigation costs	€3.5m
B.2 Greater use of SCA risk management services	€2.0m
B.3 Introduce Periodic Payment Orders	€15.0m
Total Current Savings	**€20.5m**

As the savings identified in recommendations B.1 to B.3 will accrue to a range of Departments and agencies, they have not been included in table 14.1.

B.1 Managing litigation costs

The Group recognises the burden of legal costs on the State as a result of catastrophic injury cases. In order to reduce defence costs, the Group recommends the recruitment by the SCA of an in-house clinical negligence litigation team and the imposition of a fixed fee schedule on a residual external panel of defence solicitors and barristers. The Group estimates that annual Exchequer-wide savings in the region €3.5m could be achieved under this measure. 100% of the savings will accrue to the HSE in respect of the management of clinical negligence cases.

B.2 Greater use of SCA risk management services

Many Government departments currently purchase risk management services from the private sector consultancies. The Group recommends that all State bodies should avail of risk management services provided by the SCA, saving the Exchequer in the order of €2m annually. In addition, independent verification of the savings resulting from greater use of SCA risk management services should be carried out regularly. This should involve reference to market prices as appropriate. The estimated €2m savings will be distributed across various Government Departments and agencies under their remit particularly the Departments of Transport, Enterprise, Trade & Employment, Arts, Sports & Tourism and the *Office of Public Works*. The *Irish Prisons Service*, the Department of Defence and the Department of Agriculture, Fisheries & Food already use the SCA's risk management and consultancy services.

B.3 Introduce Periodic Payment Orders for catastrophic injury cases

The current practice in catastrophic injury cases (where the State is the defendant), usually involving medical negligence, is for judges to award lump sums to claimants to cover future care costs over their lifetime and income losses. Periodic payment orders (PPOs) should be introduced to allow for a regular stream of real annuity payments to cover ongoing costs instead of a lump sum. Overall, this proposal would lead to annual cash flow savings in the order of €15m and could give rise to additional absolute savings over the longer term. The savings, in cash flow terms, resulting from PPOs will accrue almost exclusively to the HSE in respect of clinical negligence cases.

The Group also considers that this proposal should be extended to catastrophic injury cases involving private sector defendants. Any proposals affecting both public and private cases should include changes to the legislative framework so as to provide certainty and clarity to the recommended measures.

In addition, the Group considers that the risk of personal injury cases arising from public healthcare provision should have a bearing upon hospital budgets, similar to the practice in the U.K. where hospitals make payments to an indemnity fund. The Group's proposals in this regard are set out in Detailed Paper No. 11 on the Health & Children vote group.

Programme C – National Development Finance Agency (NDFA)

This Programme has a 2009 allocation of €13m and has a budgeted staff allocation of 73 staff.

Table 14.5 Measures identified for Programme C

	Annual savings
C.1 Cancellation of recruitment plans	€4.0m
C.2 Reduction in current staffing levels	€0.4m
Total Current Savings	**€4.4m**
Associated staff reductions	36

C.1 Cancellation of recruitment plans

The Group is of the view that recruitment plans for 2009 should be cancelled in line with the public service wide moratorium on recruitment. This would reduce budgeted posts by 32.

C.2 Reduction in current staffing levels

The Group also considers that there is scope for long term reductions in NDFA staffing levels given the likely reduction in future capital investment by the State and the consequent decline in the pipeline of projects requiring financial advice. Similarly, the Group notes the affordability constraints limiting the extent of PPP projects requiring the services of the NDFA due to the unitary cost obligations of these projects. Overall, the Group envisages a reduction of approximately 10% on 2008 end year levels or 4 staff positions across the financial advice and project management groups.

Programme D – National Pensions Reserve Fund

This Programme has a 2009 allocation of €7m and a budgeted staff allocation of 24 staff.

Table 14.6 Measures identified for Programme D

	Annual savings
D.1 Reduction in staffing	€0.3m
D.2 Cease payments into the *National Pension Reserve Fund*	-
Total Current Savings	**€0.3m**
Associated staff reductions	4

D.1 Reduction in staffing

The Group considers that the staffing requirements for management of the NPRF will decline given the likely diminution of the scale of the Fund arising from the distributions supporting Government policy on the banking sector. This should allow for savings of an estimated 4 posts from this area.

D.2 Suspend payments into the *National Pension Reserve Fund*

Under the *National Pensions Reserve Fund Act 2000*, one per cent of GNP is paid into the NPRF each year. The Group considers that continuation of this annual payment is difficult to justify at this time, given the rate of growth of the public sector borrowing requirement. These payments were affordable when the budget was generally in balance but the Group considers they should be suspended as the State is in effect borrowing to finance the purchase of financial instruments. Transfers to the NPRF amount to approximately €1.6bn a year. Suspending this €1.6bn transfer would have no impact on the General Government Balance, but would reduce the annual Exchequer Borrowing Requirement.

Cross Programme Proposals

Pay

As a result of substantial growth in the size and complexity of the Debt during the 1980s and the difficulty of hiring and retaining experienced professional debt management staff within the Department of Finance at that time, the NTMA was granted the capacity to negotiate individual contracts with staff. The aim of the recruitment policy was to ensure that qualified professionals required for the NTMA's work programme were retained by paying salaries which were competitive by financial services industry standards.

There is currently a pay correction taking place across the private sector in general and the financial services sector in particular, the Group considers that this should have a bearing on the salaries required to attract and retain staff at the NTMA and its constituent bodies.

As the issue of pay levels is beyond the core remit of the Group, this matter is raised to be addressed as appropriate by the Minister for Finance and the NTMA.

Corporate Governance

The Group notes that the corporate governance structure of the NTMA does not include a remuneration committee and that there is limited transparency in respect of pay and pensions, In addition, the Agency's advisory committee has limited oversight powers. The Group recommends that the current corporate governance arrangements should be reviewed to assess their ongoing suitability in the context of oversight norms across the public sector.

Detailed Paper 15 – Social & Family Affairs

Table 15.1 Social & Family Affairs Expenditure Allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€17,608.9m	€21,257.5m	20.7%	€1,847.6m	-8.7%
Gross Capital	€11.0m	€13.8m	25.5%	-	-
Gross Total	**€17,619.9m**	**€21,271.3m**	**20.7%**	**€1,847.6m**	**-8.7%**
Staff numbers	4,495	4,875	8.5%	-	-

Introduction

The mission of the Department of Social & Family Affairs (S&FA) is to ensure access to income support and other services, enabling active participation, promoting social inclusion and supporting families. S&FA formulates social protection policies and administers and manages the delivery of statutory and non-statutory schemes and services including provision for unemployment, illness, maternity, caring, retirement and old age.

The S&FA Vote Group accounts for €21,271m of gross voted expenditure in 2009, €10,322m of which is charged to the *Social Insurance Fund*. The allocation is distributed into the programme areas outlined in the table below.

Table 15.2 S&FA resource allocation by programme

	2009 Capital [a]	*2009 Current* [a]	*of which - Pay*	*Staff numbers* [b]
A. Administration [c]	-	-	-	-
B. Children and families	-	€3,381.8m	€7.2m	220
C. People of working age	€3m	€8,685.1m	€145.1m	2,911
D. Retired and older people	-	€5,783.4m	€18.1m	471
E. People with disabilities	-	€2,145.3m	€9.1m	205
F. Poverty and social inclusion	-	€1,117.9m	€1.7m	83
G. Identity management & secure access to services	€0.5m	€13.6m	€6.0m	130
H. Operational capabilities and modernisation	€10.3m	€130.4m	€42.2m	855
Totals	**€13.8m**	**€21,257.5**	**€229.4m**	**4,875**

a Revised Estimates 2009
b Includes Departmental and Office Civil Servants and Agency public Servants – end December 2008
c Total Administration Expenditure of €387m has been apportioned across individual programme areas.

At present there are four bodies operating within the aegis of the S&FA Vote Group and the Department also supports the activities of the *Money Advice and Budgeting Service* (MABS). The

Combat Poverty Agency has been integrated into the Department from July 2009. The total Exchequer funding available to these bodies and MABS in 2009 is €89m. The four agencies excluding MABS employ 189 staff. The only body with most of its income deriving from own resources is the *Pensions Board.* The details for each body are set out in the Appendix A to this Paper.

Outcome of the Group's deliberations

The Special Group met the D/S&FA and examined the evaluation papers submitted by the D/S&FA, the relevant vote section of the Department of Finance and the cross-cutting paper on Regulators and Ombudsman Offices prepared by the Central Expenditure Evaluation Unit of the Department of Finance. The Group recommends a set of measures to generate full-year Exchequer savings of up to €1,848m savings over the medium term. The proposed savings by Programme area and the related staff reductions are set out in the table below.

Table 15.3 S&FA - Total measures identified by Programme

	Annualised savings identified	Recommended staffing reductions
Cross programme rate reduction	€850.0m	-
A. Administration	€6.0m	-
B. Children and families	€563.0m	-
C. People of working age	€362.0m	-
D. Retired and older people	€11.6m	-
F. Poverty and social inclusion	€53.0m	-
Cross–cutting savings	€2.0m	-
Total Current Savings	**€1,847.6m**	-

Change in the rate of social welfare personal payments

As outlined in Chapter 1 of Volume 1 of the Report, the Group notes that the public sector pay and pensions bill (around €20bn a year) and total social welfare payments (€21bn in 2009) together comprise the two largest expenditure areas for the Exchequer and any proposals to achieve efficiencies in public spending must address both of these. The scale of the contribution of welfare payments to Exchequer expenditure is illustrated by the fact that a 1% reduction in personal welfare rates could save in the order of €170m a year.

In this section, the Group considers the scope for social welfare rate reductions. An assessment of the scope for efficiencies in this area must take into account recent trends in welfare payments, the impact of recent budgets, trends in public/private sector pay as well as the relativities of welfare rates with competing labour market jurisdictions, notably the UK. The significantly weaker position of the public finances is also a relevant consideration.

General wage adjustments

The period 2008-2009 has seen significant adjustment in the wages for public and private sector workers. The adoption of the pension levy in 2009 has on average reduced public sector wages by 7½% and saved the Exchequer in the order of €1.4bn in a full year.

While information on private sector wage patterns is more difficult to establish, there appear to have been reductions in private sector pay rates in many sectors (although no firm data is as yet available later than Q4 2008). A March 2009 survey carried out on behalf of the *Central Bank* indicates that many private-sector employers have reduced wages by 3 to 4% to date, across all types of employment, with many companies expecting to implement wage reductions in the months ahead. On balance, it seems clear that both in the public and private sectors there have already been significant reductions in wages, or such reductions are in prospect, though the effect of this has been moderated to some extent as a result of a fall in prices. It is also relevant to note that there have been significant increases in taxes on earned income for all workers and a pension levy on public servants (raising €3bn in a full year in aggregate) and job losses have also been widespread.

Inflation trends

Rates of payment in the Social Welfare system were increased across the board by approximately 3% in the budget of October 2008. Since that time, the *Consumer Price Index* (CPI) has fallen by 5.3% (up to May 2009), while the HICP measure of inflation has fallen by 1.6%. The principal difference between the two is mortgage interest on owner-occupied housing, which up to May 09 had been falling quickly in line with ECB interest rates decreases. It is known from the Household Budget Survey that this item is a minor component in living expenses for those income groups most reliant on social transfers, for whom the HICP, which has declined less than the CPI, is more relevant. Nonetheless, and relying only on the HICP, the real value of weekly and monthly Social Welfare payment rates would have risen in real terms since October even if no increase had been granted in the budget.

Prices have been falling for most categories of goods and services since autumn 2008. In 2009, there have been reductions in the price of food and non-alcoholic beverages; housing, water; electricity, gas and other fuels; furnishings; household equipment and routine household maintenance. Some of the fall can be attributed to reductions in mortgage interest which are generally not relevant to individuals in the lowest income deciles but there are now further reductions in train in fuel costs. It is likely, given the relatively weak economic conditions that the price reductions will be maintained and price levels may fall further in 2009. The April 2009 *Supplementary Budget* forecast a fall in CPI of 3.9% for 2009 over 2008.

Impact of recent Budgets

Recent research by the ESRI demonstrates that the total package of Budget 2009 adjustments (including the October 2008 Budget, the pension levy and the April *2009 Supplementary Budget*) is strongly re-distributive in its effects, with income gains of 5% (above a parity benchmark) for those with the lowest incomes and with percentage income losses rising with income, to around 9% for the top 10% of income earners. This result takes account of the removal of the additional bonus payment made in December (the ‘Christmas bonus’).

The main social welfare rates have increased significantly since 2000 over and above the rate of inflation and average industrial earnings. As a result many social welfare rates (particularly for pensions and unemployment allowance) are now higher in absolute cash terms than their UK equivalents.

Incentive effects

The Group considers that it is important that the rates and benefits available under the social welfare system do not inhibit a return to work. For those of working age there are increasing indications that the level of welfare payments is creating disincentive effects for improved labour participation with relatively high replacement ratios[6] for specific occupations and age rates. As an example a Dublin based couple with three children (aged 4, 8 and 11) avail of benefits to the value of €23,000; with the addition of the current rent supplement[7] could receive benefits to the value of €35,500 per annum approximately and this increases to nearly €42,000 if current rates of child benefit are included. A couple with no children and in receipt of rent supplement could receive in the order of €27,000. A table of various scenarios types is set out in Appendix B.

The Group is also concerned that disincentives to participate in the labour force could be magnified by increases in the tax wedge[8] due to measures already taken and future measures as the fiscal consolidation process continues.

Conclusion

On balance, there is a clear case for social welfare rates to be adjusted downwards in line with economic developments, and in line with the pay and price adjustments that are being experienced across the wider economy.

Accordingly, the Group recommends that social welfare rates should be reduced generally by 5%, saving around €850m in a full year. This would effectively preserve living standards for affected groups relative to 2008. Alternatively a 3% reduction, reversing the increase of October last, would save around €510m a year. More will be known about pay and price developments closer to the budget of December next, and the Government will be in a better position to make a judgement on the matter in the light of those data.

The Group also notes the decision to discontinue the December bonus payment for 2010 and future years. The Group agrees that continued payment of this bonus is no longer affordable given the need to support new additions to the Live Register and other pressures on the social welfare budget. It would recommend against reintroducing the payment, which would add back costs of around €233m a year – which would have to be made up by further service reductions in other areas.

Programme A – Administration

The D/S&FA has a 2009 Programme allocation of €387m for administration and employs 768 staff.

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[6] Replacement ratio is the ratio of the total resources, including income received when unemployed to income as received when in employment

[7] As at June 2009, there are 89,000 recipients of Rent Supplement and 13,000 recipients of Mortgage Interest Supplement, this is approximately 8% of the total number of Social Welfare recipients.

[8] Tax wedge is the difference between the salary costs of a single ‘average worker’ to their employer and the amount of net income (take home pay) that the worker receives.

Table 15.4 SF&A - Measures identified for Programme A

	Annual savings
A.1 Administrative savings	€3.0m
A.2 Agency services	€3.0m
Total Current Savings	**€6.0m**

A.1 Administrative savings

The Group recommends savings of €3m in administrative costs across S&FA.

However, in the short run one would not foresee any major reductions in the Administrative Budget of the Department. The anticipated deterioration in the *Live Register* will require an increase in staffing levels in the Department in the immediate future which are to be levied from other Departments and Offices. These will be supernumerary posts but in the medium term when the numbers on the *Live Register* begin to decrease payroll savings should emerge.

A.2 Agency services

Consistent with the reductions in professional fees being sought in relation to a range of other services, the Group targets overall savings of €3m in the payments for agency services to *An Post*.

Programme B – Children and Families

The 2009 programme allocation for this Programme is €3,382m (including administration) and there are 220 staff allocated to its activities.

Table 15.5 SF&A - Measures identified for Programme B

	Annual savings
B.1 Discontinuation of the *Family Support Agency*	€30.0m
B.2 Change eligibility conditions for *Family Income Supplement*	€20.0m
B.3 Reduce and Standardise Child Benefit Rate	€513.0m
Total Current Savings	**€563.0m**

B.1 Discontinuation of the *Family Support Agency* (FSA)

The FSA was established in 2003 and provides a nationwide *Family Mediation Service* itself. It also supports

- the *Family and Community Services Resource Centre Programme*;
- voluntary organisations and individuals involved in counselling and mediation; and
- research on family issues.

The Group questions the effectiveness of the services provided by the FSA noting for example that the numbers of clients completing the full mediation process with the *Family Mediation Service* were low in 2007 compared to the throughput on the programme. The Group also had concerns about the effectiveness of the FSA's research activity.

Furthermore the funding stream for community organisations overlaps in some cases with other State funded community and voluntary programmes. Accordingly the Group recommends that the FSA and most of its programmes be discontinued. However, a proportion of community and voluntary funding should be retained and unified with other State funded community and voluntary programmes to facilitate more effective targeting of resources and more coherent administration of the various schemes. The Group targets savings of €30m a year.

<u>B.2 *Family Income Supplement* (FIS)</u>

FIS is a weekly payment for families, including lone parent families, at work on low pay. It aims to encourage employees to stay at work when the employee may only be marginally better off than if he/she were claiming other social welfare payments. Expenditure on this scheme has increased by almost 50% since 2007 (€212m). Currently, claimants may be in receipt of certain other welfare payments and retain eligibility for the scheme.

FIS is not payable to a person in receipt of payments from the *Community Employment Scheme*, the *Part Time Job Opportunities Scheme,* the *Rural Social Scheme, Jobseekers Benefit/Allowance,* the *State Pension (Transition)* and the *Pre Retirement Allowance*.

However FIS may be payable concurrently to persons in receipt of *One Parent Family Payment*; *Deserted Wife's Benefit, Widow or Widow(ers) Contributory Pension* and *Disability Allowance/Blind Pension.*

The Group recommends that claimants already in receipt of a primary weekly social welfare payment should not be eligible for the scheme in line with the principle that where possible social welfare claimants should be in receipt of a single primary payment. The Group considered the possibility of increasing the number of hours an individual can work on the programme in a single week but considered it was appropriate that as many supports as possible are retained in place to support individuals in employment (who are not in receipt of a primary social welfare payment). The Group targets savings of €20m for this measure.

<u>B.3 Reduce and standardise the *Child Benefit* rate</u>

Currently *Child Benefit* rates are €166 for the first two children and €203 for the third and subsequent children. *Child Benefit* in total amounts to approximately €2.5bn and represents approximately 12% of all social welfare spending in 2009. In contrast total expenditure on *Jobseekers Benefit* and *Jobseekers Allowance* is in the region of €4.6bn in 2009 or just 22% of total social welfare spending. Other social assistance and benefit schemes make up the balance of the cost of the social welfare system.

The Minister for Finance, during his Supplementary Budget speech, referred to the option of raising additional taxation revenues through the taxation or means testing of *Child Benefit*. The *Commission on Taxation* is also examining the taxation aspects of this issue as part of its work programme.

The Group considers it appropriate to comment on other potential options to reduce overall expenditure on C*hild Benefit* payments. These include reduction of rates, reduction of levels of payment in respect of twins/multiple births and the introduction of means testing. Some of these measures are not mutually exclusive and a combination of measures may be necessary to achieve savings.

Savings of €513m should be achieved by introducing a standard rate of C*hild Benefit* for all children, a new rate of €136 per month. This is a reduction of €30 per month for the first two children and €67 per month for each subsequent child[9].

Care will need to be taken to avoid the inadvertent accumulation of measures in individual cases.

Programme C – People of working age

This Programme has a 2009 allocation of €8,685m and employs 2,911 staff.

Table 15.6 SF&A - Measures identified for Programme C

	Annual savings
C.1 Grading of jobseekers assistance by age	€70.0m
C.2 Discontinuation of Treatment Benefit	€92.0m
C.3 Phase out second welfare payment	€100.0m
C.4 Discontinuation of double payments for *Community Employment Schemes*	€100.0m
Total Current Savings	**€362.0m**

C.1 Grading of *Jobseeker's Allowance* by age

Jobseekers Allowance is a means-tested payment payable in respect of any week of unemployment. The *Supplementary Budget 2009* contained a measure reducing the personal rate of *Jobseeker's Allowance* for new claimants less than 20 years of age to €100 a week from the first week of May 2009. Consistent with this approach, the Group recommends that the personal rate for new claimants between the ages of 20 and 24 be reduced to €150 yielding an estimated full year saving of €70m. The Group is of the view that there should be consistency between the graduation of the *Jobseekers Allowance* and the graduation of the minimum wage. If such changes are adopted, it is important to ensure that no replacement ratio issues arise from the interaction of the tax and welfare systems.

C.2 Discontinuation of *Treatment Benefit*

Treatment Benefit is funded by payments from the *Social Insurance Fund* (SIF) and contributes to the costs of dental, optical treatment and hearing aids. The Group holds the view that given the other pressures on the SIF (such as unemployment and pension payments) continuation of the scheme is no longer affordable. The Group also notes that this scheme may have contributed to higher prices for dental and optical benefits. The full year saving for this measure is €92m.

[9] As an approximate guide to calculate the impact of any combination of changes in the rates and yields. - €1 per month/€12 per annum on both rates of child benefit yields €14.1 million per annum.

C.3 Phase out second welfare payment

The general principle of social welfare income supports is that they are paid to recipients who are incapable of generating an income for themselves. The Allowances are means-tested; the Benefits are not means-tested but are subject to qualifying criteria. In keeping with this general principle, a person is generally entitled to receive only one primary social welfare payment at any given time. However, there are some exceptions to the general rule which are set out in the following table:

Table 15.7 Exceptions to receiving one social welfare payment

Scheme	*Rationale*	*No of recipients*	*Cost per annum*
Half rate *Carer's Allowance*	Paid with all other personal social welfare payments other than jobseekers payments and with all Qualified Adult payments (including jobseekers payments).	16,500	€70m
Half rate *Illness Benefit*	75 % recipients are in receipt of One Parent Family Payments (OPFP) or Deserted Wives Benefit (DWB) and the balance are widow(er)s	2,350	€12.7m
Half rate *Jobseekers Benefit*	63 % recipients are OPFP and DWB and the balance are widow(er)s	3,500	€18.1m
Full rate *Illness Benefit*	All blind pensioners	200	€1.2m
Full rate *Jobseekers Benefit*	All blind pensioners	10	Minimal

The half rate jobseekers benefit/illness benefit and full rate jobseekers benefit are long standing arrangements while the half rate carer's provision was introduced in 2007. Entitlement to the half-rate jobseekers benefit/illness benefit was abolished with effect from January 2004 but was introduced with retrospection in April 2004. The total value of these payments is €90m to €100m in a full year.

The Group considers that it is appropriate to return these schemes to their basic objectives of income support and the introduction of the principle of one primary payment per scheme. It is considered that the introduction of the half rate carer's allowance has contributed to the rise in the number of claimants by 32% from 2007 to 2008. The Group proposes that all half rate entitlements should cease for new entrants where another primary social welfare payment is already being made, and be phased out over a 5-year period for existing beneficiaries. This would result in savings in year one of €7m rising to €70m over time. The savings on *Jobseekers Benefit* and *Illness Benefit* would be €15m in the first year and €30m in a full year. There would be very little savings from removing the full rate *Jobseekers Benefit* and illness benefit for blind pensioners given the numbers involved.

In addition to the above schemes, the *Widows' / Widowers' Contributory Pension* is paid at a rate of at least €209.80 up to €230 (over 66) to people of working age on an indefinite basis, irrespective of age or income from employment or other sources. The Group recommends that the *Widows'/Widowers' Contributory Pension Schemes* be reviewed by the Department of Social & Family Affairs.

C.4 Discontinue double payment for *Community Employment* Schemes

Some participants in the *Community Employment* (C.E.) scheme receive an allowance of €228.70 per week from FÁS, plus increases of €135.60 per week in respect of any adult dependent and €26 per week in respect of any child dependent. The main rate payable for a person on a CE scheme is higher than the comparable social welfare rate although the qualified adult and qualified child rates are the same. In certain cases this treatment can apply to individuals on *One Parent Family Payment* (OPF) and *Disability Allowance* but does not apply to individuals who are in receipt of *Jobseekers Benefit/Assistance*.

C.E. is insurable employment and income from it is assessed against a person on means tested payment in the same manner as income received from any other employment. For example a lone parent in receipt of OPF who receives €254.70 per week (€228.70 and €26 child allowance) is regarded as having means of €54.10 for OPF and consequently receives €182.20 per week in OPF (as opposed to the maximum rate of €230.30) in addition to the €254.70 from C.E. bringing total income to €437.50. This method of assessment would be the same if income was derived from any other form of insurable employment. However individuals on C.E. schemes are not entitled to FIS as they would be in other insurable employment and it is likely that a person in normal insurable employment would receive more money per week than those in receipt of C.E.

The Group recommends that the issue of these double payments should be addressed to incentivise labour market progression and reduce the operating costs of the scheme. New entrants should only receive the C.E. allowance for participating in the scheme. On the grounds of equity and legitimate expectation, existing beneficiaries should not be affected by the withdrawal of double payments while on their current placements but should be subject to the new arrangements for renewals or new placements. While savings of approximately €38m have been estimated for 2010, ultimately savings of €100m could be achieved each year when this proposal is fully implemented.

The Group is also of the view that more stringent measures should be considered for individuals in receipt of JA/JB who are offered training or education programmes and refuse entry into appropriate schemes.

Programme D – Retired and older people

This Programme has a 2009 allocation of €5,783m and employs 471 staff.

Table 15.8 SF&A - Measures identified for Programme D

	Annual savings
D.1 Tax *Household Benefits Package*	€11.6m
Total Current Savings	**€11.6 m**

D.1 Tax *Household Benefits Package*

The *Household Benefits Package* comprises the electricity allowance, telephone allowance and free television licence schemes. This package is generally available to people living in the State aged 66 years or over who are in receipt of a social welfare type payment or who fulfil a means test. The package is also available to carers and people with disabilities under the age of 66 who are in receipt of certain welfare type payments. People over 70 qualify regardless of their income or household composition.

Expenditure on the Package has increased by almost 24% from 2007 to 2009 alone, and will cost €386m in 2009. There are likely to be further long-term increases in expenditure as the cohort of pensioners increase over time.

The Group has concluded that the most appropriate approach is to treat the *Household Benefits Package* as taxable income. This would mean that receipt of the benefits would be subject to taxation under the income tax code for individuals/couples who have a tax liability and at the rate being paid by the individual/couple. This may involve changes to the structure of the existing package in order to equalise the taxable amount e.g. the electricity allowance is limited to 2,400 units but the price per unit may vary. The treatment of the benefits for individuals on basic social welfare pensions and low incomes would not change as most do not have a taxable income and it is only those with higher incomes who would be liable for the relevant income tax. On the conservative assumption of a tax rate of 20% applying to those with a taxable liability and only 15% of those in receipt of the benefit having a tax liability, the Exchequer could save €11.6m a year through increased tax revenues from this measure.

<u>Increase in retirement age to cope with pensions crisis</u>

The Group considers that the State pension schemes now face a funding crisis. This is mirrored by similar problems in private sector schemes. The funding crisis is driven in large part by the sharp rise in longevity. Poor investment returns have also contributed to the problem. Changes in the demographic profile mean that fewer workers are supporting the payments for a growing number of pensioners.

The Group recognises that work has been carried out on the issue of the sustainability of the pension system. However, it is of the view that an increase in the retirement age for all State pension schemes will have to be considered as an element of any policy proposals to address these problems. This could, for example, involve an increase of the retirement age for *State pension (contributory and non-contributory) schemes*, to be phased in over a number of years. Moreover, the continued increases in State pension levels over the past decade (from €157.30 per week in 2000 to €230.30 per week in 2009 for the *contributory pension*), while originally intended to address perceived problems of poverty among the elderly, have taken the State pensions system beyond the point of affordability.

Programme E – People with disabilities

This Programme has a 2009 allocation of €2,145m and employs 205 staff.

<u>Merge *Blind Pensions* scheme with *Disability Allowance*</u>

The *Blind Pension* is a means-tested payment made to blind or partially sighted people who are 18 years and over and who are so blind that they cannot perform work for which eyesight is essential or cannot continue in their ordinary occupation. The Group is of the view that the aims of this scheme overlap with the objectives of illness/disability payments. It concludes that the scheme should be merged with the *Disability Allowance* scheme. There would be no savings arising from this but the rationalisation would be beneficial to the administration and operation of the scheme.

Other measures

There are two schemes which make payments to claimants of working age with an illness or disability. The *Illness Benefit* scheme is a social insurance scheme payable to qualified persons aged under 66 years who are unfit for work due to illness. *Disability Allowance* is a means tested payment made to people between 16 and 66 who are substantially restricted in undertaking work because of a specified disability having regard to the person's age, experience and qualifications. There has been a significant increase in both cost and claimant numbers for both schemes.

The *Medical Referral Service* of the Department of Social & Family Affairs plays a key control role in the management of both schemes by providing an independent medical assessment of the claimant's eligibility on medical grounds. The Department of Social & Family Affairs has increased the numbers of doctors employed in the service in recent years and is currently in the process of introducing a case management system, including risk profiling, in order to assess the initial and continuing eligibility for disability and illness payments. Greater progress in mainstreaming such clients is essential in order to slow the growth in the numbers accessing disability allowance and related schemes, thus ensuring that individuals can over time be transited to mainstream work.

Programme F – Poverty & social inclusion

This Programme has a 2009 allocation of €1,118m and employs 83 staff.

Table 15.8 SF&A - Measures identified for Programme F

	Annual savings
F.1 Re-examine the level of the *Rent Supplement* payment on a regional basis and reduce length of time on rent supplement	€35.0m
F.2 Legislate for and reduce eligibility for *Exceptional Needs Payments*	€18.0m
Total Current Savings	**€53.0m**

F.1 Limit duration of *Rent Supplement* Payment

Rent Supplement is a short-term income support to assist eligible persons living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. Expenditure on this scheme has risen by 83% since 2002. The existing scheme funds the costs of short term accommodation and long term accommodation under the RAS scheme operated by the Department of Environment & Local Government and the Local Authorities. Changes to the rent supplement scheme were announced in the recent *Supplementary Budget*. From 1 June 2009:

- The maximum amount of rent for which a supplement can be paid was reduced;
- The minimum contribution which a person pays towards rent was increased by €6 to €24 a week;
- Rent supplement payments were further reduced by 8%.

From 1 June 2009, maximum rent limits were reduced by 6% to 7% on average, ranging up to 10%, depending on location and household size. The reductions reflect the downward trends in the private rental market. The new rent limits are shown in Appendix C. The revised rent limits will apply to new tenancies from 1 June 2009 and to existing rent supplement recipients either moving to new accommodation or seeking a review of entitlement from that date. The minimum contribution which a person pays towards rent was increased by €6 from €18 to €24 a week from 1 June 2009 and a further 8% reduction was made from the same date.

The Group considers that there are grounds for the State to secure further reductions in rents payable by rent supplement claimants. These should be consistent with real rent decreases in the market to ensure maximum value for money for expenditure in this area. Further work is needed to introduce greater differentials in rent supplement on a regional basis. In addition, given that the original focus of the scheme is as a short term income support the Group recommends that over the medium term claimants would be transferred to RAS after six months instead of 18 months. The Group targets savings of €35m a year

F.2 *Exceptional Needs Payments*

Exceptional Needs Payments (ENP's) are payments under the *Supplementary Welfare Allowance* (SWA) Scheme. An ENP is a single payment to help meet essential, once-off, exceptional expenditure, which a person could not reasonably be expected to meet out of their weekly income. The Group considers for example that ENP's should not be provided for the furnishing of local authority accommodation as local authorities should manage the furnishing of accommodation from their own resources. The Group targets a minimum €18m of annual savings for this proposal.

Cross-cutting recommendation

In its consideration of regulators/ombudsman offices in Chapter 2 (see section 2.8), the Group reached the conclusion that the *Pensions Ombudsman* should merge with the *Financial Service Ombudsman* and that the *Pensions Board* with the *Financial Regulator*. The Group believes that each of these mergers should save about €1.0m each in a full year, giving a total saving of €2.0m.

Further areas of examination across Programmes

Measures to control fraud

The recent increases in the number of social welfare claimants will have a knock on impact on the incidence of fraud and error. The substantial rise in total social welfare payments allied to the affordability of these payments for the Exchequer further underscores the need to minimise fraud and recover overpayments. The Group notes the low number of prosecutions in respect of claimants transgressing when set against the total number of claimants.

The Group recommends that new administrative penalties be imposed to discourage claimant fraud. This would compensate for the current low level of prosecutions. The administrative sanctions would include monetary penalties such as the reduction in personal benefits. In addition, the Group recommends the reduction of the SWA rate below the mainstream welfare rates as an additional measure of deterrence. This would prevent individuals who are detected as claiming fraudulently from accessing SWA in order to compensate themselves for a reduction in benefits arising from the fraud case. Penalties should also apply in respect of employers and service providers who engage in welfare fraud.

Target limited resources by using profiling.

Research sponsored by the D/S&FA has shown that profiling claimants can be used to identify those that are likely to stay on the live register and those that are likely to leave of their own accord. The Group considers that more efficient use of resources could be achieved if efforts are concentrated on those that are likely to stay on the live register without intervention.

Changes to the PRSI System

The *Social Insurance Fund* derives its income from PRSI contributions and it funds the various social insurance payments made by the D/SFA. The Fund has run surpluses since 1997 but this trend has reversed in the last year and a half as PRSI receipts decreased and social insurance payments have increased substantially. Payments are set to increase significantly in future years as the age profile of the population increases. The accumulated surplus on the fund will run out in 2010 with deficits forecast thereafter. Changes are required to ensure the future sustainability of Exchequer finances in general and the Group considers that changes are required to ensure adequate revenue to the Fund and the State. Further work should be done on examining;

- changes in the rates and structures;
- elimination of exemptions;
- base widening; and
- simplification of the current complex rating structure.

This work should be completed in time for consideration in *Budget 2010.*

Standardise administrative and other disregards for Means Testing

Welfare legislation or in some cases administrative provisions allow for the disregard of income in certain circumstances across a range of schemes. The Group considers that all disregards should be reviewed to ensure that the principles of horizontal equity are maintained and that all income irrespective of its source is treated similarly for social welfare purposes such as various disregards from employment as a HSE home help and the *Sceim na bhFoghlaimeoiri Gaeilge*. Simplification and standardisation of these disregards should lead to equitable treatment of all income for social welfare purposes.

Savings from outsourcing

The Group considers many of the activities carried out by social welfare staff at local offices involve processes are suitable for outsourcing e.g. payments processing, data entry etc. The principle of outsourcing will need to be investigated as part of reforming administrative practice as soon as possible.

Appendix A to Detailed Paper No. 15

Table 1 Resource allocation for non-commercial State agencies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
1. The Pensions Board				
Gross Expenditure		€6.7m	€3.3m	40
of which: Exchequer		€1.1m		
2. Combat Poverty Agency				
Gross Expenditure		€4.1m	€1.5m	24
of which: Exchequer		€4.1m		
3. Family Support Agency				
Gross Expenditure		€38.7m	€2.2m	39
of which: Exchequer		€38.7m		
4. Citizens Information Board				
Gross Expenditure		€28.1m	€6.0m	86
of which: Exchequer		€28.1m		

Source: Revised Estimates 2009 and end December 2008 staffing

Table 2 Civil service offices

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
5. The Pensions Ombudsman				
Gross Expenditure		€0.9m	€0.7m	10
		€0.9m		

Table 3 Resource allocation for other bodies

2009 (unless where otherwise specified)	Capital	Current	of which – Pay	Staff Nos.
6. Money, Advice and Budgeting Service				
Gross Expenditure		€17.9m	€12.0m	252
of which: Exchequer		€17.9m		

Source: Revised Estimates 2009 and end December 2008 staffing

Appendix B to Detailed Paper No. 15

Jobseekers Benefit / Assistance	Rate (weekly)	Total annual benefit
Single Person (over 20)		
Personal rate (over 20)	204.30	10,623.60
Rent Allowance (Dublin)	98.00	5,096.00
Fuel Allowance JA (JB after 12 months), 32 weeks only	20.00	640.00
Total Social Welfare payment	322.30	16,359.60
Couple (no children)		
Personal rate (over 20)	204.30	10,623.60
Qualifying adult	135.60	7,051.20
Rent Allowance (Dublin €744m)	162.00	8,424.00
Fuel Allowance JA (JB after 12 months), 32 weeks	20.00	640.00
Total Social Welfare payment	521.90	26,738.80
Couple (one child aged 11)		
Personal rate (over 20)	204.30	10,623.60
Qualifying adult	135.60	7,051.20
Qualified Child dependant (aged 11)	26.00	1,352.00
Back to school clothing and footwear allowance, once off	0.00	200.00
Rent Allowance (€930 pm)	190.62	9,912.24
Early childcare supplement (outside age group)	0.00	0.00
Fuel Allowance JA (JB after 12 months), 32 weeks	20.00	640.00
	576.52	29,779.04
plus Child Benefit (€166 pm)	38.31	1,992.12
Total Social Welfare payment	614.83	31,771.16

Jobseekers Benefit / Assistance	**Rate (weekly)**	**Total annual benefit**
Couple (two child age 4 and 11)		
Personal rate (over 20)	**204.30**	**10,623.60**
Qualifying adult	**135.60**	**7,051.20**
Qualified Child dependants (aged 4 and 11)	**52.00**	**2,704.00**
Back to school clothing and footwear allowance, once off	**0.00**	**400.00**
Rent Allowance (€1110 pm)	**232.15**	**12,071.80**
Early childcare supplement	**9.58**	**498.16**
Fuel Allowance JA (JB after 12 months), 32 weeks	**20.00**	**640.00**
	653.63	**33,988.76**
plus Child Benefit (€332 pm) 1st two children)	**76.61**	**3,983.72**
Total Social Welfare payment	**730.24**	**37,972.48**

Couple (three child age 4, 8 and 11)		
Adult rate	**204.30**	**10,623.60**
Qualifying adult	**135.60**	**7,051.20**
Qualified Child dependants (aged 4. 8 and 11)	**78.00**	**4,056.00**
Rent Allowance (€1110 pm)	**232.15**	**12,071.80**
Back to school clothing and footwear allowance, once off		**600.00**
Fuel Allowance JA (JB after 12 months), 32 weeks	**20.00**	**640.00**
Early childcare supplement	**9.58**	**498.16**
	679.63	**35,540.76**
plus Child Benefit (€332 pm) 1st two children)	**76.61**	**3,983.72**
plus Child Benefit (€203 pm) Third child	**46.85**	**2,436.20**
Total Social Welfare payment	**803.09**	**41,960.68**

One Parent Family Payment (Adult and one child)	Rate (weekly)	Total annual benefit
Personal rate	204.30	10,623.60
Qualified Child dependant (aged 11)	26.00	1,352.00
Rent Allowance (€930 pm)	190.62	9,912.24
Back to school clothing and footwear allowance, once off		200.00
Fuel Allowance, 32 weeks	20.00	640.00
Early childcare supplement (outside age group)	0.00	0.00
	440.92	22,727.84
plus Child Benefit (€166 pm)	38.31	1,992.12
Total Social Welfare payment	479.23	24,719.96

One Parent Family Payment (Adult and three children)		
Personal rate	204.30	10,623.60
Qualified Child dependants (aged 4. 8 and 11)	78.00	4,056.00
Rent Allowance (€1110 pm)	232.15	12,071.80
Back to school clothing and footwear allowance, once off		600.00
Fuel Allowance, 32 weeks	20.00	640.00
Early childcare supplement	9.58	498.16
	544.03	28,489.56
plus Child Benefit (€332 pm) 1st two children)	76.61	3,983.72
plus Child Benefit (€203 pm) Third child	46.85	2,436.20
Total Social Welfare payment	667.49	34,909.48

Appendix C to Detailed Paper No. 15

PROPOSED MAXIMUM RENT LIMITS FROM 1ST JUNE 2009

	Single person in shared accommodation	Couple in shared accommodation	Single Person	Couple with no children	Couple with 1 child or one-parent family with 1 child	Couple with 2 children or one-parent family with 2 children	Couple with 3 children or one-parent family with 3 children
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DUBLIN	€92	€92	€122	€186	€930	€1,110	€1,110
WICKLOW	€92	€92	€122	€177	€880	€1,110	€1,110
KILDARE	€92	€92	€112	€166	€880	€1,110	€1,110
LONGFORD	€66	€66	€94	€112	€131	€144	€158
WESTMEATH	€66	€66	€94	€112	€131	€149	€163
OFFALY	€66	€66	€94	€112	€131	€149	€163
LAOIS	€66	€66	€94	€112	€131	€149	€163
LIMERICK	€66	€66	€103	€122	€140	€158	€172
TIPPERARY NTH	€66	€66	€94	€122	€140	€158	€172
TIPPERARY STH	€76	€76	€108	€122	€140	€158	€158
CLARE	€66	€66	€94	€122	€140	€158	€172
LOUTH	€66	€66	€108	€122	€149	€158	€186
MONAGHAN	€66	€66	€85	€113	€131	€140	€172
CAVAN	€66	€66	€85	€113	€131	€140	€172
MEATH	€66	€66	€108	€131	€163	€177	€186
DONEGAL	€66	€66	€85	€112	€131	€138	€158
LEITRIM	€66	€66	€85	€112	€131	€138	€153
SLIGO	€66	€66	€94	€112	€140	€158	€158
WEXFORD	€76	€76	€108	€122	€140	€158	€158
WATERFORD	€76	€76	€108	€122	€140	€158	€158
CARLOW	€76	€76	€108	€122	€140	€158	€158
KILKENNY	€76	€76	€108	€122	€140	€158	€158
KERRY	€71	€71	€94	€143	€143	€171	€183
CORK	€71	€71	€108	€143	€163	€177	€189
MAYO	€66	€66	€108	€108	€163	€180	€180
GALWAY	€66	€66	€108	€131	€163	€186	€186
ROSCOMMON	€66	€66	€108	€108	€163	€180	€180

The values refer to weekly values except for the values in Column 6, Column 7 and Column 8 for Dublin Kildare and Wicklow which are monthly values.

Detailed Paper No. 16 – Taoiseach's Group of Votes

Table 16.1 Taoiseach's Group of Votes expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€187m	€189m	1%	€17.5m	-9.3%
Gross Capital	-	-	-	-	
Gross Total	**€187m**	**€189m**	**1%**	**€17.5m**	**-9.3%**
Staff numbers	1,623	1,666	3%	77	-4.6%

Introduction

The Taoiseach's group comprises five votes covering the Department of the Taoiseach (D/T), the Central Statistics Office (CSO), the Chief State Solicitor's Office (CSSO), the Attorney General's Office (AGO) and the Office of the Director of Public Prosecutions (DPP).

The mission of the Department of the Taoiseach is to provide the Government, Taoiseach and Ministers of State with the support, policy advice and information necessary for the effective conduct of Government and for the dynamic leadership, co-ordination and strategic direction of Government policy. The CSO is mandated with the collection, compilation, extraction and dissemination of information for statistical purposes relating to economic, social and general activities and conditions in the State. The AGO provides advice to the Government in matters of law and legal opinion. The CSSO's function is to act as the solicitor to Ireland, the AGO, Government Departments and Offices, and State agencies. The DPP's office aims, on behalf of the people of Ireland, to provide a prosecution service that is independent, fair and effective.

The Taoiseach's vote group expenditure allocation for 2009 is €188.9m, all of which is current expenditure. Table 14.2 below shows the distribution of gross current expenditure allocation across the five votes. Over 50% of the expenditure is allocated to the three bodies performing legal functions on behalf of the State.

Table 16.2 Taoiseach's resource allocation by Vote

	2009 Capital [a]	*2009 Current* [a]	*of which - Pay*	*Staff numbers* [b]
A. Department of the Taoiseach	-	€33.8m	€17.8m	237
B Central Statistics Office	-	€55.7m	€40.2m	770
C. Office of the Attorney General	-	€18.2m	€13.1m	169
D. Chief State Solicitors Office	-	€39.3m	€16.3m	249
E. Office of the Director for Public Prosecutions	-	€41.9m	€14.1m	198
Total	**-**	**€188.9m**	**€101.5m**	**1623**

a. Revised Estimates Volume 2009 b. Includes Departmental and Office Civil Servants and Agency Public Servants end 2008

At present there are two non commercial State Agencies operating within the aegis of the Taoiseach's vote group – the *Law Reform Commission* and the *National Economic and Social Development Office* (NESDO). The total Exchequer funding available to these bodies in 2009 is

€8.7m, and they employ 54 staff. These bodies do not have own-resource income. The details for each body are set out in the Appendix to this paper.

Outcome of Group's deliberations

The Special Group has decided upon a set of measures which should yield annual savings of €17.5m or 10% of total expenditure. The total package of measures should lead to a reduction of 77 in the number of staff employed.

An alternative has been presented for the recommendation on the *Law Reform Commission* (C2) but total savings have been calculated based on the Group's preferred option.

Table 16.3 Taoiseach's Group - Total measures by Vote

	Annualised savings identified	**Recommended staffing reductions**
A. Department of the Taoiseach	€6.2m	36
B Central Statistics Office	€5.0m	25
C. Office of the Attorney General	€3.1m	16
D. Chief State Solicitors Office	€2.2m	-
E. Office of the Director for Public Prosecutions	€1.0m	-
TOTAL	**€17.5m**	**77**

In addition, there are several other more medium term measures across the legal agencies and the CSO that have not been costed as further analysis is required to determine the full extent of savings to be achieved.

<u>Shared Services</u>

The Group notes that the AGO and the CSSO share financial and IT services. D/T also indicated in its submission that it is transferring responsibility for financial transaction processing services to the Financial Shared Services Centre in the Department of Justice, Equality and Law Reform. The Group would like to see further development of shared services among the other votes and agencies in the Taoiseach's group to achieve cost effective delivery of support functions such as finance and IT.

Programme A - Department of the Taoiseach

The Department's 2009 current expenditure allocation is €33.8m, of which €17.8m is for pay. There are 237 staff employed. The Group has identified total annual savings of €6.2m.

Table 16.4 Taoiseach's Group - Measures identified for the Department of the Taoiseach

	Annual savings
A.1 Discontinue NESDO except for the NESC	€4.0m
A.2 Discontinuation of Newfoundland-Labrador Partnership	€0.3m
A.3 Discontinuation of Active citizenship office	€0.1m
A.4 Discontinuation of Public Service Modernisation Unit	€1.8m
Total Current Savings	**€6.2m**
Associated staff reductions	36

A.1 Reconfigure the *National Economic and Social Council*

The *National Economic and Social Development Office* (NESDO) is an overarching body which acts as a holding company providing shared services to its three constituent organisations – the *National Economic and Social Council* (NESC), the *National Economic and Social Forum* (NESF) and the *National Centre for Partnership and Performance* (NCPP). The NESC's remit is to carry out analysis on strategic issues relating to economic and social development in Ireland. It also has a role in supporting social partnership. The NESF's mission is to provide advice to Government about policies to achieve greater social inclusion and equality by analysing and evaluating programmes. The NESF also acts as a mechanism for parliamentarians and the voluntary/community sector to contribute to economic and social policy development. Finally, the NCPP's objective is to promote and facilitate change and innovation in Ireland's workplaces through increased levels of employee involvement and engagement.

The NESC has been in existence since the early 1970's while the NESF and NCPP are relatively new organisations. The Group is of the view that the NCPP's functions to promote change and innovation in the workplace overlap with the *Labour Relations Commission and* with the employment function of the Department of Enterprise, Trade and Employment. Similarly, the NESF's functions overlap with the NESC in that both bodies aim to contribute to the development of economic and social policy. Accordingly, the Group considers that the rationale for the continued existence of these three separate bodies is questionable given the existence of other state organisations which perform similar functions.

The Group recommends that the NESF, NCPP and the NESDO overarching structure be discontinued leaving the NESC intact. This would generate annual savings of approximately €4.0m.

A.2 Newfoundland-Labrador Partnership

This programme was developed to promote and develop cooperation with the provinces of Newfoundland and Labrador, Canada. The Group understands that the partnership developed from the recognition of extensive migration ties between Ireland and Newfoundland/Labrador and the desire to build cooperation. However, there is no significant economic rationale to underpin continuation of the scheme and the Group recommends that the scheme be abolished to save €0.3m a year.

A.3 *Active Citizenship Office*

The 2009 allocation of €56,000 for this programme funds the administration costs of the *Active Citizenship Office*. This office aims to encourage greater participation and active engagement by residents of the State in the issues that affect them locally and nationally. The allocation includes a pay element for staff assigned to this office from the Department of the Taoiseach. Activity levels for the Programme are low. The Group is of the view that expenditure on this Programme is not justified given the urgent need to reduce public expenditure. The Group also recommends the discontinuation of any expenditure planned by other departments on the implementation of recommendations issued by the *Taskforce on Active Citizenship*.

A.4 Public Service Modernisation Unit

The Public Service Modernisation Division has responsibility for promotion of the modernisation of the Civil and wider Public Service. The division is staffed with 2.5 POs and 13 officers of other grades. The Group observes that there is an overlap between the work of this division and the activities of the Public Service Modernisation Division in the Department of Finance (1 PO and 2 APs). The Group considers that responsibility for the implementation of public service modernisation decisions should be located in the Department of Finance given its mission to achieve greater efficiencies across the public service and its leading role in managing many of the recent important public service modernisation initiatives e.g. rationalisation of State agencies.

A.5 Reduction in staffing for Programme A (D/T and NESDO)

The Group estimates that the total staff reduction for Programme A should reach 36 (15.5 in public sector modernisation, 16 in NESDO, 3.8 in Active Citizenship and 1 in Newfoundland-Labrador Partnership).

Programme B - The Central Statistics Office (CSO)

The CSO's 2009 current expenditure allocation is €55.7 of which €40.2m is for pay. There are 771 staff working in the CSO. The Group has identified total savings of €5.0m each year for this Programme.

Table 16.5 Taoiseach's Group - Measures identified for the CSO

	Annual savings
B.1 Staff restructuring	€2.8m
B.2 Reduce Census 2011 Project costs	€2.2m
Total Current Savings	**€5.0m**
Associated staff reductions	25

B.1 Staff restructuring

The CSO currently operates with 6 divisions. This structure is relatively new as prior to 2005; the CSO included only 4 divisions. The Group concludes that there is scope to reduce the number of senior management staff without affecting outputs or outcomes by reverting to a four division structure. This would entail merging the census of population division with the social &

demographic statistics division. The census of population division is overstaffed given the relative infrequency with which the census is carried out. The restructuring would also involve merging the statistical support and innovation function with the corporate services division based on the common support objectives of both functions.

The Group recommends a number of administrative savings including the closure of the CSO's public library in Cork and Rathmines, the consolidation of the management of buildings services in Cork, Rathmines and Swords and the implementation of savings on non-staff support costs. Following Census 2011 the Group recommends utilising a shared services solution for the finance function of the CSO. These recommendations should yield savings of €0.4m a year.

The Group notes that there are a number of ways in which changing the data collection methodologies of the CSO would result in savings and reduce the administrative burden on business. The Group recommends the introduction of ICT technology to replace paper forms of collecting price data for the *Consumer Price Index*, the use of administrative data, where available, in the compilation of the major annual structural surveys of business and the phased reduction of field staff employed to follow up business surveys. These recommends should yield savings of some €0.9m a year.

The anticipated reduction in staff numbers arising from the restructuring proposals together with the other measures is estimated to be approximately 25 yielding a saving of €2.8m.

<u>B.2 Reduce *Census 2011* Project costs</u>

The total additional cost of the *Census 2011* project, from 2009 to 2012, is projected at €64m. The Group notes that the greatest scope for savings relates to the collection costs, projected to be €28.2m in 2011. The Group recommends that the planned fees to Enumerators and the duration of employment for temporary Field Supervisors be reduced to yield some €0.9m in 2011. The CSO undertakes a significant public awareness programme in advance of the Census and the Group recommends that advertising expenditure in 2011 be reduced to yield savings of €0.5m. The Group also recommends that re-organising aspects of Census preparations, processing and publication should yield further savings of some €0.5m.

General Measures

In addition to the savings proposed above, the Group has also considered other general measures for further analysis which could yield future savings.

<u>Change in the census of population</u>

The Group notes that some national statistical offices are moving away from the traditional periodic census of population exercise towards a less costly, periodic set of household surveys. This area merits further investigation.

<u>Automation of CSO forms</u>

In the context of a move to web based completion of CSO forms, the use of modern IT and automation to reduce the labour costs involved in the collection of statistics is welcome. The Group recommends that such measures should be introduced as soon as possible once they meet the required appraisal standards. CSO should continue to expedite the use of electronic solutions for data extraction and filing, in the first instance for business and commercial returns with the household and census forms following as soon as practicable.

Programme C: Attorney General's Office (AGO)

The AGO's 2009 current expenditure allocation is €18.2m, of which €13.1m is for pay. There are 140 employees employed at the AGO and an additional 29 staff working at the *Law Reform Commission*. The Group has identified total savings of €3.1m each year.

Table 16.6 Taoiseach's Group - Measures identified for the AGO

	Annual savings
C.1 Administrative savings	€0.3m
C.2 Discontinuation of *Law Reform Commission*	€2.8m
Total Current Savings	**€3.1m**
Associated staff reductions	16

C.1 Non-pay administrative costs

The Group understands that the AGO is experiencing an increase in its volume of work, particularly in the area of parliamentary drafting of legislation. Nevertheless, it recommends further efficiencies in the non pay administrative budget consistent with similar reductions across other government departments and offices.

C.2 The *Law Reform Commission*

The *Law Reform Commission's* mandate is to keep the law under review and make recommendations for reform. The *Law Reform Commission* was set up on a statutory basis independent of the Oireachtas and as well as law reform has been accorded some other functions such as legislative restatement and legislative directory. The Group holds the view that the *Law Reform Commission* could be used in a more targeted way by moving away from the model of a permanent commission towards one in which the commission is re-convened as required to address government mandated reform agendas. As a first step, the discontinuation of the *Law Reform Commission* should yield €2.8m in savings. The Group envisages that up to half of the Commission's permanent staff could be assigned to the AGO on ongoing work such as legislative restatement and legislative directory.

Programme D: The Chief State Solicitor's Office (CSSO)

The CSSO's 2009 current expenditure allocation is €39.3m, of which €16.3m is for departmental pay. The current level of staffing at the CSSO is 249. The Special Group has identified total savings of €2.2m each year for this Programme. Some €0.9m of these savings have already been secured as a result of measures identified in April *2009 Supplementary Budget*, leaving a further €1.3m in savings to be achieved in future years.

Table 16.7 Taoiseach's Group - Measures identified for the CSSO

	Annual savings
D.1 Administrative savings	€0.4m
D.2 Expert witness	€0.3m
D.3 Professional fees for Counsel	€1.5m
Total Current Savings	**€2.2m**

<u>D.1 Administrative savings</u>

Consistent with the savings proposed for the other legal bodies, the Group proposes administrative savings of €0.4m to be achieved via suppression of vacancies and efficiencies in external legal service and other administrative expenses.

<u>D.2 Expert witness</u>

The Group considers that the CSSO should seek further reductions in expert witness fees (accountants, doctors etc) beyond the 8% decrease introduced by the Government in early 2009. The Group proposes total savings of €0.3m.

<u>D.3 Professional fees</u>

The Group notes that the CSSO has already been in contact with the Bar Council to discuss reductions in professional fees (2009 allocation of €15.2m) and proposes that total efficiencies of €1.5m be sought.

General Measures

<u>Attorney General's Scheme</u>

The *Attorney General's Scheme* provides payment for legal representation in certain types of legal cases not covered by civil legal aid or the criminal legal aid scheme. The cases covered include certain judicial reviews, bail applications, extradition and habeas corpus applications. The scheme is administered by the Department of Justice, Equality & Law Reform but the expenditure (€4m located for 2009) is reported under subhead C of the CSSO (General Law Expenses). The Group recommends that administration and funding of the scheme be transferred to the *Courts Service* who may be in a better position to control costs arising from legal representation costs awarded by judges.

The Group also considers that there is scope to introduce a limited means test where the recipient has means similar to the proposal regarding criminal legal aid being put forward in Detailed Paper No. 12 covering the Justice, Equality & Law Reform Vote Group

Duplication of legal advice

The Group is of the view that other State bodies may be unnecessarily seeking legal advice for the same or similar matters particularly regarding the interpretation of legislation. This duplication leads to wasteful expenditure and the Group concludes that as far as possible public bodies should be able to avail of the expertise of Government legal services, via their parent Department in each case.

Programme E: The Director of Public Prosecutions (DPP)

The DPP's 2009 current expenditure allocation is €41.9m, of which €14.1m is for pay. There are 198 staff at the DPP's office. The Group has identified total savings of €1m each year for this Programme to be targeted mainly on reduced fees for services supplied to the office.

Table 16.8 Taoiseach's Group - Measures identified for the DPP

	Annual savings
E.1 Administrative savings	€0.3m
E.2 Reduction in professional fees	€0.7m
Total Identified Savings	**€1.0m**

E.1 Administrative savings

The Group recommends further efficiencies in the administrative budget consistent with similar reductions across other government departments and offices. The total savings proposed amount to €0.25m.

E.2 Reduction in professional fees

Similar to the AGO's office, the DPP also outsources some work to barristers and solicitors in private practice. The Group holds the view that there is scope to reduce the level of fees payable to lawyers by €0.75m, given the pay correction that is currently occurring across other sectors of the economy.

Cross Programme Proposals

Legal Costs

The Group has noted the practice of different state organisations pursuing legal cases against one another e.g. the *Commissioner for Aviation Regulation* vs. *Aer Rianta.* This duplication unnecessarily increases the burden of legal costs borne by the State. The Group proposes that there should be compulsory arbitration of legal disputes involving State bodies. Any State body wishing to resolve a legal dispute with another State body would be required to inform the relevant Minister who would then be responsible for mediating a solution or arranging for other forms of independent mediation. Legislative change should be initiated to implement this proposal if necessary.

The Group notes that the revised and updated *Code of Practice for the Governance of State Bodies* provides that where a legal dispute involves another State body, every effort should be made to mediate, arbitrate or otherwise before expensive legal costs are incurred and that the Department of Finance should be notified of such legal issues and their costs.

Distinction between junior and senior counsel

The Group has looked at the difference in the level of legal fees payable to junior and senior counsel. The Government, at its discretion, grants Patents of Precedence at the Bar on the recommendation of an Advisory Committee consisting of the Chief Justice, the President of the High Court, the Attorney General and the Chairman of the *Bar Council*. The Group is of the view that this distinction is unnecessary and contributes to higher legal costs payable by the State. Other jurisdictions function adequately without this hierarchy of legal professionals. The Group notes that this practice applies across the entire legal industry but considers that the removal of this distinction is unlikely to have a significant negative impact on the legal system.

Appendix to Detailed Paper No. 16

Table 1 Non-commercial State agencies

2009 (unless where otherwise specified)	Capital [a]	Current [a]	of which – Pay	Staff Nos. [b]
1. NESDO				
Gross expenditure	-	€5.1m	€2.5m	25
of which Exchequer	-	€5.1m	€2.5m	
2. Law Reform Commission				
Gross expenditure	-	€3.6m	€1.9m	29
of which Exchequer	-	€3.6m	€1.9m	

[a] Supplementary *Budget 2009* announced in April 2009
[b] Includes Departmental and Office Civil Servants and Agency Public Servants – end 2008

Detailed Paper No. 17 – Transport

Table 17.1 Transport expenditure allocations

	2008 provisional outturn	*2009 Revised Estimates*	*year-on-year % change*	*proposed full year savings*	*% savings*
Gross Current	€733m	€705m	-3.8%	€127.1m	-18.0%
Gross Capital	€2,986m	€2,398m	-19.7%	€0.0m	
Gross Total	**€3,719m**	**€3,103m**	**-16.6%**	**€127.1m**	**-4.1%**
Staff numbers	1,104	1,101	-0.3%	80	-7.3%

Introduction

The Department of Transport has a broad mandate covering the roads, public transport, maritime and aviation sectors. It pursues a number of goals including the development of an integrated transport system, the delivery of a transport investment programme, the maximisation of safety in the provision of services and finally, the enhancement of the efficiency and effectiveness of services delivery through competition, economic regulation and structural reform.

The Department accounts for €3,103m of voted expenditure in 2009. This amount, which is divided into the Programme areas outlined in the table below, is the revised allocation for Transport expenditure and reflects reductions of €510m (capital €490, current €20m) imposed in the run up to Budget 2009.

Table 17.2 Transport resource allocation by Programme

	2009 Capital [a]	*2009 Current* [a]	*of which-Pay*	*Staff Numbers* [b]
A. Administration	€1m	€42m	€34m	560
B. Roads	€1,735m	€252m	€33m	490
C. Public transport	€628m	€342m	€1.5m[c]	48[d]
D. Aviation	€6m	€20m	0	0
E. Marine	€10m	€39m	€0.15	3
F. Miscellaneous	€18m	€10m	0	0
Total	**€2,398m**	**€705m**	**€68.85m**	**1,101**

[a] *Supplementary Budget 2009* announced in April 2009
[b] Includes Departmental and Office civil servants and Agency Public Servants – end December 2008
[c] This pay amount reflects the Exchequer pay bill for the *Dublin Transportation Office*. The balance of the current allocation is mostly Public Service Obligation payments to CIE for the provision of bus and rail services.
[d] This staff number includes those post remunerated by the Exchequer (*Dublin Transportation Office*) and/.or those posts sanctioned (controlled) by the Department of Finance (*Commission for Taxi Regulation*). The staff of the commercial state transport companies – CIÉ and *Railway Procurement Agency* – are not included.

At present there are 7 non-commercial State agencies operating under the aegis of the Department that receive direct Exchequer support. There are a further 16 transport agencies and companies that operate without Exchequer support. These include commercial companies such as *Dublin Airport Authority* and *Dublin Port* and non-commercial bodies such as the *Commission for Aviation Regulation*.

Total current expenditure for the 7 non-commercial State agencies in 2009 is €173m, of which €34m is own resources, and they employ 595 staff. The details for each body are set out in the Appendix to this paper. It should also be noted that the Exchequer is also providing €314m (current) and €564m (capital) in 2009 to CIE and the *Railway Procurement Agency*, both of which are commercial State bodies.

Outcome of the Group's deliberations

In deciding the recommendations for the Department of Transport, the Special Group has taken into consideration the detailed evaluation papers prepared by the Department of Transport and by the Department of Finance.

Most of the Group's proposals will result in current expenditure savings that can be realised in 2010, while those measures that focus on organisational restructuring or streamlining of services delivery will provide savings over the medium term. In addition, there are a few recommended actions that will require further analysis by the Department of Transport to ascertain the full financial benefit; accordingly, these are not costed at this stage as it is not possible to be accurate in any meaningful way. The total target savings outlined below, therefore, should be considered as conservative. The Group is proposing a series of actions that will deliver a total full year saving of €127.1m in a full year, or 18% of total gross current expenditure

The table below sets out the value of those efficiency savings identified by the Group that can be costed at this juncture. These savings relate to current expenditure and are in addition to significant reductions in capital expenditure of €490m which have already been delivered.

Table 17.3 Transport - Total measures by Programme

	Annualised savings identified	Recommended staffing reductions
A. Administration	€2.9m	50
B. Roads	€36.2m	0
C. Public transport	€68.0m	0
D. Aviation	€17.0m	0
Cross Programme [a]	€3.0m	30
Total Current Savings	**€127.1m**	**80**

a This refers to the proposed amalgamation of the NRA and the RPA

Once off measures

In addition, the Group is recommending that the Department of Transport explores further, the following avenues that could provide once-off cash windfalls:

1. **The sale of the *Bus Éireann* Expressway Service**.

   The Group does not see the purpose of continued State involvement in this sub-sector of the bus market (interurban bus services) where other private operators do not need State intervention to support their services. *Bus Éireann's* Expressway Services is a profitable arm of the company, operating in a fully open and competitive market, and it would have a sale value reflecting its dominant market position, sizable and modern bus fleet and history of profitability. In exploring the benefits of such a sale the Group acknowledges that this profitable service cross-subvents other non-profitable public service bus routes within *Bus Éireann* which would otherwise require further Exchequer support to continue.

2. **Dispose of non-essential land/property holdings**

   The scope to dispose of non-essential land/property holdings owned by state agencies under the aegis of the Department should be investigated, with a view to offsetting operational losses and/or reducing the dependency on Exchequer support. In a situation in which the State's net borrowing is increasing rapidly, there is no rational justification for holding on to unused assets that yield no return. The excuse that property prices are now too low to sell is not necessarily valid.

Revenue generation

The Group also suggests that there is scope for increased revenue generation within the sector from:

- more regular shareholder dividend payments from the commercial state companies, including from the *Dublin Airport Authority*, the *Irish Aviation Authority* and the national ports, reflecting *profits and gains* of these fully state-owned commercial bodies;
- increased cost recovery levels for licensing and regulatory services; and
- the introduction of road pricing.

The following section provides a more detailed breakdown of the measures costed above for each Programme Area, and the implementation of each is briefly discussed.

Programme A – Administration

The Department's 2009 current expenditure allocation for administration is €42m, which is primarily spent on pay.

Table 17.4 Transport - Measures identified for Programme A

	Annual savings
A.1 Reduce pay expenditure	€2.0m
A.2 Reduce non pay expenditure	€0.9m
Total Current Savings	**€2.9m**
Associated Staff reductions	50

<u>A.1 Reduce pay expenditure</u>

The Group considers that staff reductions in the area of corporate services can be achieved, given the high proportion of total staff allocated to corporate services activities. The decline in capital spending on roads and public transport should also have an impact on associated programme staffing. Overall, a reduction of approximately 50 posts can be achieved by the early implementation of the Government's *Moratorium on Recruitment and Promotions in the Public Service*.

A.2 Reduce non pay expenditure

The Group targets a further 10% reduction in non pay administrative expenditure.

Programme B – Roads

The Department of Transport's 2009 current expenditure allocation for Roads is €252m, which is primarily spent on road maintenance works by the *National Roads Authority* (NRA) and the Local Authorities and on road safety initiatives and driver testing facilities by the *Road Safety Authority* (RSA).

The Group has identified total savings of €36.2m each year.

Table 17.5 Transport - Measures identified for Programme B

	Annual savings
B.1 Reduce expenditure on roads maintenance/improvement	€20.0m
B.2 Reduce allocation to the *Road Safety Authority*	€4.2m
B.3 *Merge National Vehicle and Driver File* (NVDF) into the *Road Safety Authority*	€2.0m
B.4 Outsourcing of driver testing and vehicle licensing	€10.0m
Total Current Savings	**€36.2m**

B.1 Reduce expenditure on roads maintenance/improvement

To a significant extent, the need for this expenditure is a function of the large level of capital investment in recent years improving and expanding the national and regional road network, and also the introduction of higher standards of road design and surfacing for road safety purposes. On the other hand, it is reasonable to hold the view that as this extensive capital investment programme has delivered a relatively new stock of roads, lower repairs should result. Accordingly, the Group recommends a €20m (10%) reduction in expenditure on road maintenance.

B.2 Reduce allocation to the *Road Safety Authority*

The current allocation for the RSA was boosted in 2008 to deal with a large backlog in driver test applications and also to provide a more intensive public information campaign on road safety. With the backlog largely dealt with, it is reasonable that the allocation for the RSA return to 2007 levels, allowing for the application of appropriate inflators. On this basis, a reduction of €4.2m is recommended. This would still maintain a high level of expenditure on road safety by historical standards. The Minister for Transport recently agreed to the RSA increasing the fees it charges for driver tests including car, bus and large vehicle tests, which should offset some of the impact of the proposed €4.2m reduction.

In this vein, the Group strongly recommends that, at a minimum, the RSA's driver testing and instructor testing/registration activities be run on a full cost-recovery basis and that in the longer term, the possibility of making the RSA entirely self-funded should be pursued.

B.3 Merge the *National Vehicle and Driver File* (NVDF) into the *Road Safety Authority*

The merging of the NVDF into the RSA makes good operational sense insofar as it brings under the same management control responsibility for *testing* and *licensing* drivers and vehicles. The merger should serve to make achieving actual staff/operational efficiencies from the amalgamation of support and other services realistic. The Group strongly recommends that this action be taken in the short term.

B.4 Outsourcing of driver testing and vehicle licensing

The Group holds the view that the processes involved in delivering the work programmes of the NVDF and the driver testing section of the RSA are suitable for outsourcing. A proportion of driving tests have already been outsourced during recent initiatives to reduce the driver testing waiting list. Outsourcing should be extended to apply to all driving tests. The activities involved in licensing vehicles are also suitable for outsourcing because of the standardised and routine processes involved. Overall, the Group targets total savings of a minimum of €10m a year which would be the equivalent of 25% of current costs.

Other measures

The Group considers that there is potential for savings from new policy directions:

- ***Assign regional roads to NRA***

  The Group supports the Department of Transport's proposal to assign responsibility for administering expenditure on regional and local roads to the NRA. This work is currently undertaken by the Department of Transport directly. Transferring this function to the NRA will free up resources within the Department. This is a sensible move that will ensure that the State's established centre of expertise for road infrastructure and investment has responsibility for all roads.

- ***Introduction of road pricing***

  The Group is mindful that Government policy thus far in respect of road pricing is that it should be seriously considered at some stage but that it is more appropriate to do so once adequate public transport and road upgrades are in place. That said, the Group is strongly of the view that over the course of the next few years significant advances on transport infrastructure will have been made under *Transport 21* and therefore it is appropriate now to initiate an examination of how road pricing is to be introduced.

  Road pricing can have a dual purpose as a revenue raising and demand management tool and both elements should be exploited. Moreover, the introduction of pricing mechanisms should not be restricted to new infrastructure; rather a full analysis of all existing road routes (including bridges and tunnels) should be undertaken with a view to implementing a comprehensive and integrated nationwide road pricing system. The Group considers that this approach would represent a fundamental structural reform that would (a) provide a significant ongoing source of Exchequer revenues if introduced at a high enough level (b) broaden the revenue base away from the State's income and enterprise activity and (c) promote more rational economically efficient activity by road users, including promoting the use of public transport where appropriate.

Programme C – Public transport

The Department of Transport's 2009 current expenditure allocation for Public Transport is €342m, which is primarily spent to support non-commercial bus and rail services. The Special Group is recommending total savings of €68m a year for this Programme.

The Exchequer current allocation to CIÉ for the provision of non-commercial public transport services (PSO payments) has already been reduced in 2009 by €10m (3%). This reduction is on the back of a number of years where the allocation was held level (a reduction in real terms) and also is in addition to the ending of a fuel excise rebate scheme which was worth about €20m annually to CIE. The impact of this can be seen already in the recently announced programme of cost-cutting measures by *Dublin Bus* and the review of operations, services and routes by *Bus Eireann*. The Group is of the view that this cost-cutting programme can be more extensive and recommends that over the next three years the company focuses on reducing its annual operation costs of €1bn to allow it to pass on €55m in full year savings to the Exchequer by means of reduced PSO payments.

Table 17.6 Transport - Measures identified for Programme C

	Annual savings
C.1 Operational efficiencies among CIÉ companies	€55.0m
C.2 Cease funding the *Rural Transport Scheme*	€11.0m
C.3 Discontinue the *Green Schools Initiative*	€2.0m
Total Current Savings	**€68.0m**

C.1 Operational efficiencies among CIE companies

The Group is concerned by the overall upward trend in the level of public service payments per passenger journey although it notes that *Irish Rail* has achieved a small reduction (*Irish Rail* still has the highest PSO payment per passenger journey of the three CIÉ transport companies). This indicates poor service delivery. Accordingly, the Group recommends a scheme of *targeted* reductions to services across all three CIÉ companies, focused in the first instance on off-peak, low patronage services.

As part of this undertaking, the Department of Transport and CIÉ should jointly review the application of PSO payments to low patronage transport routes and explore how such payments can be best targeted/applied to provide the most economical service levels that meet customer needs and demand patterns. For example, lightly used rail lines should be closed and replacement bus services provided. It is more than likely that more regular and reliable bus services could be provided on such corridors at less cost to the Exchequer. Among the most lightly used rail lines that should be examined in this light include:

- Limerick Junction to Rosslare
- Limerick to Ballybrophy;
- Manulla Junction to Ballina.

In addition, the Group recommends that there should be no further development of the Western Rail Corridor.

Overall, the Group targets a significant reduction of costs at CIÉ which would lead to savings of €55m in the PSO payment.

C.2. Cease funding the *Rural Transport Programme*

Given the availability of private sector bus alternatives, the high level of car ownership and the underutilisation of synergies with other publicly funded local transport services support the view that the level of direct Exchequer assistance can and should be eliminated, particularly in light of current budgetary circumstances this programme should be ended.

C.3. Discontinue the *Green Schools Initiative*

The Group is of the view that community-based initiatives such as the *Green Schools Initiative* (GSI), which aims to facilitate children walking to and from school, are best handled at local level and that such a level of direct Exchequer financial support is unnecessary. There is likely to be a significant overlap in State funding between this and closely related initiatives in other areas (Education, Health, Local Authorities and voluntary schemes).

The State does not need a special Programme of €10m over five years to convince school children and their parents to walk to and from school rather than drive. There must be alternative, cheaper ways to achieve the outcome sought from this initiative, which ultimately relies on community spirit and organisation.

Programme D – Aviation

The Department of Transport's 2009 current expenditure allocation for Aviation is €20m, which is primarily spent in support of regional airports and domestic air services to and from them. The Special Group is recommending total savings of €17m per annum for this Programme.

Table 17.7 Transport - Measures identified for Programme D

	Annual savings
D.1 Discontinue the public service obligation for regional air services	€15.0m
D.2 Discontinue operational grants for regional airports	€2.0m
Total Current Savings	**€17.0m**

D.1 Discontinue the public service obligation payments for regional air services

The Group understands that regional airports have traditionally served a regional development purpose rather than a required transport purpose. However, the Group also notes that, in many instances, the Exchequer is backing the provision of the other new, much improved transport links (road, rail) to the same locations. With this in mind, and also considering the Government's developing climate change agenda and commitments under current and future international emissions agreements, the continued support of loss-making air services is unsustainable. The Group proposes that after expiry of the present contracts this scheme be discontinued.

D.2 Discontinue operational grants for regional airports

Reflecting the comments above in respect of Exchequer support for regional air services, the Group recommends the abolition of the *Regional Airport Management Operational Grants Scheme* when the current round expires in 2010.

Capital consequences

The Group is strongly of the view that the cancellation of the two aviation schemes outlined above should be linked to the capital grants scheme for regional airports. Approved by Government in 2007, under the scheme each of the six regional airports is set to receive capital grants ranging from €4m to €27m. A significant reduction in budgeted expenditure for this scheme should be achieved.

Programme E - Marine

The Department of Transport's 2009 current expenditure allocation for Marine is €39m, of which €32m is for the *Irish Coast Guard*, including the costs relating to the contracted air sea helicopter rescue services. The balance is accounted for mostly by costs associated with and grants to the *RNLI* and the *Commissioners for Irish Lights*, the latter in accordance with an agreement with the British Government.

The Group recommends that the *Maritime Safety Directorate* be merged into a new Body, which is discussed in more detail below.

Programme F – Miscellaneous

The Department of Transport's 2009 current expenditure allocation in this area is €10m, which is primarily to meet charges associated with (statutory) membership of international aviation organisations. The balance is mostly to cover the cost of carrying out independent audits and assessments of *Transport 21* projects.

Cross Programme proposals

1. Consider creating a single transport safety body

   At present the transport safety remit is spread across several bodies organised, broadly, on a sectoral basis: the *Road Safety Authority*, the *Railway Safety Commission*, the *Maritime Safety Directorate*, and the *Irish Aviation Authority*. While the different bodies operate in distinct transport fields, the work of these agencies has several common themes including risk analysis/risk management, safety inspectorates, safety licensing/authorisations, development of national and EU standards.

Consequently, the Group considers that the creation of a single transport safety body comprising existing separate bodies should be examined.

2. *Merge the Railway Procurement Agency* and the *National Roads Authority*

These two State agencies are responsible for delivering major transport infrastructure projects, some of them on a Public Private Partnership (PPP) basis. It is clear that there is a significant level of overlap in terms of the type of service they deliver for the State and the skills and experience of the staff - capital project management, procurement processes, PPP's, contract management. Merging these two bodies will create a single entity responsible for the procurement of all major network infrastructure in rail and national roads.

In addition to pooling of expertise in areas like project delivery, archaeology, PPP's, the merger of these agencies should also yield savings in support areas e.g. finance, corporate services. A minimum saving of €3m should be targeted on this basis. This should generate a reduction of 30 in staffing levels for the new organisation.

3. Strategic management of land/property portfolios

Overall, there is a strong case to merit a review of the land and property asset base across the Transport sector. It is not at all certain that individual agencies/companies within the sector – whose expertise is in running a transport service – are always best placed to recognise the potential for developing or realising their asset base, or indeed to handle projects where the land/property aspect of a proposal can be very significant. Conversely, some of the private sector parties to such land/property cases are likely to be highly experienced in the field.

There is merit, therefore, in developing a central role in providing the State companies and agencies with professional property/asset management services that would ensure an optimal return for the State.

In this context, the scope to dispose of non-essential land/property holdings owned by state agencies and companies with a view to offsetting operational losses and/or reducing the dependency on Exchequer support needs to be explored. Of course, there may be scope to extract higher income from land/property holdings by more actively developing their full commercial potential, and so a balance between selling and extracting increased income needs to be struck.

4. More regular dividends from state shareholdings

The Group understands that the Department of Finance has developed a general expectation over the past decade that commercial state bodies should reward the shareholder (the State) annually with a share in the profits earned. In practice, the policy has been implemented on a case by case basis, taking account of the particular circumstances, but the general expectation is that a share of about 25-30% of profits would be appropriate.

The Group also suggests there is scope for increased revenue generation from dividends and that it is reasonable to expect more regular shareholder dividend payments from the *Dublin Airport Authority*, the *Irish Aviation Authority* and the national ports, reflecting *profits and gains* of these fully state-owned commercial bodies.

Appendix to Detailed Paper No. 17

Table 1: Resource allocation for non-commercial State agencies

	Capital	Current	of which-Pay	Staff Nos.
1. Commission for Aviation Regulation				
Gross Expenditure	-	€40m	€2m	21
of which: Exchequer	-	-		
2. Commission for Taxi Regulation				
Gross Expenditure	-	€8m	€2m	39
of which: Exchequer	-	-		
3. National Roads Authority				
Gross Expenditure	€1,476m	€76m	€12m	149
of which: Exchequer	€1,401m	€60m	€12m	
4. Medical Bureau of Road Safety				
Gross Expenditure	€1m	€4m	€2.5m	33
of which: Exchequer	€1m	€4m	€2.5m	
5. Railway Safety Commission				
Gross Expenditure	-	€3m	€1m	8
of which: Exchequer	-	€3m	€1m	
6. Road Safety Authority				
Gross Expenditure	-	€41m	€18m	312
of which: Exchequer	-	€32m	€18m	
7. Dublin Transport Office				
Gross Expenditure	€0.4m	€1m	€1m	33
of which: Exchequer	€0.4m	€1m	€1m	

Table 2 Resource allocation for commercial State agencies

	Capital	Current	of which-Pay	Staff Nos.
1. Railway Procurement Agency				
Gross Expenditure				200
of which: Exchequer	€159m	€11m	€6m	
2. Coras Iompar Éireann				
Gross Expenditure				11,700
of which: Exchequer	€405m	€303m	0	